



**KLABIN S.A.**

CNPJ/MF nº 89.637.490/0001-45

NIRE No. 35300188349

**EXTRAORDINARY MEETING OF THE BOARD OF DIRECTORS  
HELD ON JULY 20, 2022**

- 1. Date, time and place:** On the twentieth (20th) day of July 2022, at 10:30 am, the Board of Directors of Klabin S.A. ("Company"), headquartered at Avenida Brigadeiro Faria Lima, No. 3.600, 5º andar, in the city of São Paulo, State of São Paulo held a meeting through videoconference.
- 2. Notice:** The directors were previously convened pursuant to article 18 of the Bylaws.
- 3. Attendance:** The members of the Company's Board of Directors were present, according to the names listed at the closing hereof.
- 4. Board:** Paulo Sergio Coutinho Galvão Filho – Chairman and Fábio Fernandes Medeiros – Secretary.
- 5. Agenda:** Deliberate on the construction of a new corrugated boxes unit in the city of Piracicaba/SP ("Figueira Project").
- 6. Matters and Resolutions Taken:** the board members approved, by majority vote (10 votes), the construction of a new corrugated boxes unit in the city of Piracicaba/SP, through a gross investment of up to BRL 1,567 million (one billion, five hundred and sixty-seven million Brazilian Reais). The new *site* will be built on an area of 950,000 m<sup>2</sup>, will have an annual production capacity of 240 thousand tons of corrugated boxes, through the installation of 2 corrugators and 9 printers, and its start-up is scheduled for second quarter of 2024. Board Member Isabella Saboya, who voted in favor of approving the matter, presented her vote in writing, which is attached hereto. Board Member Roberto Luiz Leme Klabin registered his abstention in relation to the matter, since, in his understanding, a more in-depth discussion of

the Company's strategic roadmap would be necessary before deciding on the Project. Likewise, the board member Sérgio Francisco Monteiro de Carvalho registered his abstention as he understood that there should be a more detailed discussion of the Company's strategic roadmap before the deliberation of the project and also, given that the project, when analyzed in isolation, does not prove to be so attractive, for this reason, he understands that the Company could evaluate other alternatives for capital allocation. Board Members Camilo Marcantonio and Mauro Rodrigues da Cunha presented their votes against the approval of the Figueira Project, which are attached to these minutes.

**7. Closing:** There being no further business to approach, the meeting was closed, and these minutes were drawn up which was read, approved and signed by the attending Members and by the Secretary.

São Paulo, July 20, 2022.

Paulo Sergio Coutinho Galvão Filho – Chairman, Fábio Fernandes Medeiros - Secretary, Wolff Klabin, Amanda Klabin, Francisco Amaury Olsen, Roberto Klabin Martins Xavier, Alberto Klabin, Reinoldo Poernbacher, Roberto Luiz Leme Klabin, Camilo Marcantonio Junior, Sérgio Francisco Monteiro de Carvalho Guimarães, Vera Lafer, Francisco Lafer Pati, Mauro Rodrigues da Cunha and Isabella Saboya de Albuquerque.

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I certify that the above text is a faithful excerpt from the minutes of the Extraordinary Board of Directors' Meeting dated July 20, 2022, at 10:30 am drawn up in separate book.

**Fábio Fernandes Medeiros**

Secretary

### **Vote of Board Member Isabella Saboya**

I vote in favor, but I recognize that doubts remain about the project, notably because alternative projects such as investment in an integrated paper mill and/or integration with recycling machines made in conjunction with the corrugated boxes project are not discussed at the outset. The project alone does not appear to be attractive in terms of financial returns, but I exercise my right to trust that the project makes sense in the company's overall business model and, therefore, I give management the benefit of the doubt. But I insist that this year the company should dedicate at least a full day to Strategic Planning between management and the Board of Directors so that controversies such as this project become unnecessary. It is evident from the opposing votes that the absence of this joint Strategic Planning between management and the Board of Directors damages the good dynamics of the body and the essential alignment between management and the Board.

## **Considerations and Manifestation of Vote**

### **Board Member Camilo Marcantonio**

1. I express my concern about the Figueira Project, which has a negative NPV in 20 years and a very low return, even considering its perpetuity. Considering the recent interest rate increase, which implies an increase in our cost of capital, the NPV in perpetuity should be even lower, or even negative.

2. In addition to the project having a low return in its base scenario, the Figueira Project presents a relevant risk of value destruction, since it has a negative return in a significant part of the sensitivity table presented by the board, considering variations in the price of corrugated boxes.

