



REPORT 2013



STEERING A STEADY COURSE

REPORT 2013 – STEERING A STEADY COURSE

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MATERIAL THEMES IN CHAPTERS



Certifications, voluntary commitments to the sector, and regulations



Business expansion



Social and environmental management of the supply chain



Transparency and stakeholder engagement



Local development and community impact



Social and environmental management of the supply chain



Government relations



Transparency and stakeholder engagement



Local development and community impact



Transparency and stakeholder engagement

GENERATING VALUE THROUGH INNOVATION

- Technological innovation • Employee innovation • Forest of the Future



Business expansion



Value generation through innovation

FOREST MANAGEMENT PRACTICES AND OPERATIONS

- Forest management • Certifications • Theft of wood and forest fires • Industrial operations • Logistics • Climate change



Certifications, voluntary commitments to the sector, and regulations



Local development and community impact



Value generation through innovation



Social and environmental management of the supply chain



Forestry Management–biodiversity, land use



Use of water

ECONOMIC AND FINANCIAL PERFORMANCE

- Main financial indicators • Market situation • Performance analysis • Strategy • Capital investments • Debt management • Dividends • Capital markets • Public financing • Socially responsible investments



Business expansion



Financial Management

“Fibria has a strategic approach to understanding risks, opportunities and impacts through the value chain, thinking beyond the financial balance sheet and caring about social and ecological balance.”

James Griffiths

Managing Director, Natural Capital, World Business Council for Sustainable Development (WBCSD)

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OUR ROLE, FROM THE FOREST TO CONSUMERS



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A vital link in the value chain

Fibra is the first link in a long value chain, which begins in the forest and extends to the end consumers of various types of paper widely used for educational, hygienic and health uses. Acting in global markets where there is a growing demand for socio-environmental responsibility throughout the production chain, we maintain relationships with a wide range of stakeholders, including very needy rural communities neighboring our operations. With a focus on innovation, operating excellence

and dialogue with our different audiences, we seek to mitigate negative impacts and expand our contribution to society well beyond our core business – the production and sale of bleached market eucalyptus pulp. This is a purpose we seek to achieve by adopting sustainable practices in the cultivation of renewable forests, by constantly striving to achieve eco-efficiency in our industrial and logistical activities and by a firm willingness to share value with all our stakeholders.

In tune with society

Because we believe the good development of our business depends both on financial and economic as well as social and environmental aspects, we seek to keep in tune with society at each stage of our supply chain. Our efforts to mitigate the impacts of our activity and to foster the social inclusion of neighboring communities are highlighted in this Report. Our products are intended primarily for comfort and education: most of the pulp we sold in 2013 went to manufacturing of **personal hygiene** and **printing and writing** papers. Specialty papers accounted for 17% of production. Exports represented the **major percentage of sales**.

53%
of pulp for production
of paper for personal
hygiene

91%
directed to the
external market

30%
of pulp for production of
printing and writing paper

Material themes in this chapter



Message from Management

STEERING A STEADY COURSE

2013 can be considered the best year in Fibria's short history. We set records for net revenues and EBITDA, which increased, respectively, 12% and 24% over the previous year, and we have taken decisive steps to further reduce our debt and increase investment capacity. One major highlight of 2013 was an innovative financial transaction at the end of the fiscal year: we sold 207,000 hectares of land to a Brazilian investment fund, generating R\$ 1.65 billion in revenue. As part of the transaction, we signed a land lease contract that ensures Fibria's control over these same areas for 21 years. This operation makes us more asset-light, confirms our willingness to share the riches of the forests and strengthens us financially thereby accrediting the company to the benefits of an investment grade rating in the financial markets.

From the standpoint of innovation, our efforts in R&D and technology also generated notable contributions. One example was the development of new technology for clonal propagation of eucalyptus trees through the use of bioreactors capable of accelerating seedling cultivation, improving plant quality and optimizing nursery production cycles. This work should help us reduce the amount of land necessary for the production of pulp by one-third by 2025, one of our Long-Term Targets. We also made further advances, now in an experimental field-testing stage, in studies involving genetically modified trees – a technology with enormous potential for our industry. This technology can be coupled with Fibria's successful efforts over almost five decades in conventional genetic improvement of eucalyptus species.

All of our environmental and social projects advanced and we continue to devote priority attention to our relationship with the neighboring communities. They are the stakeholders most directly affected by our operations and the ones we can help the most. Worthy of mention is the support of ReDes, a program created by the Votorantim Institute and the National Economic and Social Development



Bank (BNDES) to implement job and income generation through the promotion of productive chains and professional training: this initiative has been fundamental to our social efforts to achieve greater outreach.

As a result, we continue to strengthen partnership ties with our neighbors, and our activities tend to be increasingly directed toward the autonomy of these communities. This is in line with our target to help them make 70% of the income-generating projects supported by the company self-sustaining by 2025. Today, nearly 3,600 families have already benefited from these projects. Our Rural Territory Development Program (PDRT), professional training courses and the involvement of local residents in the Fibria production chain are initiatives to which we continue to be dedicated, because we know that the social license to operate is dynamic in nature. It must be earned, and maintained.

All these efforts are being recognized by the market and the broader society. We are once again part of the Dow Jones Sustainability Index (DJSI) – the only forestry sector representative

among the eight Brazilian companies that make up this select group. In an article entitled *10 Game Changers* by RobecoSAM, the organization responsible for the DJSI, Fibria was elected one of the ten companies in the world encompassing all sectors that will make a difference in the future. We also were highlighted in RobecoSAM's *Sustainability Yearbook 2014*, which is a worldwide reference work in the field of corporate sustainability. Furthermore, we received recognition from major economic publications in Brazil, such as the *Guia Exame de Sustentabilidade* (Sustainability) Prize and the titles of Company of the Year and Best Company in the Paper and Pulp Sector awarded by *Valor 1000*.

The companywide frequency rate of accidents with loss of time was at a historic low and is in line with the benchmark of the best industrial companies in the world. Despite this superior performance and increased efforts in the education and awareness of our workforce, we had fatal accidents, with two deaths in the past year. We will continue to give this issue the most attention as the health and safety of our employees is our highest priority.

Now, we are preparing for new and important projects, including the expansion of the Três Lagoas Industrial Unit and the construction of a plant for the production of biofuel in partnership with Ensyn of the U.S.

Our achievements in such a short time have been the result of the discipline and determination with which we operate and, above all, our clear objectives. Despite a global economic scenario still characterized by a reasonable extent of uncertainty, a very promising new phase is opening up – not only for the company, but for all our employees, business partners and stakeholders. The support and confidence of these groups are fundamentally important importance to the results we have achieved.

We are maintaining a steady course on the route we first plotted: to consolidate the forestry business as a renewable and sustainable source of life. And we are now more capable of achieving our major goal, which is to generate socially positive results, with effective sharing of value with our stakeholders.



Marcelo Castelli
CEO



Jose Luciano Penido
Chairman of the Board of Directors

Comments from the officers

Aires Galhardo

Director of Forest Operations

“Deepening the dialogue with the communities and planning for the FSC® certification for our forest partners were highlights in 2013. In addition, we started the process of establishing new plantations in less-populated areas surrounding our operations. Our accomplishments also included reducing our water footprint and restoring more forest areas. We revised our Materiality Matrix and noted with satisfaction that the themes that appear in the foreground are all covered in our Long-Term Targets. For the future, we have the challenge of reviewing the impacts of our logistics and increasing productivity, while reducing costs.”

Guilherme Cavalcanti

Director of Finance and
Investor Relations

“Fibria achieved notable financial results in 2013. The sale of certain assets improved our cash flow, allowing the company to further reduce its debt, which today is 2.9 times the EBITDA. It is a level that is well below those of previous years, which leaves us in a quite comfortable position to invest in new projects. We are once more in the Dow Jones Sustainability Index and the BM&FBovespa’s Corporate Sustainability Index (ISE). We ended the year with the best balance sheet in the industry and the expectation of the company’s achieving an investment grade rating soon.”

Henri Phillippe Van Keer

Commercial and International
Logistics Director

“Our commercial performance in 2013 was very good, especially in the third quarter, when we posted the highest revenues in the history of Fibria. The strengthening of the North American economy and growing consumption by China compensated, with a bit left over, for the decline in demand from Europe. Our challenge is to maintain this excellence. To achieve this, we will continue to invest in further improving the product quality, increasing productivity and enhancing our already strong customer service – now reinforced by the dual certification (FSC® and Cerflor/PEFC) of all our forestry operations.”

Luiz Fernando Torres Pinto

Director of Human and
Organizational Development

“We believe that the professional development is one of the major reasons for the results Fibria has been recording. Therefore, we invested even more in the training and career development of our people in 2013. One important consequence of this is the company’s high rate of in-house filling of job vacancies. At the managerial level, this rate reaches almost 80%; for the company as a whole, it is above 40%. Another highlight is our performance evaluation process – in 2014, we will extend it to employees in operational positions, an unprecedented action in the market.”

“Operating excellence – reinforced by close collaboration and an exchange of knowledge between the teams of our three manufacturing Units – was the high point of support for Fibria’s financial recovery phase. It will continue to be our distinguishing characteristic at a time when the company is starting a new growth cycle. In 2013, our production remained the same, compared to already quite satisfactory levels in 2012. We should benefit in 2014 from investments in the structural modernization of the three units, aiming at greater eco-efficiency. Regarding eco-efficiency, we have made progress in our target for 2025 of reducing the volume of solid waste being sent to landfills by 91%: to date, we have reached 10% of the target.”

Paulo Ricardo Pereira Silveira
Industrial and
Engineering Director

“The past year was noteworthy for the consolidation of our programs for generating employment and income in the communities. One of the most important recognitions we received came directly from these groups, with whom we are having more dialogue to promote improvement in quality of life on a sustainable footing. In our first survey to ascertain how much progress we have made, Fibria’s favorability rating in the local communities was 72%, close to the goal of 80% that we set for 2025.”

Carlos Alberto de Oliveira Roxo
Director of Sustainability
and Corporate Affairs

“In the legal area, Fibria faced two major challenges in 2013. The first was the adaptation of the company to the new Ports Law, because we already operate a private port in Barra do Riacho (ES) and we have a concession for terminals in the port of Santos. They are of strategic importance, since we need them for the shipping of our products, and we are paying full attention to this matter. Another highlight was the sale of part of our lands with the condition of leasing them back from the new business partners. It is an innovative and complex contract, but one that leaves Fibria with a lighter structure and strengthened cash position, without losing the wood supply and forest management operations [from the areas in question].”

Eduardo Andretto
General Counsel

“In 2013, Fibria strengthened its long-term Strategic Planning area and thus expanded its outlook into the future. There are a number of possible scenarios ahead, taking into account the best utilization of the value of the forest. But one certain investment is in biofuel and bioenergy projects that derive from our partnership with Ensyn. Whatever path we take, it will be the result of our operating excellence, debt reduction and growth discipline. It is important to quickly identify and be open changes that can contribute to the strengthening of our company.”

Vinicius Nonino
Director of Strategy
and New Business

“The Supplies and Logistics Department was created in 2013. Now, we must focus more on the evaluation and development of our suppliers of products and services. Our policy is to prioritize the hiring of local partners and train this manpower. In logistics, our work is directed toward the unification of procedures and processes. For a company like Fibria, which works with road, rail and sea modalities, such standardization is important to more effectively manage Brazil’s logistical challenges.”

Wellington Giacomini
Director of Supplies and Logistics

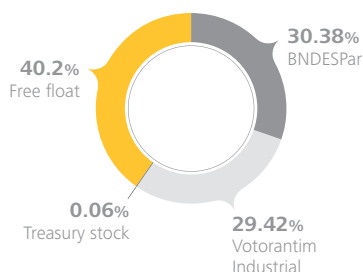
About Fibria

Created in 2009 upon the purchase of Aracruz Celulose S.A. by Votorantim Celulose e Papel S.A. (VCP), Fibria is a Brazilian company that seeks to meet, in a sustainable way, the growing global demand for forest products. It is the world's largest producer of hardwood eucalyptus pulp - raw material for manufacturing papers used for personal hygiene, printing and writing, and special uses. The company has a strong presence in the foreign market, exporting to over 40 countries.

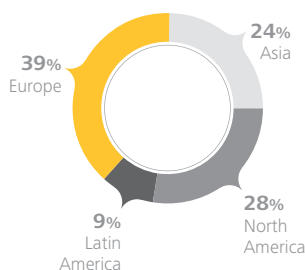
With our own forestry base of 846,282 hectares (ha), of which 288,786 ha are dedicated to environmental conservation, Fibria also has independent wood suppliers, which in 2013 totaled 2,914 contracts representing 108.053 ha of eucalyptus plantations. The wood is processed in the company's mills located in Aracruz (ES), Três Lagoas (MS) and Jacaréi (SP). Together, they produced 4.7 million tons of pulp in 2013, equivalent to the previous year's production. Approximately 17,000 production and administrative personnel participated in the process, including both direct employees and outsourced workers. Fibria is present in 242 municipalities located in seven Brazilian States: Rio Grande do Sul, São Paulo, Rio de Janeiro, Espírito Santo, Mato Grosso do Sul, Minas Gerais and Bahia. Furthermore, the company maintains a fourth industrial unit, Veracel, in partnership with Stora Enso, a Swedish-Finnish group.

For more information about Fibria, our production process and our areas of expertise, please see the fold-out insert in this Report or visit <http://www.fibria.com.br/relatorio2013/en>

SHAREHOLDER STRUCTURE



SALES DISTRIBUTION BY REGION – 2013

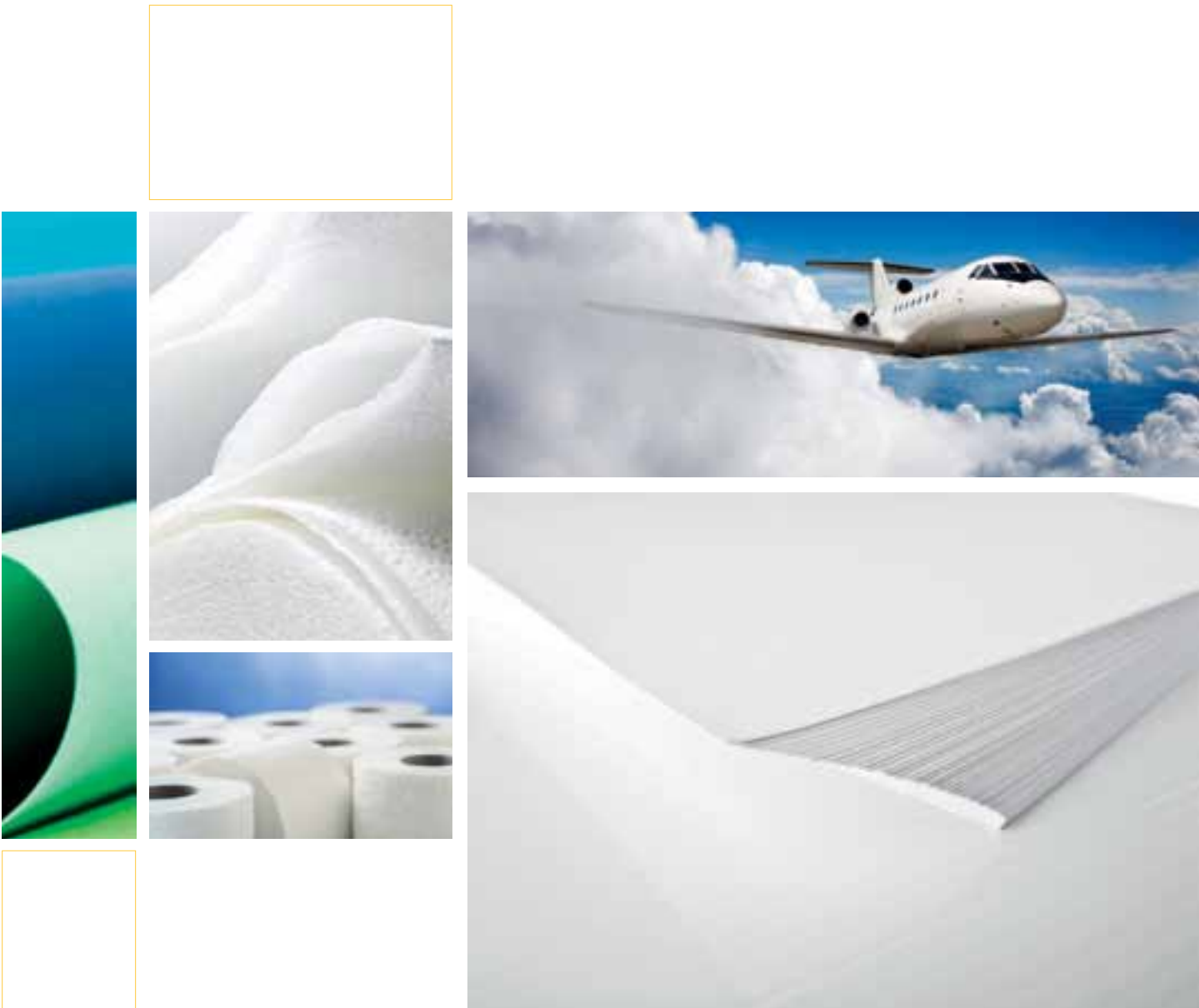


Fibria's commitment to good practices in the cultivation of eucalyptus trees and the production of pulp is recognized by major national and international organizations.

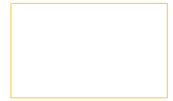
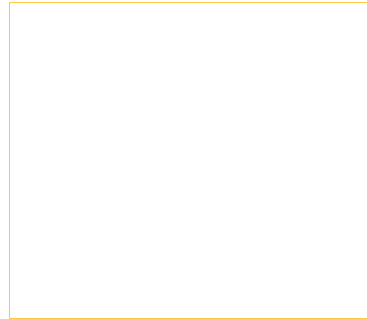
Fibria's commitment to good practices in the cultivation of eucalyptus trees and the production of pulp is recognized by major national and international organizations. All of its units are certified by the Forest Stewardship Council (FSC®) and the Cerflor/Programme for the Endorsement of Forest Certification (PEFC) and the company is included in the Dow Jones Sustainability Index (Global and Emerging Markets) of the New York Stock Exchange, and the BM&FBovespa's Corporate Sustainability Index (ISE).

The company also participates, voluntarily, in 106 forums, associations or work groups, such as The Forests Dialogue (TFD), the World Business Council for Sustainable Development (WBCSD), The United Nations Global Compact, the Brazilian Forest Dialogue, the Atlantic Forest Restoration Pact, the National Pact for the Eradication of Slave Labor, the New Generation Plantations (NGP), the World Wide Fund for Nature (WWF), the Water Footprint Network, the Carbon Disclosure Project (CDP) Investors and the CDP Supply Chain. In 2013, the Internal Sustainability Commission assessed all these memberships, defining priorities and the Policy of Voluntary Representations and Commitments, to be implemented in 2014.

Fibria's Sustainability Committee supports and guides its sustainability actions and is coordinated by the chairman of the company's Board of Directors. It consists of five external independent members and three members of the Fibria Executive Board. The committee has explored sustainability trends that could impact the company's strategy by working on two fronts: climate change and valuing ecosystem services. Several initiatives are already being developed based on the group's recommendations.



The hardwood eucalyptus pulp produced by Fibria is raw material for manufacturing papers used for personal hygiene, printing and writing, and special uses, as in renewable materials for the aviation industry



About this publication

Fibria Celulose S.A.'s 2013 Report presents the company's performance in the areas of governance, economic-financial, social and environmental responsibility. In this issue, we have adopted the most recent version of the Global Reporting Initiative (GRI) guidelines for sustainability reports, which recommends more objectivity and focuses on material themes, i.e. on the aspects most relevant to the perpetuation of the business from the perspective of the company and society. The structure of the publication reflects the Materiality Matrix, which was updated at the end of 2013 following the recommendations of the G4 version of the GRI and the International Integrated Reporting Council (IIRC). In each chapter a material theme is highlighted and drives the narrative, to offer readers a broader view of the context. All this effort is the result of a consultation process regarding the Report that included suggestions from the company's Sustainability Committee, readers, external consultants and other stakeholders. We also received recommendations from Bureau Veritas Certification (BVC).

Information has been compiled from the Aracruz (ES), Jacaréi (SP) and Três Lagoas (MS) industrial units; the forestry units and offices in Bahia (Posto da Mata), Espírito Santo (Conceição da Barra and Aracruz), Mato Grosso do Sul (Três Lagoas) and São Paulo (Capão Bonito and Vale do Paraíba); and the pulp loading operations in the port of Santos (SP). Units maintained by Fibria in ventures with other companies, such as Veracel, in Bahia, and Portocel, in Espírito Santo, are not part of the scope of this Report.

Also in line with the GRI's G4 guidelines, the 2013 Report seeks to be more objective, with more concise text and a greater number of infographics, presented in a detachable booklet that summarizes Fibria's main management aspects and operations and can be used independently. In addition to the print edition, our Report can be found on-line at the following address: <http://www.fibria.com.br/relatorio2013/en> and downloaded for free through a tablet application. Despite the new, more concise format of this Report, we chose to preserve all indicators previously collected in past

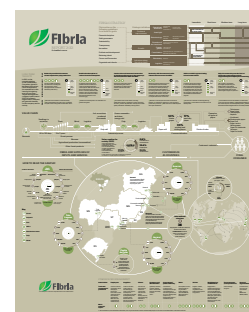
years, updating the information in an HTML information database, also available at www.fibria.com.br/relatorio2013. Fibria understands that a portion of its relationship public uses this data. All of these versions are available in Portuguese and English. Before its publication, the Report was submitted for external verification by Bureau Veritas Certification, seeking to achieve a GRI G4 Comprehensive level of application following a "reasonable" grade in scope of assessment, which is the most reliable according to the international ISAE3000 standard. Bureau Veritas Certification issued a statement of verification, which is found in its entirety at the end of this chapter.

Fibria is developing a new system of indicators connected to the company's management system, so that the indicators are automatically updated in all databases. The role of the professionals responsible for updating the data becomes managerial rather than operational.

Finally, this Report was presented to outside experts, who shared their opinions and perceptions of the publication.

