



ANNUAL AND
SUSTAINABILITY
REPORT 2013



Duratex

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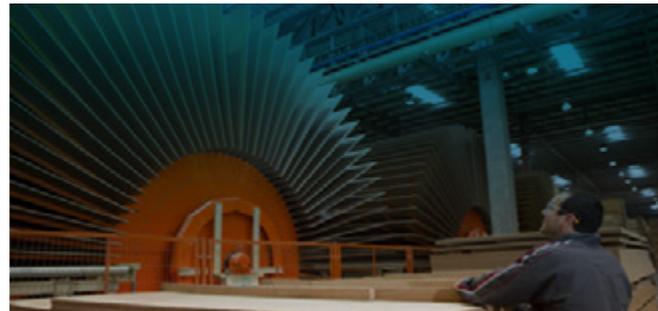
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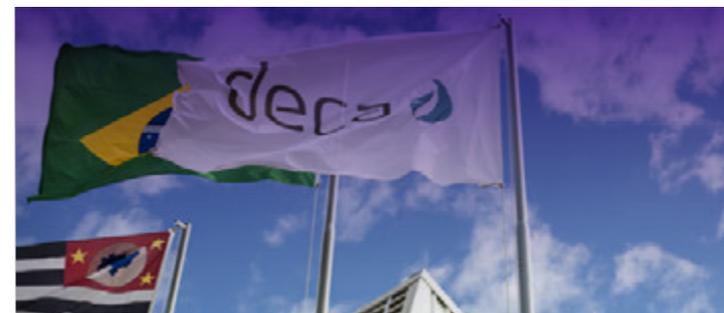
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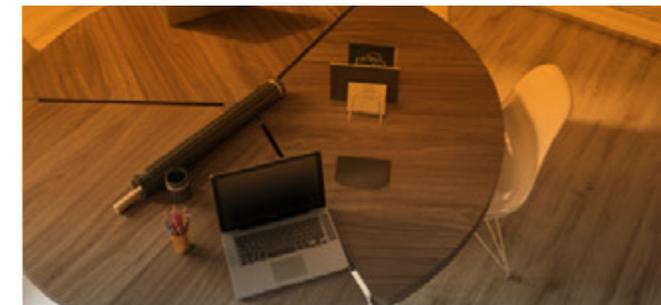
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ABOUT THIS REPORT

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Duratex adopts GRI-G4 guideline

About this report

This is the Seventh Annual and Sustainability Report published by Duratex in accordance with the directives of the Global Reporting Initiative (GRI), under the “Comprehensive” option, with information referring to the period from January 1 to December 31, 2013. It already follows the recommendations and principles of the new G4 version of the reporting indicators, launched globally last year. This represents a step forward in the model used by the Company, which in its last report, published in 2013 - referring to the year 2012 - was still using the G3.1 version of the reporting indicators. **G4-28; G4-29; G4-30; G4-32**

The adoption of the G4 directives in their first year of implementation by GRI is in line with Duratex's strategy of taking aspects of sustainability into consideration in all its strategic decisions, and of maintaining a commitment to transparency and openness in its dialogue with all its stakeholders.

The compilation of this report involved consultations with the Company's main executives, as well as the Chairman of the Board of Directors, who provided their view on the content discussed. This document represents an evolution in the Company's governance. Its content has been approved by the Sustainability Committee, which also contributed to Duratex's adherence to level G4, helping to set it on the path to next year's integrated report. **G4-48**

In the following chapters, this report shows the operational results of the units in Brazil, unless otherwise indicated. The financial data conform to International Financial Reporting Standards (IRFS) and current generally accepted accounting standards in Brazil. Both the financial statements and the GRI indicators have had their content assured by PricewaterhouseCoopers (PwC). **G4-17; G4-33**

The report also presents Platform 2016, Duratex's medium-term plan, developed after a process of consultation with stakeholders and the approval of priority themes by the Company's top management.

Queries, comments and suggestions should be sent in through the Company's exclusive communication channel **sustentabilidade@duratex.com.br**. **G4-31**

2016 Platform

AXIS*	PUBLIC
Dialogue and relationships	Employees, suppliers, clients, the community, specialists, top leaders
Management and environmental performance	Employees, suppliers, customers, clients, the community, academy, specialists, governments and regulators
Transparency and responsibility in the businesses	Employees, suppliers, customers, clients, academy, opinion leaders, governments and regulatory body

*Strategic planning related to each axis of the Platform 2016, and not by material aspect in respect to GRI, as the Company believes that this relationship facilitates the understanding and management of processes. The material aspects related to each axis are: economic performance; Market presence; Indirect economic impacts; Purchasing practices; water; biodiversity; emissions; Effluents and waste; Products and services; compliance; Transportation; general; Environmental evaluation of suppliers; Mechanisms for complaints and grievances related to environmental impacts; Evaluation of suppliers for labor practices; Mechanisms for complaints and grievances related to labor practices; investments; Non-discrimination; Freedom of association and collective bargaining; Child labor; Forced or compulsory labor; review; Evaluation of suppliers for human rights; Mechanisms for complaints and grievances related to human rights; Local communities; Evaluation of suppliers impacts on society; Complaints mechanisms and complaints related to impacts on society; Health and safety of the client; Labeling of products and services; and Compliance. **G4-20; G4-21**

Materiality

O processo de construção da matriz começou em 2010 e continuou a ser realizado nos anos seguintes, por meio de painéis de diálogo com especialistas e colaboradores.

The content presented in this Duratex Annual and Sustainability Report is in alignment with Platform 2016, the document which formalizes the Company's strategic plan for the next few years. The content has been divided into three main key elements: dialogue and relationships; environmental management and performance; and transparency and responsibility within the businesses.

The programs and initiatives associated with each key element have been divided into seven priority themes, defined with the objective of concentrating efforts on projects deemed to be of the greatest importance in the integration of sustainability into management throughout the Company.

The focus is on operating in a unified and cross-cutting manner across all the business units in Brazil, thus making it possible to monitor all the results in a more consistent and integrated manner. **G4-18; G4-20; G4-21**

Duratex began the process of creating its materiality index in 2010, through its First Meeting of Stakeholders, and continues to hold related meetings, such as consultation panels for dialogue with specialists and employees, in addition to interviews with members of top management and strategic public groups. The strategic themes and priority audiences for the company in the medium term (2013-2016) were defined from the analysis of the results of the 2nd Stakeholders Meeting, Employees Panel, and interviews with alta administração, actions taken in 2012. **G4-24; G4-25;**

G4-26

The themes deemed material for Duratex in the Platform 2016 building process are as follows:

- Our people (internal audience)
- Quality of relationships (with a focus on suppliers, clients, communities and specialists)
- Efficient use of natural resources and energy
- Quality and impact of products
- Management of residues and emissions
- Conservation and biodiversity
- Integration of socio-environmental criteria into management, as well as this report

In the cross-referencing of strategic themes with aspects defined under the GRI G4 model, and due to the diversity of its businesses and the Company's operation, Duratex has reached the conclusion that these aspects must be considered important, except for: rights of indigenous people and traditional communities (the units are not located in either traditional communities or indigenous areas), safety practices, unfair competition and customer privacy. The analysis took into account the impact and characteristics of the Company's business divisions, units, internal and external audiences, and products. These aspects have not converged with the material themes, as defined within the scope of Platform 2016. Analysis of materiality considers the impacts and characteristics of the Company's business divisions, units, audiences (internal and external) and products. From this analysis it is considered that Duratex does not have any units in either indigenous or traditional areas, or activities of priority critical risk associated with the themes not included under materiality. **G4-19; G4-27**

MESSAGES

Message from the Chairman of the Board of Directors
Message from the Chief Executive Officer



Ready to meet the challenges ahead

G4-1; G4-2

Message from the Chairman of the Board of Directors

Financial soundness, robust corporate governance and the consolidation of the 2016 Sustainability Platform all contribute to ensuring Duratex's long and prosperous future.

62 years ago Duratex came into being as a public listed company, with a set of very clear principles and values. Today, we have a solid governance structure, supported by various governing bodies - the responsibilities and frameworks of which are consolidated into one Board of Directors and its Advisory Committees, which all follow the best corporate governance practices. For this reason, the Company's shareholders have sufficient maneuverability to function in such a way as to guarantee that Duratex's new investments and strategy are totally aligned with their interests and long-term vision.

In 2013, the results from the Deca and Wood Divisions were very satisfactory, despite an economic scenario in Brazil that was unfavorable in various aspects. Our sales showed an increase of approximately 14.2% compared to the previous year, the result of certain good decisions taken to diversify our product portfolio and grow both organically and through acquisitions, among other factors.

We are a financially solid company with practices and processes that produce operational excellence, and we are the leader in the markets in

which we operate. We are therefore well-prepared to take on challenges arising during more difficult periods, as well as being able to make the best use of favorable winds in better years.

I believe that in the last few years we have done much to modernize our management and improve our governance. We are on the right track, but there is always room for further improvements. One of these improvements was to give greater power to the committees which advise the Board of Directors. From 2014, new projects will be submitted for preliminary evaluation by the Sustainability Committee. Another example of improvements made was the revision of our risk map, with full participation of the Auditing and Risk Management Committee.

The Staff, Governance and Nomination Committee played a fundamental role in the development of the process for choosing Duratex's new CEO. The selection of our Chief Executive Officer, promoting a director to a higher post from the Executive Board, proved to be a moment when we were able to put into practice all the directives and values on which our business is based. Ethical behavior, transparency, the values that we defend and our organizational culture were all clearly evident in a task which took 18 months, and which was widely recognized by the market. Antonio Joaquim de Oliveira, who formerly occupied the post of director of the Wood Panel Business Unit, and who has worked for the Company for 27 years, took over the post in April 2013. I am confident that he will be very

Left to right, standing:

Henri Penchas, Francisco Amauri Olsen,*
Olavo Egydio Setubal Junior, Alvaro
Antonio Cardoso de Souza* and Fabio
Schvartsman.*

Left to right, seated: Helio Seibel, Alfredo
Egydio Arruda Villela Filho, Salo Davi
Seibel (presidente do Conselho de
Administração), Ricardo Egydio Setubal
and Rodolfo Villela Marino.

**Independent members.*

successful as Duratex's new CEO, and indeed we are already seeing positive results.

This change at the head of the Company comes together with the consolidation of our 2016 Sustainability Platform, which contains the key elements and strategic themes on which we will be working over the next three years. This tool is important to enable us to systemize, evaluate and plan the investments and efforts which we will be making, to ensure that our businesses will be long-lasting, have little impact on the environment, and be able to contribute to the development of communities in the proximity of our 27 industrial plants and forestry plantations.

Last year also saw the conclusion of a number of important investments in the units in Queimados and Jundiá, in the Deca Division, and Itapetinga and Taquari, in the Wood Division. We also acquired a further stake of 43.62% in Tablemac, a leading manufacturer of wood panels in Colombia, through a public share offering. With this, our equity stake in that company has now risen to 80.62%, expanding production capacity and taking another step towards the Company's internationalization. Over the next few years we will be continuing to expand Duratex organically, and also possibly through new acquisitions.

It would have been impossible to achieve such results consistently over the years without the efforts and dedication of our employees. The value of our staff's engagement in meeting daring targets, as well as their commitment to continuously improving our operations, is something that is impossible to express in our financial statements. However, its impact can be clearly seen in terms of the quality and safety of the products which we deliver to our customers, while at the same time being profitable for the Company.

Many thanks to you all,

Saló Davi Seibel

Chairman of the Board of Directors



On the path to growth

G4-1; G4-2

Message from the Chief Executive Officer

Adjustments made to product prices, cost controls and flexibility in serving our market all resulted in a 23.3% increase in net earnings in 2013.

In taking over the job of CEO at Duratex in the second quarter of 2013, after a succession process that lasted 18 months carried out by the Board of Directors, I have embraced the challenge of, over the next years, working to build a bigger company that is increasingly profitable, respected by competitors, admired by stakeholders, and a source of pride for shareholders and employees alike.

Project Duratex 2020, shared with 100% of the leadership of the Company in visits made to all the various units in 2013, aims to achieve the strategic size desired by the shareholders through organic growth, acquisitions of strategic targets and also new complementary businesses in order to diversify our product portfolio. We wish to add value, without sacrificing profitability, while always strengthening our connection to the values which form the basis of our organizational culture. We will be investing in planning, cost management,

productivity, engagement of the various teams, and leadership development, among other things.

I wish to emphasize that my motivation during this whole process stems from not only the challenges we face and all the work that we have ahead of us, but also my certainty about the commitment of our great team, which underpins Duratex's success every day. I am most grateful to everyone for their support and dedication, which has enabled the Company to achieve its objectives in 2013.

Despite the fact that the growth expected for the Brazilian economy in 2013 failed to materialize, we still managed to achieve a significant result last year. In the face of the economic scenario in our country, we adjusted the prices of our products, strengthened our cost controls and increased the flexibility with which we deal with our orders. We achieved net sales of R\$ 3,872.7 million, an increase of 14.8% on the previous year. Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) came to R\$ 1,200.1 million, with an EBITDA margin of 31%, while recurring net earnings amounted to R\$ 561,6 million, up 23.3% on 2012.

We concluded an important expansion phase in our industrial units in the Deca and Wood Divisions, increasing our production capacity with investments that came to a total of R\$ 601.5 million in 2013, as

well as finalizing the acquisition of Thermosystem, in Tubarão (Santa Catarina [SC]), which will enable Duratex to enter the electronic shower and solar heating markets. It should be borne in mind that this capacity expansion, because it is still at the ramp-up stage, will be contributing to earnings as its capacity utilization rate increases, with full capacity take-up estimated in the second half of 2016.

I also wish to draw attention to the new Medium-Density Fiberboard (MDF) plant in Itapetininga (São Paulo [SP]), which began operations in July, with an effective production capacity of 520,000 m³ a year; the conclusion of the works to increase Medium-Density Particle Board (MDP) production capacity in Taquari (Rio Grande do Sul [RS]), which added a further 230,000 m³ a year of additional capacity from August; the increased production capacity at the unit at Jundiá (SP), from 17.0 million to 18.2 million pieces/year of metal bathroom fittings; and the conclusion of the works at the unit in Queimados (Rio de Janeiro [RJ]), to add a further 2.4 million pieces/year of vitreous chinaware, which corresponds to an increase of 25% to current production capacity, to become effective by 2015.

In foreign markets, we have plans to expand Tablemac, a leading panel manufacturer in Colombia, the control of which we acquired through a public share

Left to right, standing: Alexandre Coelho Nascimento, Roney Rotenberg, Flavio Marassi Donatelli, Marco Antonio Milleo, José Ricardo Paraíso Ferraz, Paulo César Marostica and Flavio Dias Soares (in memoriam).

Left to right, seated: Maria Julieta Pinto Rodrigues Nogueira, Antonio Joaquim de Oliveira (CEO), Raul Penteado de Oliveira Neto and Renato Aguiar Coelho.

offering. In Argentina, we discontinued the operations of Deca Piazza, thus managing to staunch the losses which had been steadily increasing without any prospects of turning the business around, as a result of the difficulty of operating in that country.

One of our great areas of progress, however, is related to the inclusion of sustainability aspects in the management of the Company. Historically, Duratex has always been a benchmark reference in the preservation of biodiversity and in the attention that it pays to the environmental and social impacts of its operations. In 2013, in establishing our 2016 Sustainability Platform, we carried out a strategic structuring move, prioritizing actions that aim to ensure the perpetuity of the business. Thus, we had the oppor-

tunity of not only strengthening our environmental projects, but also making improvements to environmental education initiatives and the development communities located close to our business units.

Another of Duratex's achievements was to be listed, for the second year running, on the Dow Jones Sustainability Emerging Market Index (DJSI), one of the most important global indices for companies that adopt good governance practices and sustainable management. We have also, since 2008, been part of the Corporate Sustainability Index (ISE) of BM&FBovespa. We also celebrated our inclusion at the Guia Exame de Sustentabilidade event, the Época Empresa Verde awards, in the categories of Industrial Climate Change and Especially Outstanding, as well as the winning of another Eco Award, organized by the American Chamber of Commerce in Brazil (Amcham), this time for the Save urinal. Finally, our high level of corporate governance was recognized by Anuário Época Negócios 360º, an initiative of the Dom Cabral Foundation.

We begin 2014 with the certainty that Duratex is well-prepared to continue towards its objective of becoming an increasingly global and important player. Our directives are based on strengthening dialogue with our interested audiences and developing innovative products, thus improving general well-being among the population and contributing towards the preservation of the planet. We are building a future with the dream of a better world for everyone.

Antonio Joaquim de Oliveira
Chief Executive Officer

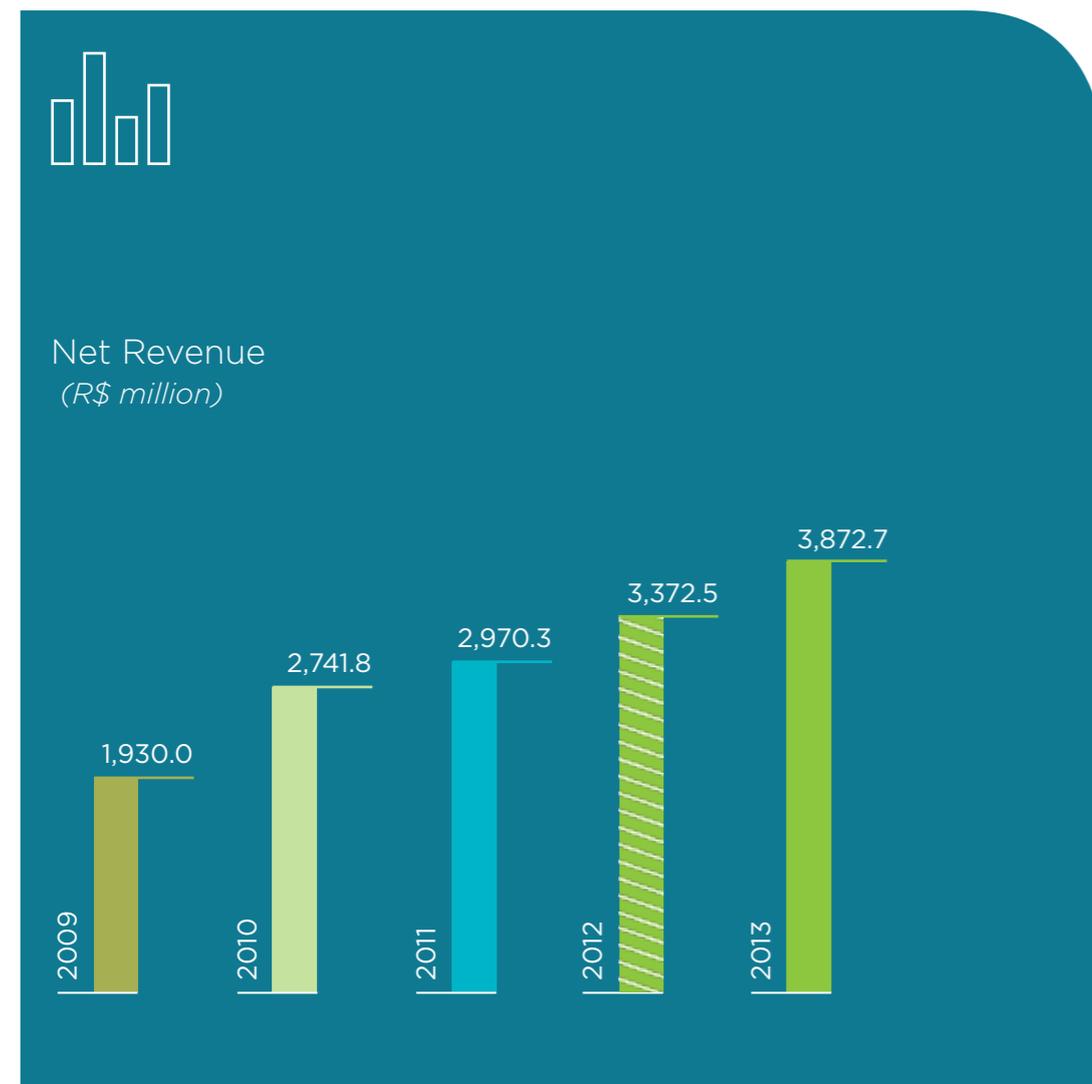


DURATEX IN NUMBERS

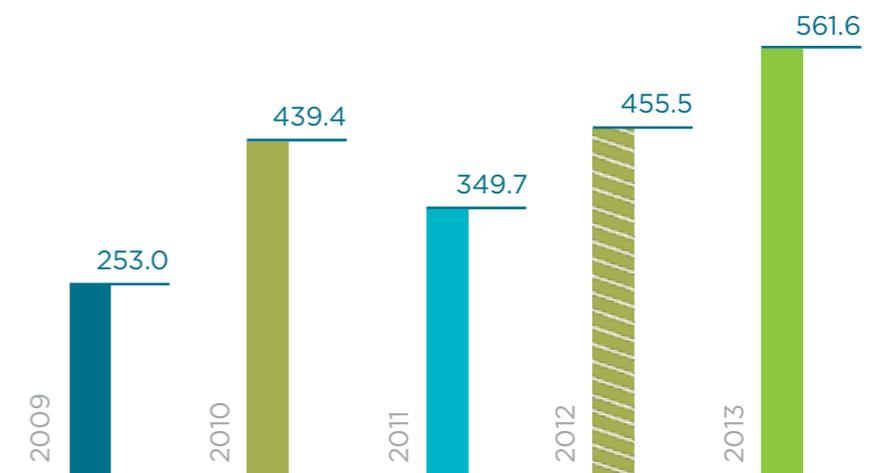


Duratex in numbers

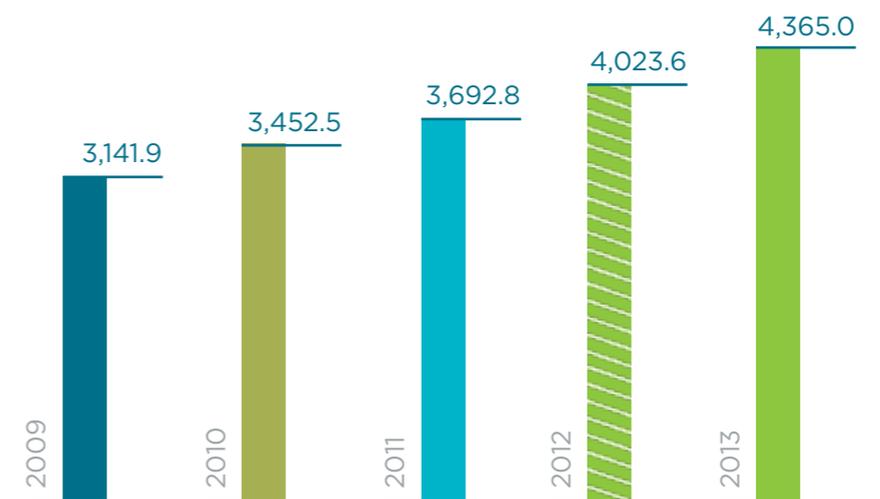
Below the Company sets out its main financial and environmental indicators for the last five years.



Recurring net earnings
(R\$ million)



Shareholders' equity*
(R\$ million)



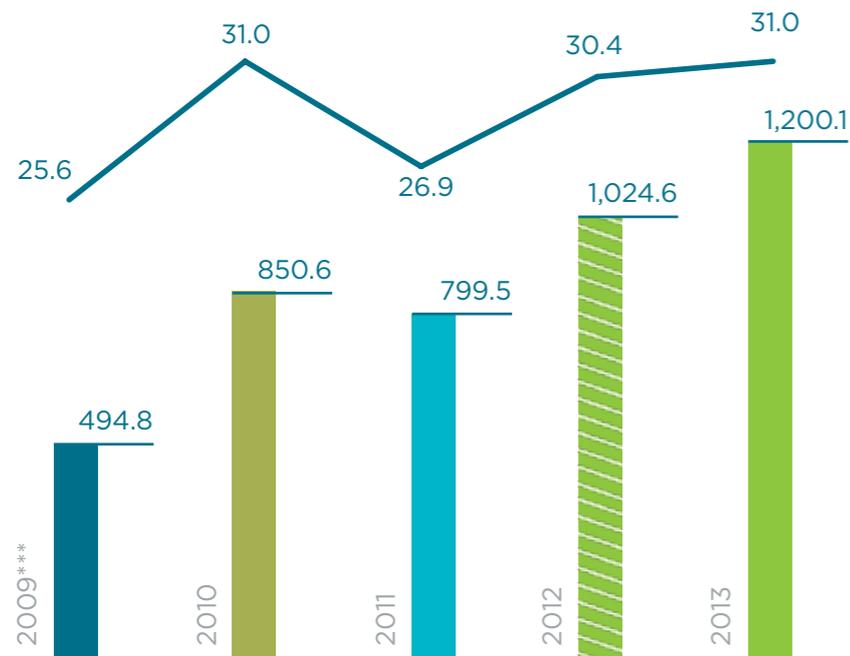
*Consolidated in IFRS.

DURATEX IN NUMBERS



EBITDA adjusted and recurring*
(R\$ million)

— EBITDA MARGIN**



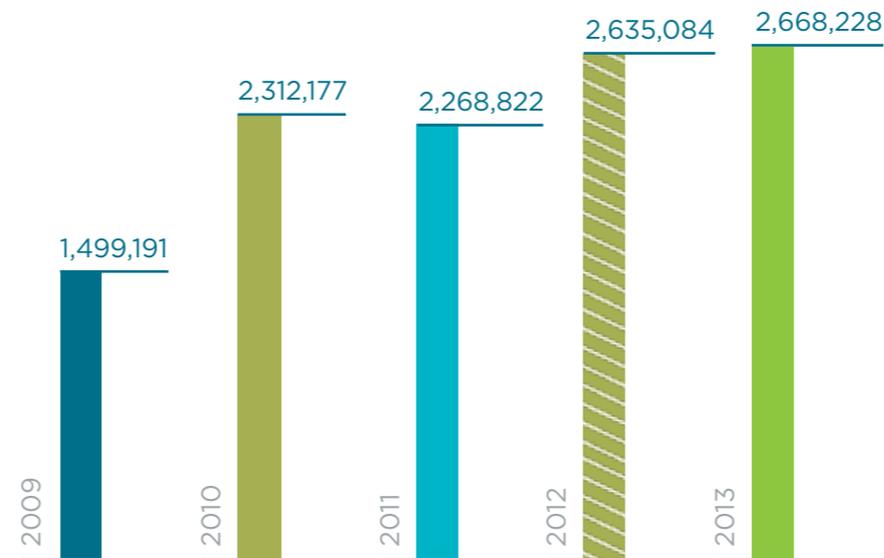
*EBITDA - a measure of operational performance adjusted by the variation in the fair value of biological assets and employee benefits.

**Consolidated, adjusted and recurring.

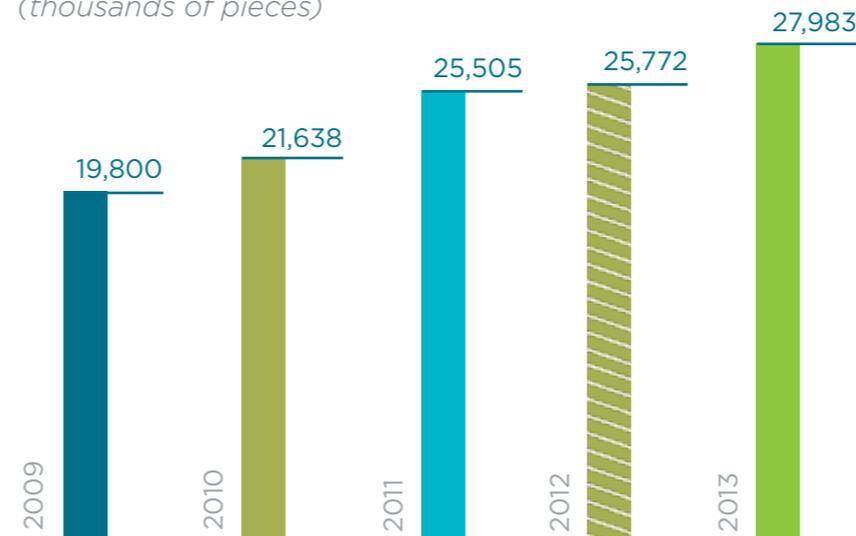
***After IFRS adjustments, considering eight months (January to August) of Duratex and four months (September to December) of Satipel + Duratex.



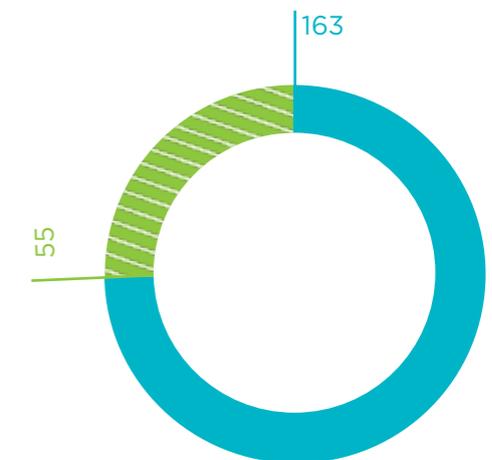
Volume shipped - Wood Division
(m³)



Volume shipped - Deca Division
(thousands of pieces)



Forestry areas*
('000 hectares)



■ CULTIVATED FORESTS
■ PRESERVATION AREAS

*This chart does not include other areas such as roads, improvements, electric power networks, etc.

PROFILE

Duratex
Geographical Diversification
Corporate drivers
Suppliers



Revenue grows 14.8% in 2013

Duratex

Due to the quality of its products and flexibility in dealing with customers the Company now operates in 35 different countries.

Duratex, founded in 1951, is a Brazilian industrial company that manufactures and sells finishing products for the construction industry, as well as products for the furniture manufacturing sector. Through its two business units, the Deca Division and the Wood Division, the Company produces metal bathroom fittings and vitreous chinaware, laminated flooring, panels made from MDF and MDP, fiberboard, electronic showers and other products sold under the Deca, Hydra, Thermosystem, Durafloor and Duratex brand names. **G4-3; G4-4**

With its headquarters based in the city of São Paulo, Duratex has over 11,7 thousand employees and 15 industrial units strategically located in the states of São Paulo, Minas Gerais, Pernambuco, Paraíba, Rio Grande do Sul and Rio de Janeiro. The Company also has operations in Colombia, where it holds an equity stake of 80.62% in Tablemac, the largest company in the panel sector in that country. Duratex also has

offices in the United States and Europe through its subsidiaries Duratex North America and Duratex Europe N.V., responsible for marketing and sales intermediation. **G4-5; G4-17**

The Company also has an area of approximately 237,000 hectares of cultivated forest and conservation areas distributed across the states of São Paulo, Minas Gerais and Rio Grande do Sul, 93% of which carry certification from the Forest Stewardship Council® (FSC®). **G4-6; G4-9**

This structure guarantees the manufacture of quality products and customer service with a proven track record, for clients in Brazil and 35 other countries in all the world's continents, positioning Duratex as the largest manufacturer of industrialized wood panels, vitreous chinaware and metal bathroom fittings in the Southern Hemisphere. In 2013, the Deca Division sold 27.9 million pieces, while the Wood Division shipped a volume of over 2.6 million cubic meters - results which, combined with a successful investment and expansion strategy, enabled the Company to increase its sales by 14.8% compared to the previous year, attaining a new sales record of R\$ 3.9 billion. **G4-8; G4-9**

**This figure includes other areas such as highways, improvements, power grids, etc.*

Through its Deca and Wood Divisions, Duratex sells the following products

G4-4

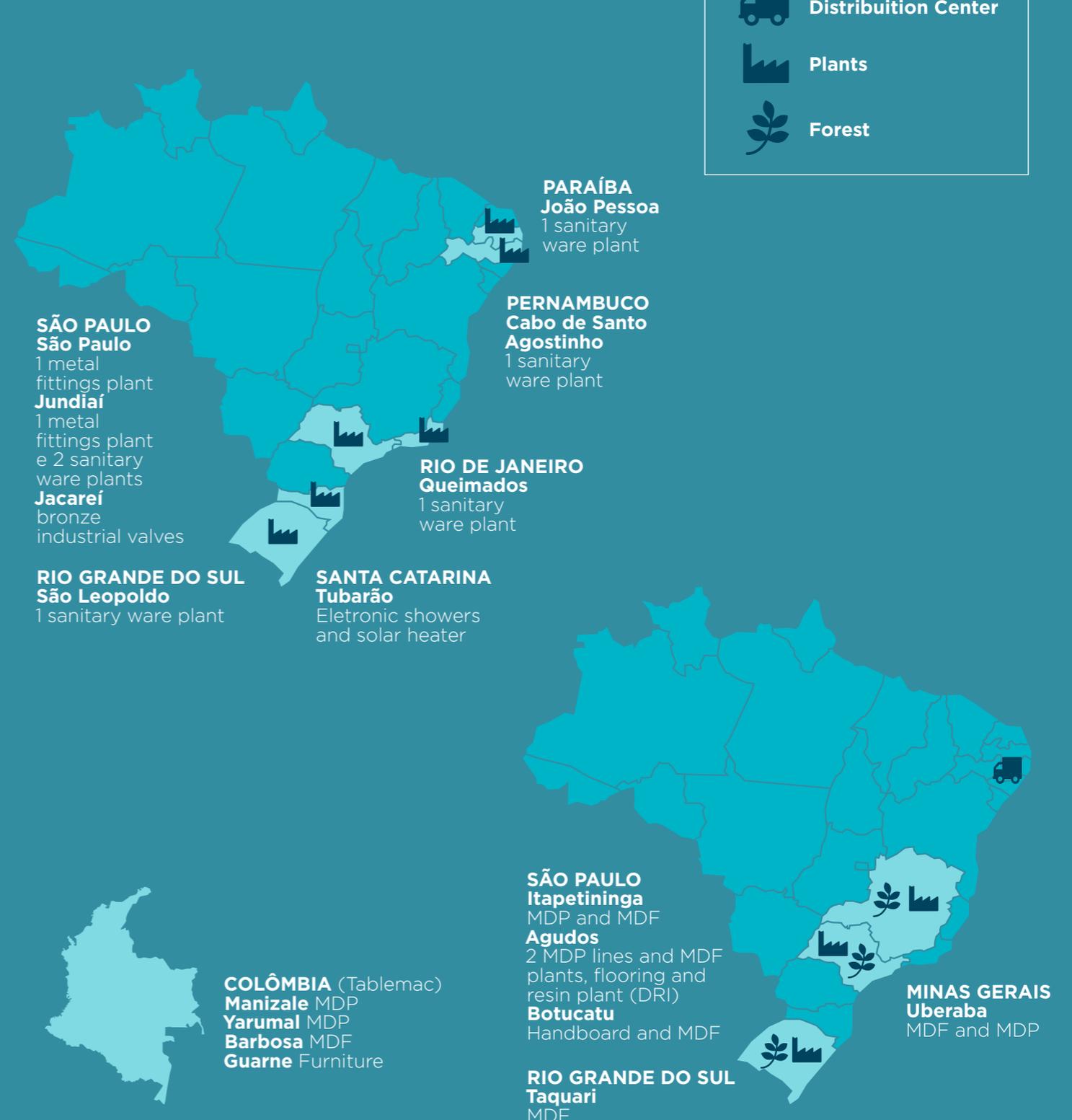
Wood

- Fiberboard panels, of medium density, that offer various application and finishing possibilities. Ideal for furniture, moldings and covering in general.
- MDP panels, produced from selected eucalyptus wood particles, that can be applied to the furniture industry as well as the building sector.
- High density fiberboard, produced from wood from replanted forests.
- Laminated flooring for residential and corporate spaces.
- Luxury Vinyl Tile (LVT) floors, made from PVC, 100% recyclable, water resistant, allowing installation in a variety of residential and commercial environments.
- Wooden skirting board.

Deca

- Vitreous chinaware: sinks, basins, washtubs, lavatory bowls and bidets.
- Metal bathroom fittings: taps, mixers, discharge valves, stopcocks (residential and industrial), showers and components.
- Thermosystem: electronic showers and solar heaters.
- Accessories: toilet paper roll holders, towel holders and soap dishes, among other products.

Geographical Diversification G4-6





Corporate drivers

Mission

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

Vision

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

Values

- Integrity
- Commitment
- Emphasis on People
- Exceed expectations
- Continuous improvement
- Innovation
- Sustainability

G4-56



Succession

Over the years, and always in keeping with the values which guide its operations, Duratex has made continuous improvements to its management and governance, maintaining relationships with its audiences with the aim of understanding them and creating a rapport. An important milestone for Duratex during the period was the succession process for its new CEO, recognized by the market as a whole for the transparency with which it was carried out (read more about these important advances in the chapters respectively entitled: Sustainability Platform and Governance).

15
industrial units
in Brazil

11,7 thousand
employees

Suppliers

Duratex's main suppliers come from the following sectors: commerce; mineral processing, machinery and tools, base materials, paper, metallurgical and chemical industries; laundry, security and transport services; as well as services for the treatment of residue and the supply of electricity. The Company has identified the mineral processing, machinery and tools, and metallurgy sectors as the ones where it is most exposed, due to their intense use of labor. Duratex's supplier management program aims to disseminate and propagate good practices and include socio-environmental criteria as part of supplier

qualification requirements, something that already takes place in the use of service providers for the collection, treatment and disposal of residues.

In 2013 Duratex had 9,218 suppliers, located in Brazil, Chile, Italy, Germany, Spain and France, totaling expenditure of R\$ 2,604,427,448. In 2013 alone, the Company hired 699 new suppliers (7.58%).

Currently we do not have the means to determine the dimension and extension of the entire supply chain in its sector of operation; however, we are in the process of analyzing a suitable way of carrying out this measurement in the future.