3. This information corroborates my concerns raised at the meeting of December 7, 2021, held in person in Telêmaco Borba, as summarized in the minutes: “After presenting the budget, and continuing the discussion of EBITDA/ton per product, director Camilo Marcantonio requested, in order to contribute to the Company's future decisions regarding strategy and projects, that the capital used to produce each product was also presented, and return on invested capital is calculated. In addition, he recommended that the return on invested capital of the corrugated boxes conversion segment be especially evaluated”.

4. Having received the information on returns for the years 2020 and 2021, it was shown that the history of return on capital (ROIC) of the Packaging segment (corrugated boxes) is in fact low, having been below the cost of capital in these two years, which is particularly negative due to the fact that these years have been very positive for the segment, with significant price increases, both due to the high consumption of packaging during the pandemic, and the impacts on supply due to the disruption of supply chains.

5. As expressed by me in the preliminary interactions with the executive board and at the Board of Directors' meeting on June 28, 2022, for the aforementioned reasons, I do not consider the Figueira Project to be attractive and in the Company's interest, at least when we analyze it in a separate manner.

6. Approval could occur, however, if we had a solid basis to believe that it is a value-generating project for the Company within a broad strategic plan, with evidence that investing this additional capital in the corrugated boxes segment has positive effects on other areas or projects of the Company, either through the generation of value herein, the opening of the possibility of future generation of value or even avoiding the destruction of value.

7. However, there is no strategic plan that has been discussed and deliberated by Klabin's Board of Directors. Although the Executive Board annually reviews a “Strategic Roadmap”, which the Executive Board must have studied and debated in depth, the Executive

Board's strategic vision cannot definitively be the Company's strategic vision, which is the responsibility of the Board of Directors . As it should be, the Company's Bylaws establish the competence of the Board of Directors in this regard:

*"Art. 20 - The Board of Directors is responsible for a) Establishing the objectives of the business of the Company and its subsidiaries: I - guiding the Executive Board on the formulation of medium and long-term plans; II - approving the development and expansion plans and the investments necessary for their execution; III - approving the annual operating and investment budgets"*

8. In addition, we have an aggravating factor, which is Klabin's incentive system, which places great emphasis on short-term results, such as the generation of annual EBITDA, and less on the return on its investments. We have gradually evolved in terms of compensation, but I believe that we still need to substantially increase the proportion of long-term incentives and metrics that reward value creation.

9. Concerns regarding the allocation of capital to the project, seen in isolation, without a strategic planning discussed and deliberated by the Board of Directors, and the proposal to analyze a share buyback program, as a complement or alternative, were exposed in the preliminary interactions with officers and fellow board members, but without concrete progress, in part because the June 28 meeting was aimed at avoiding discussions about strategy and capital allocation.

10. Specifically regarding the share buyback alternative, as stated in the minutes of the meeting of December 7, 2021, the study of this option had already been proposed by the board member Mauro Cunha, when he was even informed by the board that there was already an exercise of valuation that could support such a decision and the board member recommended that this return be compared with the expected returns of other investments, which I naturally consider to be a relevant recommendation. Although the Board did not receive this valuation, my preliminary accounts point, under the current conditions, to a much higher return on repurchase compared to the Figueira Project when we use the results assumptions of the Multiannual Plan.

As raised at the Meeting of the Board of Directors on June 28, I reiterate my recommendation that the deliberation of the Figueira Project be carried out only after due discussion and deliberation of the strategic planning in the Board of Directors. Likewise, I reiterate my recurring recommendation, also made by other directors, that we accelerate the modification of the incentive system so that it is focused on the generation of long-term value,

thus creating an adequate incentive for a better allocation of capital and a greater alignment with shareholders.

If my request to postpone the deliberation is not met and we have to deliberate without a strategic planning discussed and deliberated by this Board, I vote for the non-approval of the Figueira Project and request that the explanation of my vote be summarized in the body of the minutes of the meeting and that this manifestation of vote be fully attached thereto.

### **Vote of Board Member Mauro Rodrigues da Cunha**

I vote against the resolution. Initially, I would like to register my praise to the management for the transparency in the presentation of the project, both in its merits and in its challenges. Few companies face decisions with such transparency and rationality.

Despite all the arguments put forward, in my opinion it has not been proven that the investment is the best use of capital at this time. In this sense, I follow the understanding of the board member Camilo, as well as the concern of the directors Roberto and Sergio about the importance of the strategic discussion by the board. I would add that (1) our level of integration has already been increased by the IP and Horizonte projects, which was not foreseen in the Klabin roadmap, so that failure to carry out the project does not compromise Klabin's business model; (2) the low return is aggravated by the recent increase in the risk-free rate, which increases the WACC and leads to value destruction; (3) one of Klabin's biggest challenges is to increase its return on invested capital. Despite all the operational advances, our actions are at the same level as 7 years ago. Klabin has much more attractive capital allocation opportunities, and the only way to reverse this perception of low shareholder return is to focus on these opportunities.