INFOGRAPHICS ENCLOSED WITH THIS REPORT

- Business model, value chain and Materiality Matrix; Long-Term Targets, Sustainability Objectives and main results obtained; Stakeholders, global operations of the company and its social and environmental projects; and Corporate governance and engagement channels.



Update of the Materiality Matrix

In 2013, Fibria updated the Materiality Matrix, which identifies the most relevant issues for the company and for society, taking into account its strategy and the vision of its stakeholders. The new Materiality Matrix was designed based on interviews with 28 people, of whom 10 occupy key posts in Fibria and 18 represent individuals from organizations, sectors or communities that have close ties with the company. The latter group was specifically made up of customers, suppliers, investors, government officials, members of NGOs, residents of neighboring communities, independent wood suppliers, certifying professionals and researchers.

The study, conducted by the Report Sustainability consulting firm between August and November 2013, also included talks with Fibria managers, a comparative analysis of three other forest sector companies and an evaluation based on various reference documents, such as *The Living Forest* (WWF), *Forest and Wood Products*, *FSC® Guidelines*, *Sustainability Yearbook* (RobecoSAM) and *Sustainability Topics* (Global Reporting Initiative). Also used were surveys conducted to assess local community members' degree of favorability towards the company, the level of customer satisfaction, the company's organizational climate and its institutional image in the regions in which we operate.

The work resulted in the definition of 24 themes, divided into four dimensions: economic, governance and management, environment and social. Of this total, the ten most material themes were selected, which served as the basis for defining the content of this Report:



Certifications, voluntary commitments to the sector, and regulations



Local development and community impact



Business expansion



Value generation through innovation



Financial Management



Social and environmental management of the supply chain



Forestry Management—biodiversity, land use



Government relations



Transparency and stakeholder engagement



Use of water





Declaration of Independent Evaluation - Bureau Veritas Certification

INTRODUCTION

Fibria Celulose S.A. (Fibria) contracted Bureau Veritas Certification Brasil (Bureau Veritas) to conduct an independent evaluation of its Report (hereinafter called the Report), encompassing assessment of content, quality and limitations of this publication, covering the year 2013. Information published in the report is the sole responsibility of Fibria's management. Our responsibility is defined pursuant to the following scope.

SCOPE OF WORK

Reasonable Evaluation (as per ISAE 30001) of the Report in accordance with the guidelines and the principles of the Global Reporting Initiative™ for Sustainability Reports GRI G4 (2013), listed here: Materiality, Inclusion of Stakeholders, Sustainability Context, Comprehensiveness, Balance, Comparability, Accuracy, Timelines, Clarity and Reliability.

This work excluded any evaluation of information related to:

- Activities outside the defined assessment period;
- Statements of position (expressions of opinion, belief, goals or future intentions) by Fibria, as well as statements of future commitments;
- Economic-financial information contained in this Report, extracted from the financial statements that were evaluated externally by independent auditors;
- Inventory of greenhouse gas emissions (GHG), certified by Bureau Veritas through a process of independent of this scope of work, which covers data for service to indicators EN4, EN15, EN16 and EN17. The verification of this inventory demonstrated reliability and accuracy of data and related information.

METHODOLOGY

The verification was conducted in accordance with a Bureau Veritas protocol for Independent

Evaluation of Sustainability Reports based on best current practices¹, covering the following activities:

1. Interviews with people involved (responsible for material themes) in preparing the Report;
2. Traceability of published data, seeking the source of the data and the reliability of management systems involved;
3. Verification of performance data in relation to the principles that ensure the quality of the report, pursuant to the GRI G4;
4. Site visits to the Aracruz (ES), Jacaré (SP), Três Lagoas (MS) units and head offices in São Paulo (SP);
5. Analysis of Fibria's stakeholder engagement activities;
6. Evaluation of the system used to determine the material issues contained in the report, considering the context of sustainability and comprehensiveness of the information published.

The reasonable scope verification offers elements of analysis sufficiently precise for the issuance of an assertive technical opinion.

The Fibria Report verified by us is composed of two publications: one in electronic means and one physical (paper), which focuses on the narrative and the performance data associated with the material themes; and the other, only in electronic means, contains more comprehensive performance data and information on non-material themes. Both are available on the Report 2013 website (<http://www.fibria.com.br/relatorio2013/en>).

With respect to the verification of the Principles of Accuracy and Data Reliability, we are clarifying that our scope was limited to data related to Fibria's ten most material themes, as shown in the Report's index.

TECHNICAL OPINION

- Fibria prepared the Report following the GRI G4 model version. The publication, based on the material themes identified, presents content aligned to the interests of its stakeholders;

¹ The protocol of an independent evaluation of Bureau Veritas is based on International Standard of Assurance Engagements - ISAE 3000 and GRI G4 guidelines.

- The review of the material themes as at December 2013 was conducted through a series of interviews with, and collection of information from, Fibria's stakeholder groups. In our view, the study reflects the criteria of the GRI G4 regarding the Principles of Materiality and Stakeholder Inclusion;
- We observed the inclusion of material themes related to the economic dimension (financial management, expansion of the business and the generation of value for innovation), bringing more balance to Report, that previously had been more focused on social and environmental issues;
- The collection of qualitative and quantitative data about the company's performance indicators was conducted, for the second year, through means of a system called On line Management (GOL), which standardizes and ensures the consistency of the historical information disclosed;
- The analysis of the data sources used in the Report showed that Fibria uses procedures and formal systems that, in some way, include all the data and information collected by the GOL system. Two exceptions were found in the supplies and human and organizational development processes in relation to: data on verification of sustainability requirements in the Fibria supply chain and number of training hours. In both cases, although we did not identify significant errors, we saw evidence of less robust internal record keeping;
- The Report is accountable in a satisfactory manner in relation to the expectations created in the previous publication. The presentation of the status of the targets published in 2013 allows the reader to analyze the evolution of Fibria's management regarding the commitments it assumed;
- There has been progress in the publication of the work of the Sustainability Committee, linked to the Board of Directors. In this context, we highlight the approach in this publication to climate change and appreciation of ecosystem services;
- The Report presents in a transparent fashion why some Short-Term Targets were not met, which suggests a timid performance from the Internal Sustainability Committee (CIS), made up

of managers of internal areas of the company. One of its main goals is the role of monitoring the implementation of commitments assumed;

- In its supply chain operations, we saw evidence that Fibria had not presented its findings for one an important project, "Evaluation of sustainability of suppliers and service providers," begun in 2011. In addition, the company has not met the 2012 goal, transferred to 2013, regarding the establishment of a Code of Conduct for suppliers;
- In this publication, we found very little information on control measures and monitoring of the impacts caused by forest management on communities (a material theme);
- Fibria presents indicators for the Long-Term Targets, bringing greater clarity to the reader about its performance. The only exception was the goal of reducing by one-third the amount of land necessary for the production of pulp, for which we found no evidence of any indicator(s);
- The inconsistencies found during the verification period, in relation to one or more GRI-G4 principles, were corrected satisfactorily, so that the data and information presented in the Report do adhere to the principles of content and the quality pursuant to the GRI-G4 guideline;
- We verified that the recommendations registered in our previous statement were partially dealt with by Fibria.

Therefore, we maintained the recommendations that had not been satisfied, in addition to issuing some new challenges for the company.

RECOMMENDATIONS FOR THE NEXT CYCLE

- Reduce the risk of occurrence of errors in data generated in the supplies and human and organizational development processes, by means of the maintenance of readily recoverable records and robust systems, which allow an effective management of the processes in question;

- Strengthen the performance of the Internal Sustainability Committee (CIS), which has, as one of its objectives, the function of monitoring the implementation of commitments made by the company (recommendation from the previous cycle);
- In relation to the impacts of forest management in the communities, we recommend going into greater detail on the rendering of accounts on the measures taken and the methods for monitoring these impacts;
- Develop and present indicators for monitoring the Long-Term Target of reducing by one-third of the amount of land necessary for the production of pulp;
- Prioritize the implementation of a sound policy for the management of suppliers, resuming important actions suspended in 2012, such as the "Evaluation of sustainability from suppliers and service providers" project, conducting site audits with a focus on sustainability and drawing up a Code of Conduct for suppliers (recommendation from the previous cycle).

CONCLUSION

At the end of our verification process, we concluded that Fibria's Report incorporated the new concepts of the GRI G4 version and satisfies the Comprehensive option criteria.

DECLARATION OF INDEPENDENCE AND IMPARTIALITY

Bureau Veritas is an independent professional services firm specializing in Quality, Health, Safety, Social and Environmental Management with almost 180 years of experience in independent evaluation services.

No member of the evaluation team has



commercial links with Fibria. We conducted this assessment independently, understanding that there was no conflict of interest.

Bureau Veritas Certification has implemented a Code of Ethics throughout its business activities to maintain high ethical standards among its staff.

At the end of the verification process, a detailed report was generated, kept as a record in our management system.

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São Paulo, February 2014

Alexander Vervuurt

Auditor-leader Assurance Sustainability Reports (ASR)
Bureau Veritas Certification - Brasil

External evaluations



Lorraine Smith

is a director based in the New York office of SustainAbility. She directs the member-based Engaging Stakeholders network, a business network focused on the role of transparency in furthering integration in companies, and ultimately in creating a sustainable economy. Fibria has been a member of the network since 2011.

Fibria continues to evolve integrated reporting in promising and meaningful ways, communicating the value of the company beyond its financial performance. This latest report is a strong evolution towards leadership in transparency. The report does three key things exceptionally well:

- **Integration from the top:** There is a clear vision that takes into account the company's role in society. From the senior management statement onwards, the report signals an intention that although financial profitability is an imperative for success, this can and must only occur with relevant social and environmental considerations at the fore. This is not an add-on; it is embedded in the business model.
- **Clear performance measures:** The report includes performance measures indicating the seriousness of, and progress towards, the vision. The six long-term goals are specific, context based and absolute and/or science based. There are data-oriented results to demonstrate progress, including where there have been serious challenges such as with health and safety, and specific community concerns.
- **Strong and varied examples:** To illustrate the goals and their potential impact, there are many relevant examples. From the apiary facts and figures to the narrative on forestry partnerships, there are numerous illustrations of the company's vision in action.

As with any ambitious endeavor there is always room for improvement, and two areas come to mind:

- **Emerging use of infographics:** Fibria is already a leader in its use of infographics to explain its business model, material issues and value chain. This year's iteration builds on the previous year

such that the level of transparency, complexity and sheer volume of information are all noteworthy. Yet we know how little attention is available to read these reports, and so the most salient information must be both obvious and clear. I hope that as Fibria continues to evolve its use of graphics, it will find ways to streamline and simplify the infographics so that key data can be absorbed at-a-glance, even if only viewed during a brief perusal.

- **Tighter alignment with material issues:** While the material issues are defined and discussed at length throughout the report, the organizational structure of the report only partially aligns with the issues. Some chapter headings are direct matches with material issues, some are not, and so the reader must work a little harder to get oriented. The more consistently the issues are framed and discussed, the clearer the information will become to stakeholders who are newer to the content.

In conclusion, as integrated reporting evolves to more effectively signal a company's true value to investors and other stakeholders, I am pleased to see Fibria driving a level of innovation, transparency and conciseness that will inspire other companies while informing those with an interest in the company's efforts. I truly look forward to seeing what comes next.



Speaking of sustainability is not always an easy task. Explaining in a clear and direct manner how the issue is addressed and developed within an organization is even more complex. That is why the preparation of a sustainability report is, in fact, a challenge – the challenge of holding a conversation with various stakeholders, remaining faithful to the basic principles of any dialogue: transparency, confidence, integration, commitment, respect for diversity, proactivity, and inclusiveness.

Fibria's 2013 Report is impressive for its transparency, disclosing objectives, goals, strategies, actions and results through consistent content. This "exposure," instead of making the company vulnerable, in fact makes it ever more solid in maintaining and achieving its goals and targets, a fundamental factor in the development of trust.

One of the high points of the report consists of how it treats its long-term goals, described in the chart about the company's strategy. Presenting long-term targets and showing what has been reached in each case demonstrates commitment to the company's mission and to sustainability itself.

Another aspect that deserves to be highlighted is the presentation of concrete actions, the "case histories," on the various themes covered in the report. Disclosing specific cases as examples is crucial to proving that sustainability exists in fact and is not merely a pretty speech. This form of presentation in reports is important to increasingly encourage more integration with the various audiences. But it also can be a tool to nurture and intensify respect for diversity.

It would be important to further improve the report's communication language, particularly visual communication. Supplementing more

technical and complex texts with the use of explanatory images (photos) can be extremely useful to avoid the exclusion of important stakeholders. Some images could even be used in the preparation of infocharts. A publication whose editors value the use of images is more attractive and has the power to reach a wider audience.

Perhaps the greatest challenge is to increasingly make use of dynamic tools that stimulate proactivity. Expanding the channels of interaction with society is one of the paths to take. Not only in the sense of enabling society to help the company perform its role better, the so-called social performance, but also to allow the company to be proactive with society as a whole. The report shows that Fibria is a company that has vanguard positions and actions in the field of sustainability. It therefore could be more audacious in transmitting its opinion on important sustainable development issues in Brazil, such as the production of clean energy and the implementation of the Forestry Code. To this end, perhaps in its next edition, the report could feature a chapter on "Influencing public policies".



Miriam Prochnow
is coordinator of Public Policy
at the Association for the
Preservation of the Environment
and Life (APREMAV) and
executive secretary of
The Forest Dialogue - Brazil.

“At Fibria, negotiations are tough, but we feel respected. Its level of demands and professionalism also pushes us to have high levels of demands and leads to a learning curve within our company.”

Fernando Simões

President of JSL and chairman of the JSL board, a Fibria supplier

C H A P T E R

2

TRANSPARENCY AND STAKEHOLDER ENGAGEMENT

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Operational Dialogue: well-informed community

Since the creation of Fibria, our priority has been to establish an open and frank dialogue with the communities near our operations, without losing sight of the fact that they are scattered through dozens of municipalities in different regions of the country and, therefore, live different realities that require specific approaches. One common approach to all communities, however, is the care we take to hold discussions in advance of operations that could cause some kind of impact on the routine of the surrounding towns, such as planting, harvesting and transportation.

This process, which uses the Operational Dialogue program as one of its tools, is fundamental in Fibria's strategy of maintaining good relations with its neighbors, allowing these communities participate in the company's decisions. Operational Dialogue is a direct channel of communication through which the company informs residents in advance about forestry operations planned for the region and discusses the impacts and ways to mitigate them. To reach out to all those involved, the company counts on the help of local leaders and representatives

of the public authorities. As a result of this effort, changes have been made in truck routes within communities to avoid school districts, for instance.

The main impacts of forestry operations in 2013 were related to dust generation, increased risk of accidents, damage to public and private property and the compromising of the quality of road networks. To mitigate them, 324 action plans were established in Aracruz, 21 in Jacareí and 34 in Três Lagoas. The communities considered the actions taken were effective.

Open channels for constructive relationships

In our business, we have relations with a wide variety of stakeholders, in different economic segments, Brazilian states and countries. To ensure constructive relationships with these audiences, we invest in dialogue and in specific channels of communication, such as the **Ombudsman's Office**, to which are forwarded complaints of violations of the Code of Conduct, and **Talk with Fibria**, which receives suggestions, requests for information and complaints from neighboring communities. Customers, in turn, receive personalized service, which has been resulting in a high **rate of satisfaction**.

85%
customer satisfaction index

331
complaints received
in 2013

965
demands of stakeholders
in 2013

21

Material themes in this chapter



Communication with stakeholders

Fibria interacts with many different stakeholders and has specific ways to communicate with each of them – ranging from employees, outsourced workers and suppliers through to customers, government, NGOs, the media, academia and communities neighboring the company's operations. In addition to the Ombudsman's Office and Fale Conosco (Talk to Us) resources available on the web site www.fibria.com, there are exclusive channels of communication for all stakeholders, which are detailed in the infographic located in the insert that accompanies this Report.

Employees and outsourced workers

WORKFORCE

With 17,082 professionals, including our own employees and permanent outsourced workers, Fibria's workforce reflects Brazil's diversity. As a policy, the company prioritizes the hiring of workers residing in regions close to its operating locations, opting whenever possible to invest in the training of these professionals – instead of recruiting people from more distant places. Today, 70% of the company's own employees are local hires. Fibria also has a high rate of internal utilization, offering its employees the opportunity to occupy positions that have opened up within the company.

In 2013, Fibria chose to grant extended maternity leave by 180 days to its employees. The possibility of extending the period is voluntary with the minimum duration of maternity leave, pursuant to the Federal Constitution, continuing to be 120 days.

THE FIBRIA PROFESSIONAL

WORKFORCE

Direct Jobs	2011	2012	2013
Employees	4,006	3,827	3,889
Permanent outsourced workers	14,523	13,343	13,193
Total	18,529	17,170	17,082

MAKEUP OF MINORITY GROUPS

	2011	2012	2013
Women	12.73%	13.14%	13.32%
Mixed and blacks	29.71%	29.89%	30.21%
Employees over 50 years old	12.93%	13.59%	14.43%
People with disabilities	4.04%	4.21%	3.99%

EMPLOYEES



Average age

38.3 years old

Average time working for the company

10 years 7 months

TRAINING AND DEVELOPMENT

■ **Performance management** – To make the criteria for individual evaluation clearer and thus satisfy a point for improvement discovered through the 2013 Organizational Climate Survey, Fibria expanded the Performance Management Cycle for administrative and operational levels and maintained the evaluation of executive-level professionals. This program supports the company's succession process and, in 2013, achieved an internal approval utilization rate of 76%. The company evaluated approximately 2,000 people during the year and intends to complete this process with all direct employees by September 2014. The results will guide the preparation of Individual Development Plans, whose purpose is to orient and prioritize professional development actions. This evaluation will be renewed every two years.

Also in 2013, Fibria expanded the Top Leadership Development Program, aimed at the top level of the company's leaders comprised of coordinators, supervisors and technicians who are in senior executive positions. Approximately 250 professionals have undergone training in four modules. Created in 2012 as an initiative of the Forestry area, it now encompasses Industrial and Corporate areas as well.

INTERNAL UTILIZATION RATE IN 2013

Executives - general managers and managers	76%
Supervisors/technicians	69%
Operational staff	41%
Administrative staff	21%

Training	2012	2013
Amount invested in training	R\$ 4,118,471.33	R\$ 6,267,732.25
Number of training hours	184,652	266,690
Total number of employees	3,827	3,889
Average hours of training per employee	48.3	68.6
Average training investment per employee	R\$ 1,076.16	R\$ 1,611.66

CLIMATE MANAGEMENT

An Organizational Climate Survey of employees of Fibria is conducted every two years to identify positive and negative factors that influence the behavior of the professionals and that have an impact on the company's performance. To deepen the understanding of the results of its second survey, carried out in late 2012, Fibria organized group discussions with employees at the beginning of 2013. Based on the conclusions and suggestions raised in these meetings, all areas have established action plans, which are in progress.

THE MAIN CORPORATE ACTIONS DERIVING FROM THESE PLANS ARE:

As of 2013, the Performance Management Cycle for performance evaluation was split into administrative and operational levels.

Preparation was strengthened for top-tier leaders, i.e. those who have staff and actively manage people.





TRAINING PROGRAMS

■ Operational Training Center

Aimed at the training of operators and mechanics for the Harvesting and Silviculture area, it graduated 526 employees in 2013.

■ Development programs

In 2013, the Trainee Program was replaced by the Fostering Program, developed by the Votorantim Group, with the selection of 10 young employees who, during an 18 month period, will attend a course to enhance their knowledge and skills. A total of 122 study and language grants were awarded and 53 people have completed a post-graduate degree in Pulp and Paper Technology at the Federal University of Viçosa, with 30 other students entering a new class.

■ Opportunities for young people

Fibria runs the Apprentice Program, offering young people (14 to 24 years old) the opportunity to obtain basic professional qualifications, and the Internship Program, aimed at training students at a vocational or college level.

■ Forestry Learning Program

Qualifies employees for the forest harvesting area in partnership with Senai and the Kolping Institute. In 2013, the Jacaré Unit trained 19 young professionals - two of whom were hired by Fibria; the Três Lagoas Unit trained 18 young people - five were hired; and the Aracruz Unit graduated 49 people.

■ Outsourced Manpower Training

Technical training was offered to 85 people from the municipality of Três Lagoas, designed to teach members of the community the functions of forest machinery and mechanical maintenance operators. The training lasted three months and focused on forest harvesting requirements. Fibria hired the professionals who were trained in the June 2013 program.

SAFETY AND HEALTH

Fibria seeks out best practices for the efficient management of the health and safety of its own and outsourced employees. In 2013, the company successfully revived the Alert Movement, designed to raise awareness and strengthen security aspects at all levels of the company. The initiative involved Meetings with Fibria's CEO, awareness-raising of managers, lectures by specialists, an information campaign directed to the families of employees and training for top managers to apply their knowledge to ensure their own safety and that of their teams. Through these and other measures, the company reduced the number of accidents at its three Units to a total of 37 occurrences, 22 less than registered in 2012. The rate achieved was 0.18 accidents per 200,000 man-hours worked, a very positive result for the forestry sector. For the second consecutive year, no occupational diseases were recorded in Fibria's Units.

Nevertheless, two fatal accidents involving outsourced drivers rendering transportation services in forest areas occurred, leading the company to strengthen its safety policies in all operational areas where timber and employee transportation operations are conducted on a continuous basis.

Fibria seeks to cooperate with the regional public health services in the prevention and mitigation of endemic diseases, such as yellow fever, dengue (break bone) fever, leishmaniasis and spotted fever. In 2013, agreements were renewed for the running of multi-vaccination campaigns in all the company's Units. The company also maintains a partnership with the Três Lagoas municipal government for the prevention of dengue fever.

RELATIONS WITH TRADE UNIONS

Of the total of 3,889 direct employees of the company, 3,876 (99.67%) are covered by a trade union collective bargaining agreement or convention. The exceptions are the 13 employees who work in the Units in Miami and Hong Kong, subject to the laws of the countries in which they are based. Fibria directly addresses issues with the unions such as negotiation of the work contract base date, definition of work shifts and a collective agreement for variable compensation. At the time of their hiring, all employees are informed there is a labor union that represents their category and it is incumbent upon the employee to decide whether or not to join the labor organization. In December 2013, the number of unionized workers was 1,107.

RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND TOTAL NUMBER OF WORK-RELATED FATALITIES (GRI LA6)

	2011 ¹	2012	2013
Number of injuries	59	59	37
Injury rate (IR)	0.23	0.27	0.18
Number of occupational diseases	1	0	0
Occupational diseases rate (ODR)	0.004	0	0
Total number of fatalities	1	0	2
Number of fatalities (men)	1	0	1
Total number of fatalities (women)	0	0	1

1. Methodology has changed since 2011 and has been corrected.

Both fatalities occurred in 2013 were of outsourced workers

Suppliers

Fibria has a wide and diverse supplier base, ranging from small farmers to large Brazilian and multinational companies. Whenever possible, Fibria gives preference to local suppliers for the purchase of products or the hiring of services. Currently, Fibria has about 8,000 active and registered suppliers, and it seeks to engage them in implementing the best environmental practices, with a view toward the responsible use of natural resources and respect for workers' rights. Upon contracting suppliers, they are required to comply with the same labor legislation, environmental policies and safety criteria that Fibria adopts.

To help local suppliers improve their businesses, Fibria financially supports programs for the development of good environmental and financial management, taxation, labor, quality and workplace health and safety practices.

Highlights of these initiatives include the Program for the Development and Accrediting of Suppliers (PRODFOR) in Espírito Santo state and the Supplier Accreditation Program (Advanced PQF) in Mato Grosso do Sul state, both led by the company.

Accreditation and audits – Fibria conducts a more rigorous assessment of suppliers considered strategic to the business to avoid risks in the supply of raw materials, inputs and services that could compromise the final product or harm the company's image. In this process, an evaluation is made of compliance with local legislation and the principles contained in international standards such as ISO 9001, ISO 14001, OHSAS 18001, NOSA and ILO Conventions, resulting in the accreditation or disapproval of the suppliers.

In 2013, Fibria revised its approval process, adopting three types of evaluation according to the scope of supply: Complete, Simplified or Simple Registration. To align the old accreditation base to the new process, suppliers that were on technical lists were prioritized by the procurement areas.

Fibria has 406 suppliers accredited through the new approval process, of which 21% were accepted in 2013. Of these, 69% were assessed and approved, also based on sustainability criteria.

Hiring of critical services – The contracting of permanent services considered critical deserves even greater care on the part of Fibria, which created a Service Contracting Committee (CCS) specifically to evaluate these cases. The objective is to mitigate the risks inherent in these contracts and select suppliers in accordance with the company's sustainable growth strategy. Permanent and critical services are considered to be those being performed exclusively for Fibria during a period of two years or more; those whose annual total is over R\$ 5 million; services that impact the company's organizational climate; and those with an annual total of between R\$ 1.9 million and R\$ 4.9 million that involve specific risks. Since its creation in 2011, the CCS has been responsible for 58 new contracts totaling R\$ 919 million.

Forestry partners – To encourage small farmers located near our pulp mills to plant eucalyptus and sell it to the company, Fibria runs the Forestry Savings Program, wherein it offers financing in exchange for a secure supply of wood. This type of forestry incentive program is an important inducer of regional development, in addition to promoting the planned occupation of the areas around Fibria's operations and respect for local cultures.

All of the wood Fibria purchases from third parties is checked through the Controlled Wood and Controversial Sources Verification Program, created by the company to prove the legality of the raw material and the adoption of responsible practices in forest management and relations with the workers involved. The company encourages its forestry partners to continuously improve their forest management through preservation techniques and obtain certification of their forest properties.

Customers

Fibria's Commercial division uses customer account managers throughout the sales process. The long-standing relationship with customers allows the company to offer them personalized service, developing specific products for special cases.

In 2013,
expenditures
with local
suppliers totaled
R\$ 2.7 billion,
equivalent to
65.66% of the
total invested
by Fibria,
maintaining
the same level
compared
to 2012.



THE FORESTRY SAVINGS PROGRAM

108,053

hectares of planted forests

2,643

contracts

40.9

Average hectares per contract



In 2013, the supply of wood by autonomous producers and partners represented 38.87% of the raw material used to manufacture pulp by Fibria's Aracruz Unit. In Jacareí, this index was 1.43%. In Três Lagoas, the index was zero.

To analyze its customer relations, in 2013 Fibria concluded a satisfaction evaluation process for 2012. To calculate the satisfaction rating, we recorded the grades given for research and audit information from some customers and also considered pulp volume sold, the length of the relationship and the complaint history. The collected data resulted in a satisfaction rate of 85% (higher than the 80% target) and served as the basis for the drawing up of an action plan to strengthen already good relations and leverage key opportunities for improvement.

Investors

Fibria acts transparently in its relations with investors and capital market analysts. To that end, the company has expanded its channels of communication, including with top management, and organized events to facilitate understanding of the company by opinion formers. This open dialogue with the market has been important for a better understanding of the risk factors inherent in the company's business, especially in 2013 when Fibria succeeded in substantially reducing its debt profile and maintaining its focus on achieving an investment grade rating.

INTERNATIONAL RECOGNITION

Fibria's economic-financial performance and the value the company attributes to sustainability in its business were recognized by important organizations in 2013. The company is on the Dow Jones Sustainability Index (DJSI - Global and Emerging Markets) and the BM&FBovespa's Corporate Sustainability Index (ISE). Moreover, it was selected by the Swiss RobecoSAM sustainability investing group, responsible for the DJSI, as one of the top ten global companies from all sectors – and the only one in Latin America – that will make a difference in the future. This selection appeared in an article entitled *10 game changers - Changing the industry through sustainability*.

Fibria was highlighted in the *Sustainability Yearbook 2014*, a worldwide reference work in the field of corporate sustainability published by RobecoSAM. Fibria's commitment to the efficient use of natural resources as well as its efforts in research and development and social engagement were recognized through the Gold Class Sustainability Award. The company was also singled out as a leader of the Forest Products and Paper segment in the DJSI World index and indicated as one of the leaders among the 59 companies analyzed globally, earning the highest score from the yearbook. Check out the full publication in yearbook. robecosam.com.

MEETING WITH INVESTORS

To allow the market to learn about the company's forestry and industrial operations from up close, Fibria has conducted an annual Investor Tour since 2012. This event brings together its executive officers and about 100 invited investors and analysts from Brazil and abroad. The Tour includes a visit to one of its Units. The event in 2013 was held in the Três Lagoas Unit. Fibria Day, another part of its investor relations policy, was an event at the New York Stock Exchange in the United States held in December 2013.



Government

Fibra contributes to the preparation of public policies by means of various organizations of which it is a member, representing the forestry and the pulp and paper sectors.

At the federal level, it participates in discussions involving proposing pulp and paper industry public policies through the Silviculture Sector Chamber, the Parliamentary Silviculture Front and the Industrial Development Plan (PDI) forum of the Ministry of Development, Industry and Foreign Trade. This sector, of which Fibria is a part, is represented in the forum by the Brazilian Pulp and Paper Association (Bracelpa).

Fibria participates, together with Portocel, in the Brazilian Port Terminals Association (ABTP). The organization in 2013 was actively involved in discussions about the New Ports Law.

Through the Brazilian Pulp and Paper Technical Association (ABTCP), Fibria participated in the revision of the Equipment and Machinery Regulatory Safety Standard. In 2013, the entity discussed the issue with its members, compiling the points of view in a proposal forwarded to the National Confederation of Industry (CNI).

At the state level, Fibria belongs to the Bahia Association of Planted Forest Producers (Abaf). In Mato Grosso do Sul, Fibria is a member of the Mato Grosso do Sul Association of Producers and Consumers of Planted Forests and the Syndicate of Pulp and Paper Industries of Mato Grosso do Sul. In Espírito Santo, it is active in the Espírito Santo em Ação organization, which promotes strategic planning actions for state development. In São Paulo, Fibria holds the presidency of the Paulista Association of Planted Forest Producers (Florestar/SP).

In 2013, through Florestar/SP, the company participated in discussions with the state secretariats of the Environment and Agriculture and Supply about the São Paulo Forest Sector's Agro-Environment Protocol, to encourage institutional and technical cooperation to strengthen the sustainable development of the forestry sector in the state.

In the extreme south of Bahia, Fibria supports the Whale Coast Sustainable Development

CONTRIBUTIONS TO POLITICAL PARTIES

Fibria is not linked to political parties, but contributes financially to election campaigns of candidates whom it feels are committed to sustainable development and the improvement of public governance. The donations made by the company in 2012 may be reviewed in detail on the web site of the Superior Elections Court (www.tse.gov.br). There was no election campaign in 2011 or 2013 and therefore Fibria did not make any political-electoral donations in those years.

Plan formulated by the state government to put into place approximately 50 environmental conservation, social promotion, education, infrastructure, tourism, culture and leisure initiatives in the region's municipalities and districts by 2023. In 2013, a plan for the prioritization of results of the projects with the Bahia state government that includes implementation of a governance model was approved.

At the municipal level, the company is developing its Forest Godfathers Project. This consists of training local forestry area leaders in how to conduct political-institutional relations.

Fibria has been systematically monitoring the regulatory environment of its industry since 2011. As part of the monitoring process, it employs companywide risk analysis methodology relating to the business' most material themes, adopting them to the major risks observed in the regulatory environment.



Press

Fibria was cited in 1,639 articles appearing in the Brazilian and international press in 2013, an exposure 12.5% higher than in the previous year. News items that publicized positive aspects of the company represented 49% of the total; 41% were classified as neutral; 5.5% as neutralized (with offsetting negative and positive aspects); and 4.5% were negative. On a scale of 0 to 10, the annual play in the news media, including both quantitative and qualitative aspects, was 9 (7.9 in 2012). This average is a calculation that takes into account the proportion between positive, negative, neutral and neutralized news items published over the course of the year.

In social media, Fibria was mentioned 5,623 times in 2013, a decline of 15% compared to the previous year. Approximately 44% of the mentions were related to economic issues, such as "operational and economic performance" (31.56%) and "financial market" mentions (12.48%). Two other prominent topics were "Personnel" (14%) and "Communities" (11%). Positive citations represented 52.16% of the total, 22.96% were negative and 24.88% were neutral. The mentions occurred on Twitter (52.69%), Facebook (42.3%), in blogs (4.17%) and YouTube (0.84 %).



Media

SPEAK WITH FIBRIA

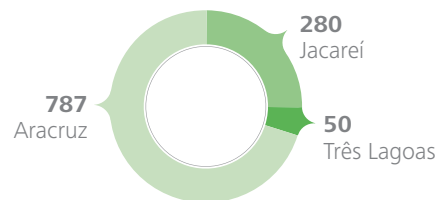
To facilitate communication with the neighboring communities, Fibria set up the Talk with Fibria program at its three Units. The project involves in-company and external telephone switchboards, forest monitors, suggestion boxes, a web site and real-time, live assistance to answer questions and receive suggestions and complaints related to the company's forestry and industrial operations. The service is an extension of the Odor Perception Network program, which since 2010 has sought to reduce the emission of odors stemming from the industrial process, based on reports to the mills from residents in neighboring areas.

Most of the calls received in 2013 - 59.1% - were related to the transportation of wood between the tree plantations to the mills, a service Fibria subcontracts from third parties. The most frequent complaints relate to general transportation issues (279); road and bridge problems (91); damage to fences (80) or other assets (35); and dust (69).

TALK WITH FIBRIA

1,117
occurrences in 2013

OCCURRENCES BY UNIT



REPORTED INCIDENTS STATUS



OMBUDSMAN

Fibria's Ombudsman Office, set up at the inception of the company in 2009, provides an open channel to allege complaints regarding violations of the Code of Conduct. Employees, former employees, residents of the communities that reside near or around the company's operations, suppliers, customers, partners and other stakeholders can communicate with the Ombudsman's Office by telephone, letter or e-mail. The reports are treated as confidential and recorded in a system that compiles the histories of all the cases.

In 2013, the Ombudsman developed an Ethics Program. An example of an action developed as part of this program was the publication of an article in the in-house newspaper (*Vital*), addressing issues such as discrimination and effective use of the Ombudsman channel. Fibria is planning in 2014 to create an internal portal for the theme, launch awareness campaigns and host training courses designed to reduce the number of violations. These initiatives, combined with the development of leadership carried out by the Human and Organizational Development departments have contributed to a 38.2% reduction of harassment and abuse of power in comparison to 2012.

OMBUDSMAN - DEMANDS BY CATEGORY

Human Rights	21.8%
Consultations	17.5%
Commercial Relations and Contracts	16.9%
Labor	15.7%
Failure to adhere to standards	8.2%
Community Relations	4.8%
Conflicts of Interest	2.7%
Fraud/Corruption	2.7%
Environmental	2.1%
Various topics	7.6%

CODE OF CONDUCT

The Code of Conduct, created in 2010 and updated every two years, establishes the ethical and behavioral standards expected of Fibria's internal employees and consultants in their personal and professional relationships, inside or outside the company. The full version of these rules is available at www.fibria.com.

All infringements of the Code of Conduct are reviewed by the Ethics and Conduct Committee that is comprised of executive officers and managers. The committee analyze the complaints, ensure uniformity of criteria in evaluation, indicate the appropriate measures for each case, and supervise the work of the Ombudsman's Office. Internal Auditing deals with cases of fraud, embezzlement or property damage.

In 2013, 470 employees have formally adhered to the Code and received training on the organization's policies and procedures related to human rights.

■ The Ombudsman received 331 claims in 2013, representing a decline of 13.5% over the 383 notifications received in 2012.

■ Judged and closed 348 issues (96.9% of the total), including 28 cases pending from 2012, leaving only 11 issues (3.1%) under analysis.

■ Of the total number of cases addressed, 108 (31%) were deemed to have grounds and filed, resulting in the adoption of 23 disciplinary actions (ranging from verbal warnings to the dismissal of those involved) and 22 recommendations for revision of policies and procedures or suggestions for improvement of internal controls.

CHANNELS OF COMMUNICATION WITH THE OMBUDSMAN'S OFFICE

Telephone
0800 891 1730
(for units abroad there are other numbers, available on the company web site: www.fibria.com)

Letter
Ouvidoria Fibria Celulose
S.A. P.O. Box 72.632

Internet
www.fibria.com.br
>Institucional >Ouvidoria

Governance

INTERNAL POLICIES AND PROCEDURES

ANTI-CORRUPTION POLICY

Fibra created its policy of preventing corruption and conducted training on the topic for senior management in 2013. A rollout of training for other executives will continue in 2014. The rules governing the behavior of employees in cases of donations, exchange of gifts and entertainment offers, for example, were thoroughly clarified through this policy, which aims to maintain Fibria at the highest levels of integrity and transparency.

POLICY OF TRANSACTIONS WITH RELATED PARTIES

In 2013, the Policy of Transactions with Related Parties was drafted to establish the procedures to be observed in transactions with related parties and in situations in which there are potential conflicts of interest. This policy ensures that such transactions are conducted in accordance with market conditions and disclosed in Fibria's reports in a full and proper manner.

INTERNAL AUDITING

Fibra's Internal Auditing team is responsible for independently evaluating corporate, forest and industrial processes, verifying compliance with standards and policies adopted by the company and analyzing possible cases of irregularities, such as fraud, bribery, corruption, conflicts of interest, insider information, embezzlement and damage to property. The investigations are based on the Risk Matrix, the Internal Controls Matrix and on the views of management and members of the Audit Committee. The results of the analyses are reported to the CEO and the Audit Committee.

In 2013, the Internal Auditing team:

- Conducted eight projects related to corporate, forestry and industrial processes;
- Examined 13 cases of suspected irregularities, nine of them relating to cases of corruption: five in the Aracruz Unit, one at Três Lagoas, and three in Jacaré. Two occurrences resulted in dismissal and rescission of contracts with suppliers; two did not require any corrective action; and five led to the creation of new policies and procedures.



RISK MANAGEMENT

Fibria maps out, analyzes and recommends the appropriate resolution of the most significant risks to the company. For this strategy, various situations are considered that could affect the company's performance. These range from the variables of financial market trading in favor of the business (market risk), through to those arising from the production process (operational risks). Risks are also managed in areas associated with obligations undertaken with third parties (credit risks), negative exposure of the company's name (reputational risks), environmental impacts caused by its operations (socio-environmental risks), impacts on production or business operations caused by natural physical phenomena (event risks), and problems from actions that do not adhere to the regulations in different countries and markets (regulatory risks). Fibria has a Risk Management Policy to provide guidance in managing all of these factors.

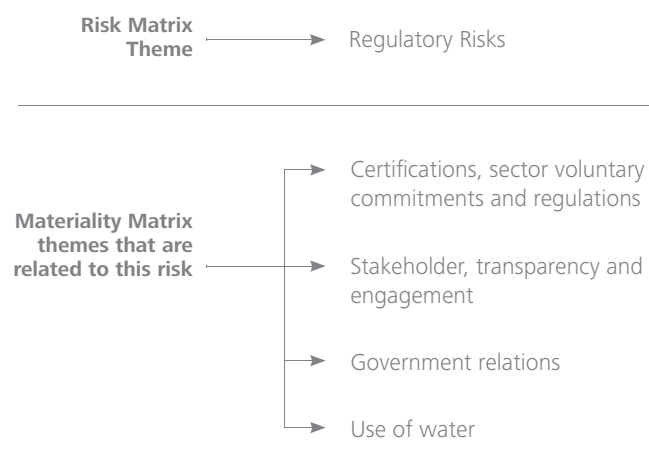
Classified according to their probability and the potential impact, the risks are mapped over six months and analyzed within 12 months from the financial and non-financial perspectives, through a continuous review process. The non-financial aspects are health and safety, environment, socio-cultural, image and reputation, legal, and organizational climate. In 2013, more than 500 actions were taken to control risks. In that same year, the strategic risk management model was also implemented in companies that Fibria has equity ownership – Veracel and Portocel. Fibria currently works with a matrix containing 239 identified risks, of which 43 are considered of priority and grouped into 12 categories (top risks). This matrix will be renewed again in 2014

According to the same prevention concept in 2013, Fibria consolidated the crisis management process by means of Crisis Committees (corporate and regional), which focused on the identification, analysis and prioritization of scenarios and in defining action plans.

RISKS AND MATERIAL THEMES

The topics considered of most relevant for Fibria on its Materiality Matrix are also related to the risks that the company mapped as priorities in its Risk Matrix. This intersection demonstrates the convergence of Fibria's views and its stakeholders on the most important issues, both for the company and for society.

EXAMPLE OF THE RELATIONSHIP BETWEEN RISKS AND THE MATERIAL THEMES





INTERNAL CONTROLS AND COMPLIANCE

In 2013, Fibria created an Internal Controls and Compliance Department, strengthening administrative tools to ensure compliance with its business objectives. The purpose of the new body is to ensure adherence with the internal and external rules and regulations, and the reliability of the information and operating efficiency.

In accordance with existing regulations, the Internal Controls and Compliance system is designed to permit secure, proper and efficient management conduct of the business. This work involves the Board of Directors, the Board advisory committees, management and other employees of the organization. The processes and systems is constantly being reassessed, and adherence tests are regularly conducted to evaluate the effectiveness of existing controls.

Control Self-Assessment (CSA) methodology is used to perform the continuous risk management, which establishes self-assessment routines and identification of risks and evaluates the effectiveness of the controls and the opportunities for improving the work flow. Annually, Fibria's executive officers and the CEO annually validate the published rules. In 2013, Fibria incorporated control mechanisms for loss prevention and automatic controls to assess that the sustainability of the operation is within the established regulatory limits.

The obligations arising from internal standards, external requirements and contracts are regularly monitored by Fibria to oversee potential exposure to compliance risks and to determine actions to reduce their impact. As for the external requirements and the internal rules of the company, disciplinary measures are applied and corrective actions taken by the Ethics and Conduct Committee, made up by the president, the director of Human and Organizational Development, the general manager of Governance, Risk and Compliance and the Ombudsman.

In compliance with Section 404 of the Sarbanes-Oxley Act (SOX) and CVM Instruction nº. 480/09, the detailing of the controls processes has been deemed adequate, with no deficiencies or comments identified that undermine Fibria's certification. Adherence tests were conducted in connection with the audit of Fibria's financial statements of internal controls on December 31, 2013, by independent auditors PricewaterhouseCoopers.



Fines and legal claims

■ **Administrative tax assessments** – In 2013, Fibria was a party to seven administrative assessments, with fines totaling R\$ 1,409,149,917.64. Given that the company joined the Installment Payment Program, which was established by Law n°. 12.865 /2013 concerning IRPJ and CSLL taxation on profits earned abroad, part of the amount cited above was reduced and no fines were paid. The amount of outstanding fines pending is R\$ 991,468,500.14.

■ **Administrative labor claims** – The company is handling 190 administrative claims that are currently in progress, of which 45 were filed in 2013. Among the principal claims are outsourcing and compliance with the quota for hiring apprentices, people with disabilities and people who have been rehabilitated. The company submitted documents that prove the lawfulness and compliance of its labor obligations.

■ **Public Class Action Lawsuit against excess loads** – In June 2012, a Public Class Action lawsuit was filed under number 0032095-83.2012.4.01.3400 in the Federal District by the Federal Public Ministry (MPF), to enforce Fibria to cease and desist truck transportation operations with excess weight on any federal highway under penalty of a fine. This was granted by the trial judge. The lawsuit seeks payment of material and non-material damages as a result of alleged harm to the federal highways, the environment and the economic order. The MPF assigned a monetary value of R\$ 757,513,925.39 in damages. Fibria has successfully appealed the injunction that prevented its vehicles from traveling on federal highways. It also presented its defense on other issues in the case. The lawsuit is in its first phase.

■ **Civil Suit on untenanted land** – Fibria has been informed of a Public Civil Suit filing by the MPF for the cancellation of the company's titled land that was acquired in the north of the Espírito Santo state. As soon as it is officially notified, Fibria will contest the case, contending that its lands were acquired pursuant to the legislation and duly registered with the appropriate government offices.