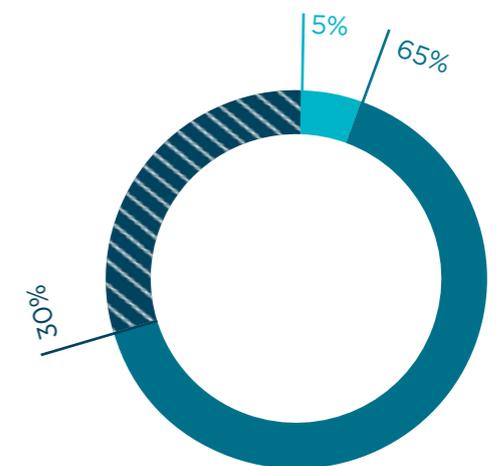
G4-12; G4-LA14



Expenditure on supplies in 2013*

(%)

- CURVE A
Spent with
152 suppliers
- ▨ CURVE B
Spent with
1,371 suppliers
- CURVE C
Spent with
7,695 suppliers



Total expenditure
on supplies
R\$ 2,604.4
million

Total number
of suppliers
9,218

**Suppliers are classified under Curves A, B and C, according to their degree of importance for Duratex's operations. Level A covers suppliers of the greatest importance to the Company.*



Corporate governance
Performance of the businesses

BUSINESS MODEL



Business model

Duratex 2020

Strategic planning will be driving the Company for the next decade.

Duratex is a publicly listed company which has a mission to generate wealth through the development and offering of products which contribute to people's quality of life. This objective has been reached based on a strategic plan which runs to 2020, and which includes the following: a diversified product portfolio, verticalized management of the production process, recurring investment in industrial units and forests, and the strategic geographical distribution of the plants, which provides the Company with the ability to respond quickly and flexibly to customer demands. **G4-7**

Taking a long-term view enables the Company's executives to identify risks and opportunities for the business, while at the same time guaranteeing its longevity and developing initiatives established as part of Platform 2016 (*see more on page 54*).



In five years, investments totaled R\$ 2.9 billion, of which R\$ 601.5 million were made only in 2013.

In order to provide support for its plan, the Company has a consistent governance structure, which takes into account and evaluates the directives established, guaranteeing that they are met. The Company also continually invests in expansion, in accordance with the strategic plan defined by its managers. Thus Duratex over the past five years has made investments of around R\$ 2.9 billion, with investment of R\$ 601.5 million in 2013 alone. The production capacity added to its industrial plants over this period should result in plants running at full capacity by the end of 2016, according to internal estimates. So new capital will have to be invested to ensure further expansion of the Company's production capacity, as well as innovation in terms of products and processes.

One of the investments planned is the construction of the largest industrialized wood panel plant in Latin America, located in the so-called Mineiro Triangle (Minas Gerais [MG]). The project will have two production lines, one for MDP and the other for MDF, which together will have an effective capacity of 1.4 million m³/year and it will expand the company's total capacity to 5.6 million m³/year, representing capacity expansion of 34%. These production lines will be assembled consecutively, which represents an important reduction in costs; they are due to come into service in the second half of 2016 and 2017. Other investments may include acquisitions in segments related to those already in existence. The Company's balanced capital structure enables it to expand on two fronts, both organically and through acquisitions.



The plan is to grow organically and through acquisitions.

HOW VALUE IS ADDED

BUSINESS

2013 HIGHLIGHTS

(R\$ million)

Governance

- Continual improvement of management
- Committees and commissions governed by regulatory frameworks
- Adoption of policies and internal standards – such as the Environmental Policy and Risk Management Policy

Strategic planning

- Diversified product portfolio
- Top-down management in the production process
- Investment in industrial units and forestry units
- Strategic geographical distribution of industrial plants

Investments

- Industrial park expansion
- Acquisition of companies in related segments in Brazil and abroad
- Technology
- Innovation

Platform 2016

- Use of socio-environmental and cultural criteria in decision-making, as well as economic criteria
- Establishment of dialogue with principal audiences
- Consideration of values in addition to factors that are purely economic
- Analysis of everything, with a focus on the short and medium term

Deca

Metal bathroom fittings, vitreous chinaware, electronic showers and solar heaters

Wood

Laminated flooring, of MDF and MDP, panels and fiberboard

RAW MATERIAL USED

Copper in the form of bars, brass pipe and strip, copper, bronze scrap, clay minerals (clay, kaolin, phyllite), and non-clay minerals (quartz, feldspar or granite)

RAW MATERIAL USED

Wood, urea resin, formaldehyde and paper

FUNDS ALLOCATED

(R\$ million)

Financial capital

- Shareholders' equity **R\$ 4,365.0**
- Short-term and long-term loans **R\$ 2,450.8**
- Cash generation **R\$ 996.8**

Manufactured capital

- Fixed assets **R\$ 3,456.8**
- Cash used in investment activity **R\$ 601.5**

Human capital

- Employees **11,057***
- Outsourced employees **1,641**
- Investment in the implementation of the *Somos Assim* program **R\$ 123,1 K**
- Programs *Somos Assim* **7**
- Investment in training **R\$ 3,5 million**
- Amounts associated with the attraction of talent **R\$ 188,3 K**

Natural capital

- Planted forest **163 K** hectares
- Investment in biodiversity conservation initiatives **R\$ 204 K**

Intellectual capital

- Capital invested in innovation **R\$ 22 million**
- Professional staff involved in innovation processes **97**
- Ideas generated by the Imagine program **585**
- Brand names of value **Deca, Hydra** and **Durafloor**
- Market recognition associated with brand names **21**
- Exclusive partnerships **687**

Stakeholders

- Shareholders and investors
- Financial agents
- Clients, consumers and opinion-forming public, such as architects, decorators, specifiers, customer service agents, joiners and plumbers
- Suppliers
- Employees
- Community
- Government and society
- Press

Capital invested R\$ 601.5

- Volumes in each division **Deca 27,983** pieces (8.6% more than the previous year) and **Wood 2,668,228 m³** (1.3% more than the previous year)
- Sales **R\$ 3,872.7** (14.8% up on the previous year)
- Adjusted and recurring EBITDA **R\$ 1,200.0** (increase of 17.1% on the previous year)
- Shareholder remuneration **R\$ 197.3**

New hires 2,923

- Investment in skill development **R\$ 3,5** (0.5% of payroll)

Distribution of value added

- **R\$ 2,155.5** (total)
- Government **34.9%**
- Employees **30.8%**
- Shareholders **24.1%**
- Financing **10.2%**

Environmental results

- Energy saving **5%**
- Reduction in water consumption **5%**
- Reduction in residues disposed of in a landfill **12%**

TARGETS - 2014-2020

Economic aspect

Investments** **R\$ 3,540 million**

* Does not include employees abroad, student trainees and Thermosystem.
 ** Includes R\$ 1.3 billion in a new project in the Wood Division and R\$ 320 million on maintenance (amount recurring every year). Does not include possible acquisitions.

Differential

Innovation, technology, logistics and management systems, and continuous improvement.

The decision to introduce vertical production has proved to be a significant competitive differential for Duratex in the Brazilian market. The Company has approximately 163,000 hectares of planted forest, on approximately 237,000 hectares of land, principally of eucalyptus trees which are close to the industrial plants. In 2013 this ensured the supply of 93% of the wood needed for the manufacture of the wood panels and boards in the Wood Division, at a lower cost in logistics terms.

In addition to wood, the main materials used in the production of MDF and MDP panels, destined for the furniture market, are resin, urea, formaldehyde and paper. The price of these inputs, supplied to the Company by a number of small and highly specialized industries, can vary depending on the dollar exchange rate and the market variation in the prices of these commodities. In order to reduce its supply risk, Duratex decided to build its own plant, located in Agudos (SP), for the production of resin. All production is destined for the industrial units in the state of São Paulo. The plants in Minas Gerais and Rio Grande do Sul purchase resin from external suppliers.

In the Deca Division, one of the main inputs

used in the manufacture of metal bathroom fittings is copper, in the form of bars, brass pipe and strip, in addition to the Company's own copper and bronze scrap. This raw material is sold in an organized market and its price is also linked to the commodity markets.

In its 15 industrial units, strategically distributed across six Brazilian states (*see more on page 16*), Duratex uses high-tech processes which transform these inputs and materials into products recognized in the market for their high quality, innovative design and durability. The Company also uses management and continuous perfection systems in its industrial plants, which enable constant improvements to be implemented with a focus on customer satisfaction, increasing profitability as well as reducing and rationalizing the use of natural resources and energy.

In 2013 the vitreous chinaware plants in Jundiá I and II and the units in Itapetininga and

Taquari, in the Wood Division, were certified in accordance with the ISO 14001 standard, a clear demonstration of how the Company's industrial park and other sites have evolved. For Duratex, receiving certification for its environmental management system means that it is able to update its processes in order to introduce good production practices, with a view to reducing environmental impacts.

One example of this, which demonstrates Duratex's innovative stance, is the launching of products such as the Save urinal, the winner of the 2013 Eco Award hosted by Amcham. The product, launched by the Deca Division, completely dispenses with the use of water, because it is equipped with a deodorizing refill, which, in addition to releasing perfume, has a membrane which prevents odors from returning after flushing. Save urinals have been installed at the Beira-Rio Stadium in Porto Alegre (RS), the headquarters of the World Cup in 2014. **G4-EN27**

R\$ 3,540

million in investment planned up to the end of 2020.



Duratex's certifications

- FSC: forestry units in Rio Grande do Sul, São Paulo and Minas Gerais.
- ISO 9001: units in Uberaba, Itapetininga, Agudos, Botucatu and Taquari (Wood Division) and Metais São Paulo, Metais Jacareí, Metais Jundiaí, Louças Sul São Leopoldo (Deca Division).
- ISO 14001: the following units: Jundiaí-I, Jundiaí-II, Metais Planidil, Louças Sul São Leopoldo and Metais São Paulo (Deca Division); and the units in Itapetininga, Taquari, Uberaba and Agudos (Wood Division).

Intangible assets

In addition to innovations and the quest for continuous improvement in its operations, Duratex differentiates itself in its operational market by combining factors which directly contribute to the generation of value, and which are not accounted for in the Company's balance sheets. These attributes, present in Duratex's business since its foundation, are:

Brand names

The brand names Duratex, Durafloor, Deca and Hydra are recognized by the market and consumers alike as being synonymous with quality and reliability. The Company's logo, updated in 2012, underpins important characteristics for customers, such as proximity, flexibility, innovation and dynamism.

Innovation

Focusing on perpetuating its businesses and maintaining its market leadership, Duratex continually invests in the research and development of new products and solutions. In 2013, R\$ 22 million was spent in this area. A team of outstanding employees monitors new trends in the various segments in which the Company operates, proposing new technologies for the development of products that meet the demands and needs of the consumer.

One of the Company's initiatives designed to

encourage innovation is the Imagine program, launched in 2012, and which has already received more than 1100 suggestions – 585 in 2013 alone. The program has the objective of enabling Duratex to promote and spread a culture of innovation, creating multi-disciplinary relationships, networks and multiple skills (both internal and external).

Almost every employee is able to present ideas and participate in the Imagine program, which covers five main areas for the encouragement of innovation: products, processes, new businesses, organization and marketing. Only the members of the Commission for Innovation, the program's coordinators and the innovation managers are excluded from this process. Employees whose work is directly related to Research & Development and Innovation may not present ideas that are an inherent part of their core activity.

Quality

Duratex's product quality standard, a benchmark reference in the domestic market, is ensured by operational processes and practices adopted and the results of research in new product development. Also, it counts with a highly trained and qualified sales team, technical assistance with national coverage and service channels, such as Customer Service

R\$ 22
million
were directed for
innovation in 2013.

(SAC), which convey credibility and security to consumers (*read more on page 59*).

Technology

Duratex carries out a continuous process of technological improvement in its industrial processes, in order to combine increased productivity and a reduction in environmental impacts. The industrial park is equipped with the latest generation of machinery, software and hardware, as well as robotized processes. The Company also has a Business Continuity Plan, which has a system that replicates the database and stores it externally in a secure environment. The Company's IT infrastructure uses cutting-edge technology, based on the SAP platform.

Eco-efficiency

The environmental impacts of Duratex's production processes, in all its areas of operation, are monitored in a consistent and systemized manner, with a focus on reducing the use of natural resources and increasing efficiency. The wood used in the manufacture of panels and boards comes from forestry plantations. Management of the Company's forestry plantations has been certified by the FSC and carries ISO 14001 certification. In the industrial

plants, the Company invests in equipment and programs to reduce the consumption of water and energy, carrying out recycling, appropriately disposing of residues, and encouraging the use of renewable resources for the generation of power.

Geographical diversification and cost management

The strategic locations of Duratex's industrial plants enables the Company to serve the domestic market with a maximum of agility and quality. In the international market, Duratex is a shareholder of Tablemac, the largest company in Colombia's panel sector, thus providing it with a strategic presence to serve the Latin American market (*see more on page 29*).

Our people

The dedication of its employees is an important differential for Duratex. The Company encourages the training of its professional staff and the attraction and retention of talent through a staff management process that is both dynamic and integrated. Duratex has a structure which includes an Ombudsman Service for its employees, and provides all the important tools that are necessary for the development of its activities, such as a Code of Ethics and Conduct and other internal policies (*see more on page 84*).

Technological enhancement in industrial processes combine higher productivity and reducing environmental impacts.

Investments and expansion

Alert to opportunities in the market, and in a quest for organic and long-lasting growth, Duratex has allocated major investment to the expansion of its industrial park and the acquisition of companies in segments that are related to its existing activities. In 2013 a total of R\$ 601.5 million was invested in projects to expand production and shipping capacity, to keep pace with market growth over the next few years.

In its Wood Division, Duratex has completed a new plant for the manufacture of MDF panels in Itapetininga, in the state of São Paulo, and has finalized de-bottlenecking works at its MDP panel production unit in the town of Taquari (RS). In the Deca Division, investment was made in expanding production capacity at its units in Jundiaí (SP) and Queimados (RJ). The Company expects these expansion projects to be running at full capacity by the second half of 2016, directly improving the profitability of its businesses.

Also in 2013, Duratex began to plan the construction of a new plant in Fazenda Nova Monte Carmelo, in the state of Minas Gerais, where wood is already produced to supply other units. With investment of R\$ 1.3 billion and more than 1000 employees under contract during the most intense period of the works, the project will have two production lines, one for MDP and the other for MDF. Together these will amount to an effective capacity of 1.4 million m³/year and will expand the Company's total production capacity to 5.6 million



m³/year, an increase of 34%. These production lines will be assembled and mounted consecutively, which will mean a significant cost saving, and which are expected to come on stream in the second half of 2016 and 2017.

The Company has also acquired all the forests belonging to Caxuana S.A. (21,000 hectares of pine and eucalyptus), with the aim of controlling 100% of its raw material supplies and so ensuring a low cost of wood and freight for the new plant, as well as its existing panel manufacturing plant in Uberaba (MG). This investment will produce significant synergy savings and implies an immediate and permanent reduction in freight costs for the supply

The new plant in Uberaba will bring significant synergies.

of the plant at Uberaba, which represents 25% of Duratex's current overall production capacity.

The new facilities are to be built outside conservation areas, in locations where pine and eucalyptus trees have been cultivated for more than 30 years, and will contribute to the social and economic development of five municipalities in the so-called Mineiro Triangle – Araguari, Estrela do Sul, Indianópolis, Nova Ponte and Romaria. In addition to this, the development of this new undertaking will be a milestone for Duratex, seeing that the project has involved the evaluation of social and environmental aspects, while also employing its best practices for the generation of value for shareholders, suppliers, clients, employees and surrounding communities.

Each having the capacity to produce 700,000 m³/year, these new production lines will be the largest continuous production lines in the world, each one providing 450 jobs. The manufacturing plant will occupy an area of 350,000 m² and its construction takes into account aspects such as solar water heating, natural illumination of administrative environments, the storage of rainwater, and the use of water from the showers and basins in the changing rooms for the watering of the gardens. Reduction in the use of water and its reuse in the industrial process will permit a saving of up to 50% of consumption. The plant's energy matrix will consist of renewable natural resources, such as biomass (100% of thermal energy). Eco-efficient new technologies will also be used for the reuse of material, generating less residue, reducing emis-

sions and reducing the consumption of electricity, as well as resin consumption.

Duratex's farms in the region of the so-called Mineiro Triangle will amount to a total of 107K hectares, of which 74K consist of eucalyptus and pine plantations, following the acquisition of the Caxuana forests. The average logging distance of 35 km

from the forest to the industrial plant establishes a new global benchmark: today the lowest logging distance is 45 km, the benchmark which applies to Duratex's wood panel and laminated flooring plant in Agudos (SP), where the Company operates the world's largest MDF production line (with a length of 77 meters and a width of 2.7 meters).

Principal investments

- **Queimados Unit (RJ)** this plant can produce over 2.4 million vitreous chinaware pieces a year, which represents a 25% increase to current installed capacity. This additional capacity is due to come on stream during 2014 and 2015.
- **Metais Planidil Unit, in Jundiaí (SP)** the annual production capacity of this plant has been increased from 17 million to 18.2 million metal bathroom fitting pieces a year.
- **Itapetinga Unit(SP)** at its new MDF panel unit, Duratex will have an effective production capacity of 520K m³ a year.
- **Taquari Unit(RS)** the de-bottlenecking of MDP panel production has added a further 230K m³ a year in installed capacity, bringing the plant's production capacity up to 670K m³ a year.

In the international market, Duratex continues to be attentive to growth opportunities through the acquisition of companies with operations that relate to the furniture and building segments. For this reason, the Company carried out a public offering to acquire a further stake of up to 15% of the paid-up capital of Tablemac, Colombia's leading manufacturer of industrialized wood panels. During the offer process, a quantity of shares was offered equivalent to 43.62% of the capital and therefore a larger quantity than the minimum amount that the Company had originally wished to acquire. In keeping with its long-term strategy for that country, Duratex decided to acquire all the shares offered, which represented an investment of approximately R\$ 152 million. As a consequence, Duratex's equity stake in Duratex ended up at 80.62% of the paid-up capital.

In Brazil, the acquisition of Thermosystem, a manufacturer of electronic showers and solar heating systems located in the town of Tubarão (Santa Catarina [SC]), was concluded at the beginning of 2013, with the signing of a contract for all the paid-up capital in that company. The value of this transaction amounted to R\$ 56.4 million, which will be paid in installments up to 2016.

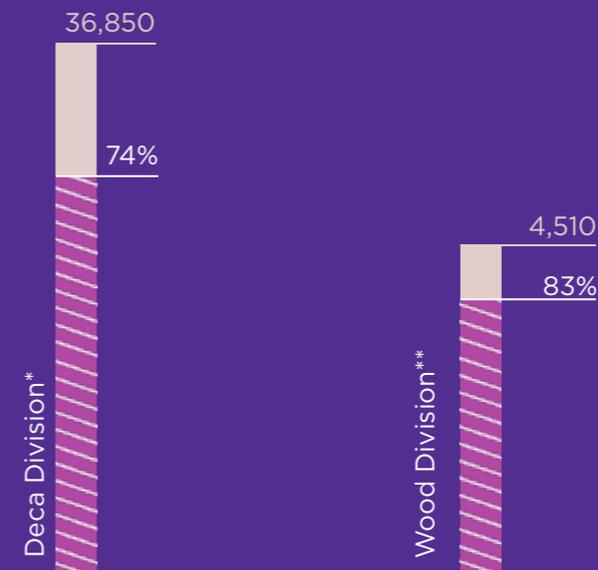
Duratex also announced the discontinuation of its subsidiary Deca Piazza's operations in Argentina due to the difficulties of reaching expected levels of profitability for the company in that country. The Argentinian market continues to be served by Duratex's sales structure here in Brazil.



R\$ 601.5
million was invested
in 2013 alone.

Annual installed capacity
(in '000 pieces)*

- EFFECTIVE CAPACITY
- ▨ UTILIZATION RATE



**Includes capacity of the unit in Colombia. In '000 m³.

Corporate governance

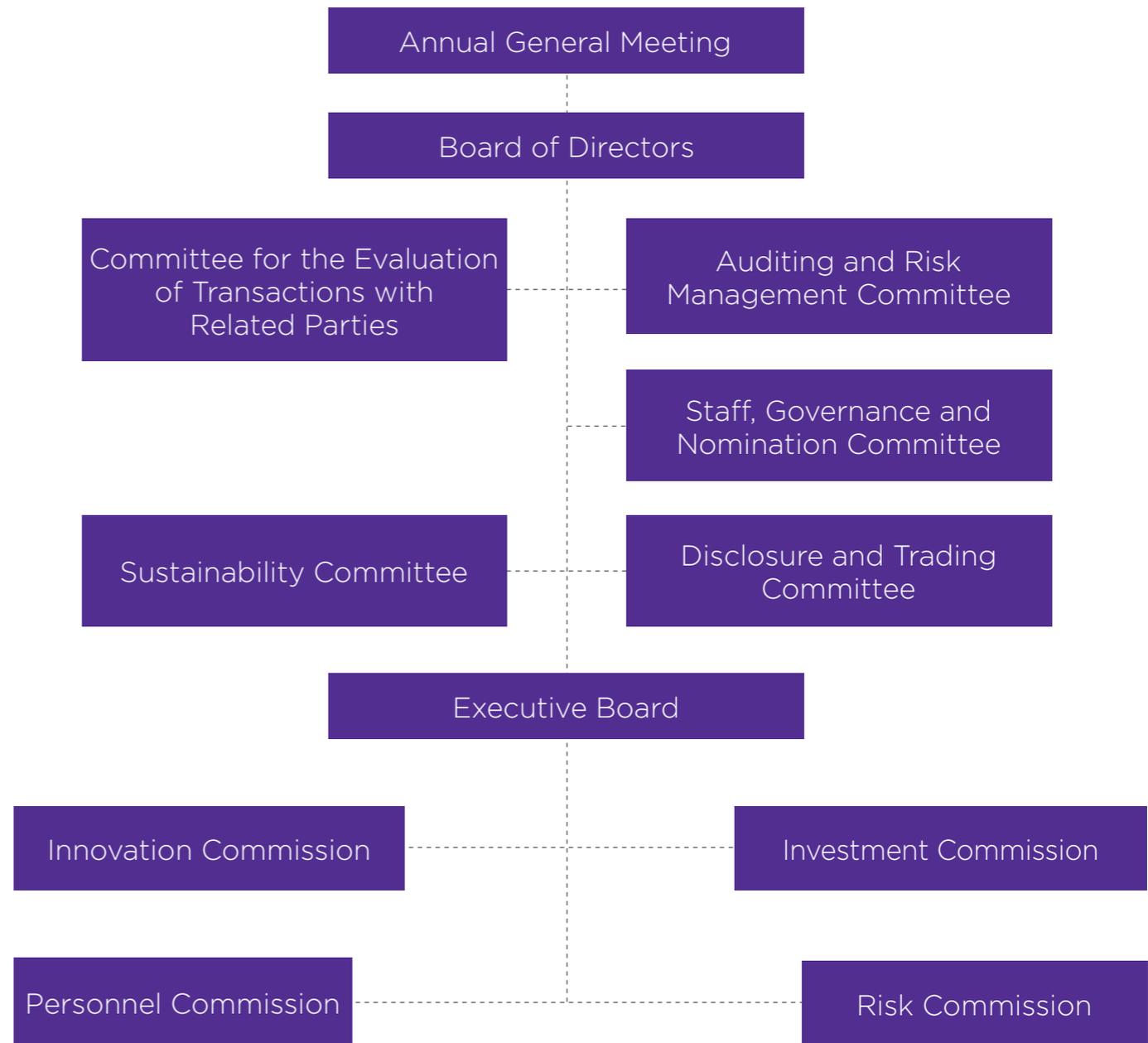
These practices have the objective of generating wealth, satisfying customers and maintaining ethical and transparent relationships with stakeholders.

Since its founding, Duratex has adopted the best corporate governance practices and directives, with the objective of ensuring the perpetual and consistent generation of wealth, customer satisfaction, and ethical and transparent relationships with employees, society and other groups, as well as achieving sustainable growth. Duratex, which came into being as a public listed company, was able in 2003 to put into practice all those values and principles that serve to guide its management, in the implementation of the succession process for its CEO, appointing to the post an executive who already worked at the Company (*see more on page 34*).

Management at Duratex is continually improved in accordance with the expectations and demands of the shareholders, and this is carried out by various bodies, committees and commissions, all governed by clear regulations and accessible to all interested parties. In addition to this, a variety of policies and standards are adopted internally – such as the Environmental Policy and Risk Management Policy – with the aim of providing guidelines for employees in their activities.

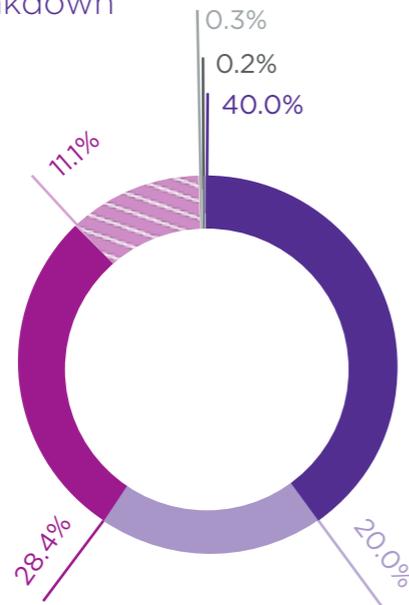


Governance structure G4-34



Listed on the Novo Mercado, the segment of BM&FBovespa which brings together companies with the highest level of corporate governance, the shares of Duratex are all ordinary – which is to say that they carry voting rights at the Annual General Meeting (AGM). At the AGM, held once a year, among other things, the shareholders elect the members of the Board of Directors and deal with questions related to the remuneration of these members. The shareholders may also convene Extraordinary General Meetings (EGMs) whenever they deem necessary.

Shareholder breakdown*
(%)



- ITAÚSA
- OTHER LOCAL INVESTORS
- LIGNA
- PENSION FUNDS
- FOREIGN INVESTORS
- TREASURY

Obs.: total shares issued: 605,059,489. Shares held in treasury: 1,405,054.
*Main shareholders as at 12/31/2013.



Duratex forms part of the DJSI and ISE indices

For the second year running, Duratex was selected to form part of the DJSI portfolio. This is part of the New York Stock Exchange, and one of the world’s most rigorous indices, which evaluates the economic and socio-environmental performance of listed companies. Duratex was classified in the industrial materials group under the sector for Paper & Forestry Products. In all, 81 companies were selected for this index portfolio, only 17 of which are Brazilian.

Duratex has also been included, since 2008, in the ISE, part of BM&FBovespa. Duratex is one of 51 companies listed under this index, which are evaluated for the application of sustainability concepts in the management of their businesses.



Board of Directors

Duratex's highest governing body, the Board of Directors, consists of ten members, three (30%) of which are independent. Meetings are held at least six times a year in order to define the Company's strategy, approve investment plans and assess the performance of the business, in addition to discussing other management matters. In all, 13 meetings were held in 2013, with an average presence of more than 97% of the directors. Themes related to the Company's long-term strategy took up approximately 38% of the time at these meetings. Members of the Board of Directors have a mandate that is valid for one year, and may be re-elected at the AGM. **G4-38**

The way in which the Board of Directors operates is defined by its internal regulations, accessible on Duratex's website. The performance of this body is assessed formally once a year, in accordance with processes and criteria previously established by the Staff, Governance and Nomination Committee, considering economic, social and environmental aspects. **G4-44**

The Chairman of the Board of Directors, as with the other members, does not have an executive post within the Company, thus ensuring the independence of the Executive Board for the carrying out of the activities necessary for the development of the businesses. Duratex's Executive Board consists of 11 executives elected by the Board of Directors for a mandate of one year, and is responsible for the implementation of action plans and investment programs, which must be in alignment with the Company's strategy.

In 2013, members of the Board of Directors held 11 meetings, with a presence index greater than 97%.





Members of the Board of Directors

G4-39

Salo Davi Seibel	Chairman
Alfredo Egydio Arruda Villela Filho	Vice-president
Ricardo Egydio Setubal	Vice-president
Álvaro Antonio Cardoso de Souza	Independent member
Fabio Schvartsman	Independent member
Francisco Amaury Olsen	Independent member
Helio Seibel	Board member
Henri Penchas	Board member
Paulo Setubal Neto	Board member
Rodolfo Villela Marino	Board member
Andrea Laserna Seibel	Alternate member
Olavo Egydio Setubal Júnior	Alternate member
Ricardo Villela Marino	Alternate member

Members of the Executive Board

G4-39

Antonio Joaquim de Oliveira	Chief Executive Officer
Flávio Marassi Donatelli	Financial and Investor Relations Director and Director of Corporate Services
Maria Julieta Pinto Rodrigues	Human Resources Director
Raul Penteado de Oliveira Neto	Vice-President of the Deca Division
Flávio Dias Soares	Director of Development and Marketing –Deca Division
Marco Antonio Milleo	Industrial Director – Deca Division
Roney Rotenberg	Commercial Director – Deca Division
Renato Aguiar Coelho	Vice-President – Wood Division
Alexandre Coelho Neto do Nascimento	Commercial Director – Wood Division
José Ricardo Paraíso Ferraz	Forestry Director
Paulo Cesar Maróstica	Director of Engineering and Development



An ethical and transparent succession process for the presidency

After a process carried out over a period of 18 months, with various phases of evaluation, on March 21, 2013 Duratex announced to the market that it had chosen forestry engineer Antonio Joaquim de Oliveira to be the Company's new CEO. Having over 27 years of experience within the organization, this executive replaced Henri Penchas, who stepped down after having reached the age limit of 65 years.

Since the beginning of this process, new leaders of the Wood and Deca Divisions were nominated and instructed to carry out special tasks, with a focus on developing the Company's strategic plan. The last stage of the executive assessment process, for example, consisted of the drawing up of an action plan for the next few years, based on clear directives established by the shareholders. **G4-40**

In addition to carrying out a succession process unprecedented in the Company's history, Duratex has managed to establish direct connections between its career management policies and the professional development of its employees at the highest levels of its organizational structure. Due to the transparency that has been adopted, another candidate for a particular post in the management body can be retained without causing any disruption in the business structure.

The decision to promote an internal employee to the leadership position and the ethical and transparent manner in which these succession process was conducted have been recognized by the market, receiving a special mention in publications such as *Anuário Época Negócios 360º*, published by Editora Globo.

The market recognized way the succession process was conducted, which was marked by ethics and transparency.

Committees and commissions

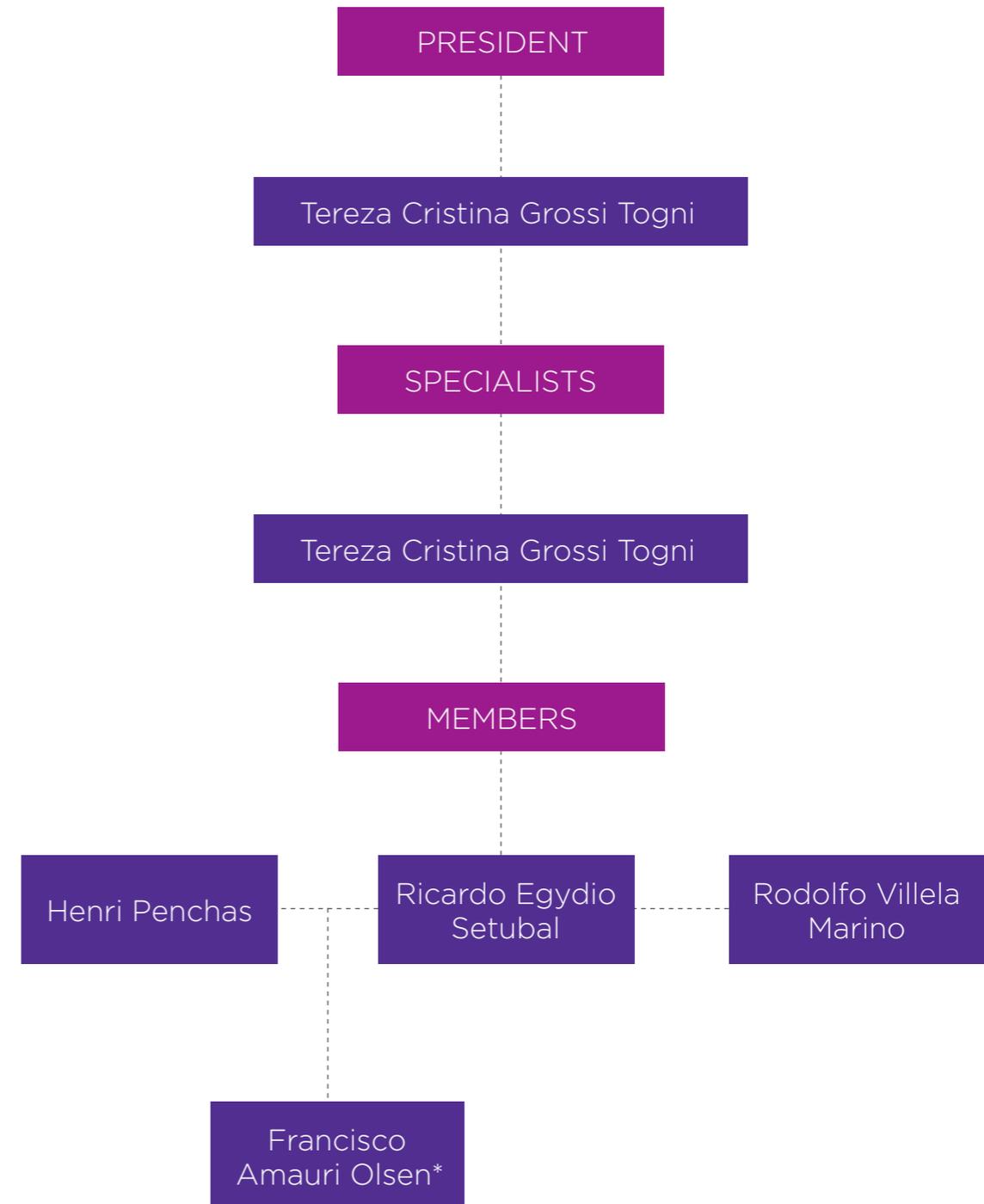
Duratex also has a number of committees and commissions, that are very active, whose objective is to assist the Board of Directors and the Executive Board, respectively, in the management and decision-making processes.

G4-35; G4-36; G4-42; G4-43

The committees established within the Company to provide support for the Board of Directors are:

The Auditing and Risk Management Committee: this committee is responsible for the supervision of internal controls and the management of risks inherent in the activities of the Company and its subsidiaries, as well as supervising the work carried out by the internal and external auditors. It also assesses the quality and integrity of the financial statements.

This committee also has a direct communication channel (comite.auditoria@duratex.com.br) for receiving any denouncements of possible failures to comply with legal or regulatory requirements, any cases of fraud or any errors in internal controls, accounting or auditing activities. The procedure adopted using this communication channel is described in the Policy for Receiving and Dealing with Denouncements and the Combating of Illicit Acts, which can be accessed on Duratex’s website. **G4-49; G4-58**



**Independent member of the Board of Directors.*

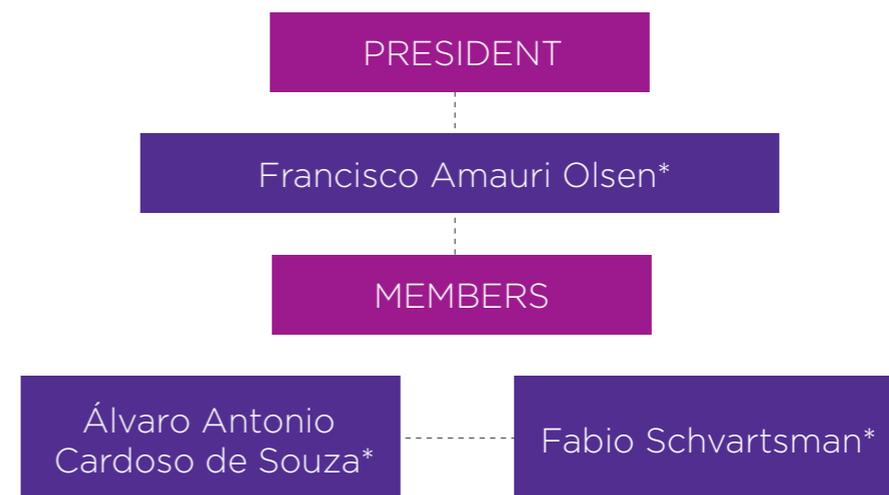
Staff, Governance and Nomination Committee: among other activities, this committee analyzes and approves the Company's corporate governance structure, the succession process for its managers and the policy for the remuneration and development of its employees. It ensures that policies and plans exist and are maintained, so resulting in a cohesive, competent, high-performance workforce.

Committee for the Evaluation of Transactions with Related Parties: this committee ensures that transactions with related parties are carried out, taking into account Duratex's interests and observing conditions that are strictly in line with market prices, traded in an independent manner, through a transparent and ethical process, in compliance with the legislation in force.

