

**KLABIN S.A.**

**DIVIDEND AND INTEREST ON CAPITAL POLICY  
OF KLABIN S.A. (“Company” or “Klabin”)**

*Approved by the Board of Directors at Meeting held on June 24, 2020.*

## **SUMMARY**

|   |   |
|---|---|
| 1. OBJECTIVES.....  | 3 |
| 2. COVERAGE.....  | 3 |
| 3. DEFINITIONS.....   | 3 |
| 4. REFERENCES.....  | 3 |
| 5. DESTINATION OF RESULTS AND DISTRIBUTION OF DIVIDENDS AND INTEREST<br>ON CAPITAL..... | 4 |
| 6. COMPETENCIES.....  | 5 |
| 7. VALIDITY, REVIEW AND DISCLOSURE OF THE POLICY.....                                   | 6 |

## **1. OBJECTIVES**

Objectives: This Dividend and Interest on Capital Policy ("Policy") aims to: (i) establish the guidelines to be observed by the Company in the elaboration of proposals for the distribution of dividends and interest on capital, in compliance with the terms of its Bylaws and the applicable legislation; and (ii) clarify to the Company's shareholders and other concerned parties about the procedures adopted by the Company regarding to the distribution of dividends and interest on capital.

## **2. COVERAGE**

This Policy is applicable to Klabin S.A.

## **3. DEFINITIONS**

Annual General Meeting: as defined in the Company's Bylaws;

Cash and Cash Equivalents: sum of the lines "cash and banks", "short-term investments" and "securities" of the Company's current assets, as reflected in its consolidated financial statements, that represent the most liquid assets;

Board of Directors: as defined in the Company's Bylaws;

Fiscal Council: as defined in the Company's Bylaws;

Executive Board: as defined in the Company's Bylaws;

Adjusted EBITDA: operating income less net financial result, equity pickup, depreciation, depletion and amortization, change in fair value of biological assets and realized gain/loss attributable to land, plant and equipment, as reflected in the consolidated financial statements, following the standards adopted by the Company and in compliance with Instruction CVM 527/12 with respect to its disclosure.

## **4. REFERENCES**

This Policy was formulated taking as reference the corporate governance guidelines of the Company's Bylaws, Law 6,404/76 ("Public Listed Companies' Law"), Law 9,249/95 and Law 12,973/14. The description of these rules in this Policy is not intended to be exhaustive and is qualified by reference to the Company's Bylaws and applicable legislation.

## **5. DESTINATION OF RESULTS AND DISTRIBUTION OF DIVIDENDS AND INTEREST ON CAPITAL**

5.1. Destination of Results: The fiscal year starts on January 1 and ends on December 31 of each year, when the corresponding financial statements required by law will be prepared. Together with the financial statements for the year, the Company's management shall submit to the Annual General Meeting a proposal concerning the destination of the Company's net income, complying with the terms of Article 29 of the Company's Bylaws and applicable legislation.

5.2. Mandatory Dividend: The shareholders shall be entitled to receive as mandatory dividend 25% (twenty-five percent) of the net income for the year, determined at the end of each year, as adjusted in accordance with article 202 of the Public Listed Companies' Law and, pursuant to the Company's Bylaws, also adjusted by the constitution, realization and reversion, in the respective year, of the Reserve of Biological Assets and the realization of the "Valuation adjustments to shareholders' equity" account. The dividend established in this article shall not be mandatory in the fiscal year in which the management bodies inform to the Annual General Meeting that it is incompatible with the Company's financial situation, in compliance with the terms of article 205, paragraph 4 of the Public Listed Companies' Law. The Fiscal Council shall give its opinion on such information, and the management shall submit to the Brazilian Securities and Exchange Commission (*Comissão de Valores Mobiliários*) a statement justifying the information transmitted to the Annual General Meeting within five (5) calendar days of its realization. The balance of the net income that exceeds the mandatory dividend, after the provision to profit reserves in the form of item 5.1 above, may be retained according to the capital budget, or distributed to the shareholders, observing the provisions of items 5.4 and 5.5 of this Policy.

5.3. Intermediary or Interim Distributions: The Company's management, in compliance with legal requirements, may prepare balance sheets in periods shorter than the annual and, by resolution of the Board of Directors, declare intermediary or interim dividends, using the retained earnings or profit reserve existing in the last balance sheet.

5.3.1. The Company may also, upon resolution of the Board of Directors, pay interest on capital to its shareholders, pursuant to article 9, paragraph 7 of Law 9,249/95 and applicable legislation. The Company shall seek to optimize the payment of interest on capital, in compliance with the requirements set forth in the applicable legislation and regulations.

5.3.2. The Company will aim to make quarterly distributions of dividends and/or interest on capital to shareholders.

5.3.3. Unless otherwise decided by the Annual General Meeting, both the intermediary or interim Dividends and the Interest on Capital shall be imputed to the

Mandatory Dividend.

5.4. Parameters for Proposals of Dividend or Interest on Capital Distribution. Any proposal by management regarding the distribution of dividends and/or interest on capital shall take into account the requirements of the applicable law, the Company's Bylaws and the Financial Indebtedness Policy, as well as other variables such as the Company's results, financial condition, existence of reserves foreseen by law, obligations assumed by the Company towards its creditors, cash requirements, future perspectives of the Company's markets, investments in maintenance and expansion opportunities.

5.5. Target for Distribution of Dividends and Interest on Capital. With due regard to the rules governing the mandatory dividend, as provided in the Company's Bylaws and Public Listed Companies' Law, and with due regard to the other provisions set forth in this Policy, including the parameters set in item 5.4 above, the Board of Directors shall propose dividends and/or interest on capital so that the total amount of dividends and interest on capital corresponds to a target percentage between 15% and 25% of Adjusted EBITDA, without this, however, limiting the discretion of the Board of Directors to, extraordinarily, considering the macroeconomic environment, the economic and financial conditions of the Company (current and projected), as well as the situation of the markets in which the Company operates and in compliance with other policies of the Company, resolve on distributions of dividends and/or interest on capital outside the target defined in this Policy.

## **6. COMPETENCIES**

6.1. Annual General Meeting. The Annual General Meeting is responsible for deciding the destination of the net income for the Company's fiscal year, calculated annually on the basis of the audited financial statements.

6.2. Board of Directors. The Board of Directors of the Company is responsible for:

- (i) To constantly evaluate the Company's economic and financial conditions with a focus on ensuring the sustainability of the business;
- (ii) Declare intermediary or interim dividends; and
- (iii) Deliberate on the payment of interest on capital.

6.3. Fiscal Council. The Company's Fiscal Council is responsible for expressing its opinion on the proposals of the management bodies to be submitted to the Annual General Meeting, regarding the allocation of net income for the year.

## **7. VALIDITY, REVIEW AND DISCLOSURE OF THE POLICY**

7.1. Validity. This Policy takes effect on the date of its approval by the Company's Board of Directors and will remain in force until it is amended by a resolution of the said body.

7.2. Review. The Board of Directors will evaluate, at most every five (5) years, the need to revise this Policy, in accordance with the statutory, legislative or regulatory changes to which the Company is subject, as well as to improve corporate governance practices, rules and procedures. The Company's Executive Board may, at any time, suggest to the Board of Directors the revision of the Policy.

7.3. Disclosure of the Policy. After approved by the Company's Board of Directors, this Policy will be disclosed internally, submitted to the capital market regulatory bodies and made available to shareholders, investors and the market in general at the Company's Investor Relations website.

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