■ **Environmental lawsuits** – Fibria is involved in six environmental lawsuits and cases considered to be materially important. Of these, four are Public Civil Suits that question the licensing of eucalyptus plantations in the states of São Paulo and Espírito Santo, and one refers to the Conduct Adjustment Agreement (TAC) signed with the Public Ministry of Bahia. This is through the Regional Environmental Prosecutor's Office of the municipality of Teixeira de Freitas, regarding forest partner contracts signed with local landowners alleging environmental irregularities. The obligations assumed by the company through the TAC total R\$ 12,535,000.00. In addition, there is another case pending with respect to a R\$ 4,500,000.00 fine, the only one filed against the company in 2013, initiated by the environmental agency of Mato Grosso do Sul, denouncing alleged release of effluents into the Paraná River outside of the parameters established by legislation.

■ **Agreements** – Fibria signed five TACs involving Public Civil Suits requiring confirmation of Legal Reserves established on company properties in the São Paulo state municipalities of Taubaté and Caçapava.

■ **Lawsuits regarding Aracruz Celulose losses** – Fibria was involved in two lawsuits related to derivative losses at Aracruz Celulose, which occurred in 2008. These lawsuits resulted in agreements which were paid off during the first quarter of 2013. The Brazilian Securities Exchange Commission (CVM) filed an administrative process to define final responsibility in the losses attributable to board members, executive officers, members of the Fiscal Council, independent auditors and shareholders. They defined terms of commitments with each member of the former Board of the now- extinct Aracruz, which were settled in January 2013.

Goals

Objectives	Material themes	Long-Term Targets (2025)	Targets for 2013 and results	Targets for 2014
1. Improve the relationship with local communities, through engagement and measures that promote their economic and social development	<ul style="list-style-type: none"> Local development and impacts on communities Certifications, voluntary commitments from the sector and regulations Transparency and engagement with stakeholders Government relations 	5. Achieve 80% approval in the neighboring communities 6. Commit itself to 70% of income-generating projects supported by the company becoming self-sustaining	<ul style="list-style-type: none"> Achieve 60% favorability rating in the communities neighboring Fibria's operations (derived from MLP5). Target reached: 72.56% Grow from 35 to 59 the number of rural communities in the Rural Territory Development Program (PDRT) (continued over from 2012): Target partially reached: The PDRT reached 49 communities. Starting the activities of the Center for Agroforest Training, Education and Research, in Prado (BA): target reached: Existing structures to meet the first courses were completed. The second phase, in 2014, will be the construction of the remaining structure. Complete Fibria's property purchase and sale process in southern Bahia on land occupied by landless social movements: Target partially reached: part of the process was completed. Start dialogue on the quilombola issue and roll-out of a pilot project with several stakeholders: Target reached: a methodology was designed along with the actors, especially the community, for the beginning of discussions. The methodology was tested in 8 communities. In 2014 the pilot project will be initiated. Complete the actions of community infrastructure in Helvécia and Caravelas (BA): Target reached: with the construction of a Pier for Caravelas fishermen, construction of a square and Restoration of the Helvécia Train Station. Consolidate the socio-environmental sustainability plan for Aracruz's Indigenous Lands: Target reached: was consolidated with results in recovery of areas and production. Standardize the Beehive Program: access of beekeepers' associations; standardization of practices; specialized technical assistance; regulations and results indicators; fostering the beekeeping chain: Target reached, all the stages of standardization for the Beehive Program in 2013 were carried out. Lead environmental education program to social projects supported by Fibria target not met. 	<ul style="list-style-type: none"> Facilitate (gain) support for public management for communities in which Fibria maintains social programs.
2. Develop actions linked to the process of climate change	<ul style="list-style-type: none"> Transparency and engagement with stakeholders Forest management: biodiversity, land use Socio-environmental management of the supply chain Value generation through innovation Expansion of the business Government relations 	2. Double the absorption of carbon from the atmosphere 3. Promote environmental restoration of 40,000 hectares of own areas, between 2012 and 2025	<ul style="list-style-type: none"> Maintain the CDP Supply Chain participation index and improve the average by 10%: Target reached: Fibria reached 91% of respondents and 55% of the average. Quantify potential emission reduction in 2013: Target reached. 	<ul style="list-style-type: none"> There is no target set for 2014.
3. Review the forest partner models, adapting them to the new guidelines	<ul style="list-style-type: none"> Socio-environmental management of the supply chain Forest management: biodiversity, land use Certifications, voluntary commitments from the sector and regulations 	6. Commit to 70% of income-generating projects supported by the company becoming self-sustaining	<ul style="list-style-type: none"> There was no target set for 2013. 	<ul style="list-style-type: none"> There is no target set for 2014.
4. Protect and enrich natural resources	<ul style="list-style-type: none"> Forest Management: biodiversity, land use Water use 	3. Promote environmental restoration of 40,000 hectares of areas, between 2012 and 2025	<ul style="list-style-type: none"> Start the restoration process in 4,771 hectares of Atlantic Forest and Cerrado: Target reached: with 5,213 hectares. Apply the tool for valuation of ecosystem services created in 2012: Target not met. Define Fibria's Water Units and adjust monitoring of water resources: Target reached: The Water Units were defined and served as the basis for the assessment of the scale and representativity of Fibria's water monitoring system. More suitable analyses were proposed to identify possible impacts of forest management on water resources. 	<ul style="list-style-type: none"> Start the restoration process in 4,672 hectares of Atlantic Forest and Cerrado lands; Implement monitoring of water per capture point in forest areas in the company's forest management system.



5. Foster development, awareness and involvement of Fibria's supply chain	6. Boost ecoefficiency	7. Certify Fibria's forest areas	8. Strengthen the relationship with civil society	9. Consolidate sustainability in the company's governance
<ul style="list-style-type: none"> Socio-environmental management of the supply chain Transparency and engagement with stakeholders 	<ul style="list-style-type: none"> Water use Value generation through innovation 	<ul style="list-style-type: none"> Certifications, voluntary commitments from the sector and regulations Forest Management: biodiversity, land use Socio-environmental management of the supply chain 	<ul style="list-style-type: none"> Transparency and engagement with stakeholders 	<ul style="list-style-type: none"> Transparency and engagement with stakeholders Financial management
6. Commit itself to 70% of income-generating projects supported by the company becoming self-sustaining	1. Reduce by one-third the amount of land necessary for the production of pulp 4. Reduce by 91% the amount of solid waste being disposed of in industrial landfills	-	-	-
<ul style="list-style-type: none"> Create and launch a Code of Conduct for suppliers, including concepts of sustainability. Target partially met. The beginning of a survey of the themes to be addressed in the Code of Conduct for Suppliers was conducted, but it was defined that the work would be finalized in 2014, with the Fibria Code of Conduct for employees to be used as reference for the suppliers version. Obtain R\$ 4 million for the socio-environmental investment fund for suppliers and customers, the Responsible Network, to be invested in priority projects and socio-environmental initiatives (carry over from 2012): target reached with R\$4 million obtained. 	<ul style="list-style-type: none"> Conclude the pulp Life-Cycle Analysis, from the seedling nursery through to the ports of destination (stage involving the customers in Europe and the tissue paper segment): Target reached with study conducted. Raise the eco-efficiency of the Industrial Units: energy consumed (MWh/adt) - 0.582 (realized in 2013: 0.587) water captured (m³/adt) - 30.5 (realized in 2013: 31.1) waste generated¹ (m³/adt) - 227.5 (realized in 2013: 219.2) NOx² (m³/adt) - 0.79 (realized in 2013: 1.3) DBO(mg/l) - 2.0 (realized in 2013: 1.6) AOX² (m³/adt) - 0.097 (realized in 2013: 0.07) Suspended solids (mg/l) - 2.5 (realized in 2013: 1.65) 1. Not converted to dry base. 2. The company operates with the indicators of NOx and AOX below the international references (IPPC), therefore the numbers presented are treated as control parameters. 	<ul style="list-style-type: none"> Cerflor/PEFC certification of the Jacareí Unit (SP) forest management areas: target reached. 	<ul style="list-style-type: none"> Continue participation in best practices forums for forest management and sustainability practices in national and international forums with emphasis on The Forests Dialogue (TFD), the Brazilian Forest Dialogue, the Forest Solutions Group of the World Business Council for Sustainable Development (WBCSD), and the Global Pact (carry over from 2013): Target reached: Fibria continues working in various forums relevant to the sector. 	<ul style="list-style-type: none"> Hold the third round of Fibria stakeholder panels (Constructive Dialogues), in Capão Bonito (SP) and Espírito Santo and Bahia (carry over from 2013): target not met. Establish Road Map for the Long-Term Goals, indicating KPIs (key performance indicators) and Medium-Term Targets: target partially reached: KPIs were mapped, but the Medium-Term Targets have not yet been established.
<ul style="list-style-type: none"> Implementation and consolidation of the Supplier Code of Conduct (carry over from 2013) Obtain R\$ 7 million from new partners for social projects, including the Responsible Network and access to public policies. Ensure through Performance Evaluation that 90% of service providers are qualified in aspects of Environment and Safety. 	<ul style="list-style-type: none"> Conclude the pulp Life-Cycle Analysis, from the seedling nursery through destination (stage involving the customers in Europe and the tissue paper segment): target reached with study conducted. Raise the eco-efficiency of the Industrial Units: energy consumed (MWh/adt) - 0.569 (realized in 2013: 0.587) water captured (m³/adt) - 31.0 (realized in 2013: 31.1) waste generated¹ (m³/adt) - 212.6 (realized in 2013: 219.2) NOx² (m³/adt) - 1.2 (realized in 2013: 1.3) DBO(mg/l) - 1.5 (realized in 2013: 1.6) AOX² (m³/adt) - 0.07 (realized in 2013: 0.07) Suspended solids (mg/l) - 1.6 (realized in 2013: 1.65) 1. Not converted to dry base. 2. The company operates with the indicators of NOx and AOX below the international references (IPPC), therefore the numbers presented are treated as control parameters. 	<ul style="list-style-type: none"> Maintain forest stewardship certifications in all units. 	<ul style="list-style-type: none"> Continue participation in best forest management and sustainability practices national and international forums, with emphasis on The Forests Dialogue (TFD), the Brazilian Forest Dialogue, the Forest Solutions Group of the World Business Council for Sustainable Development (WBCSD), the New Generation Plantations (NGP), the Atlantic Forest Restoration Pact, FSC® International, FAO - Food Security Forum and the Global Compact (carry over from 2013) 	<ul style="list-style-type: none"> Organize a round of panels with Fibria stakeholders (Constructive Dialogues) in Capão Bonito (continued from 2013). Establish Road Map for the Long-Term Goals, indicating KPIs (key performance indicators) and Medium-Term Targets.



“Regarding relations of indigenous peoples with Fibria, each side has its role. The company must to look at the community and vice versa. We must further enhance dialogue, opening up more space for complaints and suggestions.”

Paulo Tupiniquim

Coordinator of APOINME Micro Regional office
(Articulation of the Indigenous Peoples and
Organizations of the Northeast, Minas Gerais
and Espírito Santo)

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Generation of employment and income in the south of Bahia

In the municipality of Alcobaça in the extreme south of Bahia, Fibria owns 53,000 hectares of forests. This represents a significant part of the municipality's overall area. There are rural communities that grow cassava crops for a number of different uses, including the production of manioc flour.

To help improve the quality of life in these communities, in 2013 we invested R\$ 900,000 in set up a manioc flour production unit located in Pouso Alegre, in partnership with farmers from Pouso Alegre, Itaitinga, Novo

Destino and Constelação. The new flour plant employs 14 people.

This initiative is part of our Rural Territory Development Program (PDRT), created to stimulate the generation of jobs and income in the rural communities most impacted by our operations.

Delivered to the administration of the Valley of Itaitinga Farmers Cooperative, the manioc flour factory purchases raw material from about 100 local producers and has contributed to an increase of 25% in its members' income.

In 2013, production reached approximately 1 ton of flour per day, sold locally. From August to December 2013, sales reached R\$ 300,000. In 2014, the volume processed should double, expanding sales to the conventional market, with prospects of increasing annual revenues to R\$ 1.2 million.

Growing with the communities

We develop and maintain a number of income generation, social promotion and environmental education programs in communities neighboring our operations. In 2013, **investments in these socioenvironmental actions** increased 16%, extending the benefits to more than 5,000 families. The results are being worth the effort: the agricultural projects implemented through the Rural Territory Development Program (PDRT) **substantially boosted the income** of the beneficiaries and they are on their way to becoming self-sustaining. A recent survey indicated Fibria receives a **high favorability rating** in the communities, already quite close to the target for 2025: to achieve an 80% positive rating from our neighbors.

R\$31.6 million

social investments in 2013

From 24% to 44%

increase in income of PDRT participants

72%

favorability rating in the communities





Relationship with the local communities

More than 5,000 families benefited in multiple ways from their involvement in Fibria's social-environmental programs. The investments in this area totaled R\$ 31.6 million in 2013, representing an increase of 16% compared to the previous year. These funds come from Fibria and its partners such as the National Economic and Social Development Bank (BNDES), the Votorantim Institute and members of the Sustainable Network, comprised of the company's suppliers and customers.

INFRASTRUCTURE INVESTMENTS IN COMMUNITIES

2013 was a major milestone that marked improvements on developments by Fibria in a number of communities. There were nine projects in total:

- Two manioc flour plants in Alcobaça (BA);
- Fishermen's pier in Caravelas (BA);
- Public square in Helvécia (BA);
- Apiary in Capão Bonito (SP);
- Community seedling nursery in Três Lagoas (MS);
- Football field for the Ofaíé indigenous community in Brasilândia (MS);
- Restoration of the Railway Station in Helvécia (BA);
- Restoration of a church in Votorantim (SP).

INVESTMENTS IN COMMUNITIES (GRI EC1)¹ – R\$

	2011	2012	2013
Fibria ²	16,419,000	18,370,000	20,658,432
Fibria via the Votorantim Institute	4,196,000	2,630,000	2,500,922
Incentivized Projects	1,993,138	1,523,000	788,000
Investment from the Votorantim Institute (resources raised through the BNDES and own)	2,630,000	4,523,000	3,506,000
Responsible Network	0	0	4,158,587
Total	25,238,138	27,046,000	31,611,941

1. Voluntary donations and investment of funds in the community, with beneficiaries from outside the company. Includes contributions to charitable institutions, NGOs and research institutes (not related to the company's Research and Development department), funding support for community infrastructure projects and the direct costs of social programs. Also includes the costs of managing the projects.

2. Including the Sustainable Settlements project, in partnership with the Landless Workers' Movement (MST) and investment from BNDES, among others.

LONG-TERM TARGETS

One of Fibria's Long-Term Target is to contribute to 70% of the income-generating projects supported by the company to become self-sustainable by 2025. In 2013, the index was 7%, within the expectations of three years of implementation of the Rural Territory Development Program (PDRT).

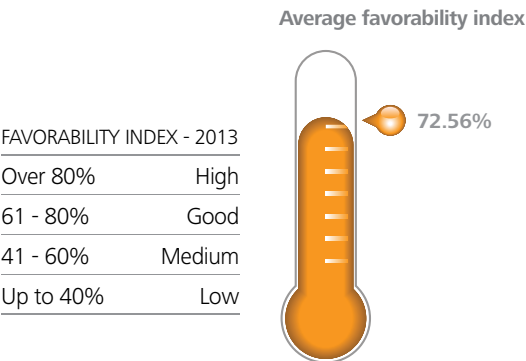
Another target for 2025 is to reach an 80% approval rating on the quality of Fibria's relationship

with communities neighboring their operations. The evaluation of this index is based on a survey that measures the company's favorability rating in the communities.

The result for 2013 was favorable at 72.56% for Fibria. This rating is already very close to the goal. The other results are available in the table below:

MAIN RESULTS OF COMMUNITY SURVEY ON FAVORABILITY IN RELATION TO FIBRIA (%)

	Bahia	Espírito Santo	Mato Grosso do Sul	São Paulo
Economic legitimacy	80.92	80.78	83.55	79.40
Interpersonal trust	72.96	68.28	75.64	70.35
Sociopolitical legitimacy	74.97	69.15	77.00	75.18
Interorganizational trust	71.67	62.72	70.02	66.12
Total	74.13	68.32	75.19	71.44



Impacts on communities

For Fibria, the “social impact on communities” is defined as any change (beneficial or harmful) that is caused by its forestry and industrial operations, within a radius of three kilometers around its properties or areas leased for the cultivation of eucalyptus.

The most recurring detrimental impacts are related to changes in the local land structure, intensive use of the road network, changes to the availability and quality of water, compromised food security and the emission of odors, noise and smoke. Fibria seeks to eliminate, reduce or compensate for these harmful effects through management best practices, environmental investments and continuous monitoring in the most affected regions.

Our strategy of dialogue with the communities, supported by social inclusion projects, has been steadily reducing conflict situations in the center of northern Espírito Santo and southern Bahia. Some members of these communities revert to illegal activities such as timber theft for charcoal production. Fibria continues to consistently seek an understanding with these communities.

ADVERSE IMPACTS OF FIBRIA'S OPERATIONS

FORESTRY OPERATIONS

- Change in the local land ownership structure;
- Isolation of properties and communities;
- Commitment of the capacity and the quality of the road network;
- Dust generation;
- Landscape change (visual) and loss of references;
- Increased risk of traffic accidents (people and animals);
- Change in municipalities' production schedules - modification of local production;
- Higher land values;
- Changes in the availability and quality of water;
- Impairment of food security;
- Breakdown of local communities' way of life;
- Failure to respect non-predatory habits and customs;
- Generation of noise;
- Damage to public and private property;
- Unemployment in families that inhabit acquired properties.

INDUSTRIAL OPERATIONS

- Generation of solid waste;
- Generation of odor;
- Generation of noise;
- Emission of gases;
- Disposal of effluents.

Relationship model with neighboring communities

Fibria has developed a relationship model with neighboring communities that is broken down into four types of approaches:

■ Engagement

Aimed at the communities most impacted by forestry operations. It is a deeper relationship, in which the company assumes the role of a local development partner. In rural communities, engagement occurs through the Rural Territory Development Program (PDRT).

■ Operational Dialogue

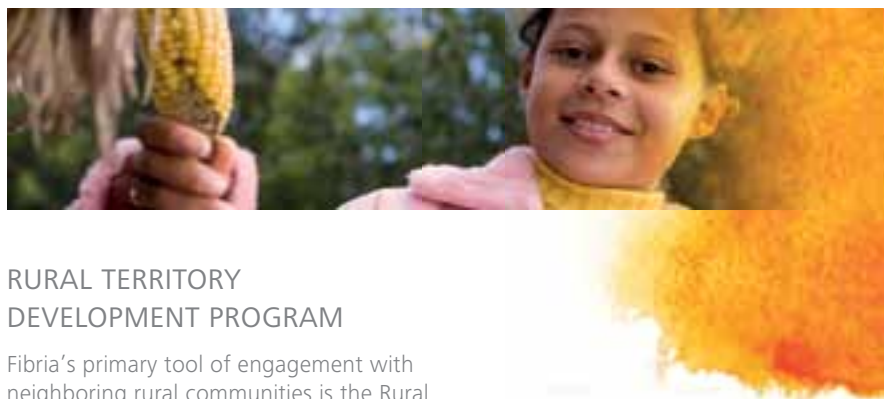
A communications tool through which Fibria organizes meetings in communities, visits distant areas and establishes alliances with local leaders and government representatives to listen to suggestions and demands, obtain clarification regarding their activities, and identify risks and ways to mitigate the impact on the company's operations. This process is described in more detail in the opening section of Chapter 2 of this Report.

■ Constructive Dialogues

Is aimed at promoting Fibria's actions, encouraging an exchange of information that is of mutual interest and a flow of suggestions. They are intended for all stakeholders in the company's activities.

■ Face-to Face Meetings

Consists of visits by Fibria's representatives to the most isolated communities, which are not covered by Engagement and Operational Dialogue. Its main objective is the dissemination of Fibria's communication channels and strengthening Fibria's relationship with the community.



RURAL TERRITORY DEVELOPMENT PROGRAM

Fibria's primary tool of engagement with neighboring rural communities is the Rural Territory Development Program (PDRT), which focuses on the empowerment of communities to manage sustainable agro-forestry projects. It offers participants the equipment and necessary technical assistance to get the job done, along with encouragement, support and guidance on how to access public policies. Expanded in 2013, the PDRT involved 1,062 families in 40 communities of Bahia and Espírito Santo and 610 families in seven Mato Grosso do Sul communities. In São Paulo, the Program commenced in 2013 and already reaches 67 families in three communities. The average monthly family income arising from activities of the PDRT rose 44% in Bahia and in Espírito Santo and 24% in Mato Grosso do Sul, when comparing 2012 and 2013. In Bahia and Espírito Santo, this represented an average monthly family income of R\$ 1,155, while in Mato Grosso do Sul the average family income was R\$ 2,100.

The PDRT projects are focused on selected communities, based on a Prioritization Matrix developed by Fibria. It takes into account, among other factors, the intensity of the impact caused by forestry activities and the vulnerability of the affected population. Once the PDRT is implemented, the people involved in the initiative are trained to manage the projects, which must achieve full autonomy within five to six years. This stimulus to become autonomous is in line with the Long-Term goal established by Fibria of helping the community to become self-sustaining by making 70% of income-generating projects supported by the company.

Relationship with specific communities

Fibra's relationship with some communities particularly in the north of Espírito Santo and the south of Bahia, require special attention because they are historically more susceptible to conflicts, or are socially vulnerable. Fibria develops initiatives in which different actors - such as other companies, governments, third sector organizations and the communities themselves - are engaged, and seek to build, together, solutions of common interest.

RELATIONSHIP WITH BLACK COMMUNITIES

Some communities formed by descendants of escaped slaves (known as *quilombolas*) have benefited from these engagement projects. The dialogue, initiated in 2009, has been steadily improving and has attracted a growing number of communities, especially in the south of Bahia and in the north of Espírito Santo. Some important projects have emerged from this dialogue, such as the PDRT, which has provided income through the sale of agricultural products and improved relations between the parties.

RELATIONSHIP WITH INDIGENOUS COMMUNITIES

Fibria maintains an open dialogue with the Tupinikim and Guarani Indian groups that live on 18,287 hectares neighboring the company's properties in Aracruz, in Espírito Santo. There are approximately 760 families there, distributed in 12 villages, of which 169 are involved in socioenvironmental projects.