Staff, Governance and Nomination Committee



Committee for the Evaluation of Transactions with Related Parties

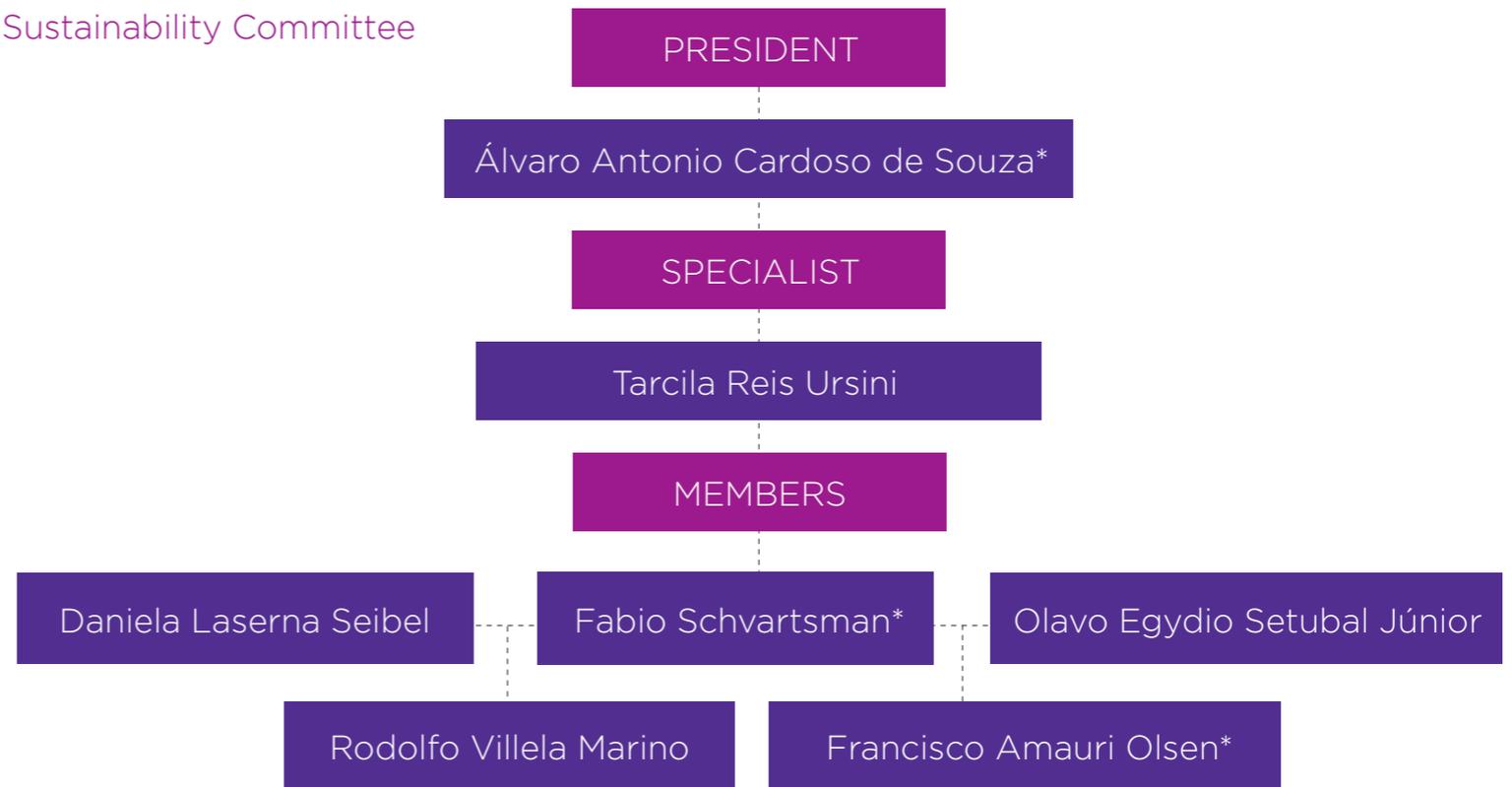


*Independent Member of the Board of Directors.

Sustainability Committee: in 2013 this committee played an active role in the definition of the strategic positioning of sustainability in the business units to be covered by Platform 2016; in the definition of consequent priority themes; in the adjustment of the organizational structure of the area; in the definition of performance metrics; and in the incorporation of sustainability in a cross-cutting manner into the various areas of the Company's businesses (see more on page. 53).

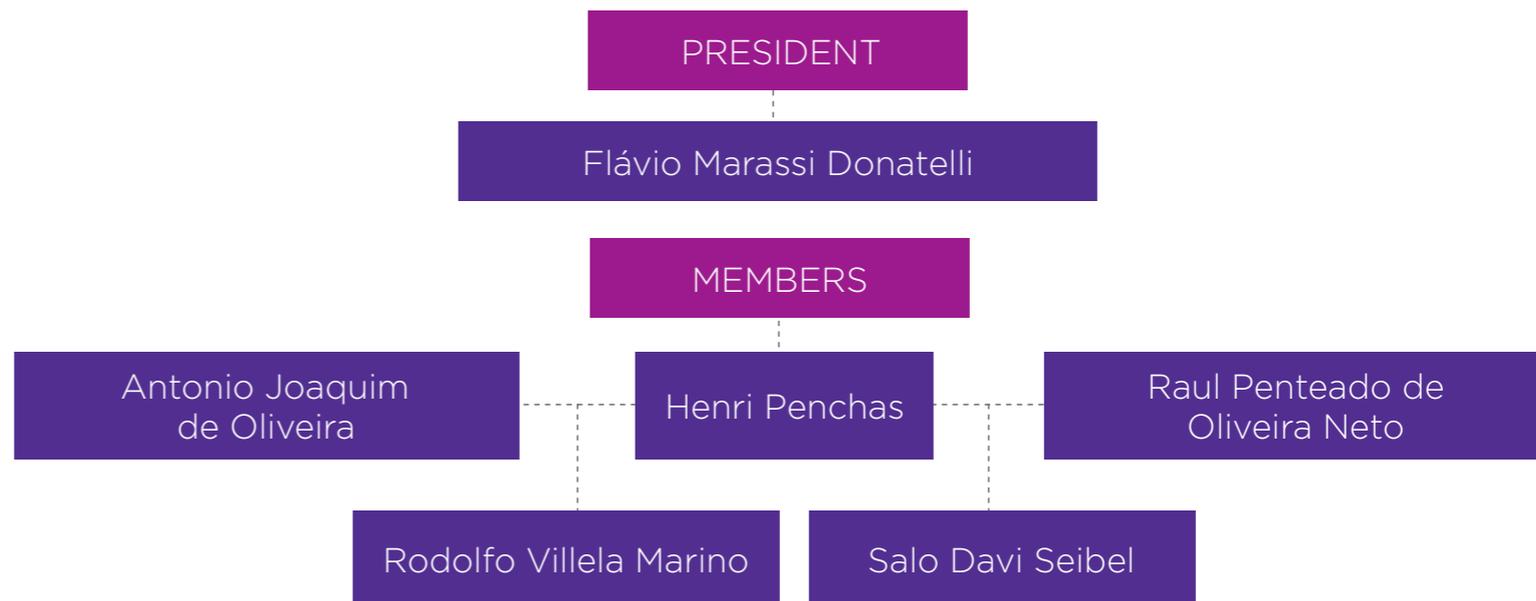
Trading and Disclosure Committee: this committee analyzes and discusses facts and events material to the Company to be published in the market, monitors the trading of its securities, and ensures compliance with the Policy for Trading and Disclosure.

Sustainability Committee



*Independent Member of the Board of Directors.

Trading and Disclosure Committee



In 2013, the importance of the committees was strengthened to enable them to operate in a more decisive manner in the management of the Company. The Sustainability Committee, for example, became involved in all discussions relating to new projects and investment plans. The Staff, Governance and Nomination Committee was fundamental in the carrying out of the succession process for the new CEO. The Auditing and Risk Management Committee, in turn, played an important role in reviewing Duratex's risk map. The Committee for the Evaluation of Transactions with Related Parties ensures independence in the analysis of this type of transaction. **G4-38; G4-40**

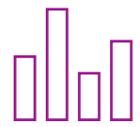
The commissions that exist at the Company to provide support for the Executive Board are:

- **Executive Commission** analyzes and discusses all strategic and operational aspects of Duratex, defining general directives.
- **Commission for Innovation** aims to ensure growth, competitiveness and profitability through product differentiation within the Company.
- **Commission for Investment** analyzes Duratex's competition and competitiveness, in addition to monitoring and approving investments in fixed assets.

- **Commission for Personnel** proposes and monitors the implementation of staff management policies and practices aimed at recruiting, developing and retaining talent, practices leading Duratex to be recognized as one of the best companies to work for.
- **Commission for Risk** evaluates and monitors the risks involved in the Company's operations and recommends appropriate policies to management.

The committees, with its intensified importance, acted more effectively in the conduct of the management of Duratex.



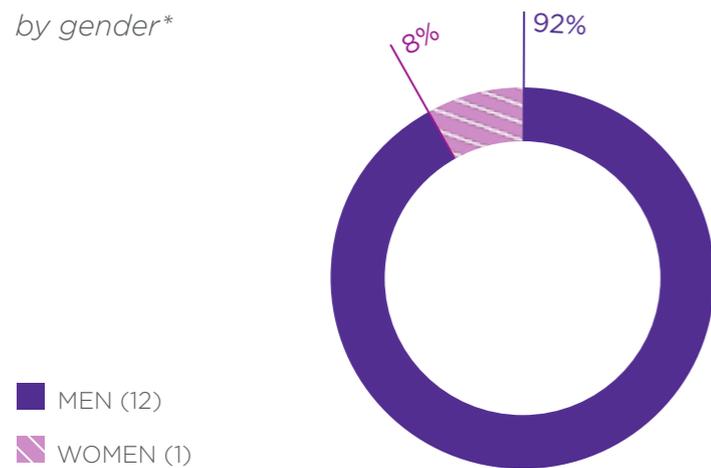


Make-up of the groups responsible for governance

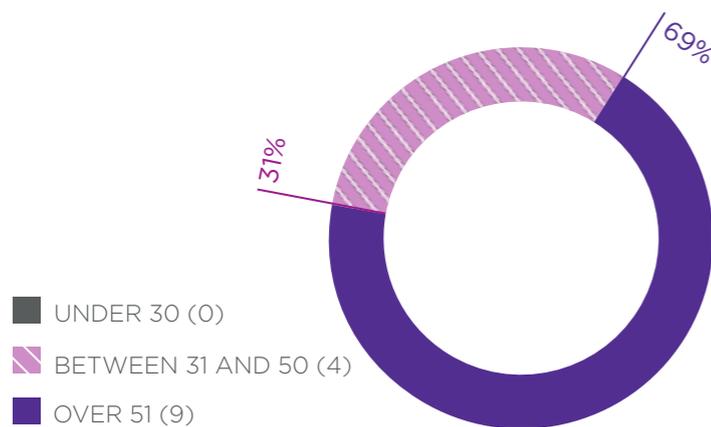
G4-LA12

Board of Directors

by gender*



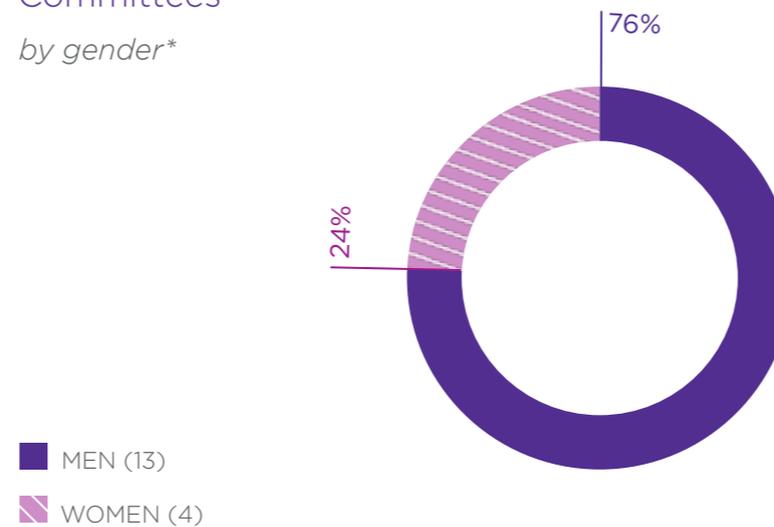
by age bracket



*Full-time and alternates: 13.

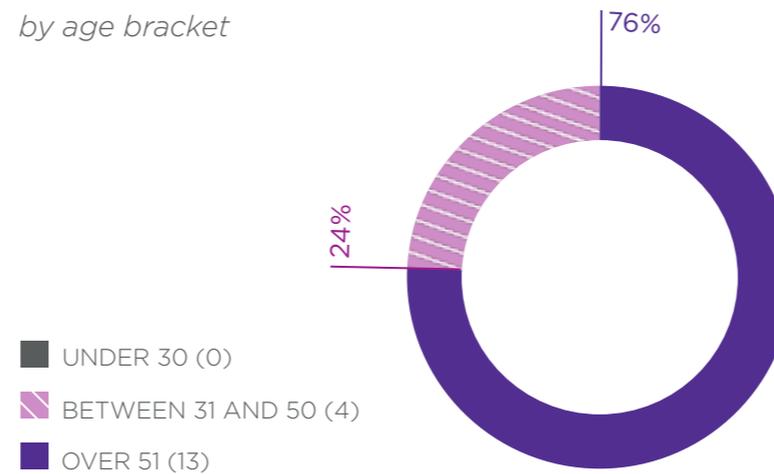
Committees*

by gender*



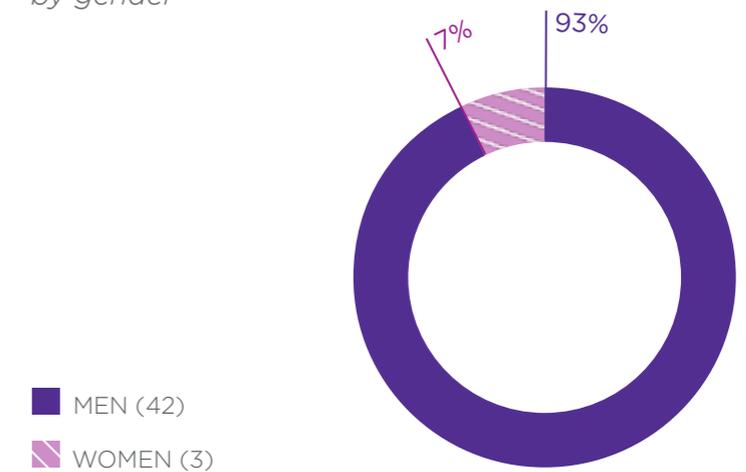
*Members: 17 (Counselors, 10; Specialists, 3; Directors, 3; Others, 1).

by age bracket



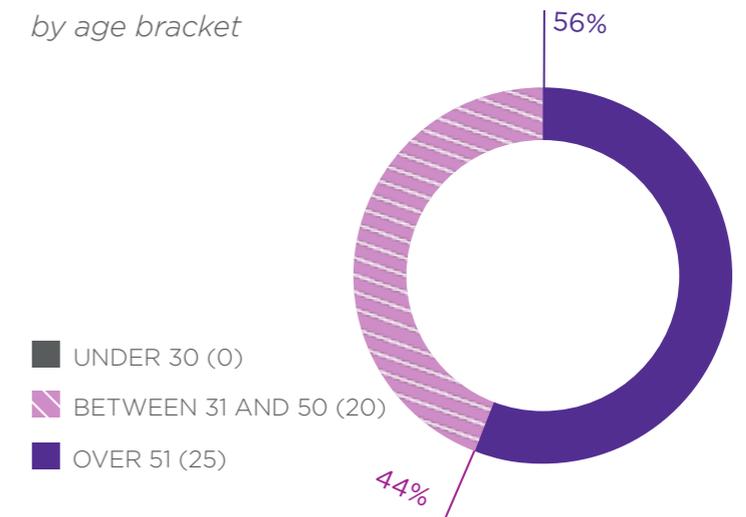
Commissions

by gender*



*Members: 45 people.

by age bracket



Code of Ethics and Conduct

Duratex places great importance on ethical behavior, transparency and respect in its relationships with all its audiences. These values are expressed in its Code of Ethics and Conduct, which provides operational guidelines for employees and management members in the carrying out of their duties for the Company, and acts as a reference for personal conduct. This Code provides a set of guidelines as to how to proceed in accordance with the Company's values and principles. **G4-41; G4-56**

To this end, the document specifies:

- Duratex's commitments to society, in particular its employees, clients, consumers and suppliers;
- The standards of conduct expected by employees in the exercising of their personal and professional responsibilities.

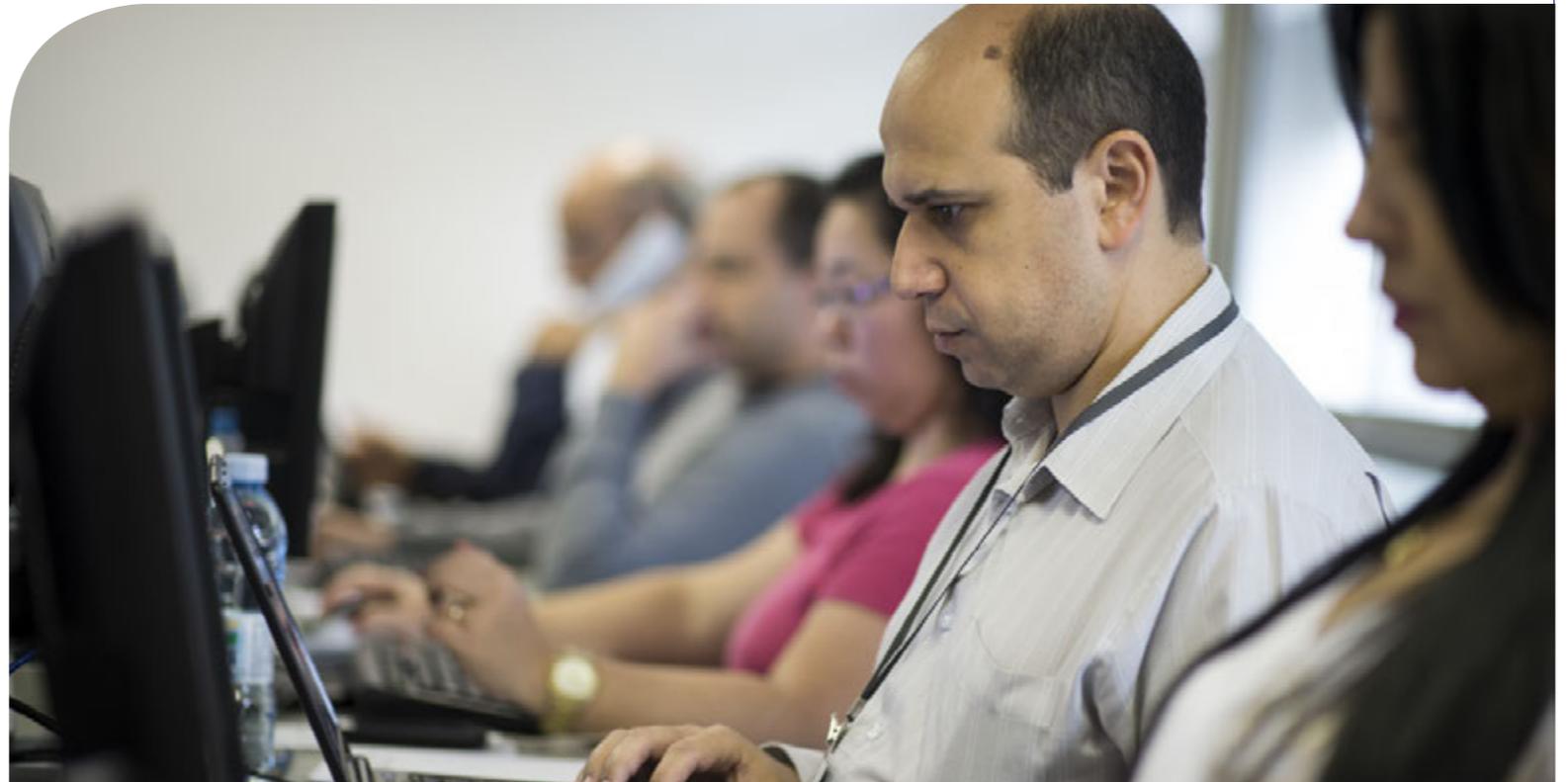
In 2013, the document – which covers themes such as corporate citizenship, values and solutions for cases of conflict of interest – was updated and given a new graphic format that was distributed to all employees. **G4-56**

The Code also deals with Duratex's policies and actions in order to guarantee respect for human rights in its operations and throughout the production chain. The Company, as a signatory of the Global Compact since 2008 (a United Nations initiative to encourage the corporate sector to adopt good socio-environmental practices), monitors the fulfillment of these issues in 100% of its operations, and provides training for all new

employees in this respect when joining the Company. **G4-HR2; G4-HR9**

Any doubts with respect to interpretation not covered by the Code must be referred to the Ombudsman Department, while situations involving potential conflicts of interest must also be communicated to this body. In 2013, after the publication of the new version of the Code, the Ombudsman Service conducted five consultations, which covered themes such as the communication of potential conflicts of interest involving employees, clarification of queries and requests for guidance. The employees concerned were given the appropriate guidance, and any instances of deviance from the Code were corrected. **G4-57**

100%
of the operations
are monitored to
ensure respect for
human rights.



The risk map was revised by the Company in 2013.

Risk management

Duratex's risk management is carried out based on a policy of identifying, monitoring and prioritizing the principal risks to the Company's businesses. The risk map, drawn up in 2011, was revised in 2013 as part of a continual improvement process. The monitoring of risk management is carried out by the Auditing and Risk Management Committee, which answers directly to the Board of Directors.

G4-45; G4-46; G4-47

Each risk is continually assessed in terms of possible occurrence and the financial impact on the businesses. If necessary, Duratex clearly and objectively communicates the results of the various steps of the risk management process to all interested parties, thus contributing to the understanding of the current situation and the efficiency of its action plans. **G4-14**

Among the main market risks against which the Company strives to protect itself are:

- **Exchange rate risk:** exchange rate risk refers to a possible reduction in the value of the Company's assets, or a possible increase in its liabilities, as a consequence of currency variation. Under this policy, the Company periodically monitors the net exposure of its assets and liabilities to foreign currency (natural hedge) and takes out hedging contracts to protect itself against additional exposure.

- **Credit risk:** the Company's sales policy is directly associated with the level of credit risk that it wishes to subject itself to in the running of its businesses. Diversification of its receivables portfolio and selection of its customers, as well as the monitoring of sales financing periods and individual credit limits, are all procedures adopted to minimize bad debts and losses.

- **Environmental risk:** the facilities and operations of the Company, as well as its forestry base, are subject to federal, state and municipal laws, as well as the regulations and authorizations required with respect to environmental issues and the health of the population. These activities are constantly inspected by government environmental protection bodies, and for this reason Duratex fulfills all the requirements of the applicable environmental regulations. Below are mapped out the main risks and opportunities. **G4-2; G4-EC2**

Financial implications and other risks and opportunities arising from climate change G4-EC2

REGULATORY RISKS	DESCRIPTION	POTENTIAL IMPACT
Taxes	Charging of taxes on carbon emissions	Increase in operational costs
Air pollution limits	Trend of state regulations with respect to emission reduction targets, as already seen in São Paulo	Increase in operational costs
Environmental regulations	Requirement of greenhouse gas emission inventory for environmental licenses (currently, qualitative monitoring of the emissions is required)	Increase in operational costs
Obligatory report on emissions	Demand for reporting on carbon emissions	Increase in operational costs
International agreements	Trend: increase in emissions by Duratex as a result of new acquisitions or an increase in emission factors in the National Grid (SIN)	Impacts on production
PHYSICAL RISKS	DESCRIPTION	POTENTIAL IMPACT
Alterations to rainfall levels	Alteration to the rainfall cycle increases the risk of drought and diminishes forestry production	Reduction in production capacity
Alteration in average rainfall	The Brazilian energy matrix is composed, for the most part, of hydro-electric power – approximately 80%. As a consequence, the security of Brazil's energy supply depends on rainfall, and consequently on the amount of water available in the reservoirs	Reduction in production capacity
Modifications to rainfall	Lack of water for catchment and a decrease in raw materials	Reduction in production capacity
Modifications to rainfall	Increase in the number of forestry fires: reduction in forestry production	Reduction in production capacity
Other physical factors	Reduction in the amount of land available for plantation due to demand for agricultural areas, as a result of alteration in the rainfall pattern, which ends up causing droughts and flooding	Reduction in production capacity
Changes in natural resources	Decrease in inputs	Reduction in production capacity
Modifications to rainfall levels	Reduction in the supply of raw materials	Social impacts
OTHER RISKS	DESCRIPTION	POTENTIAL IMPACT
Changes in consumer behavior	Calculation of the carbon footprint during the life cycle of the product	Increase in cost of capital
Other risks	Management of the supply chain, taking into account environmental and social variables	Increase in operational costs
Socio-economic conditions	Increase in inflation and/or interest rates, reduction in incomes: reduction in product consumption	Reduction in demand for goods and services

REGULATORY OPPORTUNITIES	DESCRIPTION	POTENTIAL IMPACT
Capital markets and trade	Launching of a voluntary Brazilian carbon market	Investment opportunities Increase in other forms of revenue
	Carbon stock fixed in planted forests	
Various regulations	Development of technologies, processes, and competitive products and services	Growing demand for products and services
Regulation of renewable energy	Increase in consumption from renewable energy sources	Increase in available capital
OPPORTUNITIES - PHYSICAL	DESCRIPTION	POTENTIAL IMPACT
Changes to rainfall: drought and floods	In the event of extreme events occurring, the Company would be able to supply materials, such as reconstituted wood boards, vitreous chinaware and metal bathroom fittings, to help in the reconstruction of infrastructure or to replace less efficient products	Growing demand for products and services
Changes in natural resources	Reuse or recycling of materials	Increase in available capital
OTHER OPPORTUNITIES	DESCRIPTION	POTENTIAL IMPACT
Reputation	Increased transparency requirements to meet criteria of indices such as: ISE, GRI, Carbon Disclosure Project (CDP), Carbon Efficient Index (ICO2), etc.	Increase in share market value
Reputation	Pro-active stance by the Company with respect to strategic management of carbon emissions and agreements between companies in the same sector	Increase in the value of the Company's shares in the market/improvement in product image on the part of the consumer

Policy for internal controls

Duratex adopts a policy of internal controls, with the objective of instituting directives and procedures to ensure that the risks inherent in the Company's activities are identified and appropriately managed, in accordance with the following aspects:

- compliance with laws and applicable regulations;
- efficiency and efficacy of operations;
- consistency, timeliness and appropriate protection of information;
- safeguarding of assets.

Management of economic, social and environmental aspects

Duratex bases itself on a policy which defines its directives and management principles, continuous improvement and communication, in order to ensure the sustainability of its businesses, acting in a responsible manner with respect to the socio-environmental aspects that are inherent given the characteristics and scale of each of its units. **G4-44**



Combating corruption

Duratex carries out audits, whenever necessary, in all of its units, in order to identify and minimize risks related to the possible occurrence of corruption cases. Such risks can include financial losses, damage to the Company's image and regulatory penalties.

In 2012, the Ombudsman Department received seven complaints, four of them referring to corruption cases. All these communications were investigated – two by the Ombudsman Department itself, and two by the Internal Audit Unit. One of the denouncements investigated by the Ombudsman Department was proven and resulted in the dismissal of an employee and a review of existing processes. The other complaints were not proven. In 2013, seven complaints were received about possible corruption cases, of which two were investigated and were not proven, the others are under investigation. In all, the Ombudsman Service received a total of ten complaints last year. **G4-41; G4-49; G4-SO3**

Risks associated with corruption can include:

- financial losses;
- damage to the Company's image;
- regulatory penalties.

Occupational Health and Safety Policy

Duratex's Occupational Health and Safety Policy establishes the directives, scope and responsibilities of the Occupational Health and Safety Management System. This system is called Duraseg. It was developed in 2013, with the support of a multi-disciplinary team, involving different areas of the Company (*see more on page 88*).



Sector participation

Duratex actively participates in various forums and is represented in various institutions (*see list below*), which discuss matters and themes that are relevant to the Company's businesses. These opportunities for dialogue involve a variety of different sector associations and entities. **G4-16**

- Brazilian Foundry Association (Abifa)
- Brazilian Furniture Industry Association (Abimóvel)
- Brazilian Wood Panel Industry Association (Abipa)
- Brazilian Association for the High Resistance Laminated Flooring Industry (Abiplar)
- Brazilian Association of Planted Forestry Producers (Abraf)
- Brazilian Association of Listed Companies (Abrasca)
- Commercial Association of Uberaba (Aciu)
- Association of Forestry Companies from Rio Grande do Sul (Ageflor)
- National Power Consumer Association (Anace)
- National Association of Ceramics Manufacturers for Coverings, Vitreous Chinaware and Similar (Anfacer)
- Brazilian Association of Architectural Firms (Asbea)
- São Paulo State Center for Industry (Ciesp)
- Industry Federation of the State of São Paulo (Fiesp)
- Brazilian Institute of Financial Executives (Ibef)
- Institute for Forestry Research and Studies (Ipef)
- Leo Madeiras Institute
- Society for Forestry Investigations (SIF)

Duratex's Ombudsman Policy

The Company set up the Duratex Ombudsman Service in 2012, which is an additional channel for dialogue between the Company and its audiences. It receives and deals with suggestions, consultations, criticisms and praise received. It is the formal forum for the receipt of denouncements which may involve deviations from the Company's Values and Code of Ethics and Conduct. This body answers directly to the CEO and Chairman of the Board of Directors. The Ombudsman Department submits a report on a quarterly basis on the work it has carried out to the Staff, Governance and Nomination Committee, and makes a presentation on its activities to the Executive Board every six months.

The Ombudsman Service provides a rendering of its accounts on its operations on a half-yearly basis to the Auditing and Risk Management Committee, and whenever requested, to the Board of Directors. It also draws up a structure of indicators which enables the managers of the various areas to measure the performance of their activities and take part in the development process. **G4-49, G4-58**

The activities of the Ombudsman Service are confidential, and it accepts anonymous reports. Currently it provides a service to employees from all the business areas, as well as suppliers. Any reports received from audiences not yet served by the Ombudsman Service are sent in by the Company's formal existing

communication channels or dealt with internally by the areas responsible. Duratex's Ombudsman Policy is available for consultation on the Company's website under the heading "Ombudsman Policy", as well as through the Company intranet. **G4-49; G4-50**

Cases relating to deviations from ethical standards (possible cases of harassment and discrimination, among others) are investigated by the Ombudsman Service, with information being sent to the director of the area involved, and also reported to the CEO and the Chairman of the Board of Directors. Any cases involving managers are communicated to the CEO and the Chairman of the Board of Directors and the Chairman of the Staff, Governance and Nomination Committee. If proven, the cases are also passed on to the Chairman of the Auditing and Risk Management Committee. Depending on the nature of the subject matter, the Ombudsman Service may also employ the services of the Internal Audit Unit. **G4-50; G4-58**

In 2012 and 2013, the Ombudsman Service carried out an internal campaign at all the units of the Company, using a variety of communication vehicles, through which it published information on its communication channel, making employees aware of its existence and how to use it. In this way it ensured that all employees know about this communication channel, and when and how to access it. **G4-58**



Ombudsman Service communication channels

E-mail: ouvidoria@duratex.com.br

Internet: electronic form on the company website.

Electronic service

(voicemail): 0800 55 75 77

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

The Ombudsman Service also has communication channels available for:

Employees

Intranet: electronic form, on the Ombudsman Service link

Suggestion boxes: available at the Company's units

Suppliers

Supplier Portal

G4-57; G4-58

Performance of the businesses

New acquisitions and the efficiency of the Company's operations have resulted in an increase in net revenue and net earnings.

Duratex achieved significant results in 2013, despite facing a highly challenging business environment, characterized by rising interest rates, inflationary pressure, a very volatile exchange rate, and a high level of consumer debt. In this environment, the Company reported an increase of 14.8% in net sales, a 17.1% rise in adjusted EBITDA and a 23.3% increase in recurring net earnings. Contributing to this result was the focus on business profitability, the right decision taken earlier to expand the production capacity organically to meet perceived growing demand, and a number of acquisitions made in order to diversify the Company's portfolio, in addition to the adoption of measures to increase the efficiency of its operations.

Main indicators

(R\$ '000, except where otherwise indicated)

	2013	2012	2011	2010	2009
SHIPMENTS					
Wood (m ³)	2,668,228	2,635,084	2,268,822	2,312,177	1,499,191
Deca ('000 pieces)	27,983	25,772	25,505	21,639	19,800
RESULTS (R\$ '000)					
Net revenue	3,872,705	3,372,546	2,970,365	2,741,810	1,930,051
Domestic market	3,718,366	3,245,573	2,835,969	2,629,069	1,806,665
Export market	154,339	126,973	134,396	112,741	123,385
Recurring EBITDA	1,200,097	1,024,591	839,349	893,002	398,188
Recurring net earnings	561,638	455,489	374,860	467,247	181,087
Recurring earnings per share (R\$)*	0.88	0.84	0.68	0.85	0.47
Value added	2,155,494	1,841,928	1,694,756	1,571,236	1,023,504
PROFITABILITY					
Gross margin (%)	37.3	35.1	34.1	40.8	34.4
Recurring EBITDA margin (%)	31.0	30.4	26.9	31.0	25.6
Recurring net margin (%)	14.5	13.5	11.8	16.0	13.1
Return on net equity, recurring (ROE) (%)	13.3	11.8	9.8	13.3	10.5
INVESTMENTS					
Programs for education, training and development	3,078	1,826	956	1,378	1,140
Environment	45,048	27,679	26,680	17,574	10,588
Research and Development	22,048	19,118	19,322	23,341	22,580
Plan for the use of funds	601,476	832,214	635,846	459,564	426,964
Number of employees**	11,733	10,601	10,668	9,690	9,003

* Basic earnings per share are calculated by dividing the profits attributable to the Company shareholders by the average weighted quantity of ordinary shares in issue during the year, excluding ordinary shares held in treasury.

** Includes employees abroad and student trainees.

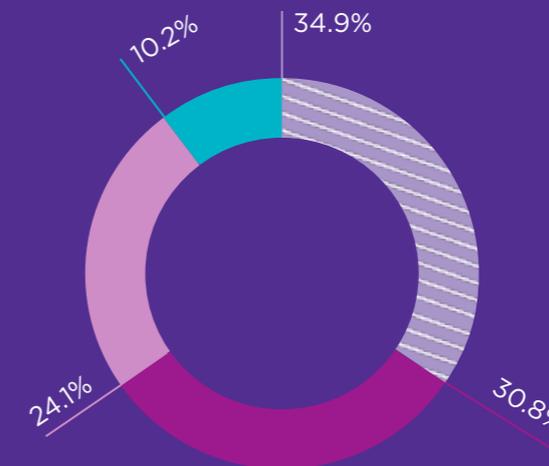
Comparative distribution of value added

Duratex's value added in 2013 amounted to a total of R\$ 2,155.5 million, up 17% on the previous year. Of this amount R\$ 752.5 million, equivalent to 15.1% of the revenues obtained and 34.9% of the total added value, was destined for federal, state and municipal governments in the form of taxes and contributions. **G4-EC1**



Distribution of value added in 2013 (%)

-  REMUNERATION TO GOVERNMENT
-  REMUNERATION FOR WORK
-  REMUNERATION TO SHAREHOLDERS
-  REMUNERATION FOR FINANCING



14.8%
increase in
net sales.

23.3%
increase in recurring
net earnings.

Significant financial assistance received from the government

Duratex's total indebtedness at the end of 2003 amounted to R\$ 2,450,841K. Two credit lines, in particular – Fundiest and Fundopem (fund for company operations) – involve a degree of financial assistance from the government, although not significant. Both these credit lines were obtained by the Company as a counterparty to investments carried out in the municipalities of Taquari (RS) and Uberaba (MG). These units are already contributing, and will continue to contribute, directly to the social and economic development of these regions, through the creation of direct and indirect jobs, as well as increased

levying of contributions and taxes at the municipal and state levels.

Fundiest, a credit line granted by the Minas Gerais Development Bank (BDMG), is in the process of being paid back. As at the end of December 2013, the balance owing amounted to R\$ 140,944K, to be paid back by the end of December 2020. The Fundopen credit line is still in the payout phase, and at the end of 2013 the balance owed amounted to R\$ 16,017K.

Therefore, these two types of government assistance amounted to total lending of R\$ 156,961K at the end of 2013, which represents 6.4% of the Company's total debt. In addition to this, Duratex receives other tax incentives (state and federal), as set out in the table below. In 2013, tax incentives amounted to approximately R\$ 13.1 million. **G4-EC4**

Other tax incentives

	DESCRIPTION OF INCENTIVE	UNIT TO WHICH INCENTIVE WAS GIVEN	OBSERVATION	PERIOD IN FORCE
Welfare contribution (INSS) on the sales	INSS welfare contribution calculated as 1% of sales (products listed under Law No. N2,546/11)	All the Metal Bathroom Fittings and Vitreous Chinaware Units of the Company, as well as the Wood Panel Unit at Taquari	Federal benefit	Dec./14
Industrial Development Support Fund (Fain)	Loans authorized to up to 60.6% of the project value	Louças Paraíba (PB)	Benefit granted by the state of Paraíba	Indeterminate
Development program of the state of Pernambuco (PE) (Prodepe)	Loans authorized to up to 75% of the project value	Louças Recife	Benefit granted by the state of Pernambuco	Mar./23
Northeast development superintendency (Sudene)	75% reduction in income tax	Paraíba and Recife	Subsidy for investment	Dec./18

Deca Division

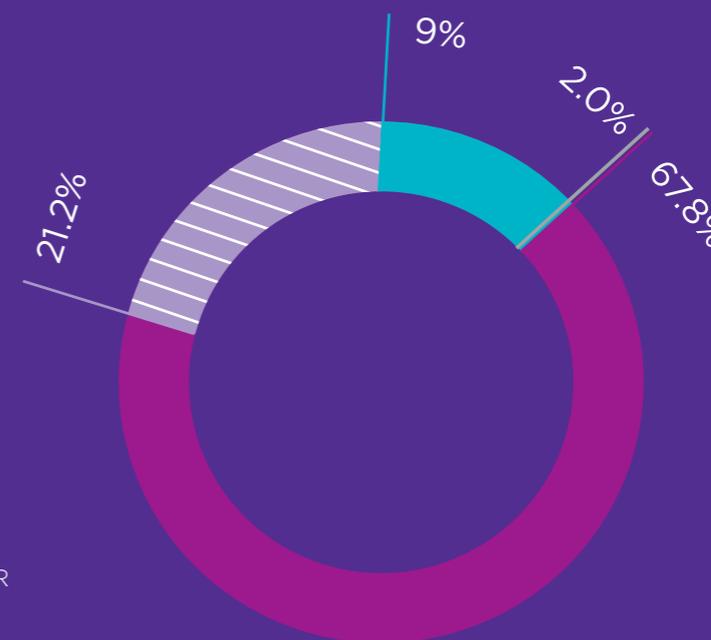
In 2013, the Deca Division substantially outperformed the rest of the market, as a result of its differentials, such as the strength of its brand name, its extensive distribution network, the diversity of its product lines, and the efficiency of its after-sales support network. Net revenue in this division increased by 18.2% compared to the previous year. The overall growth in the sector was 3%, as reported in a survey carried out by the Brazilian Construction Materials Industry Association (Abramat). The volumes shipped by the Deca Division in 2013 amounted to approximately 28,000 pieces, up 8.6% on the previous year.

This significant result is the consequence of the geographical diversification of the various plants, begun in 2008, seeking to achieve greater proximity to the consumer. In addition to this, the acquisition of the industrial companies Mipel (valves) and Thermosystem (electronic showers and solar heating panels) contributed to the increase in earnings. Last year, Duratex also concluded investment at its units in Jundiaí (SP) and Queimados (RJ) to increase the production capacity of metal bathroom fittings and vitreous chinaware. The results of this capacity expansion will be seen during the course of 2014 and 2015.