An interdisciplinary team conducts Fibria's work with the indigenous population. This team includes anthropologists and indigenous, and is focused on developing a feasible agro-ecological production model similar to that proposed by the PDRT. Furthermore, the team strives to strengthen appreciation in the indigenous communities for their own culture and language. In the municipality of Brasilândia, in Mato Grosso do Sul, Fibria has a relationship with a community of approximately 30 families of the Ofaíé tribe living in a village to which they were resettled after the original lands were flooded to form the reservoir of the Porto Primavera hydroelectric dam in 1998. The company runs a project aimed at revitalizing the Ofaíé culture and its mother tongue and employs several of these indigenous peoples at its operations in Três Lagoas (MS).



RELATIONSHIP WITH LAND REFORM MOVEMENTS

An area of approximately 11,000 hectares owned by Fibria in Prado (BA), comprised of five farms, occupied by members of the Landless Rural Workers Movement (MST) since 2000, has ceased being a point of social tension and has been transformed into a pioneering sustainable rural production experience. In partnership with the government of Bahia and the Escola Superior de Agricultura Luiz de Queiroz (Esalq/USP), Fibria has prepared a project for the production of a mix of agroforestry crops, maximizing the soil use in plots distributed to hundreds of registered families. Named the Alvorecer (Dawning) Project, the sustainable settlement is assisted by a specialized technical team whose members reside at the site. In 2013, the project gained new momentum with the startup of a mid-level agricultural school with capacity to teach 300 students per shift.

The Alvorecer Project initiative began in 2011 when the company agreed to negotiate with the National Institute for Settlement and Land Reform in Bahia (INCRA/Bahia) and facilitate the expropriation of land. Since then, the project has been consolidating itself as the most advanced model of a cooperative agricultural production system in the country.

RELATIONSHIP WITH FISHING COMMUNITIES

Fibria invests in dialogue, social actions and support of fishing activities to strengthen its relationship with the fishing communities in two areas where it operates marine terminals. In the Barra do Riacho district in Aracruz (ES), where Portocel is located, the company implemented several actions in 2013. These include a program to encourage the crafts sector in partnership with Sebrae; the creation of the Full Protection of Children and Teenagers Network; the setting up of the Open Industrial Dialogue project, which already has held seven meetings; and the establishment of a partnership with the Antonio Dadalto Educational Foundation and the Association of Friends of Justice for the purpose of teaching vocational education courses.

In Caravelas, in southern Bahia, Fibria ships part of its local production of eucalyptus to the Aracruz mill. The company has contributed to the development of an ice factory, the construction of a pier and mediation with Petrobras for installation of a diesel fuel pump. This was a result of the engagement with the community program in this region - and takes into account the aspirations of its residents.





HONEY AS A SOURCE OF INCOME

The Beehives program was created by Fibria in 2011 with the objective of contributing to the improvement of the quality of life of beekeepers, generating jobs and income through the production of honey and wax inside the company's eucalyptus forests. The program involves beekeepers in the states of Mato Grosso do Sul, Bahia, Espírito Santo and São Paulo and offers consulting services and technologies for the production and marketing of honey. In 2013, honey production, through the program, totaled 881 tons. To better understand the success of the initiative, it is estimated that 13% of all honey sold in the State of São Paulo and 110 tons of certified organic honey in Brazil already originate through the Beehives program. In 2014, Fibria will initiate a pilot project for tracking honey production in the municipality of Capão Bonito/SP by means of a software program that records all management activities in a given hive.



Environmental education

Fibra has a series of environmental education programs, with activities in forestry and industrial areas, for its employees and residents of communities neighboring its operations. The majority are students and teachers from schools in these regions. Most of the initiatives seek to enhance the historic, cultural and environmental heritage of the vicinities.

The main actions in the industrial area in 2013 were:

- **Learning Network and Local Action (Reaal)** – Strategy for social mobilization whose main objective is to increase interaction between people. In the São Silvestre community of Jacareí (SP), it promoted the installation of playgrounds, bike treks and various workshops, involving more than 900 people;
- **Environmental Education Program (PEA)** – An initiative developed by the Aracruz Unit, featuring three fronts - PEA Communities, PEA Schools and PEA Employees. There are various actions for residents, schools, leaders, community groups and businesses in Barra do Riacho (ES). The initiatives include the installation of a seedling nursery and the roll-out of a selective cleaning collection program in schools, plus a Riacho River group cleanup effort;

- **Ecological Neighborhood Project** – Reform of a house in the Jardim Carandá neighborhood of Três Lagoas (MS), with an emphasis on comfort and environmental sustainability, to raise awareness in the community about the rational use of natural resources. Some 28 families participated, receiving guidance on how to reduce electricity and water consumption.

In the forestry area, the highlight was an initiative for the internal public and outsourced forestry workers. It is a program of lectures and educational sessions in each Unit to train environmental multipliers. The multipliers transmit the acquired knowledge to their teams, through monthly meetings known as Direct Environmental Dialogues. In 2013, 647 multipliers were trained.



“Between now and 2050 the world supply of wood and fiber will probably need to triple, mostly to meet the demand for bioenergy. For companies with plantations this means a huge and growing market and a big innovation challenge.”

Rod Taylor

Director, Forests, World Wide Fund for Nature (WWF)

C H A P T E R

4

GENERATING VALUE THROUGH INNOVATION

50 Technological innovation

52 Employee innovation

53 Forest of the Future

Less planted areas, more pulp

In the last year, we made important advances in our target of reducing the amount of land needed for the production of pulp by one-third through 2025. To meet this long-term objective, it is necessary to increase the productivity of the planted areas, either by continuous selection of eucalyptus superior clones or through detailed classification of the planting areas based on cost and productivity criteria, to define

the most appropriate management practice for each. Also seeking to maximize plantation productivity and sustainability, about two years ago we initiated the P100 project, which involves more intensive management with a greater supply of nutrients and other special care. The project was initially deployed in the Aracruz Unit and is expanding into the other Units, already using the new planting area classification concept.

0.7%

percentage of net revenues invested in innovation in 2013

18

patents related to biotechnology

8

new eucalyptus cultivars approved

Value through innovation

We are constantly innovating in our work in the forestry and industrial sectors. In the pulp segment, we are one of the companies **that invest the most** to develop methods and innovative products. Our Technology Center coordinates research in the fields of forest protection, genetic improvement and biotechnology, which **led to the registration of a record number of patents in 2013**. We also encourage employee innovation. Everybody is invited to participate in the i9 Program and contribute with ideas for improving processes in all sectors. The number of **innovative proposals presented during the year** was a record.

495

proposals from employees through the i9 Program



Technological Innovation

Fibria is one of the companies in the forestry sector that makes large investments in research and innovation. It understands that the best path to future growth is based on increases in plantation productivity, improvement in the quality of the wood used as raw material, increased efficiency of industrial production processes and the sustainable development of innovative, high quality products. In 2013, the company's investments in technological innovation represented about 0.7% of its net revenue.

The Fibria Technology Center (TC), which operates in all Units and maintains laboratories in Jacaré (SP) and Aracruz (ES), coordinates the company's technological innovation program. In 2013, its activities were expanded with the startup of the new Forest Protection and Natural Resources Laboratory in Aracruz. The facility specializes in the diagnosis of diseases and pests as well as the creation of biological control agents (natural enemies of these pests). The laboratory also evaluates the resistance of new genetic material to main eucalyptus diseases.

In the field of Genetic Improvement and Biotechnology, in 2013, the TC updated its recommendations of genetic materials for all Fibria Units, seeking maximum adaptation of eucalyptus clones to the different environmental conditions in each region. Promising results were also gathered in the development of Wide Genomic Selection, cutting-edge technology that could make early selection of superior clones based on molecular markers possible.

GENETICALLY MODIFIED ORGANISMS

Fibria is working on the development of genetically modified eucalyptus clones and supports the open discussion of the issue in society. In the company's view, trans-geneticism does not replace the classic methods of genetic improvement but complements them. The company is currently intensifying field research to understand the economic, environmental and social impacts of the new technology, which precedes any type of operational-scale use.

Fibria's tests with genetically modified organisms (GMOs) are conducted in areas that, total 98.1 hectares (located outside of the certified management units). These trials are closely monitored by the National Biosecurity Commission (CTNBio), which is linked to the Ministry of Science, Technology and Innovation.

The company recognizes that this theme is controversial and therefore has engaged various stakeholders in dialogue on the issue. Fibria participated in a meeting for the exchange of information about genetically modified trees organized by The Forests Dialogue, held in the last quarter of 2013 in Gloucestershire, England. A comprehensive questionnaire was an outcome of the meeting, designed to survey the practices of companies working in this field. The summary of the meeting and the responses of Fibria and other companies to the questionnaire can be found at <http://tfd.yale.edu/>.





Fibria also developed a precise silviculture system that monitors soil fertility and conservation. Through this work, it is possible to reduce forest formation costs, increasing the production of forest biomass, maintaining production sustainability and quantifying plantation ecosystem services.

In terms of process and product innovation, the priority was developing new products and improving already existing ones. The highlights of 2013 are primarily related to improving the softness and resistance of paper, allowing Fibria to offer customized solutions in a commodity market. Also reinforced was the search for new alternatives to reduce the volume of inputs in the cooking and bleaching processes, lowering pulp production costs.

NEW PATENTS

In 2013, Fibria was awarded 18 patents related to biotechnology, and eight new eucalyptus varieties were approved by the National Crop Protection Service (SNPC). During the year, the company also filed three new patent requests. Two of them - submitted to the National Industrial Property Institute (INPI) - refer to the production process and structural equipment for a novel seedling growing system, known as a bioreactor. Created by the Technology Center, the bioreactor reproduces, in a very small area, the ideal conditions for the development of eucalyptus seedlings, which are preserved from contact with fungi and bacteria and receive water and nutrients at regularly scheduled

times. Surrounded by all these precautions, the plants are produced in 55 days, almost half the time of conventional cultivation in nurseries.

Due to its higher productivity, a bioreactor is capable of significantly reducing the area required for the production of seedlings in nurseries when compared to the mini-clonal garden technology, which is the most widely used in the world today.

The third patent application – filed in the United States Patent and Trademark Office (USPTO) – concerns the creation of a new transportation trailer capable of hauling more wood without changing the total weight of the rig. The project, which is a result of a partnership in the field of Operational Development with the Federal University of São Carlos (UFScar/SP), combines the use of lighter metallic alloys with a new trailer design to reduce the weight of the equipment - and thus accommodate up to 10% more wood. With this change, it is possible to reduce the highway truck fleet, minimizing impacts and generating fuel savings. The first generation of new wood-hauling trucks was completed in December 2013 and is undergoing a testing period. The expectation is they begin to operate before the end of 2014, gradually replacing conventional rigs.

FOCUS ON BIOFUEL

After the 2012 collaboration with Ensyn Corporation of the U.S., which owns the technology for the conversion of biomass into bio-oil, Fibria has been researching waste and wood reutilization for the production of biofuels. As part of this strategy, in 2013, the company took an important step, starting bio-oil tests with potential customers and partners.

Investments in equipment and human resources for the development of other bioproducts also were made, aiming to ensure that Fibria is in the technological vanguard in this field.

NEW PARTNERSHIPS

In 2013, Fibria announced two important partnerships in the area of innovation: with Embraer, for technological cooperation in the renewable materials segment, and with SweTree Technologies, for the development of forestry biotechnology focused on the generation of genetically superior clones.

Employee innovation

Implemented at the time Fibria was founded, the i9 Program stimulates employees to develop innovative ideas that can bring benefits to the company and the workplace environment. It is an important tool for involving employees in the company's sustainability goals and for valuing their work philosophy. All direct employees can contribute with innovations.

Aimed initially at projects that would result in production cost reductions, increased productivity or improved operating efficiency, in 2013, the i9 began to include proposals that represent advances in the environment and corporate security areas.

In addition to new topics, an ideas management software program began to be used for i9 that is more interactive, easier to use and has a page published on the company's intranet (FibriaNet) to improve communication with users, offering manuals, training and images of Fibria's innovators. The rules of the program were also reformulated, and the recognition actions - articles for in-house bulletin boards, banners and posters throughout the company, letters of thanks and pictures of recognition of award ceremonies - were intensified.



WINNING PROJECTS

All of Fibria's Units demonstrated a high level of interest and participation in the competition. In Três Lagoas, professionals Heitor de Matos da Silva and Gerson Fernando dos Santos of the Chemical Recovery department developed a project for optimization of the lime kiln flare, based on the installation of valves for adjusting the ideal regulation of air and gas, reducing natural gas consumption and the wear and tear of refractory bricks.

At the Aracruz Unit, Jovani Marin Rampinelli and Eduardo Oliveira Correa, who work in pulp production, created a process to eliminate production losses during maintenance of the 507 press system. They installed an alternative supply line to the acid bleaching tower, enabling maintenance on the entire press system to be executed without shutting down production.

At the Jacaré Unit, Bruno Serra de Moraes, Marcelo Fernandes Coelho da Silva and Renato Campolino, from the Electrical Maintenance, Instrumentation and Automation Team, started using an idea to eliminate the burning of the wood chip equipment motors by using water infiltration. This was based on the installation of a drain on the motors' mounting flanges and a flap in coupling inspection windows. Thus, it was possible to expand the availability of the equipment that generates wood chips for the production of pulp.

RESULTS OF THE I9 PROGRAM

495

innovative proposals – record in 2013

288

were considered viable and implemented

299

participants awarded

210

winning proposals were classified as quantitative, by generating some type of savings for the company and giving its authors bonuses equivalent to a percentage (between 5% and 7.5%) of the economies generated by the projects

78

winning ideas were standouts for qualitative results, which cannot be measured financially, and were rewarded with a sum of money

R\$ 61

return on investment (ROI) for each real invested

Forest of the Future

Fibria is working on several innovative programs in its forestry operations, part of a broader project called Forest of the Future. The initiatives stem from a study conducted by Finnish consultants Pöyry, specializing in energy and forestry, which identified the most advanced silviculture practices in the world that could be applied over the short-term to the company's plantations.

Initially, 14 programs with great ecoefficiency potential were selected - called "technological avenues" - to comprise the Forest of the Future Project, which began in 2011. The company also set a target to raise R\$ 735 million in Net Present Value (NPV) for the 2011-2015 period with the adoption of the innovations, which over the past three years have been propagating other advances and expanding in scope. In 2013, the 18 programs underway captured an NPV of R\$ 220 million, with R\$ 445 million accrued since the project was implemented.

Among the innovations introduced, highlights include: mechanized harvest operations of crops planted on slopes (reducing the costs and risks involved); concentrated fertilization (reducing by one-half the number of costly fertilization actions); and the development of a lighter tractor-trailer wood transportation rig (permitting the hauling of more wood per trip). Part of the project includes the application of herbicides by self-propelled machines (requiring less equipment and manpower) and use of a bioreactor for seedling production (whose yield is well above the current mini-garden clonal technique).

Another innovation in 2014 includes the 103 harvesters at the Aracruz Unit which will begin to be equipped with sensors reporting performance data in real time to a central point. This represents a decisive step forward toward precision silviculture. Another program in the planning stage, to be implemented after 2015 as part of the Forest of the Future project, focuses on telemetry and automation of the forestry operations.

MECHANIZED HARVESTING ON SLOPES

Harvesting in hilly terrain, which was always the Jacaré Unit's most problematic forestry operation, began to be carried out both more efficiently and safely through adoption of a system of traction-equipped winches that has made it possible to mechanize the work in such areas in the Paraíba Valley (SP), where slopes can reach a 38° incline. In this new operation model, the harvesters are attached by cables to anchor-trees and accomplish the task that previously had been performed mostly by dozens of professionals operating chainsaws.

To implement the mechanized harvesting technique on its hillsides, Fibria assimilated the successful experiences of forestry companies in Austria and New Zealand. The results obtained by this new process in 2013 were quite encouraging, raising the area being harvested through mechanized means by 56% at Jacaré. The net present value was R\$ 70 million over the course of the year.



“Forest certification is a condition of existence, and not a competitive strategy. The challenge for companies like Fibria is to have consistent medium and longterm sustainability actions that are part of the scope of certification.”

Maurício Voivodic
Executive secretary of Imaflo, a certifying organization

C H A P T E R

5

FOREST MANAGEMENT PRACTICES AND OPERATIONS

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Forest Restoration Program

Fibra runs one of the largest biome restoration projects currently underway in Brazil. Involving 40,000 hectares distributed in five states (Espírito Santo, Bahia, Minas Gerais, São Paulo and Mato Grosso do Sul) and begun in 2011, the Forest Restoration Program's goal is to recover 30,000 hectares of Atlantic Forest and 10,000 hectares of Cerrado until 2025, in areas of our property that previously were occupied by pastures. In 2013, there was significant progress in meeting this Long-Term Target: interventions

were made in 5,200 hectares, extending the regenerated area to 7,700 hectares.

With the consolidation of these initial results, the project has become a benchmark for the recovery of degraded areas, leading to valuable partnerships. The Nature Conservancy (TNC) NGO began monitoring the program at the end of 2013. The National Economic and Social Development Bank (BNDES) has made funding available to support it. In all, including our professionals, researchers from the Escola Superior de

Agricultura Luiz de Queiroz (Esalq/USP), independent seedling and seeds producers, TNC technicians and suppliers, some 600 people are directly involved in the project. The Forest Restoration program also has social ramifications by representing a very large laboratory for the development of native species in varying weather conditions and to enlarge the links of the green economy in the regions in which this is happening, generating jobs in low carbon emission activities (nurseries, seeds, etc.).

More efficient and sustainable

Our efforts to achieve better eco-efficiency results bore fruit, leading to important gains in all stages of the production process in 2013. We posted another **positive carbon balance** and implemented projects to make our energy matrix even cleaner, while also increasing own electric power generation. We produced **soil correction materials** by **recycling industrial waste, generating savings through lower lime quantities for eucalyptus plantations**. These actions will contribute to obtaining and maintaining our certifications and compliance with the Long-Term Targets of doubling carbon absorption from the atmosphere and a 91% reduction in industrial waste disposal in landfills by 2025.

R\$ 8.5 million

savings through the production of soil correction products from waste

0.95

ton of CO₂ eq sequestered from the atmosphere per tonne of pulp produced

53,146

tons of soil correction materials produced in 2013

Material themes in this chapter



Forest management

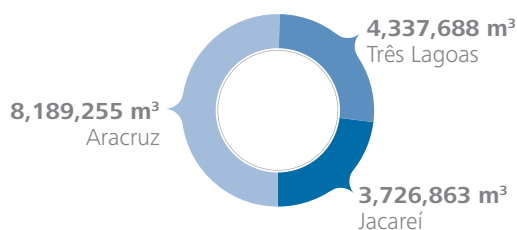
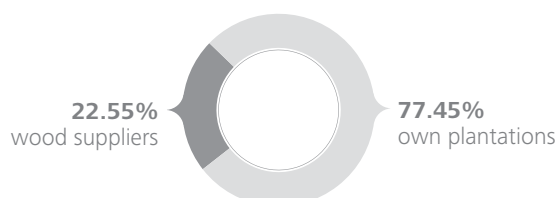
Fibria's forest management is designed to ensure the supply of eucalyptus wood to its Industrial Units while observing parameters regarding productivity, quality, low costs and environmental and social sustainability. The company's forest management includes the conservation and recovery of native forests, soil conservation, improvement in water quality and the generation of income and social welfare in communities. As a result of these practices, the company reinforces the sustainability of its business and moves toward meeting its Long-Term Target of reducing the amount of land required for pulp production by one-third.

PRODUCTION AND WOOD SUPPLY

16,253,806 m³

total of wood consumption for pulp production in Fibria's Industrial Units in 2013

ORIGIN OF WOOD CONSUMED



WOOD SUPPLY BY THIRD PARTIES

Fibria takes measures to avoid purchasing wood from illegal sources or obtained by means involving the violation of human rights. To monitor the origin of uncertified wood from its suppliers, the company created the Controlled Wood and Controversial Sources Verification Program, which requires producers to identify sources of the raw material, make a commitment to not acquire illegal timber and install a telephone hotline number to report misconduct.

SOIL MANAGEMENT

Fibria's planting areas are chosen according to their suitability and prepared with balanced fertilizing and natural residues - roots, leaves, twigs and tree bark. The stewardship techniques take into account the environmental differences of each region, the type of soil and the results of successive planting cycles. The purpose of this work is to achieve sustainable gains in productivity and ensure the conservation of the soil after eucalyptus harvests, preparing the land for new planting. The procedures are guided by a database that gathers information from an extensive soil survey operation. The company seeks to use soil correctives manufactured from the solid waste of the pulp production process, generating economic and environmental benefits.

FOREST PROTECTION

Forest protection at Fibria's plantations is based on successful cycles of prevention, detection, monitoring and control, with the objective of avoiding the occurrence of pests and diseases and preventing losses caused by fires.

Forest monitoring is carried out continuously with the control measures most appropriate for each case used. Often, the best solution is not to eliminate a pest, but rather coexist with it at acceptable levels that do not cause economic losses, reducing the use of resources and efforts for its control.



INTEGRATED MANAGEMENT OF DISEASES

The control of pests and diseases on Fibria's plantations is carried out by means of integrated management. This promotes the use of eucalyptus clones that are more disease-resistant and biological control-based on natural enemies of the main eucalyptus pests. The use of pesticides is always the last option.

The development of more resistant clones is crucial for obtaining expected plantation productivity, thereby contributing to the fulfillment of the Long-Term Goal of reducing the amount of land required for pulp production by one-third. The researchers at Fibria's Technology Center (TC) select clones that show resistance to the major eucalyptus diseases. Research is conducted at the Forest Protection Laboratory in the Aracruz Unit.

To control pests through their natural enemies, the work of the TC is to identify the more recurring pests and develop protocols to combat each of them.

BIODIVERSITY

Biodiversity is a fundamental value for the perpetuation of Fibria's business. The company sets aside about 36% of its properties to be used as environmental conservation areas.

The company's conservation areas represent different types of ecosystems and are scattered along rivers, dispersed between eucalyptus plantations to form a mosaic landscape. In addition to fostering the conservation of local biodiversity, this association of plantations with native forests improves forest stewardship. Other biodiversity conservation measures for Fibria's lands include:

- Introduction of crop rotation, increasing the diversity of environments in the forestry landscape;
- Establishment of intervals between the stacks of wood facing high conservation value remnants, to facilitate the movement of animals in times of harvest;
- Temporary maintenance of stands of eucalyptus to serve as a sleep habitat for parrots and parakeets;
- Selection of native species whose fruits serve as food for fauna, in the restoration program.

Fibria's strategic biodiversity research plan calls for research and development actions, such as conservation of endangered species, sustainable use of biodiversity, assessment of the impacts of forest management, landscape ecology and ecosystem services.

The company also participates in the Paraíba Valley Ecological Corridor initiative (www.corredorecologico.org.br) and the Atlantic Forest Restoration Pact (www.pactomataatlantica.org.br).



RESTORED PRESERVATION AREA (IN HECTARES)

2011	2012 ¹	2013	Meta acumulada até 2025
2,800	2,495	5,213	40,000

The targets for 2012 and 2013 were 2,000 and 4,771 hectares, respectively. The goal for 2014 is 4,672 hectares.

1. Corrected value in relation to what was reported in 2012 (2,507 ha)

PROTECTED OR RESTORED HABITATS (GRI EN13)¹ – in ha

Area	Year	Aracruz	Capão do Leão ²	Jacareí	Três Lagoas
Atlantic Forest	2011	124,060.0	-	55,620.0	10,980.0
	2012	125,023.3	-	56,006.0	6,921.4
	2013	120,789.5	-	55,478.7	7,177.7
Savanna (Cerrado)	2011	-	-	7,690.0	88,620.0
	2012	-	-	7,424.2	92,930.4
	2013	-	-	7,489.5	92,448.2
Mangrove	2011	-	-	-	-
	2012	-	-	-	-
	2013	-	-	-	-
Restinga biome	2011	5,270.0	-	-	-
	2012	5,402.5	-	-	-
	2013	5,399.8	-	-	-
Pampa biome ²	2011	-	60,210.0	-	-
	2012	-	-	-	-
	2013	-	-	-	-

1. The areas cited include areas designated for conservation purposes (Permanent Preservation Areas and Legal Reserves). The restoration in Fibria is made in accordance with the protocol of the Pact for the Restoration of the Atlantic Rainforest and the ecology laboratory for Restoration and Forestry of the University of São Paulo (Lerf/USP). The company has a partnership with state governments for protection of Conservation Units. The variations in numbers are mainly due to changes in the area of leasing, partnerships and development, which may vary from year to year, and the purchase of land, mainly in the Três Lagoas Unit, for expansion of the production capacity of the mill.

2. Unit sold in 2012.



ECOSYSTEM SERVICES

Fibria conducts studies to identify the main benefits obtained from ecosystems and the forest management model and to appropriately value them. The natural fertility of the soil, the use of industrial waste as fertilizer and the water consumed in industrial and plantation operations are some examples of the ecosystem services used in pulp production. The production of carbon stock, water quality, food, fibers, biofuels from biomass naturally control pests, and the ecological biodiversity corridors are benefits generated by these operations.

The following actions have been undertaken by the company to increase the value of the ecosystem services:

- Mapping and quantification of the services, in some cases with certification.

- Creation of a network of qualified partners, such as research institutions, universities, NGOs, banks and consulting firms.

- Development of tools for analysis of risks and opportunities.

- Participation in the Vale do Paraíba Ecological Corridor Project.

The efforts in this field still face some obstacles such as restricted markets, few defined prices and lack of accounting rules. In this context, the approval of the new Brazilian Forest Code should generate opportunities for new markets.

As recommended by the Sustainability Committee, there is an existing measure that already presents some results and should be looked at closer

- Fibria maintains a biodiversity database that already contains 652 species of birds, 122 species of mammals and 1,943 species of plants found in the company's areas.

- Fibria's forests serve as areas of shelter, reproduction and transit for this fauna, which includes 21 species IBAMA considers vulnerable or endangered with extinction.



by Fibria. It is the Payment for Environmental Services (PSA), whose National Policy is under examination by the Committee of Finance and Taxation of the Chamber of Deputies. The PSA is a voluntary transaction, which pays landowners for environmental conservation of their land. The Committee recommended that Fibria act as an environmental services seller, buyer and middleman, identify partnerships for this initiative and use available valuation tools, thus being prepared for current demands and future opportunities. Claudio Padua, a member of the Committee, is leading a working group to study the matter.

In addition, in 2013 Fibria began testing a tool to calculate the value of the environmental benefits the company offers. For example, one of the objectives is to allow the ecosystem services produced to be a counterpart for concession of river water for the company's pulp mills. The results will be conclusive in the next few years.

In 2013, Fibria sequestered 3.9 tons of CO₂ equivalent for each tonne of pulp produced.

WATER RESOURCE MANAGEMENT

Fibria strives to improve the management of the water resources on its properties, seeking to ensure the quantity and quality of water needed for its forestry and industrial operations without ruining nearby community supplies. Fibria acts to protect the springs and water sources, reducing the consumption of all units, reusing water effluents and constantly monitoring the available volumes.

The monitoring of water resources in forest areas is conducted at micro watersheds - there are 12 of them at Aracruz Unit (ES), three in the Três Lagoas Unit (MS) and two in the Jacaré Unit (SP). This work allows Fibria to assess environmental impacts, interactions of plantations with surface and ground water, effects of harvests on the production of water and parameters of water quality and quantity.

With this information, it is possible to increase forest productivity while using fewer natural resources. In 2013, Fibria expanded the monitoring of these watersheds to more accurately measure the volume of water resources before and after operations and identify bottlenecks that could interfere with the supply of water to communities.

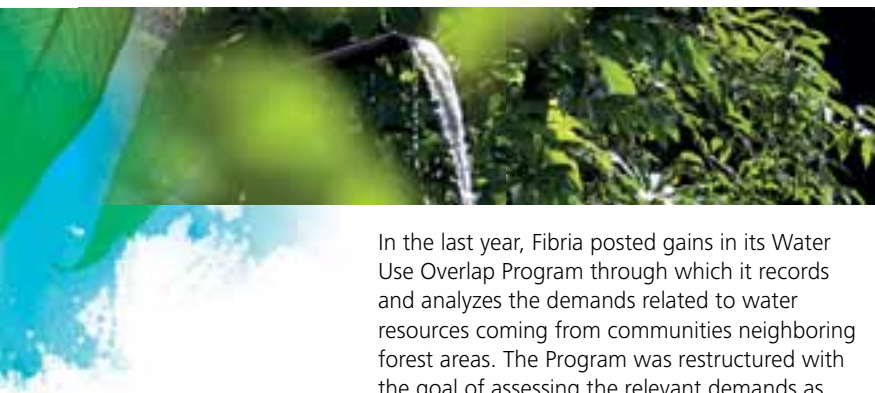
When the communities have questions about the forest management and the development of eucalyptus trees in the field, direct contact is made with the stakeholders for a presentation of Fibria's management practices. When questions are raised regarding water resources, the company analyzes the context of the landscape following the hydro-solidarity concept, which considers the needs related to the watershed basin and society's interests. If a demand is deemed relevant, Socio-environmental Recommendations are made to the management projects, such as:

- Early environmental restoration in Permanent Preservation and Legal Reserve Areas.
- Improvement of secondary roads in the forest areas.
- Harvest conducted in mosaics in watersheds with high percentage of tree planting.

REUSE OF WATER AND NUTRIENTS BY ARACRUZ AT THE NURSERY

An innovative project developed in 2013 by a multidisciplinary team dramatically reduced the water consumption in Aracruz's seedling nurseries, in addition to allowing the use of fertilizers that were previously being discarded as effluent. The work involved the capture of rainwater and the treatment of effluents, with the construction of reservoirs with a capacity for 11,000 liters and a ferti-irrigation system (application of fertilizers with the irrigation water).

Rainwater is being used during various seedling production stages, reducing the nursery's water consumption by one-half. With ferti-irrigation, 80% of the fertilizers that had been previously disposed of, began to be used. The innovation represents annual savings of R\$ 2 million and was awarded 1st Prize in the Forest Development category in the Brazilian Pulp and Paper Technical Association 2013 competition.



In the last year, Fibria posted gains in its Water Use Overlap Program through which it records and analyzes the demands related to water resources coming from communities neighboring forest areas. The Program was restructured with the goal of assessing the relevant demands as to criticality and to indicate Socio-environmental Recommendations (SER) for forest management purposes, receiving 15 new demands in 2013.

Certifications

With the Cerflor/PEFC certification for forest management and chain of custody of the Jacaréi Unit, obtained in October 2013, the excellence of all of Fibria's forestry operations is now recognized by the main certifiers - the Forest Stewardship Council® (FSC®) and the Cerflor/PEFC, with each system having its own principles and criteria.

Another certification obtained by the company in 2013 was the Quality Management System - ISO 9001 for its operations in the Port of Santos. The Institute of Forestry and Agricultural Management and Certification (Imaflora) and Bureau Veritas Certification (BVC) audit Fibria's forestry certification and management systems.

■ **Next challenge** – After ensuring the main certifications for all its Units, Fibria goal is to have its wood suppliers obtain the same recognition. The company encourages its forest partners both to continuously improve forest management through preservation techniques as well as obtain certification of their forest properties.

FSC® CERTIFICATION AND THE MANAGEMENT OF THE USE OF PESTICIDES

One of the requirements for forest certification granted by the Forest Stewardship Council® (FSC®) is compliance with the agrochemicals policy, which establishes indicators and thresholds to define which pesticides are considered to be highly dangerous. The use of these substances is restricted in certified areas, with the exception of products in process of derogation (given permission for temporary use). The restricted products include formicides used to control leaf-cutting ants. Fibria has derogations to use them and fully complies with all the usage conditions, even undergoing audit procedures to ensure it satisfies the requirements. Furthermore, the company participates in the Forest Cooperative Certification Program (PCCF), which deals with the relationship of this extremely important topic for planted forests sector with the FSC® certification. It should be noted that the products are used in small quantities with little diversity and that the forests can spend years without any intervention.



FIBRIA'S CERTIFICATIONS

Fibria today has the following certifications:

- Quality Management System - ISO 9001;
- Environmental Management System - ISO 14001;
- Occupational Safety and Health Management System - OHSAS 18001;
- Forest Management - Cerflor/PEFC and FSC®;
- Chain of custody - Cerflor/PEFC and FSC®.

The Units that have the above certifications are detailed in an infochart appendage to this Report and on the company's web site <http://www.fibria.com.br/relatorio2013/en>.

CERTIFIED FOREST AREA (2013)¹

Unit	Total Area	Area certified by the FSC®	Area certified by Cerflor/PEFC
Aracruz	346,000	298,503	340,221
Capão do Leão ²	-	-	-
Jacaréi	158,378	158,206	158,206
Três Lagoas ³	341,904	282,970	283,233
Total	846,282	739,679	781,660

1. In hectares. Does not include 50% of Veracel.

2. Unit sold in 2012.

3. The uncertified area covers new land purchased and leased for the formation of forests that will supply wood to the new mill to be built in Três Lagoas.

Theft of wood and forest fires

Fibria's social initiatives, associated with measures to combat the illegal production of charcoal, significantly reduced wood theft and fires on company property for the second consecutive year. In 2013, the theft of 18,098 cubic meters of wood from three Units was reported, less than half of the 40,000 cubic meters lost in 2012. The year with the highest theft rate was 2010, when 320,000 cubic meters of wood were stolen. The total area affected by fires was 7,950 hectares, with 85% experienced by the Aracruz Unit. Most of the wood from these locations was used in the pulp production process or for energy production. All was done in accordance with the company's fire prevention and fighting strategy, as well as the actions of the harvest team, with the goal of making better use of the wood. In spite of efforts to reuse the wood, impact of fire is greatest from an environmental standpoint with 4,445.1 hectares affected in preservation areas.

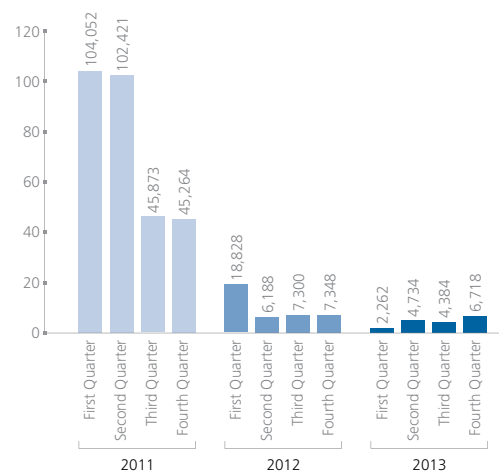
The problems of wood theft and forest fires have always been more prevalent in Fibria's plantations in the north of Espírito Santo and the south of Bahia, where an illegal charcoal production network recruits residents, including children, from very needy local communities, to work ovens set up in the midst of the forests. More than 4,000 furnaces have been destroyed since December 2011, as decided by the governments of Bahia and Espírito Santo. Since then, Fibria has strengthened its social projects in the region to contribute by utilizing more definitive solutions to help these communities.

The main actions are:

- Establishment of the Territorial Rural Territory Development Program (PDRT), directly benefiting more than 800 families in the south of Bahia.
- Donation of the leftover tips of branches after harvest operations to local residents, under the agreement that they are not to be used in illicit manufacturing of charcoal. The agreement benefits 280 registered families, who earned R\$2.6 million with the sale of the wood for fuel.
- Negotiation with wood suppliers to give preference to hiring residents from rural communities.
- Inauguration, in early 2014, of a seedling nursery in Helvécia (BA), which has already hired 22 of 220 professionals it is expected to employ in the coming two years.

At the end of 2013, the fire fighting team received some major reinforcements: development of equipment that puts out fire with much higher efficiency (including in stacked wood) and the installation of closed-circuit TV coverage over more than 20,000 hectares in Conceição da Barra (ES), on the Aracruz Unit's lands.

VOLUME OF STOLEN WOOD – m³





Industrial operations

Pulp production takes place in several stages. The wood logs are initially chopped and processed into chips, which are cooked under the action of chemicals to separate the cellulose fibers from the lignin (the structural element that keeps them joined). Next comes bleaching, which is transforming the brown pulp into white pulp through chemical action. The final part is the drying of the pulp and its transformation into sheets, which will be packaged in bales for transportation.

INDUSTRIAL ECO-EFFICIENCY

The intelligent use of natural resources represents sustainable economic gains. The goal of producing more with less inputs is the guiding principle for all of Fibria's operations.

OPERATIONAL STABILITY

Operating stability means to engage the forestry and industrial teams in a new and single operational strategy, in which the rate of production is balanced and constant within the capacity limits of each sector involved in the pulp production process. To increase stability, it was necessary to reduce the frequency and duration of events that generated shutdowns and/or reduced production. In 2013, Fibria's Units operated at a stability level higher than 90%, maintaining the same level of excellence of the previous years.

■ **Maintenance shutdowns** – Fibria's Industrial Units pause their activities for a few days each year for general equipment revision. These General Shutdowns are required by law for the prevention of accidents, but also are

key to improving eco-efficiency and ensuring operational stability. In the Aracruz Unit, the three fiber lines stopped alternately between January 2-29 and May 5-21, with an inspection involving about 1,800 workers, from 90 companies. In Três Lagoas, approximately 1,300 professionals from 82 companies worked on the General Shutdown between June 7 and 16. At Jacareí, 56 companies and about 1,800 workers were summoned for the shutdown held July 29-August 7.

ENVIRONMENTAL PERFORMANCE INDEX

Fibria checks the environmental quality of its industrial process through the Environmental Performance Index (IDA). The IDA is a management tool that evaluates three indicators: control of pollution, pollution prevention, and environmental management. The items have different weights in the makeup of the IDA. This index is part of the variable remuneration calculation for Fibria employees and is measured monthly in the three Industrial Units.

In 2013, the IDA reached an average of 95% in the Jacareí and Três Lagoas Units and 93.6% at Aracruz. This index has been rising gradually since 2011 as a result of eco-efficiency actions like reductions in fossil fuel use, increased recycling of solid waste, and more efficient use of water resources. The evolution can be seen in the following table.

ENVIRONMENTAL PERFORMANCE INDEX INDICATORS

Year	Jacareí			Aracruz			Três Lagoas		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
General IDA	95.1	95.4	95.0	91.1	93.1	93.6	94.2	94.7	95.0
Management	95.1	96.1	94.6	90.1	97.0	95.7	92.2	98.1	96.9
Prevention	97.1	97.1	97.9	90.1	90.1	93.6	88.2	92.2	93.7
Control	94.2	94.2	92.5	93.1	92.1	91.4	98.1	94.2	94.7



RECOVERY AND UTILITIES

The pulp production process requires a series of inputs, like wood and chemical products, that are already recycled and reused. Fibria's Industrial Units also generate utilities such as steam, electrical power and compressed air, which are used in the pulp production process and sold when there are surpluses, similar to electric power. They also capture water, which is reused to the maximum level and treated in Effluent Treatment Stations before being returned to the environment.

ENERGY

Fibria's pulp production is powered by an energy matrix, which uses renewable natural resources (wood, liquid biomass and waste), supplemented with a small consumption of natural gas. More than 90% of the energy matrix is composed of renewable fuel.

This availability of natural energy resources allows Fibria to sell the electric energy surplus produced in the Aracruz and Três Lagoas Units.

In 2013, Fibria established an energy consumption reduction goal of reaching 0.582 megawatt/h per tonne of pulp produced. Its consumption was 0.587 megawatt-hour, very close to the established target (just 0.85% higher). However, the effort was sufficient to achieve a reduction of energy consumption of 9,000 megawatt-hour/year.

Electrical Energy ¹	Aracruz	Jacareí	Três Lagoas
Total electrical energy generated on its premises (MWh/tsa ²)	0.625	0.613	0.818
Electrical energy consumed (MWh/tsa)	0.573	0.724	0.607
Electrical energy purchased (MWh/tsa)	0.011	0.169	0.005
Electrical energy exported (MWh/tsa)	0.040	0	0.216
Electrical energy exported (R\$)	28,190,343	0	39,147,646
Percentage of electrical energy self-sufficiency	109%	85%	135%

1. 6.4% and 26.3% of the energy generated in the Aracruz and Três Lagoas Units, respectively, were exported.

2. tsa- air dried tonne.

More than 90% of the energy matrix is composed of renewable fuel.

REUSE OF GAS IN JACAREÍ

The Jacareí Unit in 2013 developed an ingenious system to reduce the use of natural gas to heat water used in its boilers. The project, called Energy Master Plan, is based on the energy capture of the exhaust gases from boilers - that are normally released into the atmosphere - and on the temperature reduction of the effluents so that the gases can be reused as a heat source.

The use of the thermal energy from these gases is still at its initial stage, but predicts a reduction of 20 million cubic meters of natural gas per year, bringing the Unit closer to meeting its goal of making its energy matrix more sustainable.

EMISSIONS

Fibria's forests absorb more carbon from the atmosphere than what is generated in its operations. The company seeks to extend this balance with ever more stringent control of its industrial emissions and one of its Long-Term Goals is to double carbon sequestration in its properties by 2025.

In its industrial process, Fibria also plans to reduce generating sources of odor, availing itself of reports from volunteers residing in neighboring communities who are members of the Odor Perception Networks (OPNs) created by the company. The Aracruz Unit's OPN involves about 200 inhabitants of areas nearest to the mill, while the Jacareí and Três Lagoas OPNs are comprised of approximately 100 volunteers each. In 2013, the OPNs and the Talk with the Fibria channel received a total of 45 complaints related to odor, which were investigated and addressed by the company. All questions were answered. Also in 2013, we reduced our CO₂ direct emissions by 3.3%, meeting our goal of a 2% reduction.

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EMISSION INDICATORS

Emissions	Unit	BAT ¹	Aracruz			Jacareí			Três Lagoas		
			2011	2012	2013	2011	2012	2013	2011	2012	2013
AOX	kg/tsa ²	< 0.25	0.09	0.09	0.08	0.048	0.057	0.050	0.08	0.09	0.07
Particulate Material	kg/tsa	0.2 - 0.5	0.189	0.297	0.41	1.247	0.685	0.669	0.22	0.25	0.31
SO ₂	kg/tsa	0.2 - 0.4	0.056	0.069	0.113	0.095	0.227	0.476	0.07	0.76	0.42
No _x	kg/tsa	1.0 - 1.5	0.197	0.034	1.227	0.67	0.686	0.639	1.52	1.83	1.71
TRS	kg/tsa	0.1 - 0.2	0.010	0.01	0.013	0.013	0.016	0.014	0.03	0.05	0.05
CO ₂	kg/tsa	NA	360	348	314	450	513	490	330	317	344

1. Values according to the publication Best Available Techniques (BAT) by the Integrated Pollution Prevention and Control (IPPC) (2001) bleached hardwood Kraft pulp.

2. adt - air dried ton.



WATER

Fibria's mills are supplied by water from nearby drainage basins, as required by water use grants established by the National Water Agency (ANA). At Aracruz, water comes from the Gimuhuna River, of the Rio Doce basin. In Três Lagoas, it is from the Paraná River, while in Jacareí it is from the Paraíba do Sul River. In all three cases, quality monitoring is conducted of the captured water, which is reused and treated before being returned to the environment.

Fibria is part of the Water Footprint Network (WFN) and monitors the use of water in all stages of production to identify opportunities for optimal use.

■ In 2013, the Aracruz Unit captured an average of 33.8 m³ of water per tonne of pulp produced, the same volume as in 2012.

■ In Três Lagoas, this index stood at 28.7 m³. In 2012, it was 28.9 m³.

■ In Jacareí, recognized as a world water-use benchmark for pulp production, the average was only 24.9 m³. In 2012, it was 22.1 m³.

■ The European benchmark for this index, established by Integrated Prevention Pollution Control (IPPC), is 30 to 50 m³.

SPECIFIC WATER CAPTURE

Unit	Reference ¹	Aracruz			Jacareí			Três Lagoas		
		2011	2012	2013	2011	2012	2013	2011	2012	2013
m ³ /adt	30-50	34.1	33.8	33.8	22.5	22.1	24.9	31.4	28.9	28.7

1. Values according to the publication Best Available Techniques (BAT) by the Integrated Pollution Prevention and Control (IPPC) (2001), for bleached hardwood Kraft pulp.