The performance of the Deca Division was also positively impacted by the discontinuation of the operations of Deca Piazza, in Argentina. As a result of the difficult macroeconomic conditions in that country, this subsidiary encountered difficulties in achieving expected profitability levels.



Divisão Deca – Sales breakdown in 2013 (%)



- RESALES/ HOME CENTER
- CONSTRUCTION FIRMS
- WHOLESALE
- OTHERS

28.0 million pieces, approximately, were shipped in 2013.

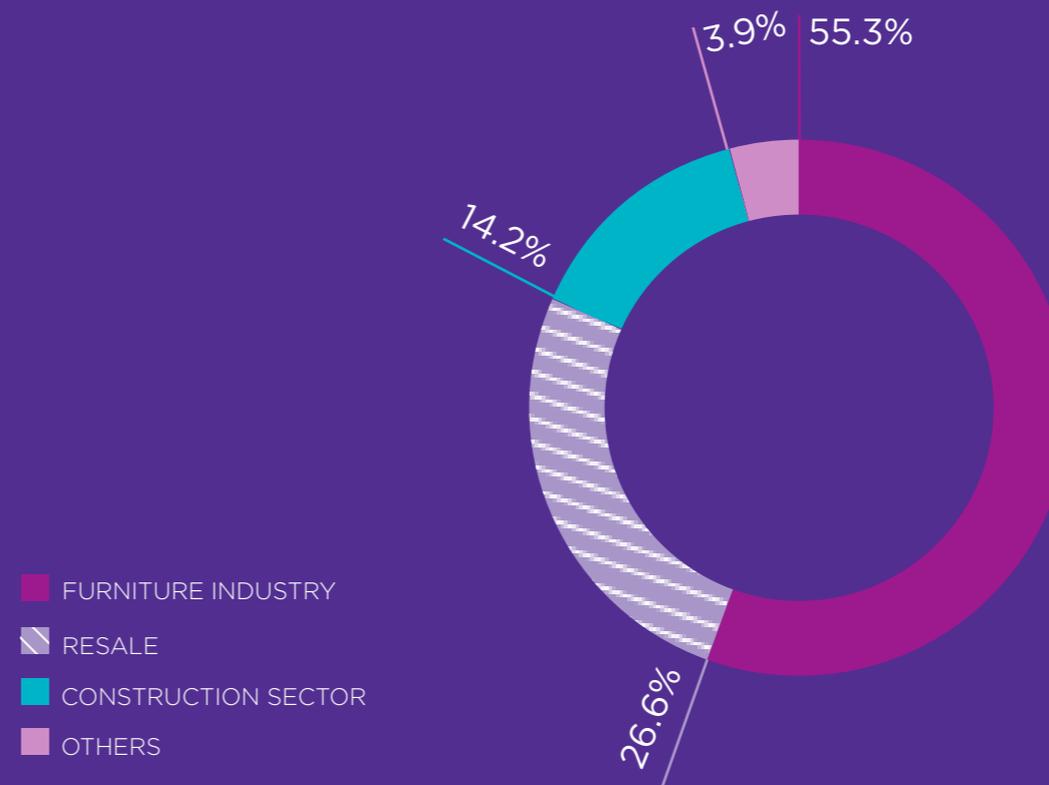
Wood Division

The Wood Division, after a successful strategy of price increases at the beginning of 2013, achieved an increase in operational margins. This compensated for the drop in shipment volume compared to the previous year, as a consequence of market conditions. Of particular note was the 6.4% increase in the sale of coated products, which have a higher added value and a better pricing base.

According to figures released by ABIPA, sales of wood panels in the Brazilian market – which represent approximately 95% of the Division’s sales – increased by approximately 5.6% last year. In this regard, the investments made in the inauguration of the new plant in Itapetinga (SP) and in expansion to capacity at the unit in Taquari (RS) are important in preparing the Company to meet growth in demand and maintain its market leadership. Another significant event in the period was the acquisition of 43.62% of the paid-up capital of Tablemac S.A., Colombia’s leading wood panel manufacturer, through a public offering. With this, Duratex ended up with a controlling equity stake of 80.62% of that company, thus reinforcing its internationalization strategy for Latin America.



Wood Division – Sales breakdown (%)



6.4%
increase in sales
of coated products.

Capital markets

Having a total of 605,059,489 shares in issue and 1,405,054 shares held in treasury, Duratex had a market capitalization of R\$ 7.9 billion, based on the closing share price at the end of 2013 of R\$ 13.15 per share. The liquidity of the Company's shares, which had an average daily trading volume of R\$ 16.7 million in 2013, contributed to keeping Duratex in the main Bovespa Index (Ibovespa).

Duratex also has a differentiated dividends distribution policy, paying out 30% of adjusted net earnings. Listed on the Novo Mercado section of BM&FBovespa, the Company adopts the best corporate governance practices, and since 2011 has adhered to the Abrasca Code for Self-Regulation and Good Practices for Listed Companies.

Last year, Duratex won the prize for Best Companies for Shareholders in 2013, awarded by Capital Aberto magazine in the category of companies with assets of between R\$ 5 billion and R\$ 15 billion. This ranking lists the 150 companies with the highest average daily trading volume on Bovespa, between April 2012 and March 2013.

Duratex's investors can communicate to the Company via the e-mail address investidores@duratex.com.br. In 2013, 182 meetings and conference calls were held with ca-

pital market specialists, in addition to one public meeting of Association of Capital Market Analysts and Professionals (Apimec) in São Paulo, which brought together approximately 112 investors.



The market value of Duratex was R\$ 7.9 billion by end of 2013, based on the price of shares at the end of the year: R\$ 13.15 per share.

Transparency and responsibility in the businesses
Environmental management and performance
Dialogue and relationships
Our people
Quality of relationships

PLATFORM 2016



The Board of Directors and the Executive Board have approved Platform 2016

Aligning all the aspects of the business

The establishment of this document represents a maturing in Duratex's strategic plan.

For Duratex, the commitment to sustainability is directly related to the perpetuity of its businesses. This objective will be achieved through the building of transparent dialogue, investment in innovation and the management of the impacts of the Company's processes, products and operations. In practice, this commitment translates into a more comprehensive way of thinking about the business, which takes into account: the use of socio-environmental and cultural criteria in decision-making, the establishment of dialogue with the Company's main audiences, and analysis of the whole, covering the short, medium and long term.

The establishment of Platform 2016, presented to specialists and other audiences in 2013, represents a maturing of Duratex's strategic sustainability plan. Platform 16 combines the concept, directives and initiatives that will be developed to guide the Company's agenda over the next few years.



The objectives of Platform 2016

- To define the focus and direction of Duratex's sustainability initiatives up to 2016
- To promote the integration of this theme in the Company's various departments
- To improve Duratex's relationships with its audiences
- To incorporate sustainability criteria into the Company's decision-making

Cycle of dialogue

The definition of the priority themes that form the basis of Platform 2016 involved consultation with both internal and external audiences, in a process supported by the Committee for Sustainability. Created in 2010, this committee answers directly to the Board of Directors and consists of board members, independent members, external specialists and representatives of the controlling shareholders.

The cycle of dialogue was begun in 2010, with the holding of the First Stakeholders' Meeting. In 2012, with the support of the committee, two discussion panels were set up – one to create a dialogue with employees and the other, with specialists – while interviews were carried out with top management to define strategic sustainability themes for the Company. In all, input was provided from 22 professionals from top management (17 executives and five members of the Board of Directors), 48 employees and 25 specialists.

After interaction with representatives of its audiences and analysis of opportunities, risks and impacts associated with its operations, Duratex has drawn up an operational strategy based on three key elements, which cover seven strategic themes (*see more on pages 58, 65, 81*).

In alignment with the strategic themes, a variety of actions will be implemented by 2016. Some of these initiatives, such as the develop-

Three key elements, seven themes



ment of a system for the management of suppliers, started last year. Approved by the Executive Board and the Sustainability Committee, Platform 16 was the subject of a public presentation at the Second Stakeholders' Discussion Panel, held in 2013, involving the participation of 17 outside consultants specializing in the Company's various business areas, as well as 19 representatives from Duratex.

Sustainability governance

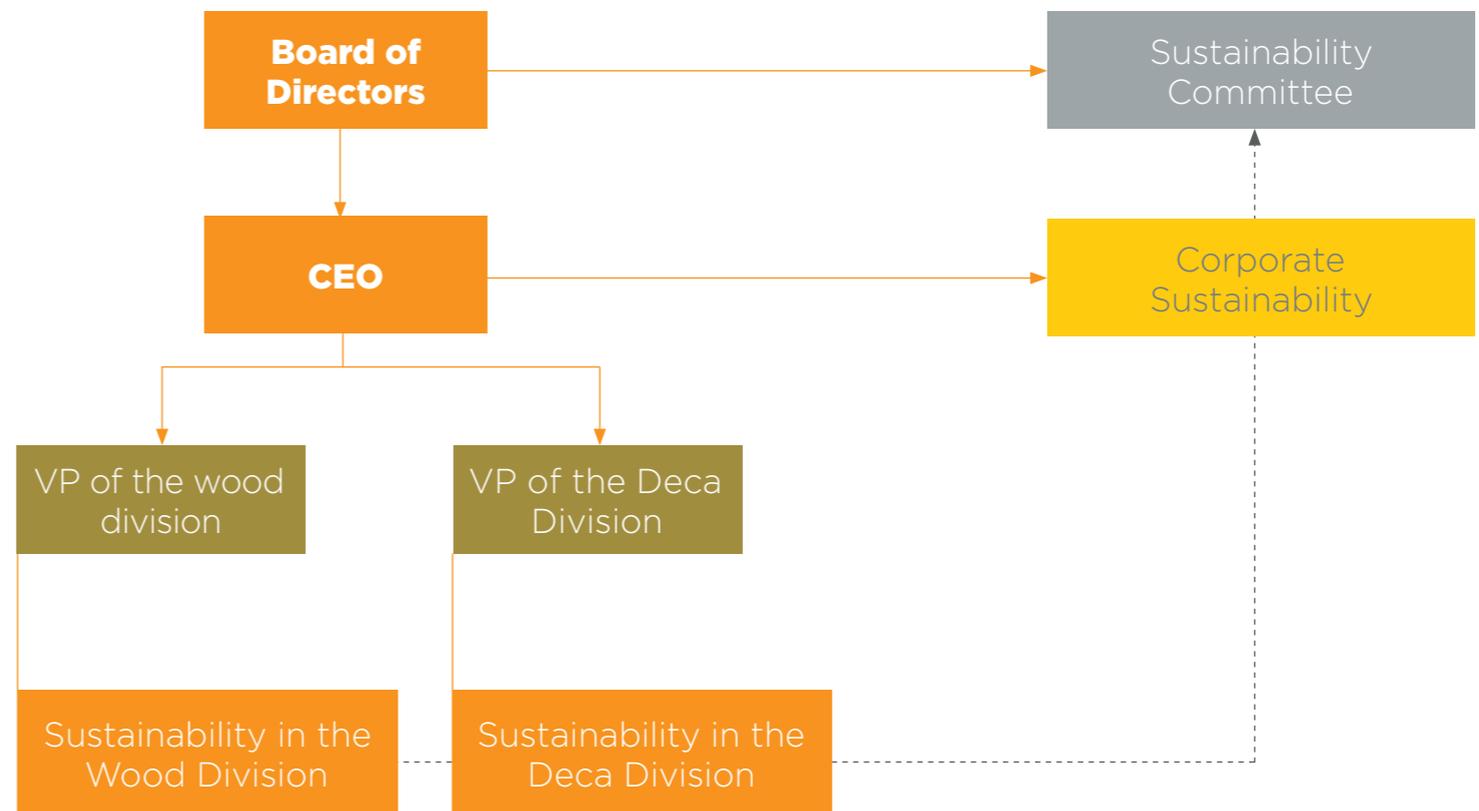
In 2013 Duratex also set up a new sustainability governance model, which aims to introduce this theme right across the board in all areas of the Company, and become part of the decision-making process. To this end, training and engagement programs have been set up, with a focus on employees at all hierarchical levels.

Internal directors from the various areas of the business were invited to participate at meetings of the Sustainability Committee. In 2013, the Committee invited 17 executives from five departments and different business units, many of them more than once, in addition to inviting well-known people from outside the business, who helped us to increase our knowledge and extend our initiatives, such as: Vania Borgerth, senior adviser on market transparency for the Brazilian Development Bank (BNDES); Prof Nelson Carvalho from the Faculty of Economics, Administration and Accounting at the University of São Paulo (FEA-USP); Andre Degenszajn, CEO of the Group of Institutions, Foundations and Private Enterprises (GIFE); Juliana Lopes, Director of the CDP for Latin America; and Marcos Kisil and Rachel Coimbra, president and director of the Institute for the Development of Social Investment (IDIS), respectively, among others.

Since 2013, the Company has had a Corporate Sustainability Management Department, which reports directly to the CEO – previously, this area had been allocated to the holding company

Itaúsa. This Management Department is responsible for the development of the integrated strategic plan and for the evaluation of opportunities for improvement at the Company, based on the analysis of external scenarios, materiality and market indicators. This area also coordinates engagement and dialogue initiatives, policies for social investment and community relationships. **G4-45**

At the Wood and Deca Divisions, two sustainability management departments were also created, which report to the Vice-presidents of each business unit, and which work in cooperation with the Corporate Sustainability Management Department. This structure has the aim of implementing strategies and programs at the operational units, as well as control mechanisms for sustainability initiatives. **G4-36; G4-37**





Integrated management in the new unit

The establishment of a new industrialized Wood Panel Unit at the Wood Division, in the so-called *Mineiro* Triangle region in the state of Minas Gerais, exemplifies the manner in which Duratex carries out sustainability management in its strategic processes.

A schedule was set up to provide guidelines for the adoption of the best environmental and social responsibility practices from the outset of the project.

In the social sphere, the plantation already has the Buriti Socio-Environmental Education Center (CESA), which provides presentations to the public on a variety of information with respect

to the sustainable management of forestry plantations. In 2013 alone, CESA received more than 600 visitors and the plan is to increase its level of activity in the community after the factory is inaugurated.

In the economic sphere, Duratex believes that the generation of value will be distributed among the Company, local suppliers, its clients (who will benefit from improved cost management) and the surrounding communities in the various municipalities. The Company's proposal is that the five municipalities impacted by the new unit (Araguari, Estrela do Sul, Indianópolis, Nova Ponte and Romaria) will share the benefits of the tax rebates generated by the project's tax structure.

The best environmental and social responsibility practices will be adopted in the installation of the new unit.

Transparency and responsibility in the businesses

Platform 2016 will expand the integration of environmental criteria in the management of the Company.

Integrated management

Tools permit greater transparency in the process of rendering accounts to stakeholders.

One of Duratex's objectives with the construction of Platform 2016 is to increase the integration of social and environmental criteria in its management, identifying risks for the businesses and opportunities to add value to its products. To this end, the Company adopts standards, models and international criteria, as well as certified management systems, to evaluate its performance. The standards and criteria used permit greater transparency in the rendering of accounts to employees, suppliers, consumers, clients, governments, regulatory bodies and society in general.

For seven years, Duratex has published its Annual and Sustainability Report in accordance with the directives of GRI, a multi-stake organization headquartered in the Netherlands, recognized internationally for the establishment of clear criteria which permit the assessment of economic, social and environmental performance of any organization adhering to the initiative. In 2013, in line with the principles of transparency and continual improvement in its management, the Company adhered to the G4 version of GRI, launched in May. The Company is also participating in discussions for the development of an integrated report model,

which will permit it to further align its business strategies with socio-environmental performance in the rendering of its accounts.

In addition to having good corporate governance practices, Duratex is listed on the ISE (part of BM&FBovespa) and the DJSI (part of the New York Stock Exchange). Both indices take into account the socio-environmental performance of listed companies (see more on page 31). The Company also includes targets linked to sustainability in the variable remuneration of its executives, measuring the results achieved on an annual basis.

Quality and impact of the Company's products

The products sold by the Wood Division and Deca Division are planned and manufactured to a high standard of excellence to meet client demands, so improving people's quality of life and contributing to the conservation of the environment. To this end, in 2013, R\$ 22million was spent on the research and development of solutions for the furniture and construction segments. From the outset, the Company's products have complied with the standards of the Brazilian Technical Standards Association (ABNT) and they undergo testing in the field and in the laboratory to safeguard the health and safety of consumers. After

launching, products undergo periodic analyses and performance evaluation, to identify areas for possible improvement. **G4-PR1**

The Deca Division, for example, has a line of products designed to save water, which includes over 150 items, such as sinks, urinals, discharge systems, showers and taps. The Wood Division manufactures panels and flooring with wood from planted forests established on its own land, leased land and land for which planting assistance is provided, granting the Company the right to the first crop of trees. Duratex's forestry management carries certification from the FSC. **G4-EN7**

Innovative technology of showers "Deca Balance" line enables you to save water.

Technology contributes to reducing water consumption

The Deca Balance line of showers has models with jets that produce from 6 to 12 liters of water per minute, saving water without sacrificing comfort, thanks to an innovative new technology that injects air into the water jet, providing a sensation of greater water volume despite a reduced flow volume.

G4-EN7





Resin: responsible use

In 2013, Duratex held its second meeting of specialists, with the objective of presenting the 2016 Sustainability Platform - the result of extensive dialogue work with strategic audiences. One of the results of these discussions was considered significant enough to cover in this report, namely aspects related to urea-formaldehyde resin, used in the production of reconstituted wood panels. This theme was extensively debated and clarification was provided to the public.

In the manufacture of reconstituted wood panels it is necessary to add a product in the production process which acts as a binding agent for the wood fibers and particles. This component, together with pressure and heat, provides a panel that is reconstituted in dimensions impossible to find in nature, offering furniture manufacturers and other processing industries products that are standardized in terms of width and length, allowing cutting with a minimum of waste, and a high level of efficiency and operational performance.

The addition of this resin is necessary, because the natural resin present in the fibers, lignin, is not suf-

ficient to reconstitute and stabilize the final product. This technology allows the processing of eucalyptus trees from areas that are 100% reforested, producing an end-product of standardized reconstituted wood boards that are durable and stable for use in various applications, such as doors, furniture, partitions, floors, etc.

The chemical substance formaldehyde used in the make-up of the resins is produced industrially by the catalytic oxidation of methanol deriving from natural gas, using the most modern technologies, under rigorous safety conditions.

Belonging to the family of Volatile Organic Compounds (VOCs), formaldehyde is found naturally in the atmosphere, being also produced by plants and the metabolism of humans and animals. This well-known chemical is used for a variety of purposes, and has been produced and used commercially for more than a century. It is widely used in the production of adhesives, medicines, cosmetics, disinfectants, vaccines and other applications.

More specifically in the case of the reconstituted wood panel industry, which uses formaldehyde-

Duratex uses technology that allows to process 100% of reforested eucalyptus.

based resin, the situation leads us to examine the following three basic groups involved:

- Workers at the reconstituted wood panel manufacturing plants, the resin production plants, and the formaldehyde production plants.
- Manufacturers of furniture and other industries that use these panels as a raw material, for the issuing of stock and processing.
- Consumers of the product, in other words furniture in general, partitions and other items, that give off formaldehyde vapor at different levels.

Researches

Duratex has researched this question for more than 30 years through its own experiments and the work carried out by international organizations, and up to the present time has not found any evidence that this resin, in the manner and quantity used in its panels, is potentially prejudicial to human health.

There are indeed ongoing discussions on this question, as well as requests for the revision of risk classification, among the various international bodies and institutions.

Independently of the questions described above, and bearing in mind that resin accounts for a significant percentage of costs in the production process, Duratex has been monitoring and investing in a

consistent and permanent manner in manufacturing technology, to improve techniques for reducing the use of formaldehyde and its residual vapor emission.

In the last few years, we have invested in the development of applications in the various processes, using, among other things, international expertise for research on resins, materials and alternative processes as applied to panel production. From 2008 up to the present time, approximately R\$ 110 million has been invested in a plant for the manufacture of formaldehyde and the latest-generation resins, as well as in equipment, for the purpose of reducing the consumption of this input.

Duratex also carries out laboratory research and applications using pilot plants, to obtain panels that have the lowest level possible of resin, preferably completely free of formaldehyde. In this regard, the Company has already invested approximately R\$ 25 million in a process to produce resin-free MDF. Up to the present time we have not achieved complete success in the stabilization and production of this type of panel, but we continue to believe in this line of research, and are continuing with our work in this area.

As with all chemical products, when produced, handled and processed in commercial concentrations, special care and protection measures are required with respect to the environment and worker safety. In this regard in respect to its working environment,

To reduce consumption of formaldehyde and resins, there have been invested approximately R\$ 110 million in a factory last generation.



Duratex complies with the criterion set by the ABNT in its Regulatory Standard No.15, as applied to Unhealthy Activities and Operations: a maximum daily exposure (eight hours), of 1.6 parts per million (ppm) or 2.3 mg/m³.

Improvements to this standard are carried out by a tripartite commission, consisting of government, employers and employees, and the figures set by Regulatory Standard No.15 are based on the American Conference of Governmental Industrial Hygienists (ACGIH) of 2002.

Duratex operates in such a manner as to keep its panels free of residual formaldehyde, in compliance with the regulatory standards stipulated by the ABNT: NBR 15316:2014 for MDF and NBR 14810:2013 for MDP.

The Company participates in technical committees for the revision of standards for reconstituted wood panels, which aim to bring national production in line with European standards, for which the categories E1 and E2 apply (which have lower vapor emission rates).

Through the sector body ABIPA, of which we are a part, we participate in sector programs for fiber and wood particle panel quality, which are evaluated and controlled by an independent external body. This work is used to certify production companies under the Brazilian Program for Habitat Quality and Productivity, created by the Ministry of Cities.

In accordance with national standards, we produce E2 panels (vapor emission of more than 8 and less than or equal to 30 mg/100 g of board) and, depending on demand, products with low vapor emission in accordance with the European E1 standard (less than or equal to 8 mg/100 g of board) and the US standard (California Air Resources Board [CARB], with amounts below 0.11 ppm for MDF). For this purpose, all our MDF production lines are certified by the US regulatory authority Forestwood.

It is worth remembering, that in general production terms, fiberboard, which represents approximately 6% of total volume produced, does not have resin added, and is formaldehyde-free.

With the process of bringing Brazilian standards in line with those in Europe, there have been considerable advances made in control methods for the testing of panels coated on both sides using the gas analysis method. This method measures the real rate of vapor emission of the panel, in contrast to the previous extraction concept, thus permitting an effective control of vapor emissions at safe levels for the end-user.

Given this methodological concept,, which is more accurate for coated products, the percentage of the Company's products and low emission reaches a level of 35% of the expedition.

At Duratex, this theme is directly Monitored through the forum, involving the Presidency and the Board of Directors.



Corporate Awards 2013

Eco Prize: granted for the past 31 years by Amcham, which has been a pioneer in recognizing corporate sustainability; Duratex was awarded the prize for Sustainable Practices, in the Product and Service Category, for its Save urinal, which completely eliminates the use of water in its functioning.

Best company in the Construction Materials and Decorations Segment: awarded by the magazine IstoÉ Dinheiro; Duratex won the prize in this category for the seventh year running.

Época Green Company Award: granted by the magazine *Época* and the consultancy firm PwC, Duratex won the prize in the category of Industry Climate Changes for its specific work on global warming. The Company was also recognized at the *Época* Outstanding Special Green Company Awards, for its environmental initiatives.

Época 360º Business: granted by the magazine *Época Negócios*; Duratex won the Corporate Governance award. For the second year running it was also selected champion of the Construction and Decoration Materials Sector.

Abrasca Prize for the Value Generation: granted by Abrasca, the Company won the award under the category Outstanding in the Sector in 2013 - Paper, Pulp and Wood Madeira - as the best case of value creation between 2009 and 2012.

Best Companies for Shareholders in 2013: granted by the magazine *Capital Aberto*, Duratex won the prize in the category of companies with assets between R\$ 5 billion and R\$ 15 billion. The prize recognizes companies that stand out in terms of profitability of the business, share price performance, share liquidity, corporate governance and sustainability.

The Best of Dinheiro Rural: designated by the magazine *Dinheiro Rural*, Duratex's forestry area was recognized as the best in the Reforestation sector. The ranking's main criteria focuses on the evaluation of companies' financial performance.

Sustainability Ranking - Guia Exame: this publication, produced by *Exame* magazine, selected Duratex as the Most Sustainable Company in the Construction Materials Sector. The report published in *Guia Exame* paid special attention to the Company's work in reducing greenhouse gas emissions, through the substitution of diesel oil with wood chips as fuel, along with its increased use of natural gas.



Social and environmental criteria

In 2009, Duratex helped in the construction of the Carbon Efficient Index (ICO2), of BM&FBovespa, and since then responds it voluntarily. The objective of the index is to provide recognition to the companies that are more efficient in their activities that produce carbon emission, based on the report from these companies on their greenhouse gas emissions (GHG).

This initiative encourages greater transparency in reporting on Duratex's environmental performance, while at the same time providing greater visibility for the development of greenhouse gas emission management initiatives. Internally, it functions as a tool for analysis and improvements to management.



Other prizes and awards, by division

WOOD

Top brand names: the brand name Durafloor was chosen as the best supplier in the Flooring and Laminates segment.

Pini awards: granted by the magazine *Construção Mercado*, Duratex has won the prize in the Laminated Flooring category every year since 2003.

Award for Corporate Excellence in 2013: granted by Ciesp, the plant in Agudos was the winner in the Large Size Industry category.

Top Mobile 2013 - Most Remembered Brand Names: the wood panel business unit was the winner in the wood panel category for the sixth year running.

4º Henrique Luiz Roessler Environmental Merit Award: granted by the magazine *Ecologia e Meio Ambiente*, these awards recognize the work on the reuse of residues developed by Duratex at its São Leopoldo unit (RS), which recycles approximately 99% of its prime raw material residues for other segments.

16º Top of Mind: granted by the magazine *Casa & Mercado*, Duratex was the winner in four categories. The brand names Deca and Durafloor were the most remembered in their operational segments. Deca was ranked in first place in three segments: Vitreous Chinaware and Metal Bathroom Fittings (87%), Metal Lavatory Fittings (83%) and Showers (65%).

DECA

Top brand names: the Deca brand was the most remembered brand name in the vitreous chinaware and metal bathroom fitting segments. It also won the category of Top Master, which covers all the companies in the architecture and decorations sectors.

Pini awards: granted by the magazine *Construção Mercado*, Deca was the winner in the Vitreous Chinaware and Metal Bathroom Fittings category.

Master Awards: granted by the National Association of Construction Material Merchants (Anamaco), Deca won the prize in the category of Metal Bathroom Fittings non-water saving, and the vitreous chinaware category - Major Companies.

Telha Norte - Large Clients: Deca was awarded first prize in the Vitreous Chinaware and Metal Bathroom Fitting categories.

Green Building Awards 2013: granted by the magazine *Green Building*, this award recognized Deca as one of the most significant brand names in the sustainable construction market. The choice was made by readers of the publication, ranking the brand name in first place in three categories: lavatory bowls, showers and metal bathroom fittings.

Environmental management and performance

R\$ 45.048 million invested in environmental actions in 2013.

Continuous improvement

Management systems carry FSC, ISO 9001 and ISO 14001 certification.

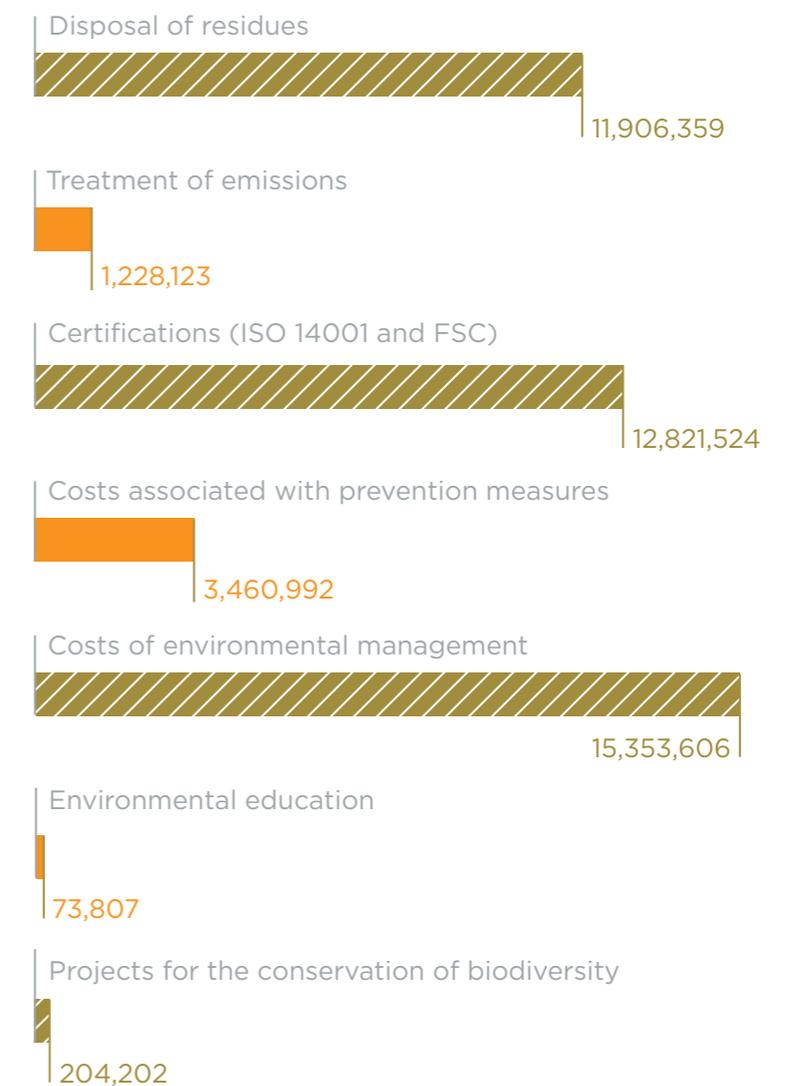
Duratex contributes to the conservation of natural resources, through the use of innovative processes and efficient management. Analysis and monitoring of indicators, the definition of internal policies and the carrying out of research all enable continual improvements to be made, while adding value to Duratex's products, with a focus on innovation.

The management systems adopted by Duratex carry certification from the FSC (forestry management and custody chain), ISO 9001 (quality) and ISO 14001 (environmental management). The Company uses a series of environmental indicators which enable it to assess the efficiency of its processes in the rational use of natural resources and the evolution of environmental performance in its industrial units.

In 2013, the Company invested R\$ 45.048 million in environmental actions, an increase of 63%*compared to 2012. **G4-EN12**



Total investment and expenditure on environmental protection in 2013 **G4-EN31** (R\$)



Obs.: *Expansion of investments and scope taken into account.

Environmental targets

Duratex has established targets for various environmental aspects – water, effluent, residues and energy – for each industrial unit. In 2013, 51% of the targets established the previous year were reached: 67% in the Wood Panel Units, 24% in the Vitreous Chinaware Units and 100% In the Metal Bathroom Fittings Units.

Environmental indicators evaluate the efficiency of processes in the rational use of natural resources.

Targets

(number)

	ESTABLISHED	ATTAINED	NOT ATTAINED
Panels	24	16	8
Vitreous chinaware	21	5	16
Metal bathroom fittings	4	4	0
Total	49	25	24



Conservation and biodiversity **G4-EN12**

Having a total of 237K hectares of land, which includes the Company's own land and leased land, including planted forestry areas, conservation areas and areas with other uses (rights of way for electricity transmission networks, agricultural buildings, etc.), Duratex sets great store in the protection of biodiversity, the management of its forestry plantations and the rational use of natural resources.

With the application of the latest techniques, Duratex's forestry management has the objective of increasing the quality and productivity of its planted forests. One of the strategic decisions taken by the Company, for example, was the advance preparation and organization of all the documents needed to carry out Rural Environmental Registration (CAR), planned for 2014 and established under the new Forestry Code.

Minimum cultivation, a technique used by the Company in soil preparation, serves as a reference for agribusiness sectors which have not yet applied this technology. With this procedure, the planting of new trees is carried out while maintaining accumulated forestry residues, so involving little soil turnover and thus increasing soil protection. Fertilization follows a program which includes different types of analysis, both of the soil and of cultivated areas, ensuring that the application of fertilizer is carried out in an envi-

ronmentally safe manner, and so guaranteeing the health of the trees.

Duratex maintains a system for the active prevention and combating of outbreaks of fire in order to protect its tree plantations, conservation areas, machinery and facilities. The experience gained through these fire control measures is applied to neighboring communities, and in assisting local authorities when asked to do so, thus contributing to creating a culture of fire prevention.

Pest control in the planted forests is primarily carried out by selecting trees with high resis-

tance, as well as biological control. When necessary, crop protection chemicals are applied following the best practices with respect to personnel safety and protection of the environment.

Duratex also has a program for the genetic improvement of its eucalyptus trees, which focuses on a search for genetic materials which, in addition to improving productivity in terms of wood per cultivated hectare, are more resistant to pests, diseases and climate variations such as drought and frost. In 2013 new clones and offspring with these characteristics were liberated for commercial planting, the



results of which will be seen in the gains achieved when these trees are felled in six years' time.

In partnership with universities and research institutes, Duratex also contributes to a number of biodiversity monitoring programs in the conservation areas on its various properties. These initiatives, in addition to encouraging the qualification of specialists in various areas of study, enable the benefits of forestry management to be identified in terms of fauna and flora conservation.

Protected areas

One of the innovations introduced by the Company has been the training and encouragement given to its employees to participate in wildlife monitoring projects that involve the placing of fauna on a central registry, by voluntarily photographing or communicating the existence of species seen during their activities in the forestry areas. These registries drawn up are given to specialists, and become part of the Company's databank. Among Duratex's protected areas is the Olavo Egydio Setúbal, Nature Reserve, located in the town of Lençóis Paulista (SP) and approved in 2008 by the state government of São Paulo as a Private State Heritage Reserve (RPPN Estadual - Resolution SMA No. 29/2008). At approximately 600 hectares, the RPPN is classified as one of the richest reserves of native forest in the interior of São Paulo, being the home to species of substantial value in terms of biodiversity conservation. The site has facilities where researchers can work and stay, as well as a reception area for visitors. **G4-EN11**

In adopting the guidelines of Proforest¹ and the principles, criteria and indicators of the FSC, Duratex has identified its areas of high conservation value (AAVC). The following are considered to fall into this category: the RPPN Olavo Egydio Setúbal Nature Reserve; a portion of 245.92 hectares of the Fazenda João XXIII, in Pilar do Sul (SP); 2,315.45 hectares on the Fazenda Nova Monte Carmelo (MG); and 2,004.05 hectares on the Fazenda Água Emendada (MG). The areas in São Paulo have significant value

in terms of biodiversity at a global, regional and national level (AVC1²). In Minas Gerais, the ecosystems are considered to be rare, threatened or in danger of extinction (AVC3³). **G4-EN11**

¹Proforest - an institution affiliated with the University of Oxford, in England, created in 2010 to provide accessibility to sustainability initiatives, governmental and non-governmental departments, and civil society organizations.

²AVC1 - contain areas of significant biodiversity value, at a global, regional or national level.

³AVC3 - areas where there are ecosystems that are considered to be rare, threatened or in danger of extinction.

Total number of species included on the International Union for Conservation of Nature (IUCN) Red List of Threatened Species and other conservation lists **G4-EN14**

	STATE LEGISLATION			FEDERAL LEGISLATION	IUCN RED LIST
	SÃO PAULO	MINAS GERAIS	RIO GRANDE DO SUL		
FAUNA					
Critically threatened (CR)	4	1	-	5	-
Endangered (EN)	10	6	7	3	3
Vulnerable (VU)	18	11	12	13	9
Almost threatened (NT)	11	1	-	-	11
Data missing (DD)	-	-	-	-	2
FLORA					
Critically threatened (CR)	-	-	-	-	1
Endangered (EN)	-	-	6	1	2
Vulnerable (VU)	1	2	17	3	1
Almost threatened (NT)	12	-	-	-	-
Data missing (DD)	-	-	-	-	1

Duratex also has land in Environmental Protection Areas (APAs). In São Paulo, there are 7,707.06 hectares along Batalha River and 16,348.23 hectares in Corumbataí, Botucatu and Tejuπά. And in Minas Gerais there are 125.71 hectares along the Uberaba River. The Company does not have any land classified as “weakened zones” with restricted use as part of its Conservation Unit, in compliance with the National System of Conservation Units (SNUC) agreement. **G4-EN11**

The Piatan Environmental Nursery (AVAP), located in the municipality of Agudos (SP), and CESA, in Estrela do Sul (MG), received approximately six thousand visitors in 2003, including employees, clients, learning institutions and other groups from the community. These two locations are maintained by Duratex with the objective of promoting awareness in the community with respect to environmental questions related to forestry activity.

6 K
visitors received as part of environmental education initiatives (AVAP and CESA).

Protected or restored habitats **G4-EN13**

STATE	TYPE OF OWNERSHIP	AREA (HECTARES)	
		TOTAL	CONSERVATION*
São Paulo	Leased	17,427.25	3,867.60
	Owned	112,836.60	27,397.77
	Incentivated	3,064.78	-
	Subtotal	133,328.63	31,265.37
Minas Gerais	Leased	75,327.86	19,430.47
	Owned	-	-
	Incentivated	1,324.48	-
	Subtotal	76,652.34	19,430.47
Rio Grande do Sul	Leased	3,628.70	1,325.10
	Owned	7,231.11	2,963.38
	Incentivated	16,368.31	-
	Subtotal	27,228.12	4,288.48
TOTAL		237,209.09	54,984.32

*Permanent preservation area (APP), legal reserve, lake, etc.
Obs.: base registration date 12/20/13.

Partnerships with universities

Currently, Duratex is involved in the development of 13 projects in partnership with the following universities:

- Federal University of Uberlândia (UFU)
- State University of São Paulo (Unesp)
- University of São Paulo (USP)

Studies of fauna and flora are carried out at the forestry units and involve more than 30 researchers, including teachers, postgraduate students and student trainees, who produce their Master’s and Doctorate dissertations based on this material, which are subsequently made available to the universities as a reference.



Continual monitoring of the impacts of planted forests

Duratex monitors and actively participates in discussions on climate change and other environmental impacts associated with its activities. One of the most innovative projects, of which the Company is a part, is the Flow Tower Program, which since 2008 has studied the balances of carbon, water and nutrients over time throughout the eucalyptus forest cycle. The project aims to clarify, among other issues, how carbon sequestration takes place in biomass and soil, as well as researching the sustainability of high-producing forests.

The Flow Tower is installed in an area of 200 hectares, on Duratex's property. The program is coordinated by the French Agricultural Research Centre for International Development

(CIRAD), Ipef, the Luiz de Queiroz Agricultural College (Esalq), USP and the North Carolina State University (NCSU). In addition to this, eight national companies in the forestry sector participate in this project with Duratex.

Using a series of sensors, indicators are continually measured, such as temperature, humidity, CO₂ concentration, wind speed and direction. The soil is monitored with sensors installed up to 10 meters deep, which capture the humidity and nutrient content available for the forest. The trees are measured and evaluated, a process which includes the use of equipment that analyzes photosynthesis and sap flow in the tree trunks.

Duratex participates in the Flow Tower Program, which has studied the balances of carbon, water and nutrients over time throughout the eucalyptus forest cycle.

Monitoring of greenhouse gas emissions (GHG)

Emissions

Duratex monitors greenhouse gas emissions, and since 2007 has published a greenhouse gas emission inventory based on the GHG Protocol, a methodology used to quantify and classify gases emitted as a result of its processes and activities. The information collected has been audited by independent companies since 2011, ensuring the credibility of its historical database and the improvement of its operations. The Company has also voluntarily completed the CDP questionnaire for the past seven years, highlighting initiatives taken to reduce emissions in its various production sectors.

One example of these initiatives was the substitution made in its energy matrix in 2013 at its Wood Panel Unit in Agudos. The BPF oil and diesel used in the boilers were replaced by natural gas, resulting in a reduction of 38,837.09 tCO₂e – equivalent to 16% of total direct emissions of 2013 Duratex.

At this plant, the sludge which results from effluent treatment is used for the production of agricultural compost, avoiding the need to send 12,745.50 tons of this residue for disposal in landfill. The decomposition of this material corresponds to the emission of 5,311 tCO₂e of greenhouse gases up to 2040.

The target for reducing greenhouse gas emissions set by Duratex, of 0.7% under Scope 1 by 2014, was reached, since the drop in emissions between 2012 and 2013 was 11%. **G4-EN19**

In all these initiatives, Duratex has opened up a dialogue with other companies and organizations in the sector, with the objective of contributing

Greenhouse gas emissions – 2013 (tCO₂e)

ESCOPOS	
Scope 1*	235,426.41
Scope 2**	81,021.04
Scope 3***	137,992.61
Biogenics****	577,160.07
Intensity of emissions*****	0.000082
Substances which destroy or are harmful to the ozone layer, controlled by the Montréal Protocol	2,888.24
NOx (t)	3,422.32
SOx (t)	1,345.10

Obs.: Responses to indicators G4-EN15; G4-EN16; G4-EN17; G4-EN18; G4-EN20; G4-EN21.

Units were included, the operational control of which is Duratex's responsibility.

The potential global warming of the gases listed is in accordance with the Fourth Assessment Report of the Intergovernmental Panel on Climate Change.

*Emissions directly related to the Company's activities.

**Emissions indirectly linked to the consumption of electricity.

***Emissions indirectly related to outsourced services (transfer between plants and transport of residue, products, inputs and wood, in addition to outsourced operations)

****Substances originating from living organisms.

*****Intensity of emissions = metric tons of CO₂ under Scope 1 and 2 (316,447.44) per net revenue ((R\$ 3,872,705,000.00).

to the generation of knowledge and the dissemination of good practices. One of the discussion forums is the Brazilian Paper and Pulp Association (Bracelpa), which discusses methodologies for the quantification and verification of carbon stocks in the sector. Duratex also participates in a working group of the GHG Agricultural Protocol for the definition of directives that quantify the level of emissions in this sector.

Transport G4-EN30

The principal environmental impact of Duratex's transport activities is through the consumption of fuel, the emission of greenhouse gases and possible black smoke. To mitigate these effects, and as a preventive measure, the Wood Division has procedures in place to verify the operational condition of equipment and vehicles under contract, in addition to requiring preventive maintenance which allows the efficient consumption of fuel and compliance with appropriate emission standards.

In the Deca Division, there are controls in place for vehicles and services provided (transport of passengers, parts and products, among others) and periodic testing for black smoke. Vehicles that fall short of the permitted limits, in accordance with the legislation, receive notification. If a second warning proves necessary they are then prohibited from entering the industrial units.

Another initiative implemented is the drawing

up of optimized routing schedules that reduce the distance traveled as well as journey time for the transport of employees.

With respect to the transport of parts and products between units, the Deca Division has a telemetry system in place installed on all its vehicles, allowing their use to be monitored, while motorists are given guidelines on how to drive

economically and safely.



The study assesses status of water resources

Water

Duratex has produced a study that evaluates the situation of water resources in river basins of the units of the São Paulo state, where they are located. This survey takes into account data from the 2013 Brazil Hydric Resources Report, released by the National Water Agency (ANA), and Aqueduct, a tool designed by the World Resources Institute (WRI). These institutes consider the hydric resources situation at a global, national and state level, as well as that of each hydrographic basin where the Company is present, considering the most recent data provided by international organizations, governmental bodies and hydrographic basin committees.

Duratex's units in the state of São Paulo carry out water catchment for their production processes from three Hydric Resource Hydrographic Management Units (UGRHi) in the basin of the River Tietê. This catchment does not significantly affect the basin, but according to the study's assessment, all the hydrographic basins where the Company has a presence are strongly dependent on public investment, in a wide variety of sectors, for their continuing management.

Taking the geographical coordinates of each plant, it is possible to establish - using the WRI tool - the average hydric risk associated with each unit. The Deca Vitreous Chinaware Units in Recife, Paraíba and Queimados have a risk index of 3 (medium to high risk). The other 12

units have index 2 (low to medium risk). In this context, Duratex monitors the management of the hydric resources in each basin, for the purpose of monitoring public policies that aim to increase the supply of water. **G4-EN9; G4-EN26**

In addition to this study, in 2013 the Company responded voluntarily to the CDP Water Disclosure questionnaire. This enables organizations to report on data such as the volume of water captured, the disposal of effluents and possible situations of hydric vulnerability in the regions in which they operate.

Duratex also has targets and programs aimed at reducing water consumption in its industrial units and production processes, as well as encouraging the reuse of the water captured. In 2013, the Company captured 5,961,752.06 m³ of water, 5% less than the amount captured in 2012. This reduction was achieved by the Wood Division through increased water reuse as well as improvements in the measurements taken. Also in 2013 Duratex broadened its monitoring scope, to include the capture of water at the Metals Unit in Jacareí, part of the Deca Division. **G4-EN8**

Water reuse in 2013 came to a total of 2,579,980.32 m³, 2% more than the previous year. Of the total water captured, 43% was reused, with the Wood Division being responsible for 90% of this reuse. **G4-EN10**



Water catchment, percentage and total volume of water recycled and reused **G4-EN8; G4-EN10** (m³)

DIVISIONS	VOLUME CAPTURED	VOLUME OF REUSE	PERCENTAGE* (%)
Wood Division	4,983,031.00	2,315,692.80	46
Forestry	369,989.69	12,345.00	3
Deca Metals	233,764.00	101,974.26	44
Deca Vitreous Chinaware	369,001.76	149,968.26	41
Corporate	5,965.61	0	0

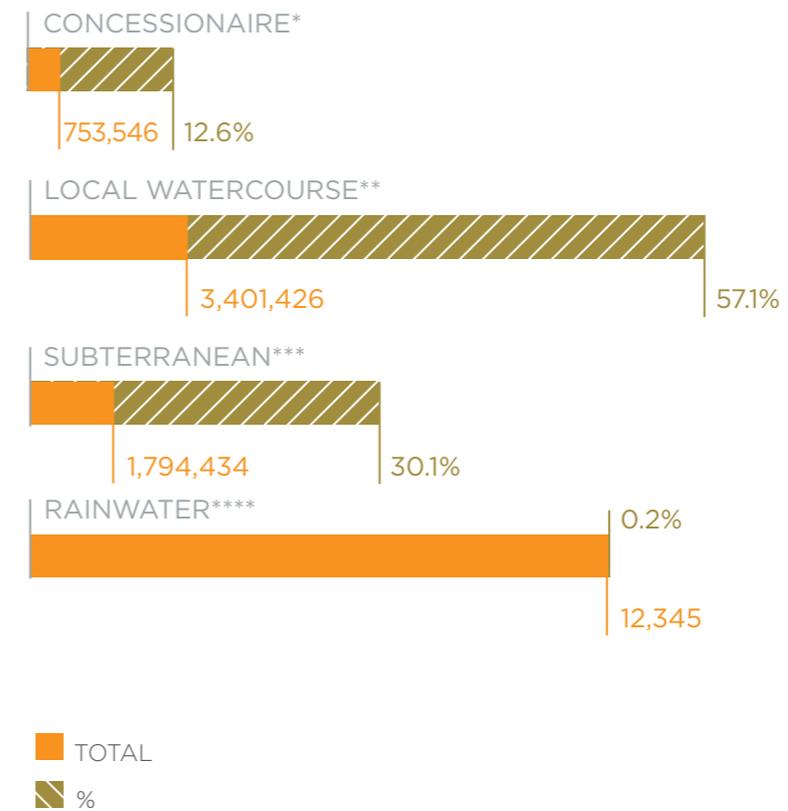
Volume captured
5,961,752.06

Volume of reuse
2,579,980.32

Percentage
43%

*Percentage of volume captured by each Business Division.

Total and percentage of water drawn off, by source - 2013 **G4-EN8** (m³)



*Municipal water supply and supplies from other water companies.

**Surface water.

***Artesian and semi-artesian wells.

****Rainwater directly collected and stored by the organization.



Deca PROÁGUA contributes to avoiding waste in urban centers

The cross-referencing of data about the democratic distribution of the Brazilian population and the distribution of water resources in Brazil gives rise to concern about the conservation and rational use of water. The Southeast, for example, has 42% of the population, but only 6% of Brazil's total stock of freshwater.

In view of this situation, the Company launched its Deca PROÁGUA program, which proposes concrete solutions for promoting the efficient use of water in buildings in Brazil's urban centers. With a network of over 150 authorized service outlets, the project will contribute to avoiding waste in residential, commercial and industrial buildings, as well as buildings in the health and education networks. Various planned initiatives will be carried out in module form, with the support of specialist companies, and will also focus on raising the awareness of the occupants of the buildings being monitored.

Deca PROÁGUA permits a complete diagnosis of a given environment, implementing water consumption measurement by sector, eliminating leaks, drawing up maintenance plans, diagnosing consumer habits and promoting reuse of water, including rainwater, among other initiatives.



The program proposes solutions to promote efficiency in water usage in buildings.

Effluents

Another indicator that is constantly monitored is the disposal of effluents. In 2013 effluents disposed of amounted to a total of 2,854.631,88 m³, down 11% compared to 2012. This result reflects the improvements made to the production process in the Wood Division, which have increased the level of water reuse in industrial operations and reduced the generation of effluents. It is important to point out that the scope of measurement has been expanded, to include the Metals Unit in Jacareí and the domestic effluent from Louças Sul. Part of the effluent volume, 1,894,714.20 m³, was distributed in the form of field irrigation for the production of the grass used as biomass in the generation of thermal energy, accounting for 66.4% of the total.

The effluents generated are sent to the Effluent Treatment Stations at the industrial units, enabling improvement to be made in the quality of the water and appropriate disposal, in accordance with the environmental legislation in force. Of the total amount of effluents disposed of, 7.8% underwent physical-chemical treatment; 0.1% biological treatment; 22.4% physical-chemical and biological treatment; and 69.7% natural decomposition in the soil (irrigation fields and septic tanks). **G4-EN22**

Percentage and total of effluent disposed of, by destination **G4-EN22** (m³)

DESTINATION	TOTAL
Public network	518,233.32
Local watercourse	432,824.52
Septic tank	8,859.84
Irrigation field	1,894,714.20

PARAMETERS	PANELS*	DECA CHINAWARE**	DECA METALS***
BDO (mg/l)	116.5	10.4	53.1
COD (mg/l)	469.6	48.2	333.9
TSS (mg/l)	54.8	-	-

*Average of Biochemical Oxygen Demand (BDO), Chemical Oxygen Demand (COD) and Total Solids in Suspension (TSS) of all the Wood Panel Units.

**Average of Biochemical Oxygen Demand (BDO) and Chemical Oxygen Demand (COD) of all the Deca Vitreous Chinaware Units, except for Queimados

***Average of Biochemical Oxygen Demand (BDO) and Chemical Oxygen Demand (COD) of all Deca units, except for Thermosystem.



Energy

Among the advances made by the Company, of particular note was the replacement of the energy matrix at the unit in Agudos, in the Panel Division. This was carried out in 2013, replacing diesel and BPF oil with natural gas. The total reduction of these fuels (stationary sources⁴) amounted to 84% and 45%, respectively. Of Duratex's initiatives to improve energy efficiency, of particular note were the improvements made to the production process in the Deca Vitreous Chinaware Units, with the installation of a heat recuperator in the new oven, rationalization in the functioning of grinders and compressors, and lighting control optimization in the loading of the ovens, among other changes.

In Botucatu (SP), part of the Wood Division, for example, there was an increase in the use of biomass powder in its boilers, a substance which has a higher calorific value than wood-chips. In this way, in 2013 this unit managed to reduce its consumption of BPF oil by 38%. In the forestry units, Duratex also managed to introduce improvements, phasing out some of its large-size processors and replacing them with more energy-efficient equipment, between 12 and 18% larger. **G4-EN6**

⁴Stationary sources - equipment such as boilers, albums, burners, turbines, heaters, incinerators, motors, bright lights, etc., in a fixed location.

⁵Mobile sources - transport vehicles, such as cars, trucks, trains, planes, ships, etc.

Consumption and percentage of energy within the organization in 2013
- all energy sources **G4-EN3**

	TOTAL	%
Electricity	3,057,782	27.5
Natural gas	1,808,399	16.3
Gasoline	24,752	0.2
Ethanol	4,348	0.04
Diesel	382,108	3.4
LPG	51,017	0.5
Biomass	5,054,216	45.5
BPF OIL	730,943	6.6



With these initiatives, the Company achieved a 5% reduction in energy consumption using the same comparison scope as in 2012 (without the inclusion of mobile sources⁵). Taking into account the enlargement of the scope of measurement of this energy indicator (inclusion of mobile sources) this reduction becomes 1%, amounting to a total consumption of 11,113,565.46 GJ.

With respect to the Company's energy matrix, 68% of consumption was from renewable sources – biomass, biodiesel and ethanol – and 82% from electric power according to the results reported in the Brazilian Electricity System Monthly Monitoring Bulletin published by the Ministry for Mines. Thus Duratex consumed a total of 3,526,120.55 GJ of energy from non-renewable sources and 7,587,444,90 GJ from renewable sources. Consumption of energy outside the Company came to a total of 1,680,093.85 GJ in 2013, and the energy intensity amounted to 0.002870 GJ, calculated based on total electricity consumption divided by net revenue. **G4-EN3; G4-EN4; G4-EN5; G4-EN6**

The use of biomass, in turn, represents 45.5% of the energy matrix. As a result of this and other initiatives, which have allowed the Company to increase the level of renewable sources used in the generation of electricity, Duratex featured in the Brazilian renewable energy rankings, as part

of the Corporate Renewable index, compiled by Bloomberg New Energy Finance (BNEF). **G4-EN6**

The consumption of all energy sources is monitored in the industrial and administrative units, and every year targets are established and programs are implemented to reduce energy consumption.

Consumption from renewable sources such as biomass, biodiesel and ethanol, represents 68% of the Company's energy matrix.



Residue management

Total residue disposed of in 2013 amounted to 231,098.95 tons, an increase of 11% compared to 2012, due to the higher volume of residues from infrastructure building works and improvement to the data reported on. **G4-EN23**

With regard to the residues sent to industrial and sanitary landfill sites, there was a reduction of 12% compared to the previous year and a 72% increase in the level of recycling. These advances made are the result of a residue eco-transformation project at the Wood Unit in Agudos, which makes use of the sludge from the Effluent Treatment Station and the ash from the burning of biomass for the production of organic compost. In 2013 17,474.40 tons of residue were directed to this project.

Part of this result is also due to recycling of waste in the foundry area of the Deca Metals Division, which was previously sent to industrial landfill sites.

The Deca Division also has a structured program for the reuse of raw material residues in the new production cycle for vitreous chinaware and metal bathroom fittings. The amount reused has been increasing every year, reaching a substantial figure, as shown in the table below.

In the metal bathroom fittings plants of the Deca Division, the metal residue (metal shavings) is reused in the production process, while 42% of Duratex's residues are used for the gen-

Destination of residues **G4-EN23**

(t)

METHOD OF PROCESSING	2013	(%)
Recycling	61,497.29	26.61%
Sanitary landfill	7,163.91	3.10%
Industrial landfill	40,912.31	17.70%
Co-processing	1,526.19	0.66%
Incineration	8.78	0.004%
Compost	21,938.14	9.10%
Autoclave	0.01	0.00%
Generation of energy	97,034.61	41.99%
Returned to supplier	379.79	0.2%
Decontamination	238.16	0.1%
Chemical treatment	199.68	0.1%
Reuse	199.98	0.1%
Total residue handled	231,098.85	100%

eration of energy, corresponding to 97,034.61 tons. **G4-EN2; G4-EN23**

The Company produced 5,381 tons of dangerous residue in 2013, with non-dangerous residue amounting to 225,717 tons. Duratex does not transport residue classified as dangerous internationally. **G4-EN23; G4-EN25**

72%
was the
increase in waste
sent for recycling.

Unidade de Agudos

It is also important to point out that in 2013 the unit in Agudos completed investment of more than R\$ 3 million. This amount was spent on the production of organic compost, produced by using the sludge from the Effluent Treatment Stations and ash from the burning of biomass. This signified processing of 17,474 tons of residue which, as a consequence, was not disposed of in a landfill.

Materials

In 2013 the Company consumed 4,563.542 tons of raw materials, chemicals, fertilizers and materials associated with production and cultivation processes, up 5% on 2012. The Wood Division used 60,064 tons of fertilizer in its forestry management, an increase of 8% compared to the previous year, in order to ensure productivity in the face of changes in forestry

management. These involved an increased number of trees per acre, genetic material and more concentrated applications of fertilizer in the initial growth phase of the forestry cycle.

In addition to these materials, the Vitreous Chinaware Units used 14,186,320 tons of packaging material, while the Metal Bathroom Fittings Units used 19,061,642 tons of material for the same purpose. **G4-EN1**



Materials used, by weight **G4-EN1** (t)

MATERIAL	TOTAL GROSS VALUE
DECA DIVISION	
Louça	205,766
Bronze	11,751
Brass casting	3,962
Brass tube	517
Brass disc and strip	406
Zamak	129
Bar	4,569
Plastic	1,893
WOOD DIVISION	
Wood process (humid base)	3,884,379
Fertilizers	60,064
Lubricants (production process)	514
Resin acquired from third parties	113,784
Formaldehyde	103,524
Concentrated urea formaldehyde	16,605
Urea	67,618
Melamine	5,551
Paraffin emulsion	11,535
Aluminum sulfate	2,405
Ammonium sulfate	2,694
Paper acquired from third parties	13,572
Paint	1,652
Methanol	43,815
Sawn wood (humid base)	4,964
Other materials*	1,873
TOTAL	4,563,542

*Silicon emulsion, Varnish, Caustic Soda (conc. 50%), Sulphuric acid, Diethylene glycom (DEG), Termite insecticide, Caprolactam, Paraffin, Acid grease, Di-ethanolamine liquid 98-100%, Ammonium hydroxide liquid 24% and Hydroxi-ethyl triazine liquid 78.5%.

Focus on strategic audiences

Dialogue and relationships

Initiatives aim to create closer relationships and improve business performance.

The process of analyzing the impact of Duratex's products and activities, consultations with various specialists in 2010, 2012 and 2013, and the building of Platform 16 all formed the basis for the identification of priority audiences.

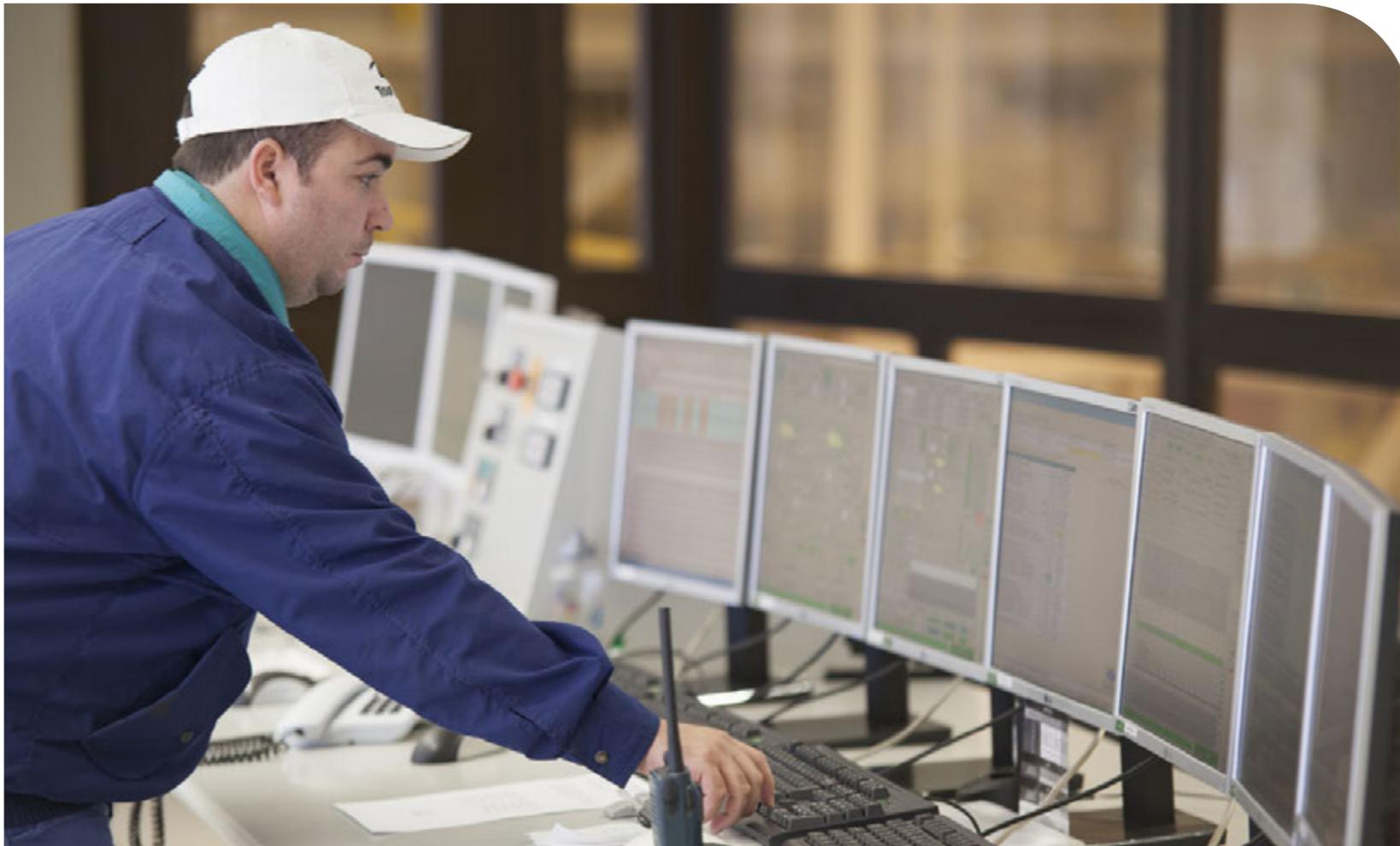
So as to guarantee the quality of the relation-

ships, taking into account the characteristics of each audience, the initiatives developed within the context of dialogue and relationships are divided into two fronts.

One of these concerns initiatives with respect to employees, leaders and top management. On this front, one of the main projects developed was the restructuring of the Human Resources Department, responsible for strategic staff management. In addition to this, improvement in the organizational climate, as measured by climate research, was one of the non-financial targets included in the evaluation criteria for executive performance.

The other front involves Duratex's efforts to guarantee the quality of its relationships with suppliers, clients, specialists in different areas and the communities close to its industrial plants and forestry areas. As these audiences have different interests and expectations, specific actions and communication channels are developed.

The panel dialogues with specialists in sustainability - such as those carried out in 2012 and 2013 - constitute an important tool for the identification of aspects and themes which enable Platform 2016 to evolve within the Company.



Duratex's communication channels and relationship programs with its audiences

SHAREHOLDERS

- Quarterly conference calls on economic-financial results
- Road shows and public meetings in Brazil and abroad
- Investor relations site
- E-mail alert for publicizing events of interest
- Quarterly reports containing discussion of economic-financial results and social and environmental performance
- Committee for Disclosure and Trading
- Policies for Trading in Securities and the Disclosure of Material Acts or Facts
- Sustainability information bulletin
- Code of Ethics

CLIENTS

- Customer service via telephone and e-mail
- Technical assistance
- Development of products with a focus on eco-efficiency
- Trade fairs, meetings and showroom
- Websites of the Wood and Deca Divisions
- Specific communication vehicles of the business areas
- Ciclo Saber (knowledge cycle) and Vender (sales) training programs
- Communication channel: sustentabilidade@duratex.com.br

OPINION FORMERS

- Communication channel Sala de Imprensa (press room) on Duratex's website
- Training sessions
- Awards and publicizing of works carried out
- Communication channel: sustentabilidade@duratex.com.br

EMPLOYEES

Duratex Ombudsman Service

Code of Ethics

“How We Are” Program, with our Mission, Vision and Values

Noticeboard journal, intranet, videos and communication campaigns; direct communication initiatives such as Café com Ideias (coffee morning for the exchange of ideas) and road shows; Duramais (last longer) program, with events focused on well-being, motivation, celebration and recognition

Education and training programs

Internal recruitment program providing employees with opportunities for growth and new experiences

Staff, Governance and Nomination Committee

Sustainability portal, internal information channel with information on themes, straw polls, and space for comments

Sustainability Bulletin

Communication channel: sustentabilidade@duratex.com.br

Organizational satisfaction survey

SUPPLIERS

Duratex Ombudsman Service

Code of Ethics

Buying policy

Guidelines on technical characteristics for the launching of new products

Annual meetings with suppliers as part of the Management Program

Support and technical assistance for small producers in the South of Brazil

Communication channel: sustentabilidade@duratex.com.br

COMMUNITY

Support for social projects

Programs for supplementing income

Visitors’ Centers (AVAP and CESA)

Management of requests from interested parties (registered under the scope of FSC and ISO)

Participation in associations and organizations of public interest, such as the Ethos Institute for Socio-Environmental Responsibility, Global Compact, Green Building, FSC, Fiesp, GHG Agricultural Protocol, Pró Ética (pro-ethics), Brazilian GHG Protocol Program, Brazilian Commission for Integrated Report Monitoring, Platform for Sustainable Leadership, Brazilian Corporate Network of ACV. **G4-15**

Communication channel: sustentabilidade@duratex.com.br

More flexibility to meet demand

Our people

The Company has strengthened its human resource centers in the industrial and forestry units, as well as its central offices.

Duratex has 11.7 thousand employees who work in its industrial units, the forestry units and the administrative headquarters. Management of this human capital is focused on the professional development and training of these people, promotion of quality of life and maintenance of an agreeable working environment. Duratex also concerns itself with ensuring the best possible safety conditions of its operations, as well as reinforcing its organizational culture, company values and identity – all

of which translate into the “How We Are” program.

Management tools have been improving in a continuous manner, always seeking to be in alignment with the best market practices and encouraging efficiency in the Company’s processes. In 2013 Duratex established a model for the operation of the human resources nucleus for the corporate area, each business unit, and the Deca and Wood Divisions, providing greater agility in the meeting of demands and consistency in the implementation of strategy and corporate programs directed at employees. Various areas of Human Resources were also strengthened with the aim of reformulating and implementing various programs for training, internal communication and career development and recognition.

A practical example of this progress is the application of climate research, carried out for the first time with all the Company’s employees. Previously, this important tool for evaluation and dialogue with the Company’s professional staff only extended as far as coordinators and managers. Another important change was introduced in the process for selecting and hiring new employees, previously the responsibility of the managers of each business area; from last year this has been coordinated by a professional human resources specialist.

Duratex last year also concluded the installation of



Duratex has 11,733 employees

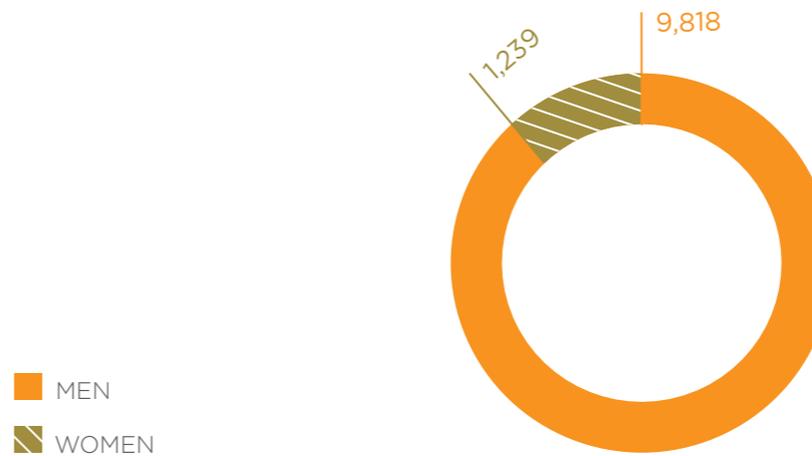
the human resources SAP system, which began to operate in 2014, providing more agility in the measurement and evaluation of a number of indicators involving human resources management. The system will permit the integration of all the programs such as the evaluation of employee performance, training, remuneration, and employee benefits, among others.

With this new structure, Duratex also managed to place added emphasis on the publication of tools, such as the Code of Ethics and Conduct (revised in 2013) and the “How We Are” program, implemented since 2010, which embodies the Company’s Values, Mission and Vision of 2010. In the “How We Are” pamphlet, corporate identity and the way business should be conducted are explained in a direct and objective manner, providing operational guidelines for employees. **G4-56**

In 2013, the *Duramais* program was also launched. This initiative involves all the units, and sets out a series of engagement initiatives to reinforce themes such as well-being, employee satisfaction and professional worth, thus strengthening the organizational climate and culture. Another initiative developed was the *Vamos Juntos* (Let’s Go Together) program, whose objective is to assist in the distribution of information and the promotion of dialogue. This creates closer relationships between the Company’s leaders (executive board and managers) and their teams.



Employee profile* **G4-10**
(2013)



**All employers have a contract that runs indefinitely.
Does not include student trainees, employees abroad and Thermosystem.*

Distribution of employees by region* **G4-10**
(2013)

	NORTHEAST	SOUTHEAST	SOUTH
Women	67	1,093	79
Men	1,383	7,568	867

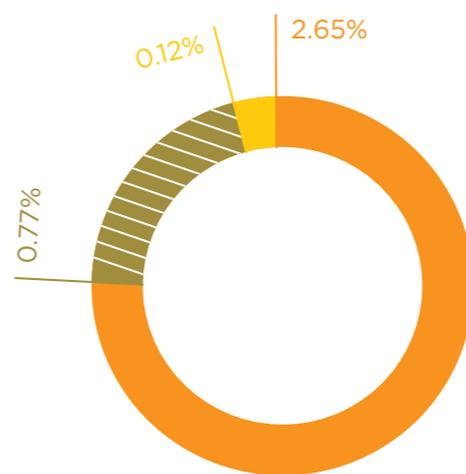
**Does not include student trainees, employees abroad and Thermosystem*



Total number of employees, new hiring rates and employee turnover **G4-LA1**

New Hires (%)

- UP TO 30 YEARS OF AGE
- BETWEEN 31 AND 49
- 50 AND OVER



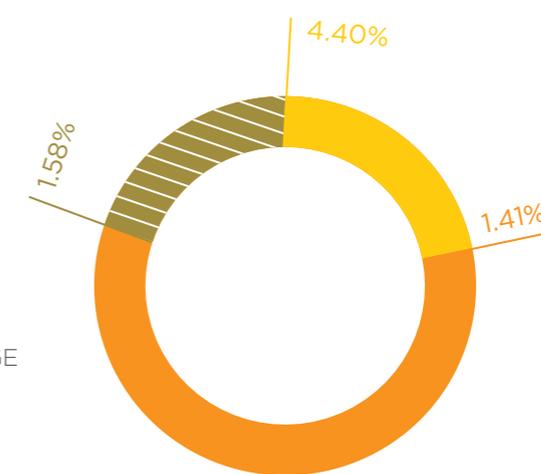
total 1.41%

Number of employees leaving (%)

NUMBER OF EMPLOYEES LEAVING	2013
Up to 30 years of age	1,256
Between 31 and 49	857
50 and over	105
Total	2,218

Turnover* (%)

- UP TO 30 YEARS OF AGE
- BETWEEN 31 AND 49
- 50 AND OVER



total 1.74%

*Turnover rate: (Turnover of employees (new hires and dismissals)/2)/ Headcount.

Leadership development

With a focus on its growth strategy and business expansion, Duratex has also improved its initiatives and programs for the training and development of its leaders, and in 2013 created the Platform for Management Development, for more than 80 managers. Based on information collected as part of climate research, complaints sent to the Ombudsman Department and other sources, this platform consolidates the content and training that should be addressed in order to improve leaders' capabilities in the management of their teams. In 2014, this platform will be expanded to include an additional 250 coordinators in the industrial units. **G4-LA11**

In 2013, Duratex invested R\$ 3,078,425.97 in the offering of over 234K hours of training for its employees. Employees occupying management posts received 4500 training hours. The Company also allocated R\$ 473,932.16 to provide formal educational support for 126 employees, including grants for graduation and post-graduation courses as well as language and technical courses – in total, R\$ 3,552,358.13 was invested in employee training and development. **G4-LA9; G4-LA10**

Over **234 K**
hours of training offered
for its employees.

	EMPLOYEES			HOURS OF TRAINING (YEAR)			AVERAGE HOURS OF TRAINING, PER EMPLOYEE		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
Executive Board	2	3	0	3	56	0	1.5	18.7	0
Management	698	675	720	1,334	12,262	4,568	1.9	18.2	6.3
Administration	1,901	1,900	2,016	36,564	34,841	36,140	19.2	18.3	17.9
Production	7,789	7,775	8,321	185,463	141,847	193,516	23.8	18.2	23.3
Total	10,390	10,353	11,057	223,364	189,006	234,224	21.5	18.3	21.2

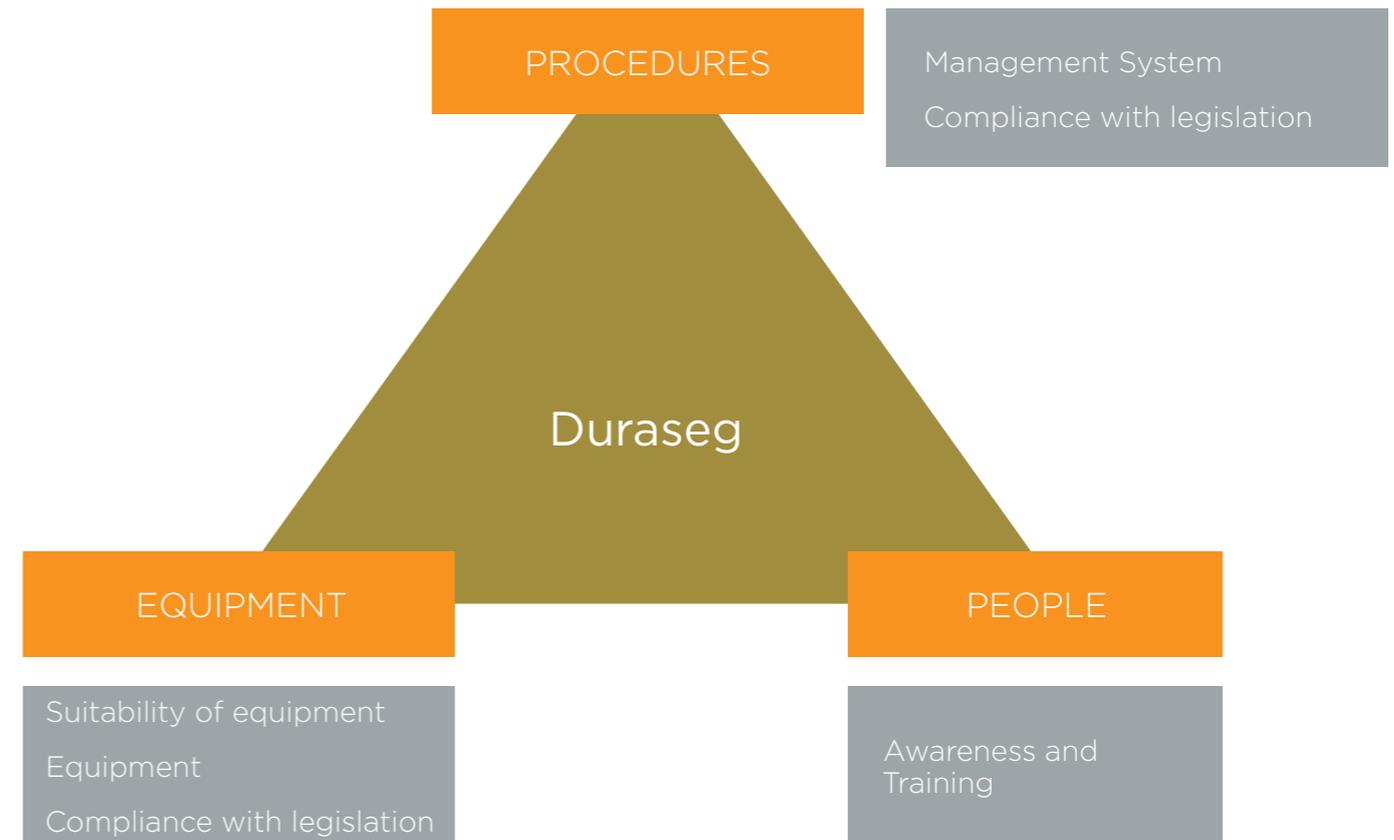
Duraseg

Duraseg, Duratex's occupational health and safety management system, is based on three key elements: staff awareness and training, full compliance with Brazilian legislation, and the maintenance and updating of equipment. The program also establishes a policy for occupational health and safety, a manual for systems operation and operational procedures which must be followed by employees.