EFFLUENT INDICATORS

	Unit	BAT ¹	Aracruz			Jacareí			Três Lagoas		
			2011	2012	2013	2011	2012	2013	2011	2012	2013
Total Nitrogen	kg/adt ²	0.1 - 0.25	0.301	0.251	0.302	0.001	0.047	0.060	0.09	0.1	0.1
Total phosphorus	kg/adt	0.01 - 0.03	0.071	0.077	0.065	0.013	0.034	0.022	0.07	0.05	0.11
COD ³	kg/adt	8 - 23	14.6	14.1	14.3	8.11	8.69	11.68	6.91	6.99	5.94
BOD ⁴	kg/adt	0.3 - 1.5	2.84	2.47	2.27	0.565	0.777	1.136	0.73	0.82	0.7
Suspended solids	kg/adt	0,6 - 1,5	2.06	0.85	0.86	3.4	3.34	4.625	0.93	1.71	0.59
Volume of effluents	m ³ /adt	ND	29.3	27.7	28.0	19.9	21.23	21.7	29.15	22.98	22.60

1. Values according to the publication Best Available Techniques (BAT) by the Integrated Pollution Prevention and Control (IPPC) (2001), for bleached hardwood Kraft pulp.

2. tsa – air dried tonne .

3. COD - chemical oxygen demand.

4. BOD - biochemical oxygen demand.



EFFLUENTS

Fibria treats its effluents with modern technologies and processes. The effluents generated by the Aracruz Unit are disposed of in the sea by means of an underwater outlet, while the Jacareí Unit's effluents are pumped into the Paraíba do Sul River. The Paraná River absorbs Três Lagoas' output.

INNOVATION IN THE TREATMENT OF EFFLUENTS

In 2013, the Jacareí Unit achieved a major breakthrough in the treatment of effluents, with the implementation of a filtering system to recover the fiber in water released by the dryers. The mill's output increases because in addition to the cleanup of the effluent, the fiber that is collected is reused. The use of this residual fiber will represent an annual savings for the Unit of around R\$ 500,000.

WASTE

One of Fibria's industrial process priorities is to achieve maximum solid waste utilization. A Long-Term target is to reduce 91% of the volume of solid waste being sent to industrial landfills by 2025. In 2013 the company took decisive steps to fulfill this commitment by establishing facilities to convert industrial waste into a soil acidity corrective agent, licensed by the Ministry of Agriculture to the Jacareí and Três Lagoas Units.

REUSE OF WASTE AS A SOIL CORRECTIVE

Dregs, grits, lime sludge and boiler ash are solid waste generated in pulp production. Fibria uses this material to produce a corrective agent for soil acidity. With the excellent results obtained by the Aracruz Unit, the company decided to extend the process to the other Units. The Jacareí plant was installed in March 2013 and the facility at Três Lagoas in October of the same year.

In 2013, the three Units combined produced 53,146 tons of soil corrective, generating a savings of approximately R\$ 8.5 million in the purchase of limestone for the company's eucalyptus plantations.

RECYCLING INDUSTRIAL SOLID WASTE

Aracruz	84.2%
Jacareí	70.2%
Três Lagoas	23.2%

Logistics

INVESTMENTS

In 2013, the company invested R\$ 93 million in equipment and processes designed to increase the eco-efficiency of its industrial operations, compared to the R\$ 97.9 million invested in 2012. In the environmental education programs aimed at the internal public (own and outsourced workers) and external communities, the investment to encourage the adoption of good environmental practices totaled approximately R\$ 1.2 million.

WOOD LOGISTICS

The transportation of wood to Fibria's mills is mainly carried out by road, using contractors' trucks and involving a fleet of approximately 1,000 vehicles in operation all year. Fibria has a few other alternatives in addition to road transportation. One is by sea transport: sending barges on the coastal route between the Caravelas Maritime Terminal in Bahia state and the Portocel Barge Terminal in Espírito Santo state. It also uses railroad transportation from forest partner areas in Minas Gerais and the storage facilities in Espírito Santo and the Aracruz Industrial Unit.

The intense movement of trucks to haul timber is a challenge for the company, due to the risks involved and the potential impact on relations with neighboring communities. To minimize the risks, Fibria created the Safe Road Program, which constantly monitors vehicles used to ensure their good working condition, the driver preparation and respect for the company's safety rules. As for the impacts caused by the passage of trucks through communities, Fibria attempts to inform residents in advance about any changes in traffic routines, maintains open communication channels to receive complaints and respond to them and tries to resolve all issues that arise.



In 2013, the Fibria experienced an average of 1.2 accidents per million miles traveled, maintaining the trend of fewer accidents compared to the previous year. The average was 1.4 in 2011 and 1.3 in 2012.

Wood transportation by barges could impact fishing communities in Caravelas (BA) and Barra do Riacho (ES). In these locations, Fibria maintains job and income generation programs and supports the environmental projects of the Humpback Whale Institute and the Fishery Resources Management and Research Center for the Brazilian East Coast (CEPENE/IBAMA). In addition, Fibria monitors the presence of the estuarine dolphin in the Caravelas River estuary and vicinity. The results obtained do not show any negative impacts of dredging activities and maritime transportation on the species.

PULP LOGISTICS

Approximately 91% of the 5.2 million tons of pulp produced by Fibria in 2013, including 50% of Veracel's production, were exported to countries in Europe, North America and Asia. The Aracruz Unit's production earmarked for export is transported 4.5 kilometers in trucks to the Portocel terminal, where it is loaded on ships. In the cases of the Três Lagoas and Jacareí Units, the pulp is transported by rail to the Port of Santos (SP) and subsequently placed on vessels.

In 2013, Fibria began to use three more exclusive ships for the transportation of its pulp production abroad, operated by South Korean company STX Pan Ocean. Fibria now has four dedicated vessels for its exports and should receive a fifth in 2014.



DISTRIBUTION OF LOGISTICS MODALITIES

Mill-Port	
58%	Highway
31%	Railroad
11%	Coastal Shipping
Logistics – Exports	
92%	Intercontinental ocean shipping



Climate Change

Each year, climate change becomes more evident and generates significant impacts, such as the increase in the occurrence of flooding, prolonged drought or strong winds and other natural phenomena with serious consequences. For Fibria, these changes have direct implications on the productivity of its forests and the amount of carbon sequestered from the atmosphere. For this reason, the company has developed a prevention strategy aligned with recommendations of the Kyoto Protocol, the Parties Conferences (COPs) of the United Nations and the National Policy on Climate Change, among other forums. The actions in progress include:

- Measures to boost eco-efficiency, aiming at a cleaner energy matrix and the sale of surplus self-generation power.

- Completion of carbon emissions and sequestration inventories.

- Assessment of the effects of climate change on forest productivity, in plantations and landscapes.

- Simulation of these effects on productivity for 2030, 2050 and 2100.

- Monitoring of national and international public policies.

The Sustainability Committee also reinforced this with the creation of a working group on climate change studying the possible effects of these changes and the best measures to mitigate them. This group, which is coordinated by economist Sergio Besserman, a member of the Sustainability Committee, outlined some recommendations for Fibria to put into future practice:

- Carbon Balance: refine the calculation and disclose the stock (plantations, native forests).

- Climate Projections: use higher resolution climate models, merging them with strategic planning.

- Participate in the discussion of strategies to prevent social conflicts arising from the effects of climate change.

- Monitor and influence the regulatory framework, at both the international and national levels.



CARBON FOOTPRINT

Fibria's eucalyptus plantations and conservation areas absorb into the atmosphere a volume of carbon substantially greater than that issued by all the company's combined operations, contributing to the sustainability of the forestry business. This positive balance is confirmed in the greenhouse gas emission (GGE) inventories conducted annually by Fibria. The calculation follows the guidelines of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), adapted by the International Council of Forest & Paper Associations (ICFPA) for the pulp and paper industry. The survey considers the industrial operations and forest Units at Aracruz, Três Lagoas and Jacareí, in addition to pulp export logistical operations.

CDP SUPPLY CHAIN

Fibria participates in a survey conducted by the Carbon Disclosure Project (CDP), an independent organization that collects information about water use and the issuing of GGEs by companies. It is also part of the CDP Supply Chain project. The project's goal is to foster climate governance practices throughout its supply chain. In 2010, the company began distributing a questionnaire to suppliers about the adoption of good practices,

obtaining a rising number of completed surveys. In the first year the questionnaire was distributed, the rate of response was 55%. In 2011, it rose to 71% and, in 2012, was 93%. In 2013, 91% of our suppliers responded to the survey.

In 2013, there was a reduction of 3.3% in direct emissions of carbon and 5% in total emissions in relation to the previous year. Considering the total balance, including emissions, Fibria carbon footprint is equivalent to the sequestering of 0.95 ton of CO₂ per tonne of pulp produced. Fibria's long-term goal is to double the absorption of carbon from the atmosphere by 2025.



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INTENSITY OF SEQUESTRATION AND EMISSIONS OF GREENHOUSE GASES (GHGS)¹⁻² (GRI EN18)

	2011	2012	2013
Sequestration (tCO ₂ eq/adt ³)	4.04	3.86	3.93
Emissions: industrial, forestry and logistics operations (tCO ₂ eq/adt ³)	0.38	0.38	0.36
Emissions: biomass (tCO ₂ eq/adt ³)	2.43	2.47	2.46
Net balance (sequestration – emissions) (tCO ₂ eq/adt ³)	1.24	1.01	1.10

1. Includes scopes 1, 2 and 3

2. Gases considered: CO₂, CH₄ and N₂O

3. adt - air dried tonne

“Fibra reports all its activities in a manner that links them with its business strategy, which offers the investor security. If it were to compare its results and indicators with market benchmarks, this would add more value to the information.”

Caixa de Previdência dos Funcionários do Banco do Brasil (Previ)
Investor

C H A P T E R

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ECONOMIC AND FINANCIAL PERFORMANCE

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Innovation in the business model

Fibria has been preparing itself for a new growth cycle, through measures to promote operating excellence, reduction of fixed costs and reduction of the debt. This process includes the sale of some assets, not only to generate funds needed for future investments, but also to make the company lighter and capable of making faster decisions.

In November 2013, we took an important step in this direction by selling 207,000 hectares of land in São Paulo, Mato Grosso do Sul, Bahia and Espírito Santo to the Parkia Participações S.A. investment fund. The transaction — with a

total potential value of R\$ 1.65 billion — involved a partnership commitment that ensures Fibria control over the plantations in these areas for a period of 24 years. The agreement provides that we will continue to manage the forest and have the right to 60% of the harvested wood and right of preference for the purchase of the remaining 40%.

With this business model, called “asset light” — in which the company reduces its own resources and maximizes the value-sharing opportunities — we relinquished ownership of rural properties that were more distant

from our mills in favor of a forestry base that will increasingly involve land leases, partnerships and forest partnership agreements. The new strategy also is aligned with the objective of increasing the productivity of our plantations, with the goal being to boost the Imacel index (which calculates the volume of pulp produced annually per hectare of land). This index currently stands at 11.9 tonnes of pulp per hectare/year and the target is to reach 15 tonnes of pulp per hectare/year in 2025. The advance would represent a productivity gain of 26%, which would result in the release of 250,000 hectares by Fibria.

Prepared to grow

We recorded good operating results in 2013, mainly due to the appreciation of the U.S. dollar over the year and the increase in the price of pulp denominated in that currency. We had **record net revenues**, representing growth of 12% over 2012. The **net debt/EBITDA ratio** decreased in 2013, maintaining the pace of the reductions seen in previous years: in 2011, this indicator was 4.2x and, in 2012 it was 3.3x. **Pulp production** exceeded 4 million tons in 2013 - reaching 5.2 million with our share of Veracel's output - and was 1% lower than the previous year. These indicators, together with new business model of reducing fixed costs, provide the support we need to speed up our growth in the coming years.

4.7 million tons
annual pulp production

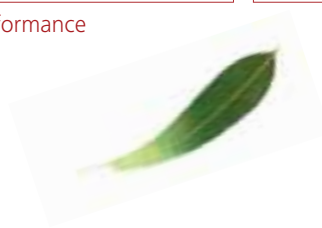
R\$ 6.92 billion

net revenues for the year

2.6x
net debt/EBITDA ratio in 2013

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Main financial indicators

	2011	2012	2013
Sales net sales revenues (R\$ million)	5,854	6,174	6,917
Net income (R\$ million)	(868)	(698)	(698)
Assets (R\$ million)	27,929	28,133	26,750
Net equity (R\$ million)	14,540	15,193	14,491
EBITDA (R\$ million)	1,981	2,253	2,796
Net debt /EBITDA UDM (US\$)	4.2	3.3	2.6
Pulp production (thousand tonnes)	5,184	5,299	5,257
Pulp sales (thousand tonnes)	5,141	5,357	5,198
Market Cap (R\$ billion)	6.5	12.5	15.3
Cash cost of production (R\$ /t)	471	473	505
Share price - FIBR3 (R\$)	13.9	22.6	27.6

Market situation

The positive expectations for the pulp market were confirmed over the course of 2013. Despite the increase in production capacity during the year, mills closed down in various regions, softening the impact of the entry of new volumes into the market. The demand for pulp was also driven by the entry into operation of new paper machines.

The good performance of the global pulp market was driven mainly by the growth in eucalyptus pulp sales, which represented approximately 80% of this additional volume. Eucalyptus pulp sales grew 5.6% (or 844,000 tonnes) in 2013, primarily due to the performance of the U.S. (+11.9%) and Chinese (+23%) markets, where most of the new paper capacity projects came on line during the year.

Performance analysis

In 2013, Fibria's pulp production was 4.7 million tonnes. The volume reaches a total of 5.3 million tonnes when adding in 50% of Veracel's production, a company Fibria has partnered with along with the Swedish-Finnish Stora Enso. With respect to 2012, the 1% reduction primarily was due to fewer days of production in 2013 and the impact of rain during the month of December on Aracruz's Unit.

Pulp sales volume in 2013 reached 5.2 million tons, 3% less than the previous year. This decrease was a result of a fewer number of production days in the year and a need to bring the pulp inventory to levels normalized in 2013. The distribution of Fibria's sales for end use and region reflected the company's commercial strategy, which is to focus on the leading companies that will sustain and increase their market shares. Sales to the Sanitary



Paper segment represented 53% of total sales in 2013, followed by 30% for Printing and Writing and 17% for Specialties. Europe remained the main destination for pulp sales, accounting for 39%, followed by North America with 28%, Asia, with 24%, and 9% for Brazil/others.

Fibria's net operating revenues totaled R\$ 6.9 billion in 2013, 12% higher than recorded in 2012. This increase is mainly explained by the fact that the average pulp price in Reais was 16% higher due to the appreciation of the average exchange rate by 11% in the period and the increase of the average pulp price in dollars by 5%.

The cost of goods sold (COGS) totaled R\$ 5.4 billion, an increase of R\$ 146 million, or 3%, compared to 2012. Contributing to this result were: (i) the increase in production cash costs and (ii) the effect of the exchange rate on the logistics costs.

Administrative expenses totaled R\$ 300 million, up 5% over 2012. This result is due to the higher cost of fees, indemnities, and consulting services. These factors offset the positive effect of the payroll tax benefit announced by the government, effective for the years of 2013 and 2014.

For their part, sales expenses totaled R\$ 348 million, an increase of 17% compared to the previous year mainly because of higher expenditures for terminals and the 11% appreciation of the dollar compared to the Brazilian currency (the real). It is important to emphasize that the relationship between cost of sales and net revenues remained stable (5%) versus the previous year.

In 2013, Fibria's adjusted EBITDA was R\$ 2.8 billion, with a 40% margin. When compared to 2012, EBITDA rose 24%, achieving the best result since the creation of the company, and a 4 percentage point increase of the margin. This

result is explained by the 16% higher average price of pulp in reais. The higher price was due to the 5% increase in the average value of pulp in dollars, plus the appreciation of the dollar/real exchange rate over the year.

The financial outcome was a R\$ 2 billion expense, compared to the R\$ 1.7 billion expense in 2012. This difference was due to: (i) the effect of the exchange rate variation, stemming from the 15% appreciation of the dollar in 2013, higher than the 9% appreciation in 2012, on the company's total dollar-linked debt — by its very export-oriented nature, the company maintains a large portion of its debt denominated in the American currency; and (ii) the higher expenditure with financing fees arising from the repurchase of debt bonds in 2013, whose volume was R\$ 1.9 billion, compared to R\$ 1 billion in buybacks in 2012.

In 2013, Fibria's risk factors were substantially reduced that were related to tax assessment cases. In December 2013, Fibria announced, our option for cash payment of the company's outstanding debt with the National Treasury by December 31, 2012, relating to corporate income tax (IRPJ) and the social contribution on net income (CSLL) related to income earned in foreign subsidiaries. The amount to be paid, with a 100% reduction in fines and interest, totals R\$ 560 million. Of this amount, Fibria used credits from tax losses and a negative social contribution base to offset R\$ 168 million, equivalent to 30% of the principal amount, bringing the effective disbursement of cash to R\$ 392 million.

For the year, Fibria posted a loss of R\$ 698 million, mainly explained by the appreciation of the dollar against the real over the period and by the result of the income tax and social contributions due, stemming from the expense from joining the Refis program.

Strategy

In 2013, Fibria further strengthened its capital structure strategy, consolidated by the monetization of a portion of its landholdings by an investment fund. This movement allows the release of part of the land where the company operates, while preserving full management of the forests located on the properties. The total potential value of the transaction is R\$ 1.65 billion, with R\$ 500 million received on December 30, 2013 as down payment and principal, and another R\$ 605 million due by January 29, 2014. The payment of the outstanding balance, in the amount of R\$ 298 million, was expected in the first quarter of 2014 after the fulfillment of certain legal obligations and registrations. Fibria may still receive the additional amount of R\$ 248 million, conditional on the appreciation of the value of the land over a period of 21 years. This sum, if shall be paid in three installments: in the 7th, 14th and 21st years, as of December 30, 2013.

In addition, given that maintaining disciplined growth is part of Fibria's business strategy, its Fibria is prepared at the right moment to expand its production capacity by implementing an expansion project at the Unit located in Três Lagoas, Mato Grosso do Sul.

Capital investments

In 2013, Fibria's capital investments totaled R\$ 1.3 billion, in line with the guidance we released to the market. For 2014, Fibria's management plans to invest R\$ 1.5 billion. The increase of 18% in comparison with 2013 is mainly due to the forest partnership contracts signed pursuant to the sale of land implemented in December 2013 and a non-recurring impact concerning wood purchases, with the expectation that this effect will last between two- and two-and-a-half years and then return to normal levels.



Debt management

In 2013, Fibria remained focused on its strategy for debt reduction and free cash flow generation, seeking to once again achieve investment grade classification from the rating agencies. In 2013, Fibria bought back and canceled R\$ 1.9 billion relating to bonds, whose rates were considered unattractive. The total repurchases will lead to annual savings of US\$ 67 million in interest payments. The generation of free cash flow in 2013 was R\$ 1.3 billion, 52% higher than the previous year, representing a return on market value of shares of 8.3% as of December 31, 2013.

Fibria ended 2013 in a solid financial position. The company's cash, including the mark-to-market value of hedge instruments, totaled R\$ 1.9 billion. Since May 2011, the company has a revolving line of credit facilities totaling US\$ 500 million, with a term of availability of four years (as of the contracting date). Additionally, in April 2013, a new revolving credit line was contracted with a total value of R\$ 300 million, term of five years and cost of 100% of the CDI plus 1.5% p.p., when used (in the non-use period, the cost in reais will be 0.5% per year). These features, although not used, contribute to improving the company's liquidity situation. In addition to the current cash position of R\$ 1.9 billion, Fibria can also rely on R\$ 1.5 billion of contracted funds, not yet used, derived from these stand-by credit facilities, which have immediate liquidity. In view of this, the ratio

between cash (including stand-by credit facilities) and short-term debt was 2.3x on December 31, 2013 without considering the reclassification of Bond 2020 from long-term to short-term, due to the redemption scheduled for March 26, 2014.

The net debt was R\$ 7.8 billion, an increase of 1% compared to 2012, due especially to the 15% appreciation of the dollar against the real. Fibria closed 2013 with a net debt/EBITDA ratio in dollars of 2.6x. Considering receipts of R\$ 903 million, most of which were already booked in January 2014, the net debt/EBITDA ratio would be 2.3x, in dollars, and 2.5x, in reais.

Dividends

The company's bylaws ensure a minimum annual dividend corresponding to 25% of net income, adjusted by allocations to equity reserves, as provided by Brazilian corporate law. No dividend payouts were proposed for the fiscal year ended December 31, 2013, due to the net loss of R\$ 698 million registered in the period.

Capital markets

Fibria's shares, listed on the BM&FBovespa, under ticker symbol FIBR3, closed the year up 23%, quoted at R\$ 27.65. On the New York Stock Exchange (NYSE), the company's Level III American Depositary Receipts (ADRs) traded under ticker symbol FBR, closed the year at US\$ 11.68, an increase of 3% for the year. The average daily trading volume of Fibria's securities in 2013 on the BM&FBovespa and the NYSE was 2.8 million, 21% lower than in 2012. The average daily financial volume of Fibria's shares traded in 2013 was US\$ 31.9 million, 7% higher than in 2012.

Fibria's shares are part of the theoretical portfolio of the Bovespa Index, representing 1% of the total. In addition, for the fifth consecutive year, Fibria was selected to participate in the BM&FBovespa's Corporate Sustainability Index (ISE).

TOTAL NUMBER OF SHARES IN CIRCULATION

553,934,646

common shares (ONs)

ADR (AMERICAN DEPOSITARY RECEIPT)

1 ADR = 1 common share

MARKET CAP ON 12/31/2013

R\$ 15.3 billion

US\$ 6.5 billion

Public financing

In recent years, Fibria signed contracts with institutions linked to the Brazilian government and those of other countries. The following details the status of these agreements at the end of 2013.