The program also ensures the distribution of individual protection equipment and the carrying out of periodic medical and clinical examinations, for the purpose of monitoring the health of employees exposed to certain types of disease and poor health, such as loss of hearing, muscular alterations, intoxication, skin diseases and respiratory illnesses. **G4-LA7**

The initiatives developed by Duratex in the area of health and safety have made it possible to reduce the number of accidents involving time off work among its workforce, as can be seen in the reduction in the main health and safety indicators (see table on p. 92). However, the Company believes that continuous improvement is fundamental to this aspect of the business. **G4-LA6**

The project began in February 2012, and many initiatives have already been implemented in 2013, as a result of the work developed. Dissemination of the program to all employees will take place during 2014.



Formal agreements

Duratex makes every effort to go through the necessary worker health and safety procedures, the use of which is obligatory, as well as hold an election of an Internal Commission for the Prevention of Accidents (Cipa). For this purpose the Company has a clause in its labor agreements and collective union agreements with respect to health and safety and its business segments – Wood/Forestry and Metal Bathroom Fittings/Vitreous Chinaware. **G4-LA8**

HEALTH AND SAFETY	2013	2012	2011
Accidents involving time off work	130	145	140
Variation from one year to another	-10.30%	3.60%	-1.40%
Accidents not involving time off work	74	90	101
Days lost through time off work	1,372	1,208	1,174
Days lost through transport	1,763	2,062	2,296
Days calculated and debited	0	300	0
Total days	3,135	3,570	3,470
Absenteeism - supported by a doctor's certificate	1.03%	1.63%	0.92%
Absenteeism - due to accidents	0.11%	0.12%	0.10%
Work-related deaths	0	1	0
Accident frequency rate (days lost/HHT)	4.2	5.5	5.1
Accident severity rate (ACM/HHT)	144.8	174.5	172.8

Obs.: days lost are calculated as being the sum of all the days lost due to time off work + days lost through transport,
HHT: staff-hours worked,
ACM: accidents involving time off work, supported by a doctor's certificate,

2013						
DISTRIBUTION BY REGION	ACCIDENTS INVOLVING TIME OFF WORK	ACCIDENTS NOT INVOLVING TIME OFF WORK	DAYS LOST	ABSENTEEISM	TFA*	TGA**
South	12	4	206	0.91	5.49	113.12
Southeast	100	68	2,738	0.99	3.73	159.61
Northeast	18	2	191	2.15	6.36	71.47

2012						
DISTRIBUTION BY REGION	ACCIDENTS INVOLVING TIME OFF WORK	ACCIDENTS NOT INVOLVING TIME OFF WORK	DAYS LOST	ABSENTEEISM	TFA*	TGA**
South	14	13	153	1.62	5.66	86.61
Southeast	116	77	2,963	1.62	5.49	184.87
Northeast	15	0	454	2.6	5.62	170.14

2011						
DISTRIBUTION BY REGION	ACCIDENTS INVOLVING TIME OFF WORK	ACCIDENTS NOT INVOLVING TIME OFF WORK	DAYS LOST	ABSENTEEISM	TFA*	TGA**
South	22	13	388	0.8	8.98	205.03
Southeast	104	77	2,991	0.92	4.29	178.1
Northeast	14	11	91	2.27	10.04	65.25

* TFA: accident frequency rate.

** TGA: accident severity rate.

886

is the number of complaints received from employees.

Duratex Ombudsman Service

Implemented in 2012, Duratex's Ombudsman Service provides an additional dialogue channel for employees and suppliers. It helps to ensure that the Company's Values and Code of Ethics and Conduct are put into practice, as well as contributing to the development of processes and behavioral aspects.

In 2012, of the 569 complaints received from employees, 434 were sent on to the respective management areas for assessment and resolution. The others were not dealt with by the Ombudsman Department due either to a lack of adequate detail in order to proceed, or discontinuance on the part of the complainant. Already in 2013, from 886 complaints received from employees, 750 were referred to management areas for assessment and placement. The other complaints received were not treated due to lack of detailed information or discontinuance of continuity in the process by the protester.

In 2013, the subjects touched on for the most part (76%) were related to technical issues – norms, policies, processes, procedures and infrastructure. The remaining reports (24%) referred to behavioral questions involving leaders or teams.

Employees entering into contact with the Ombudsman Service have the choice of whether or not to identify themselves. If identification proves necessary for a specific process, the Ombudsman Service requests authorization from the complainant. In 2014, the Ombudsman Service will be its communication channel with employees, widening its scope and placing emphasis on the concepts behind it. Additionally, in 2012, 233 complaints were received from other groups, not yet dealt with by this communication channel. In 2013, 576 communications were received. **G4-50**



Training

At five units, the Ombudsman Department implemented a pilot initiative in June 2013 known as the “Unit Ombudsman Service”, with the involvement of 293 participants from different hierarchical levels, and 75 suppliers at the management level. For example: at the Estrela do Sul unit, the initiative involved presentations to 16 managers (supervisors, coordinators and managers) as well as to 50 employees involved in the forestry plantation process. A stand was also set up at which the team made itself available to answer any queries. At the plant in Uberaba, the presentation was made to 38 managers, while the stand was set up at a kiosk outside the exit of the restaurant, in all three shifts. Themes were covered such as the Ombudsman Service process, the Code of Ethics and Conduct and Company Values. In 2012, the same initiative was disseminated to 60 employees. This mobile Ombudsman Service initiative will be evaluated for possible continuation in 2014, as well as introduction at the Company’s other industrial, forestry and corporate units. **G4-SO4**

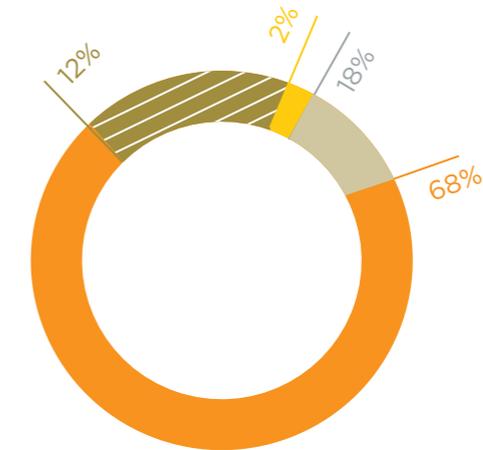


Dissemination of the Ombudsman Service process* **G4-SO4**

Employees trained in 2012**

(%)

- COORDINATION (11)
- SUPERVISION (1)
- MANAGEMENT (7)
- OTHERS** (41)



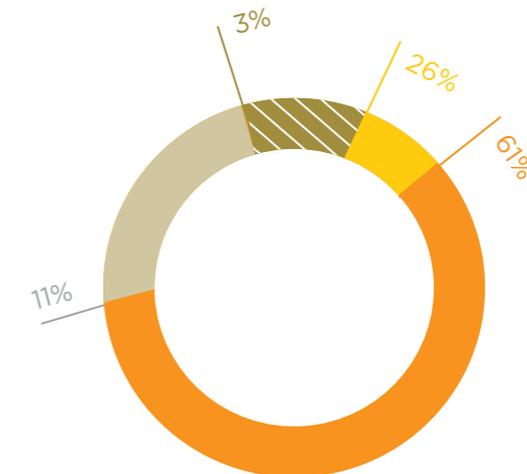
*Total participants: 60.

**Engineers, specialists, analysts, secretaries, technicians, agricultural workers, etc.

Employees trained in 2013**

(%)

- COORDINATION (31)
- SUPERVISION (75)
- MANAGEMENT (8)
- OTHERS** (179)



*Total participants: 293.

**Engineers, specialists, analysts, secretaries, technicians, agricultural workers, etc.

Information is one of the principal assets of any company and it is necessary to protect it in order to guarantee the continuity of Duratex's operations and the credibility of its businesses. For this reason, in June 2013 Itaú Unibanco held a seminar on this theme for employees of the Company. In a dynamic and practical manner the seminar presented themes such as fraud prevention, the value and leakage of information, password management, and care to be taken with smart phones and social media, among others. The idea is to share ways of making day-to-day routines even more secure.

Another important factor was the certification of the professional staff members who work in the Ombudsman Department. In October 2013 members of the Duratex Ombudsman Service team participated in the 40th ombudsman training course and 29th ombudsman certification exam. After approval in the qualification exam, these professional staff members were officially certified as Members of the Brazilian Ombudsman Association (ABO).

Information security seminar

HIERARCHICAL LEVELS	NUMBER OF INVITEES
Directors	1
Managers	11
Coordinators	15
Analysts	6
Lawyers	2
Auditors	4
Secretaries and assistants	6
Total	45

Nature of employee communications dealt with by the Ombudsman Service

G4-50

TYPE	2012	2013
Consultation	6%	6%
Praise	3%	5%
Criticism	74%	81%
Denouncement (deviation from ethical standards)	9%	3%
Suggestion	8%	5%



Paratodos (for everyone) Program

The Paratodos Program, launched in 2012 to broaden the theme of diversity in staff management, is focused on Duratex's hiring and inclusion of employees with some type of disability. Last year, the Company hired a further 85 disabled employees, and made advances in the selection and inclusion of these professional staff members in its various business areas, through training and qualification directed at managers. One of the differentials of this program was the mapping of all Duratex's units to identify posts in which disabled persons can be hired and the respective requirements of these posts. In this way, there can be more extensive inclusion and valuing of diversity over the next few years. At Lençóis Paulista, the majority of the 27 disabled persons - a level 80% higher than the quota established by law - are employed in the production of saplings in the nursery. The other units of the Company are in the process of developing initiatives to fulfill their legal quota.



In 2013, Duratex hired 85 handicapped employees and advanced in the way of selection and inclusion of these professionals.

Remuneration policy and employee benefits

Duratex has a remuneration policy that is defined in accordance with its salary and job position plan, which covers all the posts at executive level within the Company. The plan is constructed based on the relative weighting of the various job positions, salary levels in the marketplace, and internal balancing of the various functions.

Every year salary research is carried out on remuneration practices and employee benefits among national and multi-national companies in various sectors of activity.

It is important to point out that there are no remuneration differences between the sexes within the Company. Differentiation occurs as a result of criteria based on meritocracy.

Proportional relationship between salary increases for the highest-paid and the average salary of the organization, by country **G4-55**

	% INCREASE
Best paid	6.80%
Average salary of other employees	7.39%
Difference	0.59%

**To carry out this calculation, the highest salary was used and compared with the lowest salary, to verify the variation in salary increases. Subsequently a calculation was made to verify the difference between salary increases for the average salary of the other employees, in relation to the highest-paid in the organization. Only full-time employees were taken into account, with two directors being excluded who had not yet been registered as "Consolidated under the Labor Laws" (CLT).*



Proportional relationship between the lowest salary within the organization and the local minimum salary, by gender **G4-EC5**

	GÊNERO	2013		2012		2011
		R\$	VARIATION IN 2013 WITH 2012	R\$	VARIATION IN 2012 WITH 2011	R\$
Total Minimum Salary		8,814.00	9.0%	8,086.00	14.3%	7,074.17
Total lowest salary - inclusive*	Male	9,221.79	2.8%	8,967.19	11.0%	8,080.85
	Female	10,873.45	35.2%	8,045.10	11.4%	7,224.67

**Including profit-sharing and bonus.*

Proportion of base salary between men and women **G4-LA13** (%)

	2013	2012	2011
Managers*	3.3	-3.6	-3.9
Administration	15.5	12.4	10.9
Production	-23.5	-38.4	-36.6

Obs.: nominal average payroll of females/nominal average payroll of males.

**Managers = directors employed full-time + managers + department heads + supervisors.*

	2013		
	CORPORATE	DECA	MADEIRA
Managers*	-27.5%	15.0%	-9.2%
Administration	-17.4%	26.2%	1.3%
Production	0.0%	-11.5%	-34.0%

Obs.: nominal average payroll of females/nominal average payroll of males.

**Managers = directors employed full-time + managers + department heads + supervisors.*

The ratio of the total annual remuneration of the highest-paid individual in the organization to the average total annual remuneration of the other employees amounted to 15.72, due to the special short-term incentive plan. This is the result of targets applied using a model based on balanced scorecard methodology, structured around two dimensions – the collective dimension using corporate indicators and those of the units, and the individual dimension. **G4-54**

Annual salary adjustments are made in accordance with the indices defined in the collective wage agreements, and are negotiated with each category of worker. The variable remuneration policy, for management and above, aims to incentivize employees to reach and exceed targets and obtain results. In addition to this, the majority of employees are eligible for the Profit-Sharing Program. Introduced in 1995, this program aims to provide an incentive for individual performance, work as a team, and the engagement of everyone in the effort to expand and create value for the Company. **G4-52**

Variable remuneration is based on reaching two targets based on the following dimensions: **G4-LA11**

Local performance:

- Productivity
- Value added or cost

Degree of commitment on behalf of the employee:

- Absenteeism
- Product quality

Among the benefits offered by Duratex to its employees, of particular note are the following:

- **Medical assistance:** for all employees and their legal dependents up to the age of 24, with different standards of coverage and different levels of individual participation, according to hierarchical level. The plan is based on a co-participation system.
- **Meals or food vouchers in the workplace:** for all employees, with amounts differing by geographical region and individual contribution, according to salary bracket.

- **Group life insurance and personal accident insurance:** for all employees, with different levels of coverage and individual participation, according to salary bracket.
- **Supplementary pension plan (PAI-CD):** for all employees who participate in the Fundação Itaúsa Industrial pension plan. Its structure is based on a contribution by Duratex of between 50% and 100% of the amount contributed to the plan by employees. In 2013, this pension plan had 5,650 active participants, 716 participants who are self-sponsored, with deferred proportional benefit, and 247 receiving benefits linked to Duratex. The Company's contributions to this plan came to a total of R\$ 7.2 million, an amount coming from the fund consisting of installments against the account balance of the sponsor, not included in the calculation of benefits. **G4-EC3; G4-LA2**

Rates of return to work and retention after maternity/paternity leave **G4-LA3**

	TOOK LEAVE IN 2012	RETURNED TO WORK	REMAINED AT WORK	RATE OF RETURN TO WORK	WORK RETENTION RATE
Maternity leave	44	44	31	100%	70.45%
Paternity leave	333	333	333	100%	100%
Total	377	377	364	100%	96.55%

Concept used

Considers, of the employees who took leave in 2012 and returned in 2013, the number who left the Company permanently in 2013.



Variable remuneration based on sustainability

Duratex's remuneration policy for the Board of Directors and the Executive Board is established and updated based on market research, with a tranche of this remuneration linked to targets and results. This helps to engage professional staff in the quest for the creation of long-lasting value.

The main performance indicators are linked to financial results, projects and specific targets for each business area, as well as a combination of individual targets for each manager, established using the balanced scorecard method, and based on aspects relating to finance, customers, processes, sustainability and staff, all within the guidelines of the Company's strategic plan.

Sustainability is one of five key elements on which the variable remuneration of Duratex's Executive Board is based, with targets developed in accordance with the peculiarities of each department and business unit, consisting of various performance indicators.

Last year, the variable remuneration indicators based on sustainability were extended to all managers, who will now be evaluated in 2014. The Company is committed to continually improving these targets and increasing the number of employees involved. **G4-51; GR-52**

The indicators of the variable remuneration in sustainability have been expanded to all the managers, which will be assessed in 2014.

Local hiring

At Duratex, there is no policy that gives preference to hiring local residents. However, in all its units there is a practice of hiring residents the region for all job levels. With respect to members of top management, the Company's practice is to make new appointments through internal promotion and based on merit, from employees who are already part of the workforce, and, as a consequence, those who live locally.

In 2013, there was no external hiring at management level. All seven new managers were promoted from the existing workforce, and are therefore members of the local community. **G4-EC4**

New managers hired in 2013 came from the existing staff, through promotion.

Proportion of members of top management recruited from the local community* **G4-EC6**

2013	2012	2011
100%	40%	100%



**In 2013 there was no external hiring at management level. All the new managers came from our existing workforce and were promoted internally, and therefore are members of the local community.*

Project for disseminating good practices

Quality of relationships

In its relationships with its various audiences, Duratex seeks to contribute to the development of Brazilian society and the building of a business chain that is fair and minimizes socio-environmental and economic impacts. Various tools are used to ensure ethical, transparent and beneficial relationships between the Company and its stakeholders.

Suppliers

Duratex has developed the Duratex Supplier Management Program (GFD) to develop closer relationships with its suppliers, disseminate good practices and define socio-environmental, economic, and quality criteria that must be met, as well as level of service criteria for the selection of supplier partners. In 2014, the Company made improvements to the GFD, increasing the number of visits to suppliers and consultations with a view to finding opportunities for improvement. All suppliers that receive waste are part of the GFD, which operates on the premise of carrying out auditing in loco by a technical team (environmental engineers or technicians, who evaluate socio-environmental conditions). Only after this evaluation, if approved by the technical team, can a supplier be contracted.

G4-56; G4-EN32

In total, 24 suppliers were evaluated by Duratex in 2013, on questions related to environmental impact, labor practices, human rights and social matters, with no significant impact being registered under the last two items. The Company identified significant impacts in the operations of some sup-

pliers that are part of the GFD, who were advised of their deficiencies. A plan for improvements is to be created for joint action with the suppliers in question to be implemented in 2014. **G4-EN33; G4-LA15; G4-HR11; G4-SO10**

Duratex hired 40 suppliers based on environmental criteria, a figure that represents 0.43% of the 9,218 already contracted. These suppliers receive waste and also provided services in 2012, because there were no new suppliers contracted for this type of service in 2013. **G4-EN32**

Suppliers in the service sectors, namely processors of ceramic minerals and providers of building security and transport, are those that have the highest probability of violating the right to exercise freedom of association and collective wage bargaining, or using child labor or compulsory forced labor. Among the suppliers that are part of the GFD program, there were no operations identified that present a significant risk of such instances occurring. **G4-HR4; G4-HR5; G4-HR6**

The Northeast of Brazil is the most vulnerable in this regard as a consequence of its social, political and legal conditions. In its risk map Duratex has

identified a series of actions to mitigate this type of risk, which will be implemented in 2014, such as finding alternative suppliers in other regions. In 2013 no operations were identified that present a significant risk of occurrence of cases of forced or compulsory labor, child labor or violation of the right to exercise freedom of association and collective wage bargaining. **G4-HR4; G4-HR5; G4-HR6**

In 2013, Duratex hired a specific consultant to carry out visits to its strategic suppliers in Brazil, so as to identify environmental, social and legal risks. No operations were identified that present any significant risk of violation of the right to exercise freedom of association and collective wage bargaining. In 2014, 30 new visits are planned to carry out an evaluation of new suppliers, and the re-evaluation of certain companies already visited, in order to monitor the implementation of ongoing improvements. **G4-HR4; G4-HR5; G4-HR6**

In 2013, in addition to implementing the GFD, the supply area, which is centralized and independent of the Company's industrial operations as a way of ensuring appropriate governance of this process, was restructured. This restructuring was carried out with the aim of achieving greater efficiency in the process of acquiring inputs, materials and services, thus separating the strategic side from the operational side. The area also has a specific division for the management of the Company's energy matrix, and the hiring of sub-contractors, as well as a division to deal with the purchasing of imported equipment and inputs.

Purchases from local suppliers* **G4-EC9**

OPERATIONAL UNITS	R\$	(%)**
São Paulo (SP)	462,970,276	17.78
Jundiaí (SP)	93,828,051	3.60
Uberaba (MG)	73,852,292	2.84
Botucatu (SP)	70,107,283	2.69
Itapetininga (SP)	38,663,474	1.48
Recife (PE)	28,461,833	1.09
Agudos (SP)	21,831,684	0.84
João Pessoa (PB)	20,774,008	0.80
Taquari (RS)	12,784,346	0.49
São Leopoldo (RS)	9,888,164	0.38
Queimados (RJ)	378,025	0.01
Total	833,539,437	32.00

*Those that have headquarters in the same cities as the Duratex's manufacturing (operational) units.

**Calculation of the percentage is obtained by the following equation: total bought from the supplier/total bought in 2013.

Duratex holds second supplier meeting

The 2nd meeting of the GFD, held in June 2013, covered the theme "The Supply Management Chain and Its Socio-Environmental Impacts". At the event, major suppliers of the Company attended presentations on themes such as the Ombudsman Service and Sustainability, and participated in two workshops: The Supply Chain and Climate Change, and Greenhouse Gas Inventory.

Ombudsman Service

The supplier Ombudsman Service received eight reports* in 2012, and 27 communications in 2013. Of the reports received in 2013, 18 were dealt with and for the most part concerned payment processes. The other communications received from suppliers in 2013 were not dealt with either due to the absence of detailed information or because the issue was resolved before the Ombudsman process could begin. In 2014, the Ombudsman team will be increasing the level of communication with suppliers. **G4-S0**

In June 2013, the Ombudsman Department gave a presentation at the GFD workshop, with 75 strategic suppliers in attendance. This covered themes such as the Company's Mission, Vision and Values and the process of the Ombudsman Service. **G4-S04**

**Figures refer to the period from January to December 2012. The Ombudsman Service was formally opened on May 23, 2012. Before its opening, denouncements received were dealt with by the Internal Audit Department.*

Clients

In its relationships with its customers - approximately 4 thousand in the Wood Division and 24K in the Deca Division - in addition to providing specific channels for communication and the carrying out of customer satisfaction research, Duratex promotes loyalty initiatives, with the support of the Marketing and Communication areas. One of the Company's targets, in alignment with Platform 2016, is the structured dialogue mechanisms that include attributes and aspects of sustainability in discussions.

The Deca Division has sales affiliates to serve construction companies and retailers, and also has a pre-sales team whose job it is to promote the attributes of the brand in the offices of architects and construction firms. **G4-PR4**

In order to evaluate the level of consumer satisfaction with its products, Duratex carries out market research and analysis. Deca's Customer Service Department carries out a monthly audit, based on a sampling of service orders carried out by the authorized service network. In 2013 the level of customer satisfaction identified as a result of these audits was 94.5%, which demonstrates the high degree of reliability attributed by consumers to the Division's products and services. A satisfaction poll is also carried out by Ibope, of clients in the construction industry and commercial retail, with the aim of evaluating the products supplied and services provided by the Company. In 2013, Deca obtained a general sat-

8.52
was the
satisfaction rate
of the evaluated
services.

isfaction score of 7.40 (on a scale from 1 to 10) and a recommendation index of 8.21. A satisfaction rate of 8.52% was registered for the service provided by the sales team, as well as high levels of satisfaction with the products supplied. In all the categories evaluated, the scores were higher than 8.70. **G4-PR5**

The Wood Division, in addition to having teams dedicated to forming direct relationships with manufacturers and retailers in the furniture segment linked to the marketing area, carries out an annual customer satisfaction poll in both the domestic and international markets. All the relationship activities with the Wood Division's customers and consumers are focused on building and embedding the brand name, developing the market, and particularly promoting techniques and applications for product use, providing training for professional staff in the building sector, and supplying technical assistance for the installation of Durafloor panels. **G4-PR5**

Duratex has a series of policies and norms for information security, aiming to guarantee the

confidentiality, integrity and availability of information, as well as the restriction on the supply of confidential information (Norm NTI-3 of the Information Security Policy and Norm NSC-1 of Annex AD-46, Directives for Buying Professionals). In Duratex's Code of Ethics, provision is made for confidential information, agreements, contracts, projects, studies, etc. to be kept secure and secret, with only limited access by employees who need to acquaint themselves with the content in order to perform their duties. In 2013, no cases of non-compliance were identified with respect to violation of privacy or loss of client data. **G4-PR8**

Accepted in all markets, without any type of restriction on sale, Duratex's products meet all the requirements for customer and consumer information on their packaging – when necessary, warning messages are included about precautions to be taken in the use of the products. In its instruction manuals, Deca encourages the appropriate disposal of its packaging and recyclable products. All relevant information is shown on labels and packaging and presented through the customer service offered. In 2013, no cases were identified of non-compliance with voluntary codes with respect to customer and consumer health and safety or in regard to the labeling of products and services. Nor were any complaints received with respect to violation of privacy or loss of client data. **G4-PR2; G4-PR3; G4-PR4; G4-PR8**

In the Wood Division, customer service is divided into two areas. One is responsible for indus-

trial clients (especially the furniture sector), while the other takes care of the Wood retail segment and the construction materials sector. Support is provided to these areas by specialist teams in the communications, product development, technical assistance and customer relations areas. **G4-PR4**

Ibope is one of satisfaction surveys conducted with clients in construction industry and retail trade sector.



Community

Duratex also invests in a variety of social and cultural projects, with the objective of establishing closer relationships with the communities surrounding its industrial units and forestry plantations. In 2013 the Company began an assessment of the funds it has provided under the incentive laws, with the objective of avoiding its initiatives being spread too thinly, as well as involving the communities in the municipalities close to its units. This initiative involves the evaluation of already existing initiatives and programs, associated processes and responsibilities, and any improvements needed. Last year R\$ 9.4 million was spent on external social investment initiatives.

At the Fazenda Nova Monte Carmelo, where Duratex will be building a new unit of the Wood Division, one of the Company's operational mechanisms to promote local community development involves discussions with the public authorities. This is because the forestry area in which the unit will be established covers five municipalities in the state of Minas Gerais: Araguari, Estrela do Sul, Indianópolis, Nova Ponte and Romaria. Duratex is proposing that the taxes generated by the new plant be divided among all five municipalities, in order to ensure growth that is fair and evenly distributed in the region.

In 2013, Duratex also began structuring a community relationship plan focused on the community in the region of the municipality of

Uberaba (MG), which will begin in 2014, with the objective of evaluating and publishing information of a socio-environmental nature of interest to the Company and local society. One of the first initiatives begun last year is the "Environmental Diagnosis of the Uberabinha River Basin", which is being carried out in partnership with the Mineiro Triangle Socio-Environmental Management Asso-

ciation (Angá). The river, which supplies water to major cities in the region, will be studied by researchers in a survey of fauna, flora and soil in the area. In this way, the environmental impacts of the integrated and sustainable management of natural resources can be better analyzed and understood by the population. The plan is to complete the project by the end of 2014.





Local impact **G4-EC7**

In 2013, capital expenditure was limited to expansion of production capacity in locations where suitable infrastructure already exists. The main investments included the completion of a new MDF production unit in Itapetininga (SP), de-bottlenecking at the unit in Taquari (RS), and a new Vitreous Chinaware Unit in Queimados (RJ). All these localities have good access and suitable infrastructure. Duratex's activities contributed R\$ 752.5 million in the form of taxes levied by municipal, state and federal governments. In addition, investment of a social, environmental and cultural nature was made in its operational regions, of a total of R\$ 44.8 million. The Company is finalizing a study for a new greenfield project (a project which has no restrictions imposed on it as a result of previous work) in a region where there is a scarcity of projects. As a way of dividing the wealth to be generated in the form of taxes, a negotiated model has been drawn up to distribute the taxes to be levied

among the locality of the new plant and neighboring municipalities. **G4-EC7**

As a social measure, given the implementation of the MDF plant in Itapetininga and the introduction and maintenance of a forestry unit, under a contract with the BNDES, bicycle racks and open-air gymnasiums have been set up in the municipalities of Cabo de Santo Agostinho (PE), João Pessoa (PB), Queimados (RJ) and São Leopoldo (RS), involving a total investment of R\$ 800 thousand. The use of these spaces is free and the local municipality is responsible for their maintenance. Under the incentive laws, Duratex has allocated approximately R\$ 800 thousand for the construction of the Lençóis Paulista Theater and the refurbishment of the Agudos Theater. These building works are in their initial phase, and for this reason no data is yet available on their impacts for society. **G4-EC7**

Local development incentives

The wood for the manufacture of sheets and panels in Duratex's plants located in the state of Rio Grande do Sul is for the most part provided by local farmers who plant eucalyptus trees on their properties. In 2013 the Company began to structure a program to provide incentives for small rural property owners to produce this raw material.

These incentives, already carried out by Duratex on a small scale, will provide farmers with the possibility of receiving technical assistance with the cultivation of saplings, and provide them with a significant supplementary income from the selling of the trees after a seven-year growth period.

At the same time, this represents an opportunity for Duratex to differentiate itself in the market, because in this way the Company will have access to wood suppliers closer to its industrial units, with whom it will have closer direct relationships. One of the long-term targets is to obtain FSC certification for these local incentive projects. **G4-EC8**



Social projects and initiatives supported by Duratex

Professional training

- Tide Setúbal municipal joinery school
- *Escola Formare* program
- Income generation
- Inclusion program for the disabled
- *Buscando o Futuro* (looking ahead to the future)
- Visits by technicians

Culture

- Town Square Theater
- *Cantinho do Saber* (knowledge corner) – Duratex's ecology library
- *Ler é Preciso* (the need to read) community library
- *Encena Brasil* (Brazil theater)
- Cinemas – Cineco
- *Pro-Cine SP*
- 30x Biennial exhibition
- Young designer awards

Environmental education

- Environmental Sapling Nursery (AVAP)
- Socio-Environmental Education Center (CESA)

Sport

- Athletes of the Future program (PAF)
- Bicycle racks and open-air gymnasiums

Other programs

- Honey from the forest

For more details about the projects listed, readers should access the website: www.duratex.com.br/Sustentabilidade/pt/Sociedade/

Ibase

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ATTACHMENTS



Ibase

1 - CALCULATION BASE		2013 - R\$ '000			2012 - R\$ '000			2011 - R\$ '000		
Net Revenue (RL)		3,872,705			3,394,399			2,970,365		
Operational Result (RO)		821,979			692,566			576,366		
Gross Payroll (FPB)		719,565			614,030			496,313		
Total Value Added (VAT)		2,155,494			1,841,928			1,694,756		
2 - INTERNAL SOCIAL INDICATORS		2013 (R\$ '000)	% OF FPB	% OF RL	% OF VAT	2012 (R\$ '000)	% OF FPB	% OF RL	% OF VAT	2011 (R\$ '000)
Food		29,622	4.1%	0.8%	1.4%	23,999	1.3%	0.7%	1.3%	22,568
Compulsory social charges		213,495	29.7%	5.5%	9.9%	180,295	9.8%	5.3%	9.8%	180,472
Private pension plan		7,196	1.0%	0.2%	0.3%	6,765	0.4%	0.2%	0.4%	6,177
Health		33,819	4.7%	0.9%	1.6%	25,168	1.4%	0.7%	1.4%	21,014
Occupational health and safety		14,207	2.0%	0.4%	0.7%	12,311	0.7%	0.4%	0.7%	11,098
Education		474	0.1%	-	-	164	-	-	-	242
Culture		57	-	-	-	0	-	-	-	28
Professional training and development		3,078	0.4%	0.1%	0.1%	1,826	0.1%	0.1%	0.1%	1,732
Creche and childcare assistance		135	-	-	-	104	-	-	-	63
Sport		307	-	-	-	146	-	-	-	204
Employee profit-sharing		38,773	5.4%	1.0%	1.8%	30,649	1.7%	0.9%	1.7%	34,071
Transport		16,673	2.3%	0.4%	0.8%	15,108	0.8%	0.4%	0.8%	13,557
Others		3,955	0.5%	0.1%	0.2%	2,296	0.1%	0.1%	0.1%	2,073
Total - internal social indicators		361,791	50.3%	9.3%	16.8%	298,831	16.2%	8.8%	16.2%	293,299

3 - EXTERNAL SOCIAL INDICATORS	2013 (R\$ '000)	% OF FPB	% OF RL	% OF VAT	2012 (R\$ '000)	% OF FPB	% OF RL	% OF VAT	2011 (R\$ '000)
Education	1,288	0.5%	0.1%	0.2%	5,056	0.3%	0.1%	0.3%	1,176
Culture	4,769	0.6%	0.1%	0.2%	1,819	0.1%	0.1%	0.1%	3,049
Health and sanitation	0	-	-	-	575	-	-	-	0
Sport	3,335	0.2%	-	0.1%	1,805	0.1%	0.1%	0.1%	0
Combating of hunger and food insecurity	0	-	-	-	0	-	-	-	0
Sector indicator	ND	-	-	-	0	-	-	-	0
Others	583	0.1%	-	-	78	-	-	-	2
Total contributions to society	9,392	0.9%	0.2%	0.3%	9,333	0.5%	0.3%	0.5%	4,227
Taxes (excluding social charges)	ND	-	-	-	0	-	-	-	0
Total - External social indicators	9,392	1.4%	0.3%	0.5%	9,333	0.5%	0.3%	0.5%	4,227
4 - ENVIRONMENTAL INDICATORS	2013 (R\$ '000)	% OF FPB	% OF RL	% OF VAT	2012 (R\$ '000)	% OF FPB	% OF RL	% OF VAT	2011 (R\$ '000)
4.1 - Investments related to the Company's production/operation									
Expropriation of land	0	-	-	-	0	-	-	-	0
Environmental contingencies and liabilities	0	-	-	-	169	-	-	-	385
Program for technological and industrial development	3,517	0.5%	0.1%	0.2%	3,370	0.2%	0.1%	0.2%	0
Energy conservation	0	-	-	-	0	-	-	-	0
Environmental education	73	-	-	-	160	-	-	-	177
Sector indicator	0	-	-	-	0	-	-	-	0
Others	41,458	5.7%	1.1%	1.9%	24,148	1.3%	0.7%	1.3%	26,503
Total investment related to the Company's production/operation	45,048	6.2%	1.2%	2.1%	27,847	1.5%	0.8%	1.5%	27,065
4.2 - INVESTMENTS IN EXTERNAL PROGRAMS AND/OR PROJECTS									
Environmental projects in communities	0	-	-	-	0	-	-	-	14
Preservation and/or recuperation of degraded environments	0	-	-	-	41	-	-	-	49
Others	0	-	-	-	0	-	-	-	0
Total investment in external programs and/or projects	0	-	-	-	41	-	-	-	63
Total investment in the environment (4.1 + 4.2)	45,048	6.2%	1.2%	2.1%	27,888	1.5%	0.8%	1.5%	27,128

DISTRIBUTION OF INVESTMENT IN THE ENVIRONMENT		2013 (R\$ '000)	2012 (R\$ '000)	2011 (R\$ '000)	
Total investment in environmental prevention measures		16,560	2,597	3,990	
Total investment in environmental maintenance measures		28,488	25,081	22,704	
Total investment in environmental compensation measures		0	210	434	
Number of environmental, administrative and court cases brought against the entity		4	5	3	
Amount of fines and compensation payments of an environmental nature, determined by administrative and/or court proceedings		21,170	241,280	49,762	
With respect to the establishment of annual targets to minimize residues, reduce consumption in general in the production/operational process and increase efficiency of the use of natural resources, the Company:	() has no targets	()	has no targets	()	has no targets
	() fulfills 51 to 75%	(x)	fulfills 51 to 75%	(x)	fulfills 51 to 75%
	(x) fulfills 0 to 50%	()	fulfills 0 to 50%	()	fulfills 0 to 50%
	() fulfills 76 to 100%	()	fulfills 76 to 100%	()	fulfills 76 to 100%
5 - WORKFORCE INDICATORS		2013	2012	2011	
No. of employees at the end of the period		11,057	10,353	10,390	
No. of employees joining during the period		2,923	2,220	2,647	
No. of employees leaving during the period		2,218	2,399	2,128	
No. of outsourced employees		1,641	1,822	1,929	
No. of student trainees		78	87	107	
No. of employees over 45 years of age		1,603	1,460	1,387	
NO. OF EMPLOYEES BY AGE BRACKET		2013	2012	2011	
Less than 18 years of age		213	115	99	
Between 18 and 35 years of age		6,467	6,192	6,362	
Between 36 and 45 years of age		2,774	2,586	2,542	
Between 46 and 60 years of age		1,544	1,140	1,334	
Over 60 years of age		59	50	53	

NO. OF EMPLOYEES BY EDUCATIONAL LEVEL:	2013	2012	2011
Illiterate	11	7	0
Elementary education	3,886	2,891	3,017
High school/technical education	5,682	5,716	5,631
Higher education	1,120	1,467	1,491
Postgraduates	358	272	251
No. of women who work at the Company	1,239	1,117	1,109
% of management posts occupied by women	10.30	9.60	8.4
No. of men who work at the Company	9,818	9,236	9,281
% of management posts occupied by men	89.70	90.40	91.6
No. of Black people who work at the Company	3,288	2,988	2,978
% of management posts occupied by Black people	10.60	10.40	10.9
No. of disabled employees	344	302	283
GROSS REMUNERATION BROKEN DOWN BY:	2013	2012	2011
Employees	R\$ 372,489	R\$ 331,761	R\$ 315,498
Managers	R\$ 14,534	R\$ 12,837	R\$ 13,581
DIFFERENCE BETWEEN THE HIGHEST SALARY PAID BY THE COMPANY AND THE MINIMUM SALARY (NATIONAL OR REGIONAL)	2013	2012	2011
Difference between the lowest salary paid by the Company and the minimum salary	24.90%	2.90%	0%
Source	Payroll/National	Payroll/National	Payroll/National

6 - RELEVANT INFORMATION WITH RESPECT TO THE EXERCISING OF CORPORATE CITIZENSHIP			
	2013	2012	2011
Ratio between the highest and lowest paid remuneration in the Company	63.94	99.13	89.76
Total number of accidents in the workplace	204	235	241
Social and environmental projects developed by the Company were defined by:	<input type="checkbox"/> Directors	<input type="checkbox"/> Directors	<input type="checkbox"/> Directors
	<input checked="" type="checkbox"/> Directors and management	<input checked="" type="checkbox"/> Directors and management	<input checked="" type="checkbox"/> Directors and management
	<input type="checkbox"/> All employees	<input type="checkbox"/> All employees	<input type="checkbox"/> All employees
Standards of safety and cleanliness in the working environment are defined by:	<input type="checkbox"/> Directors and management	<input type="checkbox"/> Directors and management	<input type="checkbox"/> Directors and management
	<input type="checkbox"/> All employees	<input type="checkbox"/> All employees	<input type="checkbox"/> All employees
	<input checked="" type="checkbox"/> Everyone + CIPA	<input checked="" type="checkbox"/> Everyone + CIPA	<input checked="" type="checkbox"/> Everyone + CIPA
With respect to freedom to join a syndicate, the right to collective bargaining and internal representation of employees, the Company:	<input type="checkbox"/> Has no involvement	<input type="checkbox"/> Has no involvement	<input type="checkbox"/> Has no involvement
	<input checked="" type="checkbox"/> Follows the norms of the ILO	<input checked="" type="checkbox"/> Follows the norms of the ILO	<input checked="" type="checkbox"/> Follows the norms of the ILO
	<input type="checkbox"/> Encourages and follows the ILO	<input type="checkbox"/> Encourages and follows the ILO	<input type="checkbox"/> Encourages and follows the ILO
The private pension scheme includes:	<input type="checkbox"/> Directors	<input type="checkbox"/> Directors	<input type="checkbox"/> Directors
	<input type="checkbox"/> Directors and management	<input type="checkbox"/> Directors and management	<input type="checkbox"/> Directors and management
	<input checked="" type="checkbox"/> All employees	<input checked="" type="checkbox"/> All employees	<input checked="" type="checkbox"/> All employees
Profit-sharing includes:	<input type="checkbox"/> Directors	<input type="checkbox"/> Directors	<input type="checkbox"/> Directors
	<input type="checkbox"/> Directors and management	<input type="checkbox"/> Directors and management	<input type="checkbox"/> Directors and management
	<input checked="" type="checkbox"/> All employees	<input checked="" type="checkbox"/> All employees	<input checked="" type="checkbox"/> All employees
In the selection of suppliers, the same standards of ethics and socio-environmental responsibility and adopted by the Company:	<input type="checkbox"/> are not considered	<input type="checkbox"/> are not considered	<input type="checkbox"/> are not considered
	<input type="checkbox"/> are suggested	<input type="checkbox"/> are suggested	<input type="checkbox"/> are suggested
	<input checked="" type="checkbox"/> are required	<input checked="" type="checkbox"/> are required	<input checked="" type="checkbox"/> are required
With respect to the participation by employees in voluntary work, the Company:	<input type="checkbox"/> has no involvement	<input type="checkbox"/> has no involvement	<input type="checkbox"/> has no involvement
	<input type="checkbox"/> supports	<input type="checkbox"/> supports	<input type="checkbox"/> supports
	<input checked="" type="checkbox"/> organizes and encourages	<input checked="" type="checkbox"/> organizes and encourages	<input checked="" type="checkbox"/> organizes and encourages

	2013	2012	2011		
Number of consumer complaints and criticisms	at the Company 40.991	at the Company 39.022	at the Company 51.515		
	at Procon 41	at Procon 54	at Procon 42		
	In court 113	In court 105	In court 62		
% of complaints and criticisms dealt with or resolved:	at the Company 100	at the Company 100	at the Company 100		
	at Procon 100	at Procon 100	at Procon 42		
	In court 22,60	In court 13	In court 18		
Amount of fines and compensation payments to clients determined by consumer defense and protection bodies or in the courts:	at Procon 0	at Procon 0	at Procon 0		
	In court 171.090	In court 66.508	In court 69.433		
ACTIONS TAKEN BY THE ENTITY TO RESOLVE OR MINIMIZE THE CAUSES OF COMPLAINTS:					
Number of labor-related court cases:	833	-	-		
brought against the entity	540	375	341		
ruled as having a case to answer	149	156	128		
ruled as groundless	78	37	53		
Total amount of fines paid and compensation payments paid as determined by the courts	7,223,669	4,500,955	2,894,529		
Total value added for distribution (R\$ '000)	2,155,494	1,841,928	1,694,756		
DISTRIBUTION OF VALUE ADDED	2013 (R\$ '000)	OF TOTAL	2012 (R\$ '000)	OF TOTAL	2011 (R\$ '000)
Government	752,542	34.9%	618,393	33.6%	566,449
Employees	662,731	30.7%	559,077	30.4%	536,658
Shareholders	222,893	10.3%	157,951	8.6%	128,848
Third parties	220,079	10.2%	204,747	11.1%	216,789
Retained	297,249	13.8%	301,760	16.4%	246,012

Note item 4.2 - "preservation and/all revitalization of degraded environments". Amounts refer to fulfillment of Terms of Adjustment to Conduct (TACs).

CIPA: Internal Commission for Accident Prevention.

Ibase: Brazilian Institute of Social and Economic Analyses.

ILO: International Labour Organization.

Procon: Consumer defense and protection body.

Independent auditor's limited assurance report on the information related to sustainability included in the Annual and Sustainability Report for 2013

To the Board of Directors
Duratex S.A.
São Paulo- SP

Introduction

We have been engaged by **Duratex S.A.** to present our limited assurance report on the compilation of the information related to sustainability included in the Annual and Sustainability Report for 2013 of **Duratex S.A.** ("Duratex") for the year ended December 31, 2013.

Management's responsibility

The management of **Duratex** is responsible for the preparation and fair presentation of the information related to sustainability included in the Annual and Sustainability Report for 2013, in accordance with the guidelines of the Global Reporting Initiative (GRI-G4) and for such internal control as it determines is necessary to enable the preparation of information free from material misstatement, whether due to fraud or error.

Independent auditor's responsibility

Our responsibility is to express a conclusion on the information related to sustainability included in the Annual and Sustainability Report for 2013, based on our limited assurance engagement carried out in accordance with the Technical Communication CTO 01, "Issuance of an Assurance Report related to Sustainability and Social Responsibility", issued by the Federal Accounting Council (CFC),

based on the Brazilian standard NBC TO 3000, "Assurance Engagements Other than Audit and Review", also issued by the CFC, which is equivalent to the international standard ISAE 3000, "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board (IAASB). Those standards require that we comply with ethical requirements, including independence requirements, and perform our engagement to obtain limited assurance that the information related to sustainability included in the Annual and Sustainability Report for 2013, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with the Brazilian standard NBC TO 3000 and ISAE 3000 mainly consists of making inquiries of management and other professionals of the entity involved in the preparation of the information, as well as applying analytical procedures to obtain evidence that allows us to issue a limited assurance conclusion on the information taken as a whole. A limited assurance engagement also requires the performance of additional procedures when the independent auditor becomes aware of matters that lead him to believe that the information taken as a whole might present significant misstatements.

The procedures selected are based on our understanding of the aspects related to the compilation and presentation of the information related to sustainability included in the Annual and Sustainability Report for 2013, other circumstances of the engagement and our analysis of the areas in which significant misstatements might exist. The following procedures were adopted:

(a) planning the work, taking into consideration the materiality and the volume of quantitative and qualitative information and the operating and internal control systems that were used to prepare the information related to sustainability included in the Annual and Sustainability Report for 2013 of Duratex;

(b) understanding the calculation methodology and the procedures adopted for the compilation of indicators through interviews with the managers responsible for the preparation of the information;

(c) applying analytical procedures to quantitative information and making inquiries regarding the qualitative information and its correlation with the indicators disclosed in the information related to sustainability included in the Annual and Sustainability Report for 2013; and

(d) obtaining evidence for the most significant GRI - G4 indicators included in the Annual and Sustainability Report for 2013 and presented in the "GRI Summary";

The limited assurance engagement also included the application of procedures to assess compliance with the guidelines of the Global Reporting Initiative (GRI-G4) applied in the preparation of the information related to sustainability included in the Annual and Sustainability Report for 2013.

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

Scope and limitations

The procedures applied in a limited assurance engagement are substantially less detailed than those applied in a reasonable assurance engagement, the objective of which is the issuance of an opinion on the information related to sustainability included in the Annual and Sustainability Report for 2013. Consequently, we were not able to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement, the objective of which is the issuance of an opinion. If we had performed an engagement with the objective of issuing an opinion, we might have identified other matters and possible misstatements in the information related to sustainability included in the Annual and Sustainability Report for 2013. Therefore, we do not express an opinion on this information.

Non-financial data are subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate and estimate these data. Qualitative interpretations of the relevance, materiality and accuracy of the data are subject to individual assumptions and judgments. Furthermore, we did not consider in our engagement the data reported for prior years, nor future projections and goals.

Conclusion

Based on the procedures performed, described herein, no matter has come to our attention that causes us to believe that the information related to sustainability included in the Annual and Sustainability Report for 2013 of **Duratex S.A.** has not been compiled, in all material respects, in accordance with the guidelines of the Global Reporting Initiative (GRI-G4).

São Paulo, April 24, 2014

PricewaterhouseCoopers

Auditores Independentes
CRC 2SP000160/O-5

Manuel Luiz da Silva Araújo

Contador CRC 1RJ039600/O-7 "S" SP

Executive Board Meeting Minutes Summary Held on February 17, 2004

DATE, TIME AND PLACE: on February 17, 2014, at 9 a.m. at Avenida Paulista, 1938 - 5º andar, em São Paulo (SP).

PRESIDING: Antonio Joaquim de Oliveira - President; and Flavio Marassi Donatelli - Secretary.

QUORUM: All the elected members of the Executive Board.

DECISIONS TAKEN UNANIMOUSLY: Having examined the financial statements referring to the financial year ending December 31, 2013, and the report from PricewaterhouseCoopers Auditores Independentes, the Executive Board decided, unanimously and in observance of the terms set out in subparagraphs V and VI of Article 25 of CVM (Brazilian Securities Exchange Commission) Instruction No. 480/09, to declare that:

a) it has revised, discussed and agreed with the opinions expressed in the report issued by PricewaterhouseCoopers Auditores Independentes; and,

b) it has revised, discussed and agreed with the financial statements, referring to the financial year ending December 31, 2013.

MEETING CLOSURE: There being no further business to attend to and with no one wishing to make any additional comments, the meeting was declared closed, with the meeting minutes duly written up in the record book, which having been read and approved, were signed by all those present, as set out below.

São Paulo (SP), February 17, 2014.

Signed: Antonio Joaquim de Oliveira - Chief Executive Officer; Raul Penteadó de Oliveira Neto - Director Vice-President of the Deca Business Unit; Renato Aguiar Coelho - Director Vice-President of the Wood Panel Business Unit; Alexandre Coelho Neto do Nascimento, Flavio Dias Soares, Flavio Marassi Donatelli, José Ricardo Paraíso Ferraz, Marco Antonio Milleo, Maria Julieta Pinto Rodrigues Nogueira, Paulo Cesar Maróstica and Roney Rotenberg - Directors.

FLAVIO MARASSI DONATELLI
Investor Relations Director

Report from the Committee for Auditing and Risk Management

Introduction

The Committee for Auditing and Risk Management of Duratex S.A., created in November 2009, has the following main responsibilities: (i) to supervise the internal control processes and the management of risks inherent in the activities of the Company and its subsidiaries, as well as the work carried out by the Internal and External Auditing Units; and (ii) to evaluate the quality and integrity of the financial statements.

Responsibilities

The Management is responsible for correctly drawing up the financial statements of Duratex S.A. and its subsidiaries and affiliates, as well as the implementation and maintenance of internal control systems and the management of risks in keeping with the size and structure of the Company. It also falls to the Management to establish procedures that guarantee the quality of the processes which generate the financial information.

The Internal Auditing Unit has the task of evaluating the risks in the principal processes and

controls used in the mitigation of these risks, as well as verifying the fulfilment of the policies and procedures determined by the Management, including those that focus on the drawing up of the financial statements.

PricewaterhouseCoopers Auditores Independentes is responsible for the auditing of the financial statements and must insure that they satisfactorily represent, in all relevant aspects, the equity and financial position of Duratex S.A. and its subsidiaries, and ensure that they are drawn up in accordance with the current accounting practices in force in Brazil, as determined by the CVM - The Brazilian Securities and Exchange Commission.

In the fulfilment of its tasks, the analysis and evaluations carried out by the Committee are based on information received from the Management, the Internal Audit Unit, the external auditors and the executives responsible for risk management, and for the internal controls in the various segments of the Organisation.

Activities of the Committee

During the course of the year 2013, the Committee for Auditing and Risk Management met on 13 occasions, with the following objectives:

- » To carry out a review of the Committee's governing procedures.
- » To carry out a review of the policies of the Internal Audit Unit, Receiving and Dealing with Denouncements, Indebtedness and Financial Applications.
- » To analyse financial, operational and environmental risks and the principal internal controls for risk mitigation, in meetings with Directors of the Organisation.
- » Discussion and analysis of the principal accounting practices used in the preparation and drawing up of the quarterly financial statements and the annual balance sheet.
- » To acquaint itself with the main contingency plans involving the Company.
- » To analyse the Reference Form before it is filed with the CVM - The Brazilian Securities Exchange Commission.
- » Discussion and approval of the External Auditor's work planning for the year 2013.
- » To acquaint itself with the Report on Internal Controls drawn up by the External Auditors, as at 31.12.2012.
- » Discussion of points that require attention or improvement observed in the work carried out by the External Auditors, with respect to internal controls and accounting aspects.
- » Approval of the Work Plan for the Internal Audit Unit for 2014.
- » Analysis of the results of the work carried out by the Internal Audit Unit.
- » Monitoring of the action plans arising from the recommendations of the Internal Audit Unit, as a result of meetings with the Company's directors.
- » To acquaint itself with and the monitor the activities of the Ombudsman Department.
- » To carry out an evaluation of the external and internal audits, and the self-evaluation of the Committee.

In November and December 2013, the President of the Committee participated in the process for the selection of the new company auditors, pursuant to Article 31 of CVM Instruction No. 308, of 14.5.1999, which makes provision for the rotation of external auditors every 5 years.

At the second meeting in 2014, held on February 12, the financial statements of 31.12.2013 were discussed and analysed.

Conclusion

The Committee for Auditing and Risk Management, based on the information received and the activities carried out during the period, with due consideration given to its responsibilities and li-

mitations to the scope of its operation, is of the opinion that the individual and consolidated financial statements of 31.12.2013 have been drawn up in compliance, respectively, with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and recommends their approval by the Board of Directors.

São Paulo, February 17, 2014.

Committee for Auditing and Risk Management

Tereza Cristina Grossi Togni – President

Francisco Amauri Olsen
(from August/2013)

Henri Penchas
Ricardo Egydio Setúbal
Rodolfo Villela Marino

Independent Auditor's Report

To the Board of Directors and Shareholders
Duratex S.A

We have audited the accompanying financial statements of Duratex S.A (“Parent Company”), which comprise the balance sheet as at December 31, 2013 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We have also audited the accompanying consolidated financial statements of Duratex S.A and its subsidiaries (“Consolidated”), which comprise the consolidated balance sheet as at December 31, 2013 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with accounting practices adopted in Brazil, and for the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the parent company financial statements

In our opinion, the parent company financial statements referred to above present fairly, in all material respects, the financial position of Duratex S.A as at December 31, 2013, and its financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Duratex S.A and its subsidiaries as at December 31, 2013, and their financial performance and their cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil.

Emphasis of matter

As discussed in note 2.1 to these financial statements, the parent company financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of Duratex S.A., these practices differ from IFRS applicable to separate financial statements only in relation to the measurement of investments in subsidiaries based on equity accounting, while IFRS requires measurement based on cost or fair

value. Our opinion is not qualified in respect of this matter.

Other matters

Supplementary information - statements of value added

We also have audited the parent company and consolidated statements of value added for the year ended December 31, 2013, which are the responsibility of the Company's management. The presentation of these statements is required by the Brazilian corporate legislation for listed companies, but they are considered supplementary information for IFRS. These statements were

subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

São Paulo, February 17, 2014

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Carlos Alberto de Sousa
Accountant CRC 1RJ056561/O-0 "S" SP

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Management Report

Markets and Economic Scenario

For yet another year, Duratex has delivered significant results even in an extremely challenging business environment, characterised by an increase in interest rates, inflationary pressure, a high degree of exchange rate volatility and high levels of consumer debt.

According to figures from the Brazilian Panel Industry Association (ABIPA), the volume of panels shipped in the Brazilian market grew by 5.6%, compared to 2012, stimulated, among other factors, by the provision of consumer credit. This performance corresponds a correlation of approximately 3x the GDP growth estimated at around 2% for 2013. In this same period the Wood Division, with a focus on expanding its margins, reported volume growth of 1.3%, with recurring EBITDA rising by 20.3%

The construction materials industry, which is related to the Deca Division, reported growth of 3%, one percentage point less than initial expectations for the year of 2013, according to the index published by the Brazilian Construction Materials

Industry Association (ABRAMAT). This indicator measures the sales variations within the construction sector in the domestic market. Performance was affected by the weak results for the sector in the fourth quarter, with a marked slowdown, particularly in retail channels. In spite of this challenging external environment, the Deca Division once again substantially outperformed the sector as a whole. Net Revenue in the domestic market increased by 18.0%. Even excluding the sales of the recently acquired operation (Thermosystem), organic sales growth was above the sector average, at 10.9%. This result by the Deca Division, which is extremely positive, can be explained by its broad-based distribution network, the diversity of its product lines and the force of its brand name, in addition to the justified consumer perception of superior product quality.

We expect 2014 to be another year equally replete with major challenges.

Strategic Management

The Company continues to believe in the strength of its markets and its ability to differentiate itself

from the competition. To this end it is maintaining its policy of expanding its production capacity, having invested R\$ 601.5 million in 2013 in the following projects:

In the Wood Division:

- i) Completion of the new MDF plant in Itapetinga - SP, which began operations in July 2013, with an effective production capacity of 520,000 m³ a year. This unit should reach full capacity utilisation by 2016, according to internal estimates, and
- ii) Finalisation of the debottlenecking works on the MDP production line in Taquari (RS), which added 230,000 m³ of additional production capacity a year from August 2013.

In the Deca Division:

- i) An increase in production capacity at the unit in Jundiaí/SP, from 17.0 million to 18.2 million pieces/year of metal bathroom fittings, and
- ii) The conclusion of the investment in the unit at Queimados/RJ, creating additional capacity of 2.4 million pieces a year of vitreous chinaware, representing an increase of 25% to current capacity. This production capacity should start to come on the market during 2014 and 2015.

In addition to projects to organically increase production capacity, Duratex has made other important acquisition moves. At the beginning of 2013, the Company concluded the acquisition of all of the shares of the paid-up capital of ThermoSystem, a manufacturer of electronic showers and solar heating systems. The total value of this transaction amounted to R\$ 56.4 million.

Another important move came about with the announcement of a Public Offering for the Acquisition of Shares of Tablemac, with the objective of obtaining effective control of that operation. This Public Offering ended on January 22, 2014, with the acquisition of all of the tendered shares, representing 14,772,002,647 shares, at a price of COP\$8.60 per share, represented an additional investment of approximately R\$152 million in the Colombian company. As a consequence, Duratex ended up with 80.62% of the capital of Tablemac. As a result of the acquisition of control of this company, and in accordance with CPC 15, we are recognizing the write-down of goodwill acquired in relation to the first tranche of 37%. The value of the writedown is \$ 53.6 million, which is a non-recurring event and has no effect on cash.

With respect to its expansion strategy, Duratex remains alert to any possible acquisition opportunities that may arise. A balanced capital structure and the desire to achieve complementarity in its product lines and the geographical diver-

sification of its existing operations, could all be motivating factors in this direction.

During the year, the Company announced the discontinuation of its operations in Argentina Deca Piazza, as a result of the company's difficulty reaching the expected levels of profitability. The Argentinian market continues to be served by Duratex's sales structure in Brazil.

For the year 2014, the Company's investment amounts to approximately R\$500 million, to be concentrated on the maintenance of its units, its forestry areas and planting, in addition to the expansion of its production capacity for metal bathroom fittings and electronic showers. This figure does not include possible investments as a result of acquisitions, such as the additional investment of approximately

R\$ 152 million for the purchase of an additional equity stake at Tablemac, through a public tender offer.

Discontinued Operations

As a result of the discontinuation of the operations of the subsidiary Deca Piazza S.A., located in Argentina, the Company, in view of its obligation to comply with CPC 31 (IFRS – non-current assets maintained for sale and discontinued operations), has segregated the amounts referring to this operation and has consolidated them under specific headings: non-current assets and liabilities associated with assets maintained for sale in the balance sheet, as well as discontinued operations, in the financial statements.

As a consequence, adjustments have been made to past results, namely for 2013 and 2012.

CONSOLIDATED FINANCIAL RESULTS SUMMARY

(IN IFRS AND R\$ '000)	4Q13	3Q13	4Q12	2013	2012
HIGHLIGHTS					
Volume shipped Deca ('000 items)	6,486	7,578	6,606	27,983	25,772
Volume shipped Wood (m3)	718,526	689,236	699,965	2,668,228	2,635,085
Consolidated Net Revenue	1,008,148	1,027,694	930,692	3,872,705	3,372,546
Gross Profit	348,886	395,082	332,217	1,443,667	1,183,457
Gross margin	34.6%	38.4%	35.7%	37.3%	35.1%
EBITDA according to CVM 527/12 (1)	352,420	398,821	351,839	1,433,259	1,188,447
EBITDA Margin CVM 527/12	35.0%	38.8%	37.8%	37.0%	35.2%
Adjustments for non-cash events	(42,169)	(84,324)	(42,609)	(207,463)	(154,060)

>> CONTINUATION

CONSOLIDATED FINANCIAL RESULTS SUMMARY

(IN IFRS AND R\$ '000)	4Q13	3Q13	4Q12	2013	2012
Non-recurring Events (3)	(5,739)	(4,059)	(7,750)	(25,699)	(9,796)
Recurring Adjusted EBITDA (2)	304,512	310,438	301,480	1,200,097	1,024,591
Recurring Adjusted EBITDA margin	30.2%	30.2%	32.4%	31.0%	30.4%
Net Income (4)	70,289	170,200	149,400	520,142	459,711
Recurring Net Income	118,124	166,141	145,060	561,638	455,489
Recurring Net Margin	11.7%	16.2%	15.6%	14.5%	13.5%
INDICATORS					
Current ratio (5)	1.98	2.09	1.86	1.98	1.86
Net indebtedness (6)	1,453,998	1,561,428	1,369,710	1,453,998	1,369,710
Net indebtedness/EBITDA LTM (7)	1.17	1.27	1.33	1.17	1.33
Average Net Equity	4,371,198	4,289,979	3,984,562	4,225,728	3,852,098
ROE (8)	6.4%	15.9%	15.0%	12.3%	11.9%
ROE Recurring	10.8%	15.5%	14.6%	13.3%	11.8%
SHARES					
Basic net earnings per share (R\$) (9)	0.1132	0.2828	0.2720	0.8809	0.8375
Closing share price (R\$)	13.15	13.19	13.50	13.15	13.50
Net equity per share (R\$)	7.23	7.25	6.66	7.23	6.66
Shares held in treasury (shares)	1,405,054	1,415,054	828,677	1,405,054	828,677
Market Value (R\$1,000) (10)	7,938,056	7,962,070	8,157,116	7,938,056	8,157,116

(1) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): a measure of operational performance pursuant to CVM Instruction 527/12.

(2) EBITDA adjusted for non-cash events arising from the variations in the fair value of biological assets and business combination, in addition to extraordinary events

and the effect of the discontinuation of the Argentinian operation, Deca Piazza.

(3) Events of a non-recurring nature, namely:

in 2013: (+) R\$ 42,318,000, relating to the reversion of a surplus deriving from the closed defined benefit pension plan of Fundação Itaúsa, (-) R\$ 14,362K relating to the

discontinuation of the operations of Deca Piazza and (-) R\$ 2,257K referring to other adjustments.

2012: (+) R\$16,395K relating to the reversion of half-yearly PIS and (-) R\$6,599K relating to discontinued operations (Deca Piazza, Argentina).

(4) 4Q13: write-off related to the first installment of 37% acquired in the capital of Tablemac of (-) US\$ 53,574K

(5) Current Liquidity: Current Assets divided by Current Liabilities. Indicates the amount available in R\$ to cover each R\$ of short-term obligations.

(6) Net Debt: Total Debt (-) Cash.

(7) Leverage calculated on the EBITDA for the last 12 months, adjusted for accounting and non-cash events, but considering events of non-recurring nature.

(8) ROE (Return on Equity): measure of performance arrived at by dividing Net Earnings for the period, annualized in the quarter, by the average shareholders' equity.

(9) Net earnings per share are calculated by dividing the earnings attributed to the Company's shareholders by the average weighted quantity of ordinary shares in circulation during the year, excluding ordinary shares held in treasury.

(10) Market capitalization was calculated based on the share price at the end of the period, multiplied by the number of shares in issue (605,059,489 shares), net of shares held in treasury. Note that the number of shares has been adjusted for periods prior to April 2013, due to a stock dividend that was distributed in that month.

Dividends/Interest-On-Equity

Shareholders are statutorily guaranteed a minimum obligatory dividend of 30% of the adjusted net profit for the period.

For the year as a whole, the total gross remuneration to shareholders amounted to R\$222.7 million, equivalent to an adjusted net value of R\$197.3 million, or approximately R\$0.33 per share. This figure is equivalent to 40% of the adjusted net earnings for the period, and thus 33% higher than the required dividend.

A net distribution was previously paid out on August 15, 2013, in the form of interest-on-equity, amounting to R\$80.9 million. Therefore the balance, with a net value of R\$116.4 million or approximately R\$0.19 per share, will be distributed to shareholders from February 28, 2014 onwards.

Value Added

Value Added in the period totalled R\$2,155.5 million, up 17.0% compared to the previous year. Of this amount, R\$752.5 million, equivalent to 15.1% of the revenue obtained, and 34.9% of the Total Value Added, was paid to the federal, state and municipal governments in the form of taxes and contributions.

Distribution of Value Added in 2013

Remuneration for Labour: 30.8%

Remuneration to Government: 34.9%

Remuneration for Financing: 10.2%

Remuneration to Shareholders: 24.1%

OPERATIONS

Wood Division

HIGHLIGHTS	4Q13	3Q13	%	4Q12	%	2013	2012	%
SHIPMENTS (IN M³)								
STANDARD	416,449	396,081	5.1%	426,192	-2.3%	1,543,240	1,577,830	-2.2%
COATED	302,077	293,155	3.0%	273,773	10.3%	1,124,988	1,057,255	6.4%
TOTAL	718,526	689,236	4.2%	699,965	2.7%	2,668,228	2,635,085	1.3%
FINANCIAL HIGHLIGHTS (R\$1,000)								
NET REVENUE	675,351	655,944	3.0%	621,158	8.7%	2,505,914	2,216,095	13.1%
DOMESTIC MARKET	646,140	627,092	3.0%	595,848	8.4%	2,382,404	2,113,785	12.7%
EXPORT MARKET	29,211	28,852	1.2%	25,310	15.4%	123,510	102,310	20.7%
Net Unit Revenue (in R\$ per m³ shipped)	939,91	951,70	-1.2%	887,41	5.9%	939,17	841,00	11.7%
Unit cash cost (in R\$ per m³ shipped)	(500,82)	(518,72)	-3.5%	(469,79)	6.6%	(490,40)	(459,08)	6.8%
Sales expenses	(64,580)	(63,166)	2.2%	(52,969)	21.9%	(244,693)	(208,701)	17.2%
General and administrative expenses	(15,402)	(14,959)	3.0%	(15,550)	-1.0%	(63,273)	(62,090)	1.9%
Operating profit before financial results (1)	84,526	168,027	-49.7%	148,238	-43.0%	540,039	456,826	18.2%
Depreciation, amortization and depletion (1)	133,960	73,770	81.6%	72,078	85.9%	337,980	272,833	23.9%
Depletion tranche of biological assets	57,071	57,039	0.1%	47,121	21.1%	218,088	162,778	34.0%
EBITDA according to CVM 527/12 (2)	275,557	298,836	-7.8%	267,437	3.0%	1,096,107	892,437	22.8%
EBITDA Margin according to CVM 527/12	40.8%	45.6%		43.1%		43.7%	40.3%	
Variation in fair value of biological assets	(40,863)	(73,753)	-44.6%	(39,933)	2.3%	(191,519)	(144,574)	32.5%
Employee benefits	(1,008)	(5,483)	-81.6%	(5,185)	-80.6%	(7,797)	(9,981)	-21.9%
Others	(192)	(192)	0.0%	4,830	-104.0%	(357)	4,638	-107.7%
Non-recurring event (3)	-	-		(6,224)	-100.0%	(15,803)	(10,316)	53.2%
Recurring Adjusted EBITDA	233,494	219,408	6.4%	220,925	5.7%	880,631	732,204	20.3%
Recurring Adjusted EBITDA Margin	34.6%	33.4%	-	35.6%	-	35.1%	33.0%	-

(1) Included under these headings, in 4Q13, is the result of the write-off of the premium paid for the control of Tablemac, seeing that the initial stake of 37% was acquired for COP12.00 per share with control acquired for COP8.60 per share. This is due to the application of CPC 15 - "Combination of Businesses (Acquisition of Control by Stages)", which determines that Duratex must again measure its previous equity stake acquired in the company at its fair value, recognising any resulting gain or

loss in the result. In this case, Duratex incurred an accounting write-off of the premium of R\$53.6 million, with no cash effect.

(2) Refers to EBITDA, in accordance with the system set out by CVM Instruction 527/12. Based on this result, and in order to better represent the Company's operational cash generation, two adjustments have been made: (1) the stripping out of events of an accounting and non-cash nature from EBITDA, and (2) disregarding events of an extraordinary

nature. In this way, in keeping with best practice, there follows the calculation of the indicator which best reflects the Company's cash generation.

(3) 1Q13 (+)R\$18,060K refers to the reversal of the surplus arising from the close defined benefit pension plan of Fundação Itaúsa and (-) R\$2,257K referring to other adjustments. In 2012, events of this nature included the reversion of the half-yearly PIS.

The Wood Division produced a record performance in the year, both in terms of shipment levels as well as the sales revenue achieved.

The panel shipment volume in 2013 increased by 1.3% compared to 2012, reaching the historic level of approximately 2.7 million cubic meters. Taking a sector comparison, this performance was below the 5.6% increase in demand. Despite the coming onstream of new capacity, the Company recovered its price base, in January 2013, seasonally speaking is a less favourable period. Deca's profitability improved as a result of the successful strategy, as evidenced by the evolution of 20.3% of recurring EBITDA. In 4Q13, the Company's shipments were up 2.7%, compared to the same period a year earlier, already including a contribution from the new MDF plant in Itapetininga, inaugurated in the third quarter of 2013.

The higher volume shipped, the repositioning of the pricing base and the improvement in the mix of products shipped, all drove up Net Revenue to an unprecedented figure of R\$2,505.9 million for the year, and R\$675.4 million for 4Q13. The rise in Net Unit Revenue provides evidence of these factors, having increased by 11.7% on an annual basis. Meanwhile, the unit cash cost increased by 6.6%, representing a significant improvement in operating margins.

Because of this factor, the recurring adjusted operational result, measured by EBITDA, of

R\$880.6 million for the year, represented an increase of 20.3% compared to 2012, with an increase in EBITDA Margin to 35.1%, 2.1 percentage points higher than the margin reported in 2012. In 4Q13, EBITDA totalled R\$233.5 million, with EBITDA Margin of 34.6%, a nominal increase of 5.7% compared to the same period in 2012.

During the year, several important investments were concluded, already operational, which should contribute to putting the Company in a better position in the market with respect to its competitors. At the beginning of September 2013, the first commercial sheet of MDF was shipped, manufactured at the new plant in Itapetininga/SP, which has an annual production capacity of 520,000 m³. Additionally, the investment in removing the bottleneck in the MDP production capacity of the unit at Taquari/RS was concluded, adding 230,000 m³ of production capacity to the plant. Finally, at the end of the quarter, the first sheet of High Gloss finish was produced, thus creating an addition to the Division's sales portfolio, as well as enriching its sales mix.

As a complement to its market communications published on May 18 and November 8, 2012 and September 2, 2013, Duratex also announces to its shareholders and the market in general that it has concluded a public tender offer for the acquisition of the shares of Tablemac S.A., a leading company in the Colombian market in the manufacture of industrialised wood panels. 14,772,002,647 shares were acquired at a price of COP\$8,60 per share, representing an additional investment of approximately R\$152 million in that company. The results from Tablemac, which up to this moment had been recognised in accordance with the equity income result method, would from January 2013 form a part of Duratex's consolidated results.

Deca Division

Due to the discontinuation of the Deca Piazza operations in Argentina, and consequently application of CPC 31 (IFRS), the values below are net of the results of the Argentine operation are consolidated under "Discontinued Operations".

DECA DIVISION

HIGHLIGHTS	4Q13	3Q13	%	4Q12	%	2013	2012	%
SHIPPED (IN '000 ITEMS)								
Basic products	2,142	2,651	-19.2%	2,249	-4.8%	9,429	8,761	7.6%
Finishing products	4,344	4,927	-11.8%	4,357	-0.3%	18,554	17,011	9.1%
TOTAL	6,486	7,578	-14.4%	6,606	-1.8%	27,983	25,772	8.6%
FINANCIAL HIGHLIGHTS (R\$1.000)								
Net Revenue	332,797	371,750	-10.5%	309,534	7.5%	1,366,791	1,156,451	18.2%
Domestic market	325,472	364,120	-10.6%	303,390	7.3%	1,335,962	1,131,788	18.0%
Export market	7,325	7,630	-4.0%	6,144	19.2%	30,829	24,663	25.0%
Net unit revenue (in R\$ per item shipped)	51.31	49.06	4.6%	46.86	9.5%	48.84	44.87	8.9%
Unit cash cost (in R\$ per item shipped)	(29.93)	(27.78)	7.7%	(27.69)	8.1%	(27.83)	(25.60)	8,7%

>> CONTINUE

>> CONTINUATION

DECA DIVISION

HIGHLIGHTS	4Q13	3Q13	%	4Q12	%	2013	2012	%
Sales expenses	(50,232)	(53,767)	-6.6%	(44,662)	12.5%	(201,123)	(166,751)	20.6%
General and administrative expenses	(16,892)	(16,428)	2.8%	(13,062)	29.3%	(64,625)	(46,814)	38.0%
Operating profit before financial results	53,143	79,350	-33.0%	70,270	-24.4%	281,940	241,177	16.9%
Depreciation and amortization	17,981	16,576	8.5%	16,410	9.6%	69,574	61,432	13.3%
Discontinued operations	5,739	4,059	41.4%	(2,278)		(14,362)	(6,599)	
EBITDA according to CVM 527/12 (1)	76,863	99,985	-23.1%	84,402	-8.9%	337,152	296,010	13.9%
EBITDA margin according to CVM 527/12	23.1%	26.9%		27.3%		24.7%	25.6%	
Employee benefits	(106)	(4,896)	-97.8%	(2,321)	-95.4%	(7,790)	(4,143)	88.0%
Discontinued operations	(5,739)	(4,059)		2,278		14,362	6,599	
Non-recurring events	-	-	-	(3,804)	-	(24,258)	(6,079)	-
Recurring adjusted EBITDA	71,018	91,030	-22.0%	80,555	-11.8%	319,466	292,387	9.3%
Recurring adjusted EBITDA Margin	21.3%	24.5%	-	26.0%	-	23.4%	25.3%	-

(1) Includes Discontinued Operations (Deca Piazza, Argentina).

(2) 2013: (+) R\$24,258K referring to the reversion of the

surplus in Duratex's defined benefit closed employee retirement plan and 2012 (+) 6,079K referring to the recovery of half-yearly PIS.

The results obtained by Deca were a record. The volume shipped reached an unprecedented 27.9 million items (26.2 million if the volume shipped by Mipel and Thermosystem is disregarded). The repositioning of the pricing base, together with the increase in the level of shipment volume, took Net Revenue up to R\$ 1,366.8 million, representing an annual increase of 18.2%. This growth in

revenue greatly exceeds the overall growth in revenue in the finishing materials sector, measured based on the ABRAMAT index. According to this, sector revenue grew by 3.0% during the year, compared to an initial forecast of 4.5%.

It is worth pointing out that the performance of the sector, including Deca, was adversely affected

in 4Q13. During the period, there was a reduction in the rhythm of shipment volumes which exceeded that of previous periods. According to ABRAMAT, sales of these products fell by 6.1% in December 2013 compared to the same month in 2012, and down 16.1% compared to November. Deca reported a drop in sales of 9.4% compared to the same month in 2012, and down 15.1% compared to November. We believe this performance to be transitory, arising from high levels of stock in the retail chain. The projected growth in the building materials sector for 2014 is 4.0%, according to ABRAMAT.

Recurring adjusted EBITDA for the year, of R\$319.5 million, with an EBITDA margin of 23.4%, exceeded the result for 2012 by 9.3%. In the fourth quarter this result was R\$71.0 million, with an EBITDA margin of 21.3%, lower than the figure reported in the immediately preceding period. This performance can be explained by the increase in costs, evidenced by the growth in Unit Cash Costs on the same basis as revenue, in 2013, and 3.1 percentage points higher than this over the quarter, following the collective wage increase agreement in the metal bathroom fittings segment during the period, and costs associated with the ramp-up of the vitreous chinaware unit inaugurated in Queimados/RJ.

It should be pointed out that Deca has discontinued its activities in Argentina, which should benefit the future performance of the Division,

as this operation has been incurring losses on a continuing basis.

On a positive note, we draw attention to the completion of the acquisition of Thermosystem (electronic showers and solar heating panels), in January 2013, and the repositioning of Mipel, acquired in the second half of 2012, other highlights include investments in the units in Jundiaí (SP) and Queimados (RJ) to increase their production capacities of metal bathroom fittings and vitreous chinaware, respectively. The results of these expansion projects will be seen during 2014 and 2015.

Capital Markets and Corporate Governance

At the end of 2013, Duratex had a market capitalisation equivalent to R\$ 7,938.1 million, based on a closing share price of R\$ 13.15. It is important to bear in mind that in April 2013 there was a stock dividend of 10%, which increased the quantity of shares in circulation from 550,054,081 to 605,059,489.

During the quarter, 246,100 trades were carried out in the shares of Duratex on the spot market of BM&FBovespa, with a total of 75.9 million shares traded which represents a total trading volume of R\$1,022.5 million, an average daily trading volume of R\$16.7 million. This level of liquidity ensured the presence of the Company's shares in the Ibovespa portfolio, which consists of 60 different shares, and for which the principal

inclusion criteria are linked to share liquidity.