■ The National Economic and Social Development Bank - BNDES (2013)

In 2013, four contracts were signed using the credit limit of R\$ 1.7 billion established in 2011, amounting to R\$ 499.3 million (financing of forestry projects), R\$ 49.9 million (financing industrial investments), R\$ 30.7 million (financing technological innovation projects), and R\$ 167.8 million (funding for forest restoration of preservation areas). As of December 31, 2013, taking into consideration the contracts in force since 2005, Fibria's remaining balance of loans outstanding with the BNDES was R\$ 1.797 billion, of which R\$ 1.44 billion is indexed to the long-term interest rate (TJLP) and R\$ 357 million to a Basket of Currencies. Additionally, we have a balance of R\$ 15 million from the credit for Production of Machinery and Equipment Financing (Finame), received through on-passing agencies.

■ Finnvera (Export Credit Agency of Finland) (September 2009)

Loan for partial funding of the first production line at the Três Lagoas (MS) Unit, with final maturity in 2018. On December 31, 2013, the remaining balance of this operation was US\$ 96 million (equivalent to R\$ 225 million).

■ Center-West Constitutional Financing Fund (FCO) (December 2009)

Subsidy for the purchase of spare parts for the causticizing, lime kiln and bleaching processes at the Três Lagoas (MS) Unit Three Lagoons (MS). With final maturity in 2017, the contract's outstanding balance was R\$ 45 million on December 31, 2013.

■ Studies and Projects Financier (Finep) (April 2011)

Grant for the Customer Pulp Customization project. The outstanding balance for this operation was R\$ 3 million at December 31, 2013, with final maturity in September 2019.

Because it is primarily an exporting company, Fibria uses the tax benefit corresponding to the suspension of the PIS/Cofins tax (9.25%) for acquisitions of inputs, intermediate materials and packaging, encompassing freight hired in the domestic market for transportation within the national territory of the respective products and for products intended for export.

Socially responsible investments

Fibria is convinced that true business growth can only be achieved through a sustainable footing. The market itself has confirmed this view: there are a constantly increasing number of socially responsible investment funds, which invest their assets primarily in companies that have proven practices of good governance are responsible from a socio-environmental perspective, and can generate value for the business and society over the long-term.

To become attractive for these funds, a company must above all be transparent in the disclosure of its actions, beliefs, commitments and targets designed to ensure the long-term survival of the business. The transparency of Fibria's sustainability strategy, associated with the economic and financial results presented in recent years, has attracted large funds with an emphasis on socially responsible investing to the company's investor base. The company today offers a healthy balance of risk and return which is very interesting for current and potential shareholders.

The adoption of best practices in the forestry sector is a Fibria business focus and is being continuously strengthened through compliance with sustainability goals the company has imposed on its own. As a result of this effort, Fibria has achieved imported recognition like its presence on the Dow Jones Sustainability Index, the New York Stock Exchange and on the BMF&Bovespa's Corporate Sustainability Index (ISE). The U.S. stock portfolio contains 333 global companies, while the ISE has 40 Brazilian companies, all of them considered responsible in socio-environmental, economic-financial and governance aspects.

In 2013, Fibria joined an even more select group: ten global companies that are changing the face of business for the better by their innovative and sustainable practices. These

companies were identified by the respected Swiss company RobecoSAM, which assesses candidates for the Dow Jones Sustainability Index. Fibria is the only Latin American company and also the only one from the pulp and paper industry to be on this list, which is entitled *10 game changers - Changing the industry through sustainability*.

In 2014, when the world pulp market should become even more competitive with the addition of two new producers, Fibria believes that investments in product quality, customized customer service and good governance and socio-environmental responsibility practices will be decisive competitive advantages to attract external investment to the company.



INTEGRATED REPORT

In 2013, Fibria became part of the pilot program of the International Integrated Reporting Council (IIRC), an organization that brings together companies, regulators, investors and NGOs around the world, to build a global model for the disclosure of results. In this project, the institutions have the opportunity to discuss the future development of an integrated report, test its application and share experiences.

Through this document, the quality of financial and non-financial information available to investors and analysts would be even better, helping achieve a more productive and efficient capital allocation.

GLOSSARY

Agroforestry system: system of production that combines the simultaneous cultivation of fruit and/or timber trees with agricultural practices.

Apiculture: also known as beekeeping, it is the name given to the system of raising bees to produce honey and related products.

APPs (Permanent Preservation Areas): sites with or without vegetation, located close to water sources such as banks of rivers and streams, around reservoirs, in salt marshes (restingas), on the fringes of tableland, areas above 1,800 meters in altitude, slopes of 45° or more, and the tops of hills, the environmental function of which is to preserve water resources, the landscape, geological stability, biodiversity, and the genetic flux of fauna and flora, to protect the soil and ensure the well-being of the human population.

Archaeological sites: locations where there are vestiges of prehistoric human occupation.

Atlantic Forest biome: a collection of forests and pioneer formations (such as salt marshes and mangroves) found along the Brazilian coastal belt, between the states of Rio Grande do Sul and Piauí.

Barges: also known as lighters, these are flat bottomed boats with a shallow draft, which Fibria uses to transport forest products (wood and pulp) from Bahia to Portocel, the maritime terminal located in Aracruz (Espírito Santo State). Fibria's barges are pushed by tugs.

Biodiversity: the combination of life forms (living organisms and ecological complexes) and genes contained within each individual, and their inter-relationships, or ecosystems, whereby the existence of any given species directly affects the others. UN Convention on Biodiversity definition is the variability among living organisms from all sources and the ecological complexes of which they are part, including diversity within species, between species and of ecosystems.

Biodiversity corridors: strips of vegetation linking large forest fragments (or blocks of native vegetation) that have become isolated by human activity, thereby providing local fauna with unhindered movement between these fragments and consequent genetic exchange between populations.

Biomass: organic matter used to generate electricity, through burning, or the burning of fuel derivatives (oils, gases, alcohol), and employing special techniques and technology. Part of the energy consumed at Fibria's industrial units is generated from biomass, such as wood residues and the waste from the manufacturing process (black liquor).

Biotechnology: technology that employs biological agents (organisms, cells, organelles or molecules) to produce useful products.

Bleached eucalyptus pulp: the product of the industrial extraction, and subsequent bleaching of cellulose fibers from wood. The transformation of the wood into bleached pulp (pulping) involves four main processes: reducing the wood to chips; cooking the chips to extract the brown stock; bleaching the brown stock; and drying and baling of the bleached pulp.

CERFLOR (PEFC): The Brazilian Forest Certification Programme (Cerflor) was conceived in 1991 by the Brazilian Society for Silviculture (SBS), with collaboration of several associations, entities, research institutes and NGOs. It was started as a voluntary national forest certification program.

Chain of Custody (CoC): certification of the traceability of forest raw materials through all the stages until it reaches the end customer.

Cloned seedlings: seedlings of plants that are identical genetically by being developed from the cells or fragments of a "donor" plant.

Cloning: process whereby one obtains a clone – a genetically identical copy. In the case of the eucalyptus, cloning is performed using cuttings from selected mother trees.

Corporate governance: system whereby organizations are run, monitored and stimulated, involving relations between the stakeholders, Supervisory Board, Management Board and internal and external regulatory bodies.

EBITDA: stands for "earnings before deducting interest, taxes, depreciation and amortization". The term is utilized in the analysis of the accounting statements of publicly listed companies.

Eco-efficiency: providing goods (or services), at competitive prices, that satisfy human needs and enhance quality of life, involving a steady reduction in environmental impact and the consumption of natural resources in the manufacturing, transporting and commercializing of said goods (or services).

Edaphic resources: qualities of the soil, such as mineral content, texture and drainage, particularly regarding usefulness to humans.

Effluent: liquid waste that is discharged into the environment, usually bodies of water.

Emissions: the discharging into the atmosphere of any solid, liquid or gaseous material.

Forest management: the management of a forest in order to obtain economic and social benefits, while respecting the mechanisms that sustain the ecosystem.

Forest partnerships: the sponsored production of wood on private rural properties in order to supply the forestry industry (pulp mills, sawmills, steel plants, etc.).

Forest protection: set of activities designed to protect forests from pests, diseases, fires and weeds or anything else that might threaten forest assets.

Forest Stewardship Council® (FSC®): established in 1993 the FSC® is an independent, non-governmental, not-for-profit organization established to promote the responsible management of the world's forests.

Genetic improvement: the use of science for the selection and reproduction of plants or animals bearing desirable characteristics, based on knowledge of heredity characteristics.

Genetic material: the material found in cells that contains the genetic information of living organisms.

Global Reporting Initiative (GRI): a network based organization that pioneered the world's most widely used sustainability reporting framework.

Hectare (ha): a unit of measurement of area, corresponding to 10,000 m². It is equivalent to the approximate area of a soccer field.

Herbicides: chemical product used to control or eliminate undesirable plants or weeds.

HCVAs (High Conservation Value Areas): an area that has certain biological, ecological, social or cultural attributes that are considered to be exceptional or critical, from a global, national,

regional or local perspective. They are therefore places of special interest to the local community or to society in general. Such areas need to be managed in a suitable manner, in order to maintain or enhance their conservation value.

Hydrographic watershed: a small drainage system, basically comprising gullies, springs, brooks and streams.

Joint-venture: a business enterprise in which two or more companies are involved in a partnership.

Legal Reserve (RL): an area of any given rural property, not including APPs, which is set aside for the sustainable use of natural resources, conservation and rehabilitation of the ecological processes, conservation of the biodiversity, and sheltering and protection of the native fauna and flora. Brazilian law specifies that the legal reserve must represent not less than 20% of the total area of the rural property.

NGO (Non-governmental organization): a nonprofit civil society association set up for a public purpose.

Pesticides: products used for the extermination of pests or diseases that attack agricultural crops.

RPPNs (Private Natural Heritage Reserves): conservation units located on private land and set up at the initiative of the landowner.

Stakeholders: interested parties who affect and/or are affected by the company's activities.

Sustainability: a concept that became popular in the 1980s, through the expression "sustainable development" meaning being able to satisfy one's needs without diminishing the opportunities of future generations (Brundtland Report, 1987). Sustainability is based on three pillars: environmental, social and economic (hence the expression "triple bottom line"). For an activity to be sustainable, it must promote economic growth and, at the same time, respect the environment and satisfy human needs and aspirations.

tCO₂eq: measurement for converting and standardizing greenhouse gases in terms of carbon dioxide (CO₂), taking into consideration the potential greenhouse effect of each gas. By reducing the causes of the greenhouse effect to a single factor, it facilitates the measuring of the impact a given activity can have on the temperature of the earth's atmosphere.

tCO₂eq/adt: Tons of carbon dioxide equivalent per ton of pulp.

TRS (Total Reduced Sulphur): a range of sulfur compounds that are generated in pulp production which, under certain circumstances of the process, mill location and meteorological conditions, can release a characteristic odor into the atmosphere.

Waste: materials in a solid or semi-solid state, generated by the activities of a community, industrial or commercial business, homes, hospitals, agriculture, services and street cleaning. The term also includes certain liquids that, due to their characteristics, should not be disposed of in the public sewage system, far less bodies of water.

Water cycle: the set of different phases through which water passes under natural conditions, chief among which are: rain, evaporation, transpiration, infiltration, surface run-off and underground seepage. This cycle occurs within the atmosphere (air), the hydrosphere (water) and the lithosphere (land), extending between a depth of around 1 km into the lithosphere and roughly 15 km into the atmosphere.



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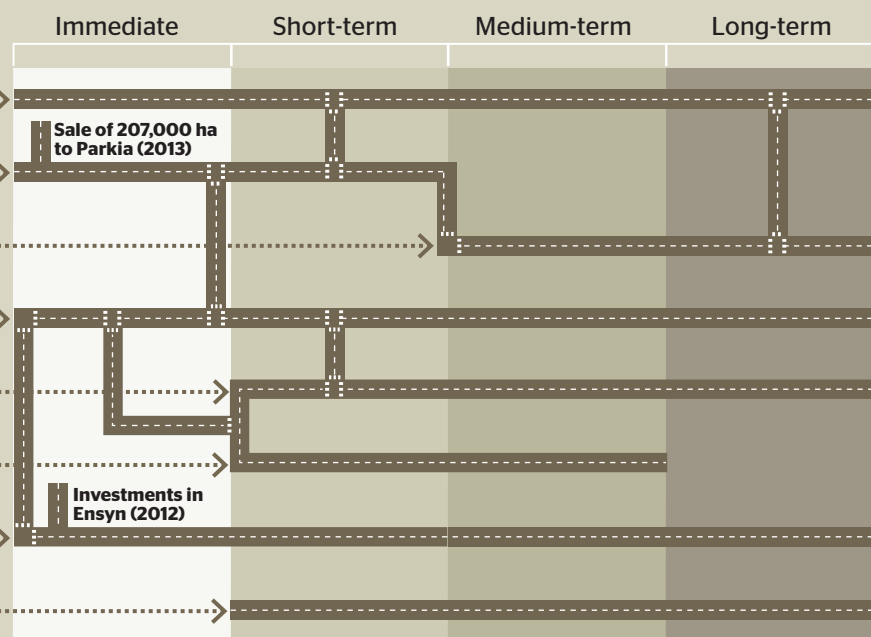
FIBRIA'S STRATEGY

Fibria relies on the following guidelines to achieve its goals:

- Financial discipline
- Solid governance
- Sustainability
- Transparency
- Innovation
- Professional development
- Retaining talent
- Career and Succession
- Organizational climate

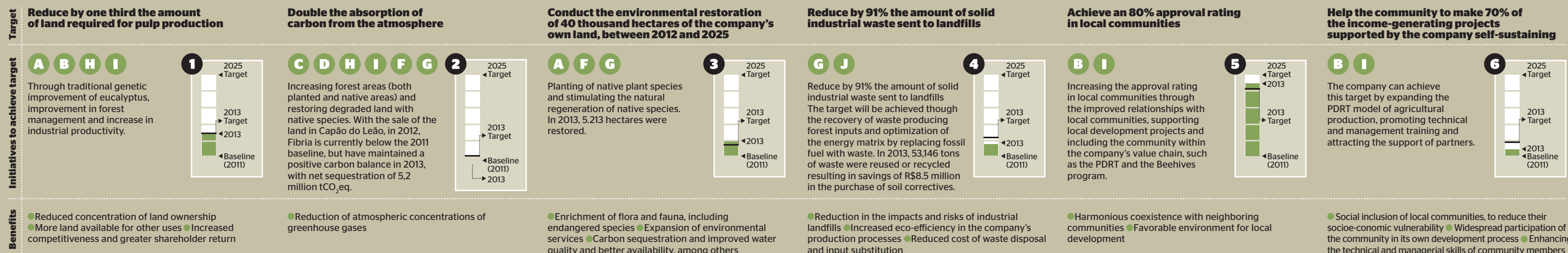
Strategic initiatives

Operational excellence	Operational stability (continuous)	Forest of the Future project
Continual improvement	Asset light	
Biotechnology	Molecular markers	Genetically modified organisms
Formation of the forest base	Forest base for expansion (optionality)	
Organic growth	Três Lagoas II (possibility)	
Consolidation	Opportunities for consolidation in the sector (possibility)	
Bioindustry	Biofuels	
Logistics	Expansion Portocel (possibility)	

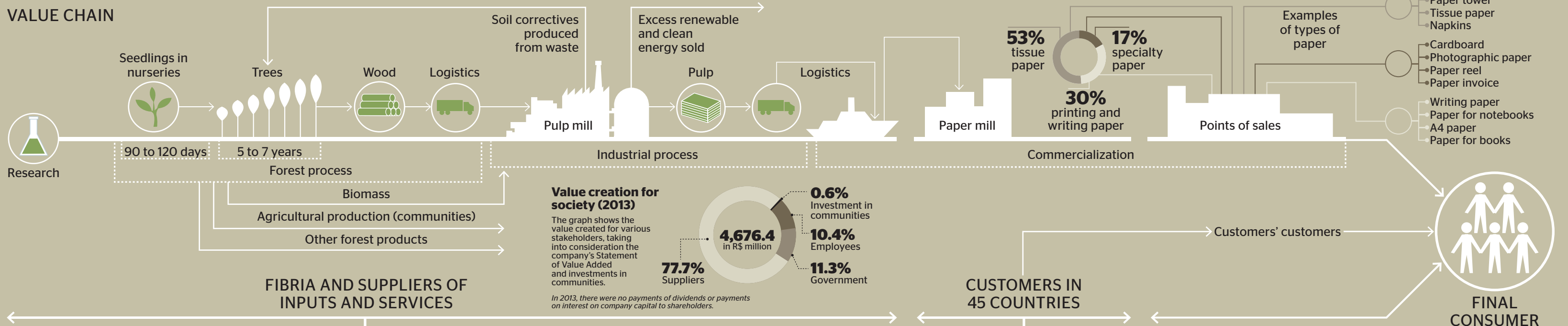


LONG TERM TARGETS

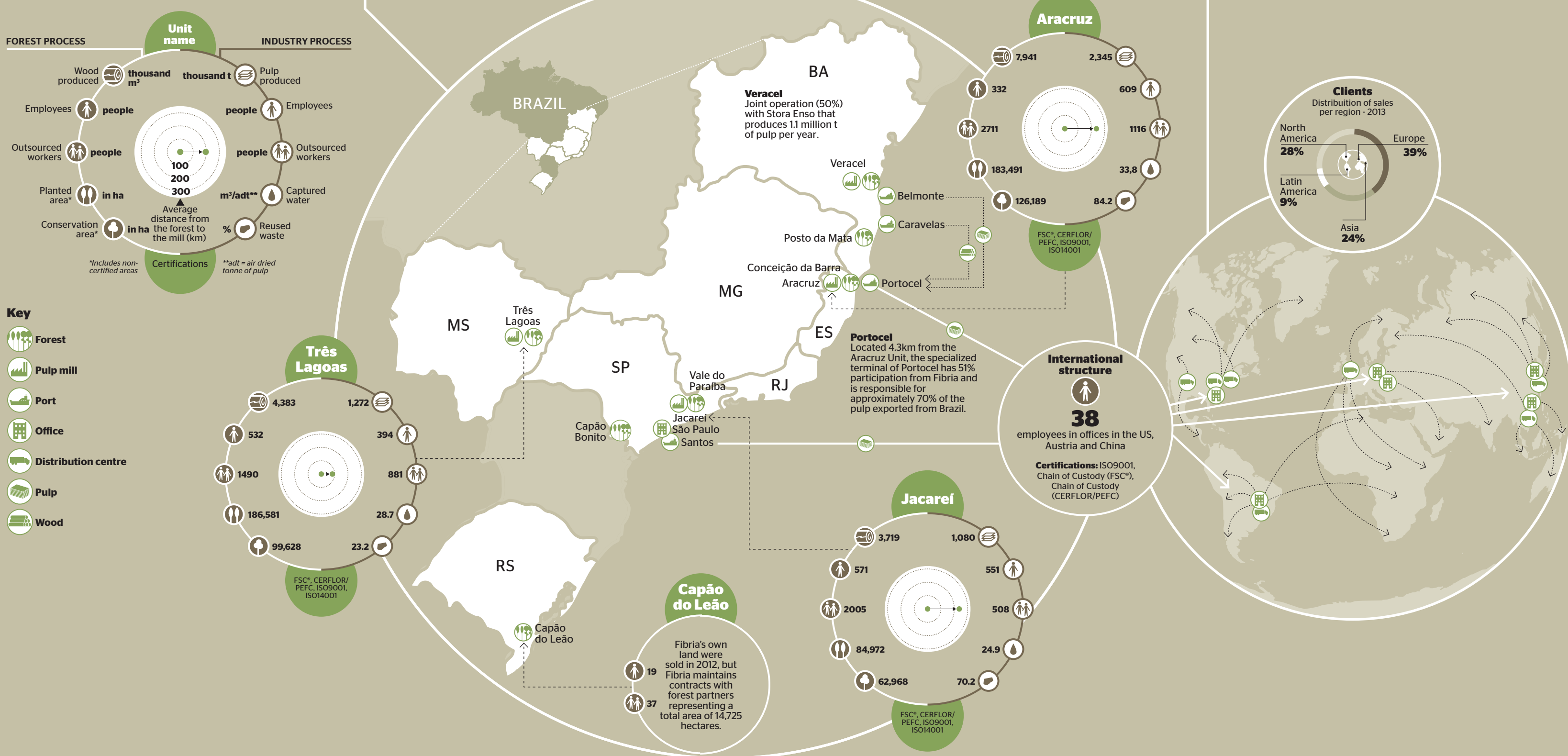
In 2011, on the recommendation of the Sustainability Committee, linked to the Board of Directors, Fibria strengthened its commitment to this issue by introducing a set of Long Term Targets that signal the company's path toward 2025. Six systemic targets that, if achieved, will generate benefits for the company and for society.



VALUE CHAIN



HOW TO READ THE GRAPHIC



STAKEHOLDER ENGAGEMENT

Stakeholder	Employees	Suppliers	Clients	Investors and Shareholders	Government/public authority	NGOs	Unions	Neighbouring communities	Forest partners (rural producers)	Sectoral organizations
Tools and engagement processes¹	Code of Conduct, publication (Vital newspaper, Informese, EcoCiente), online channels (Fibria Net, electronic newsletters), Meet the CEO, organizational climate survey	Code of Conduct, participation in the CDP Supply Chain, local supplier development programmes, (Prodfor and PQF Avançado), questionnaires, Na Estrada com Segurança publication (for truck drivers)	Commercial and technical assistance contact with international offices, development of joint technology, satisfaction research	Quarterly releases, investor website, direct contact with IR team, Fibria Day, Investor Tours	Contribution to public policy development through IR team, Brazilian Forest Dialogue, TFD and WBCSD, New Generation Plantations)	Participation in fora and associations (e.g. Brazilian Forest Dialogue, TFD and WBCSD, New Generation Plantations)	Regular contact, meetings for negotiations and Results Participation Programme	Engagement, Operational Dialogue, Face-to-Face Agenda, Community Meetings, social and development projects, Constructive Dialogues, publications, programmes and Environmental Education Nuclei, Fale com a Fibria	Forest Savings Program	Involvement in Councils and Committees (e.g. BRACELPA, ABRAF, ABAF)
Main material topics	I	F I	A D	C E I	H	A B G I	B C E I	B I	B I F	B I H

¹- The Ombudsman, the newsletter Fibria News, the corporate website and the Sustainability Report are meant for all stakeholders in Brazil and abroad