The shares of Duratex are listed on the Novo Mercado, a segment of BM&FBovespa which brings together companies with the highest level of corporate governance. The Company also has a differentiated dividend policy requiring it to distribute a minimum of 30% of adjusted net earnings, while also adhering to the Abrasca Self-Regulation and Good Practices Code for Listed Companies, and adhered to the Arbitration Chamber to solve any shareholder claims.

It is important to point out that, in 2013, Duratex was selected, for the second year running, to form part of the Dow Jones Sustainability Emerging Markets Index (DJSI), one of the most demanding listing indices which evaluates the economic and socio-environmental performance of listed companies. The Company was classified in the industrial materials group, in the Paper & Forestry Products sector. In all, 81 companies were selected to be part of this portfolio, of which 17 were Brazilian.

Additionally, the shares of Duratex remained part of the new 2013/2014 version of the BM&FBovespa Corporate Sustainability Index (ISE), which remains in force from January 6, 2014 to January 2, 2015. The shares of Duratex have featured as part of this index since its 2008/2009 edition. The Company is one of 51 listed companies in the segment that evaluate the application of sustainability concepts in

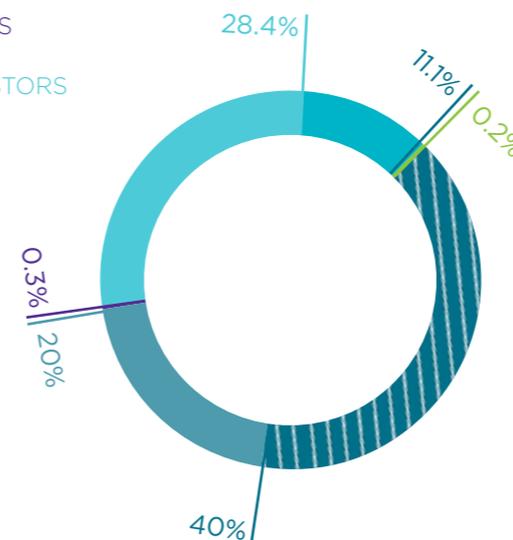
their business management.

Another event of note during the year was the obtaining of the prize “Best Company for Shareholders in 2013” in the category of companies with assets of between R\$ 5 billion and R\$ 15 billion, promoted by Capital Aberto magazine. The ranking lists the 150 companies with the highest daily trading volume on Bovespa, between April 2012 and March 2013.



Shareholding Structure as at December 2013

- ITAÚSA AND FAMILIES
- LIGNA AND FAMILY
- PENSION FUNDS
- FOREIGN INVESTORS
- OTHER
- TREASURY



Social and Environmental Responsibility

At the end of the period, the Company had 11,733 employees, who received total remuneration of R\$99.1 million in the quarter. The

increase in the number of employees compared to 2012 is related to the acquisition of Thermosystem, in addition to the hiring of new staff following the inauguration of the new production units.

(AMOUNTS IN R\$ '000)	4Q13	3Q13	%	4Q12	%	2013	2012	%
NUMBER OF EMPLOYEES	11,733	11,844	-0.9%	10,601	10.7%	11,733	10,601	10.7%
Remuneration	99,055	96,096	3.1%	86,151	15.0%	378,095	331,761	14.0%
Obligatory legal charges	53,053	54,017	-1.8%	48,070	10.4%	207,687	185,786	11.8%
Differentiated benefits	23,936	21,817	9.7%	17,047	40.4%	83,736	66,676	25.6%

During 2013 the Company directly applied R\$30.5 million in environmental initiatives, of particular note being the treatment of effluents, the collection of residues and the maintenance of forestry areas. This figure represents an increase of 10.2% compared to investments of this nature carried out in 2012.

Other highlights for the period include the program for the dissemination of Platform 2016, which was replicated by employees in the various units, being part of the working dialogue and relationship seeking to impact the greatest possible number of employees with respect to the current sustainability panorama. It also seeks to connect trends and global and national directives with the reality at Duratex and its more recent proposals in this area.

For seven years, Duratex has published its An-

nual and Sustainability Report in accordance with the directives of the Global Reporting Initiative (GRI), a multi-stakeholder organisation, based in Holland, recognised internationally as establishing clear criteria which permit the evaluation of economic, social and environmental performance of the organisations. In 2013, in line with the principles of transparency and continual improvement and management, the Company adhered to the G4 version of GRI, launched in May. The Company keeps abreast of discussions regarding the development of an integrated reporting model, which will permit further alignment between business strategy and socio-environmental performance in the rendering of its accounts to public audiences.

The 2013 EXAME Guide recognised Duratex as the most sustainable company in the Build-

ing Sustainability Materials Sector. The publication, now in its 14th edition, carries out the largest and best-known assessment of corporate sustainability in Brazil. The Guide highlighted the work of the Company in its reduction of greenhouse gas emissions by replacing diesel oil as fuel with wood chips, and the expansion of its use of natural gas.

Duratex's commitment to innovation and the efficiency of its products was recognised by the market, which highlighted the Deca Division as the winner of the Eco-prize, for its "Save" urinal, an innovative product which does not use water. In addition to this, readers of Green Building magazine, published by Nova Gestão, elected Deca and Durafloor as outstanding brand names in sustainable construction. Deca was ranked first in the category of lavatory bowls, showers and metal bathroom fittings, while Durafloor was awarded third place in the flooring category.

The forestry unit at Taquari (RS) obtained FSC® certification (Forest Stewardship Council), which applies the standards of the International Council for Forestry Management. Duratex's other forestry units in the states of São Paulo and Minas Gerais already carry this certification.

The Vitreous Chinaware Unit Jundiaí-II received a recommendation for the certification of its Environmental Management System, in accordance with the requirements of ISO 14001:04. This rec-

ognition attests to the existence of an environmental management system in the unit production process, and contributes to improving the operational management model and increasing the differentiation of Duratex's products with consumers looking for companies with more responsible and differentiated practices linked to sustainability. The Deca Vitreous Chinaware Business Units (Jundiaí I and Sul), Deca Metals (São Paulo and Jundiaí) and Panels (Agudos, Itapetinga, Taquari and Uberaba) also carry this certification.

During the fourth quarter, a number of projects of a social, cultural and sporting nature were carried out, of particular note being: (i) "Projeto Esportivo Futuros Craques", implemented in the city of São Paulo, through the Association for the Development, Education and Recuperation of Those with Special Needs (ADERE), (ii) The EX4 Cultural Project in Schools, which held eight presentations at Unified Education Centers in the city of São Paulo and put on a show at Sesi da Vila Leopoldina, (iii) The "Popular Cinema Cultural Project - Cineco" which has the purpose of providing encouragement and dissemination of cinema, in addition to the refurbishment of public spaces carried out in the cities of Estrela do Sul (MG), Uberaba (MG), São Leopoldo (RS) and Taquari (RS).

Other projects were started in the fourth quarter and remain ongoing, such as: (i) "A Step for

Education”, which serves 160 children between the ages of 18 and 17, in the Paraisópolis community, using football as a tool for social inclusion and the development of ethical and citizenship values, integration into society (for example through away matches) and qualifications. The project also provides supplementary nutrition, transport, nutritional monitoring, as well as providing psychological, medical and dental care. The project was begun in October 2013, and is designed to run for one year, (ii) “Young Designers”, which aims to increase awareness of the value of design, helping to disseminate this culture across the Country. The program includes Industrial Design presentations at Brazilian universities across the country and serves as a stimulus for young talent in this area.

Independent Auditors

The Company’s policy for procuring non-external audit services from its independent auditors is based on internationally accepted principles that preserve the independence of the auditors, and consists of the following principles: (a) the auditor should not audit their own work, (b) the auditor should not carry out management functions within the client, and (c) the auditor must not promote the interests of the client.

In accordance with CVM Instruction 381, dated January 14, 2003, and Circular Letter CVM/SNC/SEP nº 02/2006 of December 28, 2006, Duratex and its subsidiaries reported that for the period

January-December 2013, PricewaterhouseCoopers was hired for services not related to external audit, regarding the revision of the Declaration of Income Tax (DIPJ 2013) of Duraflora S.A and Duratex S.A., but have not reached the threshold of 5% of the total spent on the same audit of the Company’s financial statements.

Independent Auditors’ justification – PricewaterhouseCoopers

The provision of other professional services not related to external audit, described above, does not affect the independence or objectivity in conducting the external audit made in Duratex S.A. and its subsidiaries. The regarding Duratex S.A. in the provision of services not related to external audit is based on principles that preserve the independence of the Independent Auditors, all considered in the provision of the service provided above.

Acknowledgements

We are deeply grateful for all the support received from our shareholders, the dedication and commitment of our employees, the partnerships we have with our suppliers and the confidence placed in us by our clients and consumers.

The Management

BALANCE SHEET (IN THOUSANDS OF REAIS)

ASSETS	NOTE	PARENT COMPANY		CONSOLIDATED (IFRS)	
		12/31/13	12/31/12	12/31/13	12/31/12
CURRENT ASSETS		2,009,732	1,876,992	2,588,905	2,364,965
Cash and cash equivalents	5	511,239	617,307	996,843	1,032,077
Trade accounts receivable	6	851,367	753,721	913,362	796,008
Inventory	7	508,949	385,768	546,948	414,633
Other receivables	8	78,692	56,887	42,377	33,586
Recoverable taxes and contributions	9	53,767	59,248	80,572	83,094
Other credits		5,718	4,061	6,733	5,567
Discontinued operations	33	-	-	2,070	-
NON-CURRENT ASSETS		5,343,871	5,052,917	5,589,422	5,393,633
Related parties	11	13,597	-	-	-
Restricted deposits		25,366	23,407	28,290	25,717
Other receivables	8	35,378	34,363	62,691	62,216
Pension plan credits	30	99,245	84,867	107,927	92,232
Recoverable taxes and contributions	9	49,256	44,054	50,544	45,462
Deferred income tax and social contribution	10	48,060	51,188	61,530	63,655
Investments in subsidiaries and associate	12	1,678,474	1,550,565	121,446	173,704
Other investments		298	298	772	772
Property, plant and equipment	13	2,856,325	2,694,105	3,456,787	3,257,083
Biological assets	14	-	-	1,125,616	1,102,337
Intangible assets	15	537,872	570,070	573,819	570,455
TOTAL ASSETS		7,353,603	6,929,909	8,178,327	7,758,598

The accompanying notes are an integral part of this interim financial information

BALANCE SHEET (IN THOUSANDS OF REAIS)

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE	PARENT COMPANY		CONSOLIDATED (IFRS)	
		12/31/13	12/31/12	12/31/13	12/31/12
CURRENT LIABILITIES		1,087,568	1,074,507	1,305,132	1,268,582
Loans and financing	17	569,505	560,261	710,075	675,892
Debentures	18	6,298	5,882	6,298	5,882
Suppliers		188,999	206,480	180,167	211,829
Personnel		125,970	101,736	138,462	111,392
Accounts payable	19	70,708	63,387	110,822	102,366
Taxes and contributions		47,391	45,724	79,426	69,973
Dividends and interest on capital		78,697	91,037	78,697	91,248
Discontinued operations	33	-	-	1,185	-
NON-CURRENT LIABILITIES		1,901,030	1,835,421	2,508,190	2,466,411
Loans and financing	17	1,397,866	1,380,930	1,625,525	1,617,211
Debentures	18	108,943	102,802	108,943	102,802
Contingencies	20	84,591	88,769	123,808	125,444
Deferred income tax and social contribution	10	279,624	251,931	505,593	485,707
Accounts payable	19	30,006	10,989	144,321	135,247
STOCKHOLDERS' EQUITY	22	4,365,005	4,019,981	4,365,005	4,023,605
Capital		1,705,272	1,550,246	1,705,272	1,550,246
Costs on issue of shares		(7,823)	(7,823)	(7,823)	(7,823)
Capital reserves		323,342	314,984	323,342	314,984
Revaluation reserves		74,993	83,332	74,993	83,332
Revenue reserves		1,860,195	1,665,920	1,860,195	1,665,920
Treasury shares		(18,344)	(10,101)	(18,344)	(10,101)
Carrying value adjustments		427,370	423,423	427,370	423,423
Equity attributable to equity holders of the parent company		4,365,005	4,019,981	4,365,005	4,019,981
Noncontrolling interests		-	-	-	3,624
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		7,353,603	6,929,909	8,178,327	7,758,598

The accompanying notes are an integral part of this interim financial information

STATEMENT OF INCOME (IN THOUSANDS OF REAIS)

CONTINUING OPERATIONS	NOTE	PARENT COMPANY		CONSOLIDATED (IFRS)	
		12/31/13	12/31/12	12/31/13	12/31/12
NET SALES REVENUE	24	3,610,721	3,245,404	3,872,705	3,372,546
Variations in the fair value of biological assets	14	-	-	191,519	144,574
Cost of products sold		(2,450,386)	(2,243,023)	(2,620,557)	(2,333,663)
GROSS PROFIT		1,160,335	1,002,381	1,443,667	1,183,457
Selling expenses		(420,465)	(371,319)	(445,816)	(375,452)
General and administrative expenses		(110,259)	(94,665)	(127,898)	(108,904)
Management expenses		(14,432)	(12,706)	(14,433)	(12,837)
Other operating income (expenses), net	27	19,263	(6,346)	(36,284)	9,715
Equity in the results of investees		111,263	130,290	2,743	2,024
OPERATING PROFIT BEFORE FINANCIAL RESULT AND TAXES		745,705	647,635	821,979	698,003
Financial income	26	59,432	45,142	102,656	89,050
Financial expenses	26	(166,339)	(155,239)	(219,621)	(207,878)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTIONS		638,798	537,538	705,014	579,175
Income tax and social contributions - current	28	(89,848)	(74,445)	(155,797)	(111,893)
Income tax and social contributions - deferred	28	(29,030)	(3,837)	(14,713)	(972)
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS		519,920	459,256	534,504	466,310
DISCONTINUED OPERATIONS	33				
NET INCOME FOR THE YEAR FROM DISCONTINUED OPERATIONS		-	-	(14,362)	(6,599)
NET INCOME FOR THE YEAR		519,920	459,256	520,142	459,711
<i>Net income attributable to:</i>					
<i>Owners of the company</i>					
From continuing operations		-	-	519,920	459,256
From discontinued operations		-	-	(14,362)	(6,599)
<i>Noncontrolling interests</i>					
From continuing operations		-	-	222	455
<i>Net income per share (R\$):</i>					
Basic:	31	0.8809	0.8375	0.8809	0.8375
Diluted:	31	0.8553	0.8128	0.8553	0.8128

The accompanying notes are an integral part of this interim financial information

STATEMENT OF COMPREHENSIVE INCOME
PERIODS ENDED DECEMBER 31 (IN THOUSANDS OF REAIS)

	PARENT COMPANY		CONSOLIDATED	
	12/31/13	12/31/12	12/31/13	12/31/12
NET INCOME FOR THE YEAR	519,920	459,256	520,142	459,711
<i>Other components of comprehensive income</i>				
Participation in the comprehensive income (loss) of subsidiaries	3,947	4,696	3,947	4,696
COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	523,867	463,952	524,089	464,407
<i>Attributable to:</i>				
Owners of the company	523,867	463,952	523,867	463,952
Noncontrolling interests	-	-	222	455

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (IN THOUSANDS OF REAIS)

	NOTE	CAPITAL	COSTS ON ISSUE OF SHARES	CAPITAL RESERVES	REVALUATION RESERVES	REVENUE RESERVES	CARRYING VALUE ADJUSTMENTS	TREASURY SHARES	RETAINED EARNINGS	TOTAL	NONCONTROLLING INTERESTS	TOTAL STOCKHOLDERS' EQUITY
BALANCES AS AT DECEMBER 31, 2011		1,550,000	(7,823)	307,932	89,721	1,355,588	416,823	(23,032)	-	3,689,209	3,601	3,692,810
COMPREHENSIVE INCOME FOR THE YEAR												
Net Income for the year		-	-	-	-	-	-	-	459,256	459,256	455	459,711
Participation in the comprehensive income of subsidiaries		-	-	-	-	-	4,696	-	-	4,696		4,696
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-	-	-	-	4,696	-	459,256	463,952	455	464,407
Share options granted	29	-	-	7,052	-	-	-	-	-	7,052	-	7,052
Sales of treasury shares								12,931	(1,998)	10,933		10,933
Adjustment of debentures convertible into shares		-	-	-	-	-	1,904	-	-	1,904	-	1,904
Capital increase		246								246		246
Interest on capital - 2011 complement		-	-	-	-	(682)	-	-	-	(682)	-	(682)
Realization of revaluation reserve		-	-	-	(6,389)	-	-	-	6,389	-	-	-
APPROPRIATION OF NET INCOME FOR THE YEAR												
Allocated to the legal reserve		-	-	-	-	22,963	-	-	(22,963)	-	-	-
Interest on capital 1st half-year	22 d	-	-	-	-	-	-	-	(62,032)	(62,032)		(62,032)
Interest on capital 2nd half-year	22 d	-	-	-	-	-	-	-	(89,963)	(89,963)		(89,963)
Dividends 2nd half-year	22 d	-	-	-	-	-	-	-	(638)	(638)		(638)
Proposed additional dividend	22 d					4,863			(4,863)	-		-
Appropriation to tax incentives (Article 195 - Law no. 6.404/76)						9,902			(9,902)	-		-
Appropriation to reserves		-	-	-	-	273,286	-	-	(273,286)	-	(432)	(432)
BALANCES AS AT DECEMBER 31, 2012		1,550,246	(7,823)	314,984	83,332	1,665,920	423,423	(10,101)	-	4,019,981	3,624	4,023,605

The accompanying notes are an integral part of this interim financial information

>> CONTINUE

>> CONTINUATION

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (IN THOUSANDS OF REAIS)

	NOTE	CAPITAL	COSTS ON ISSUE OF SHARES	CAPITAL RESERVES	REVALUATION RESERVES	REVENUE RESERVES	CARRYING VALUE ADJUSTMENTS	TREASURY SHARES	RETAINED EARNINGS	TOTAL	NONCONTROLLING INTERESTS	TOTAL STOCKHOLDERS' EQUITY
BALANCES AS AT DECEMBER 31, 2012		1,550,246	(7,823)	314,984	83,332	1,665,920	423,423	(10,101)	-	4,019,981	3,624	4,023,605
COMPREHENSIVE INCOME FOR THE YEAR												
Net Income for the year		-	-	-	-	-	-	-	519,920	519,920	222	520,142
Participation in the comprehensive income of subsidiaries		-	-	-	-	-	3,947	-	-	3,947	-	3,947
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-	-	-	-	3,947	-	519,920	523,867	222	524,089
Share options granted	29	-	-	8,358	-	-	-	-	-	8,358	-	8,358
Acquisition of treasury shares								(14,751)		(14,751)		(14,751)
Sales of treasury shares								6,508	215	6,723		6,723
Capital increase		1								1		1
Capital increase using revenue reserves		155,025				(155,025)				-		-
Interest on capital - 2012 complement		-	-	-	-	(5,833)				(5,833)		(5,833)
Realization of revaluation reserve		-	-	-	(8,339)				8,339	-		-
APPROPRIATION OF NET INCOME FOR THE YEAR												
Allocated to the legal reserve		-	-	-	-	25,996			(25,996)	-		-
Interest on capital 1st half-year	22 d								(95,184)	(95,184)		(95,184)
Interest on capital 2nd half-year	22 d								(73,817)	(73,817)		(73,817)
Dividends 2nd half-year	22 d								(4,340)	(4,340)		(4,340)
Proposed additional dividend	22 d					49,330			(49,330)	-		-
Appropriation to tax incentives (Article 195 - Law no. 6.404/76)						8,958			(8,958)	-		-
Appropriation to reserves		-	-	-	-	270,849			(270,849)	-	(3,846)	(3,846)
BALANCES AS AT DECEMBER 31, 2013		1,705,272	(7,823)	323,342	74,993	1,860,195	427,370	(18,344)	-	4,365,005	-	4,365,005

The accompanying notes are an integral part of this interim financial information

STATEMENT OF CASH FLOWS (IN THOUSANDS OF REAIS)

	PARENT COMPANY		CONSOLIDATED	
	12/31/13	12/31/12	12/31/13	12/31/12
OPERATING ACTIVITIES:				
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION FROM CONTINUING OPERATIONS	638,798	537,538	705,014	579,175
ADJUSTMENTS:				
Depreciation, amortization and depletion	256,084	237,057	625,666	499,932
Variations in the fair value of biological assets	-	-	(191,519)	(144,574)
Interest, foreign exchange and monetary variations, net	146,552	142,860	177,125	160,752
Equity in the results of investees	(111,263)	(130,290)	(2,743)	(2,024)
Provisions, disposal of assets	39,917	23,504	54,652	10,870
(Increase)/Decrease in Assets				
Trade accounts receivable	(91,098)	(112,292)	(125,014)	(140,660)
Inventory	(123,181)	1,880	(132,676)	(3,150)
Other assets	(14,921)	10,109	(20,207)	5,636
Increase (Decrease) in Liabilities				
Suppliers	(17,481)	41,769	(31,423)	52,304
Personnel liabilities	24,234	4,048	27,460	6,520
Accounts payable	465	17,206	11,464	47,736
Taxes and contributions	(43,383)	(15,483)	(52,863)	(18,904)
Other liabilities	4,565	(20,537)	(16,529)	(27,845)
Cash provided by operations	709,288	737,369	1,028,407	1,025,768
Income tax and social contribution paid	(73,828)	(69,105)	(121,714)	(90,507)
Interest paid	(116,073)	(136,683)	(138,308)	(162,600)
CASH PROVIDED BY OPERATING ACTIVITIES	519,387	531,581	768,385	772,661
INVESTMENT ACTIVITIES:				
Investments in biological, fixed and intangible assets	(376,594)	(597,101)	(567,621)	(832,214)
Advance for future capital increase in subsidiaries	-	(118,200)	-	-
Acquisition of subsidiary	(56,402)	-	(33,855)	-
Dividends received from subsidiary	31,273	124,457	-	-

>> CONTINUE

>> CONTINUATION

	PARENT COMPANY		CONSOLIDATED	
	12/31/13	12/31/12	12/31/13	12/31/12
Capital increase in subsidiaries	(18)	-	-	-
Net cash received on the merger of subsidiary	-	359	-	-
CASH USED IN INVESTMENT ACTIVITIES	(401,741)	(590,485)	(601,476)	(832,214)
FINANCING ACTIVITIES:				
Financing	544,804	544,154	577,248	695,922
Debentures	(6,320)	101,364	(6,320)	101,364
Amortization of financing	(549,144)	(234,060)	(571,489)	(321,555)
Interest on capital/Dividends	(191,427)	(122,251)	(191,638)	(122,453)
Loans from subsidiaries	(13,602)	-	-	-
Treasury shares and others	(8,025)	10,933	(11,871)	10,933
NET CASH FLOW FROM FINANCING ACTIVITIES	(223,714)	300,140	(204,070)	364,211
Exchange variations on cash and cash equivalents	-	-	1,927	1,260
INCREASE (DECREASE) IN CASH FOR THE YEAR	(106,068)	241,236	(35,234)	305,918
OPENING BALANCE	617,307	376,071	1,032,077	726,159
FINAL BALANCE	511,239	617,307	996,843	1,032,077

STATEMENT OF VALUE ADDED (IN THOUSANDS OF REAIS)

	PARENT COMPANY		CONSOLIDATED	
	12/31/13	12/31/12	12/31/13	12/31/12
REVENUE	4,665,632	4,184,983	4,976,560	4,344,815
Gross sales revenue	4,599,471	4,142,437	4,911,231	4,286,056
Other revenue	72,709	44,862	72,050	61,295
Allowance for doubtful accounts	(6,548)	(2,316)	(6,721)	(2,536)
INPUTS ACQUIRED FROM THIRD PARTIES	(2,659,521)	(2,434,086)	(2,289,842)	(2,089,790)
Cost of sales	(2,283,756)	(2,103,126)	(1,889,520)	(1,744,161)
Materials, energy, outsourced services and others	(375,765)	(330,960)	(400,322)	(345,629)
GROSS VALUE ADDED	2,006,111	1,750,897	2,686,718	2,255,025
Depreciation, amortization and depletion	(256,084)	(237,057)	(625,597)	(499,803)
NET VALUE ADDED	1,750,027	1,513,840	2,061,121	1,755,222
VALUE ADDED RECEIVED THROUGH TRANSFER	170,695	175,432	94,373	86,706
Financial income	59,432	45,142	102,656	89,050
Equity in the results of investees	111,263	130,290	2,743	2,024
Results from discontinued operation	-	-	(11,026)	(4,368)
VALUE ADDED TO BE DISTRIBUTED	1,920,722	1,689,272	2,155,494	1,841,928
DISTRIBUTION OF VALUE ADDED				
PERSONNEL COMPENSATION	578,113	504,683	662,731	559,077
Direct compensation	477,238	422,967	542,322	460,038
Benefits	68,197	51,206	83,736	66,676
Severance indemnity fund (FGTS)	30,768	28,443	34,663	30,269
Other	1,910	2,067	2,010	2,094
GOVERNMENT TAXES	657,989	572,729	752,542	618,393
Federal	414,433	362,921	504,484	403,769
State	240,848	208,083	243,740	211,423
Municipal	2,708	1,725	4,318	3,201
FINANCING REMUNERATION (INTEREST)	164,700	152,604	220,079	204,747
STOCKHOLDERS' REMUNERATION	519,920	459,256	520,142	459,711
Interest on capital/ dividends	222,671	157,496	222,671	157,496
Retained earnings	297,249	301,760	297,249	301,760
Minority interests	-	-	222	455
TOTAL VALUE ADDED DISTRIBUTED	1,920,722	1,689,272	2,155,494	1,841,928

Notes to the Financial Information as at December 31, 2013

(All amounts in thousands of Brazilian Reais, unless otherwise indicated)

Note 1 – Operations

a) General information

Duratex S.A. (the Company) is a publicly-traded corporation headquartered in the city of São Paulo - SP, Brazil. Its controlling shareholders are Itaúsa - Investimentos Itaú S.A., which has significant operations in the financial and industrial sectors, and Companhia Ligna de Investimentos, which operates principally in the retail market, the distribution of civil construction and woodworking materials, and in property construction and rental.

The main activities of Duratex and its subsidiaries (collectively the Group) comprise the manufacture of wood panels (through its Wood Division), vitreous chinaware, sanitary ceramics, metal products and showers (the Deca Division). Duratex presently has 15 industrial plants in Brazil, and maintains branches in the main Brazilian cities. Duratex also has commercial subsidiaries in the United States and Europe.

The Wood Division operates five industrial plants in Brazil, responsible for the production of hardboard, medium density particle (MDP) panels, medium, high and super density fiberboard (MDF, HDF and SDF) panels, Durafloor laminate flooring and components for the furniture industry, as well as operating an industrial resin production plant.

The Deca Division operates ten industrial plants in Brazil, responsible for the production of sanitary ceramic and metal products under the trademarks Deca, Hydra, Belize, Elizabeth and Thermosystem.

b) Approval of financial statements

The financial statements (Parent Company and Consolidated) were approved by the Board of Directors of Duratex S.A. on February 17, 2014.

Note 2 – Summary of Significant Accounting Policies

The main accounting policies applied in the preparation of these financial statements are as set out below. These policies were consistently applied to the exercises presented.

2.1 – Basis of Preparation

The financial statements were prepared on the basis of historical costs, with financial assets held for trading and financial liabilities (including derivative instruments) measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates and the use of judgment by the Company's management in the process of applying the Group's accounting policies. The areas requiring the highest level of judgment and having the greatest complexity, as well as the areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(a) Consolidated financial statements

The consolidated financial statements were prepared and are being presented according to the accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPCs), as well as by International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The presentation of individual and consolidated Statements of Value Added Statement is required by the Brazilian corporate legislation and Brazilian accounting practices for listed companies. As result, the IFRS does not require the disclosure of that statement. It is considered supplementary information, without prejudice to the financial statements.

(b) Individual financial statements

The individual financial statements of the Parent Company were prepared in accordance with the accounting practices adopted in Brazil, issued by the Brazilian Accounting Pronouncements Committee ("CPC") and are being presented together with the consolidated financial statements.

In the individual financial statements, subsidiaries are accounted for under the equity method. The same adjustments are made in both the individual and consolidated financial information, in order to arrive at the same net income and stockholders' equity attributable to the parent company's shareholders. In the Company's case, the Brazilian accounting practices applied to the individual financial information differing from the IFRS applicable to the separate financial statements only in respect of the valuation of investments in subsidiaries and associates based on the equity method of accounting, where IFRS requires valuation at cost or fair value.

2.2 – Consolidation

2.2.1 – Consolidated Financial Statements

The following accounting policies were applied to the preparation of the financial statements:

(a) Subsidiaries

Subsidiaries are all entities (including specific-purpose entities) whose financial and operating policies can be controlled by the Company and in which the Company has a shareholding exceeding half of the voting rights.

The consolidated financial information includes the following companies: Duratex S.A. and its direct subsidiaries: Duratex Florestal Ltda., Estrela do Sul Participações Ltda., Duratex Empreendimentos Ltda., Duratex Comercial Exportadora S.A., Thermosystem Indústria Eletro Eletrônica Ltda., Bale Comércio de Produtos para Construção S.A., Mykonos Administração e Participações Ltda., and its indirect subsidiaries: Duratex North America Inc., Duratex Europe NV, Duratex Belgium NV, TCI Trading S.A., and Deca Piazza S.A. (presented as discontinued operations).

In view of the fact that Tablemac S.A. is not controlled by any company of the Duratex Group, on December 31, 2013, its net income was recognized using the equity method.

The business combination is accounted for based on the acquisition method. The amount

transferred for the acquisition of a subsidiary represents the fair value of the assets transferred, liabilities incurred and equity instruments issued by the Company. The consideration transferred includes the fair value of assets and liabilities resulting from a contingent consideration agreement, if applicable. Acquisition-related costs are recognized in the income statement as incurred. The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination are initially measured at their fair value on the acquisition date. The group recognizes non-controlling interests in acquirees either at their fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The measurement of the non-controlling interest is determined for each acquisition.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the acquisition cost is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized directly in the statement of income.

Intercompany transactions, as well as the balances and unrealized gains and losses in relation to those transactions, were eliminated. The subsidiaries' accounting policies were adjusted to

ensure consistency with the accounting policies of the Company.

(b) Transactions with and participation in non-controlling entities

These are recorded in a manner identical to transactions with the Group's shareholders. For acquisitions of non-controlling ownership interests, the difference between any consideration paid and the acquired portion of the controlling shareholder's net assets are recorded in stockholders' equity, as along with the gains or losses on sales to non-controlling shareholders.

(c) Associates

Associates include all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for under the equity method, and are initially recognized at historical cost. See Note 2.12 for details of the impairment of non-financial assets, including goodwill.

The Group's share of the profits and losses of associated companies is recognized in the statement of income and its share of the changes in reserves is recognized in the Group's reserves. If the Group's share of the losses of an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the

group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

2.2.2 – New Accounting Standards, Amendments and Interpretations not yet Effective

The following new accounting standards, changes and interpretations were issued by the International Accounting Standards Board (IASB) but were not effective for 2013. The early adoption of these standards, though encouraged by the IASB, was not allowed in Brazil by the Brazilian Accounting Pronouncements Committee (CPC).

IFRS 9 - "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces those parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made upon initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is selected

for financial liabilities, the portion of the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is still analyzing the full impact of IFRS 9. The adoption of IFRS 9 is applicable from January 1, 2015.

IAS 32 – “Offsetting financial assets and financial liabilities” (amendments to IAS 32 – “Financial Instruments: Presentation”) - These amendments clarify the meaning of “currently has a legally enforceable right to offset the recognized amounts” and also clarify the applicability of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. The Company believes that these amendments are not expected to have any significant effect on the consolidated financial statements.

IAS 39 – “Novation of derivatives and continuation of hedge accounting” (amendments to IAS 39 – “Financial Instruments: Recognition and Measurement”) - Under the amendments there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria were met. The amendments are effective for annual periods beginning on or after January 1, 2014. The Company has not novated its derivatives in 2013; however

this amendment will be implemented in future novations of derivatives.

2.3 – Presentation of Segmented Information

Segmented information is presented consistently with the segmented information provided to the main operating decision maker. The main operating decision maker, responsible for allocating funds and evaluating the performance of operating segments, is the Company's Board of Directors, which is in charge of the Group's strategic decision making, with the support of the Supervisory Board.

2.4 – Foreign Currency Translation

(a) Functional currency and presentation currency

The items included in the financial statements of each of the companies are measured using the main currency of the economic environment in which the respective company operates (the functional currency). The individual and consolidated financial statements are being presented in Brazilian Reals, which is the Company's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are converted into the functional currency using the exchange rates prevailing on the transaction dates, or on the valuation dates in the event that the items are remeasured. Exchange gains and losses arising from the settlement of those transactions

and from the conversion at period-end exchange rates of monetary assets and liabilities in foreign currencies are recognized in the statement of income as financial income or expenses, except when they are recorded in stockholders' equity and considered to be a hedge of net investments.

(c) Companies of the group with different functional currencies

The net income and financial position of the subsidiaries located abroad (none of which have the currency of a hyperinflationary economy), whose functional currency differs from the presentation currency (Brazilian Reals), are converted into the presentation currency as follow:

- Assets and liabilities are translated at the exchange rate on the balance sheet date;
- Income and expenses are translated at the average exchange rate for the month in which they are recorded;
- All resulting exchange-related differences are recognized in stockholders' equity as "accumulated conversion adjustments" and are recognized in the statement of income when the investments in the subsidiaries are realized;
- Goodwill and fair value adjustments resulting from the acquisition of a foreign entity are recognized as assets and liabilities of the

foreign entity and translated at the closing exchange rate.

2.5 – Cash and Cash Equivalents

Cash and cash equivalents include cash, bank deposits and other short-term highly liquid investments with original maturities of three months or less, and subject to an insignificant risk of changes in value.

2.6 – Financial Assets

2.6.1 – Classification

The classification of financial assets is determined by management when they are initially recognized, and depends on the purpose for which they were acquired. The financial assets are classified into two categories:

(a) Financial assets measured at fair value through profit or loss

These are financial assets maintained for trading, acquired mostly for short-term sale, including derivatives not designated as hedge instruments, which are classified as current assets.

Derivatives are also categorized as held for trading, unless they have been designated as hedging instruments.

(b) Loans and receivables

Loans and receivables represent non-derivative financial assets with fixed or determinable

payments which are not quoted in an active market. They are included in current assets, except for those maturing at least 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables represent trade accounts receivable, other accounts receivable and cash and cash equivalents, except for short-term investments.

2.6.2 – Recognition and Measurement

Purchases and sales of financial assets are recognized on the trading date, which is the date when the Company and its subsidiaries commit to buy or sell the asset.

Loans and receivables are recorded at amortized cost using the effective interest rate method.

Financial assets classified at fair value through profit or loss are initially recognized at their fair value, and transaction costs are charged to the results. Financial assets are written off when the rights to receive cash flow from the investments have been realized or transferred, and, in the latter case, as long as the Company and its subsidiaries have transferred virtually all of the risks and benefits of ownership. Financial assets measured at fair value through profit or loss are subsequently recorded at fair value.

Gains or losses resulting from fluctuations in the fair values of financial assets measured at fair value through profit or loss are presented in the

statement of income in “Other net gains (losses)” in the period in which they occur. Dividends from financial assets measured at fair value through profit or loss (e.g. shares) are recognized in the income statement as part of other operating income net when the Company establishes the right to receive dividends.

The fair values of publicly quoted assets and liabilities are based on their current purchase prices. If the market for a financial asset (for securities not listed in a stock exchange) is not active, the Company establishes fair value by using valuation techniques. These techniques include the use of transactions with third parties, reference to other substantially similar instruments, analysis of discounted cash flow models and option pricing models making the maximum use of information generated by the market and the least possible use of information generated by the management of the Company.

2.6.3 – Offsetting of Financial Instruments

Financial assets and liabilities can be reported at their net amounts in the balance sheet only when there is a legal right to offset the amounts recognized and there is an intent to settle them on a net basis, or to realize the asset and settle the liability simultaneously.

2.6.4 – Impairment of Financial Assets

At the end of each reporting period, the Company evaluates whether there is objective evidence

that a financial asset or group of financial assets has been impaired. An asset or group of financial assets is deemed to be impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the assets (a loss event) which will have an impact on the estimated future cash flow from the financial asset or group of financial assets which can be reliably estimated.

The criteria used by the Company to determine whether there is objective evidence of an impairment loss include:

- Financial difficulties of the issuer or debtor;
- A breach of contract, such as a default or delay in the payment of interest or principal;
- The disappearance of an active market for that financial asset due to financial difficulties;
- Observable data indicating a measurable reduction in the estimated future cash flow from a financial asset portfolio since the initial recognition of those assets, even if the decrease cannot yet be allocated to the individual financial assets in the portfolio, including:
 - a) Adverse changes in the payment situation of the portfolio's borrowers

- b) National or local economic conditions correlating with adverse changes in the payment situation of the portfolio's borrowers

- c) National or local economic conditions correlating with defaults on the portfolio's assets.

The Company and its subsidiaries first evaluate whether there is objective evidence of impairment.

The loss amount is measured as the difference between the book value of the assets and the present value of estimated future cash flow (excluding future credit losses not yet incurred) discounted based on the interest rates originally contracted for the financial assets. The book value of the assets is reduced and the amount of the loss is recognized in the consolidated statement of income. If a loan or investment maintained through maturity has a variable interest rate, the discount rate utilized to measure the impairment loss is the current effective interest rate determined in accordance with the contract. For practical purposes, the Company and its subsidiaries can measure the impairment based on the fair value of the instrument, obtained by utilizing an observable market price.

If, in a subsequent period, the value of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment has been recognized, such as an improvement in the debtor's credit classification,

the reversal of the previously recognized impairment loss is recognized in the consolidated statement of income.

2.7 – Derivative Financial Instruments and Hedging Activities

Derivatives are initially recognized at fair value on the date when the derivative agreement is entered into, and are subsequently remeasured at fair value through the results.

Derivatives are contracted as a form of financial risk management, and the Company's policy is not to enter into leveraged derivative transactions.

Although the Company does not have a hedge accounting policy, it has designated certain debts at fair value through profit or loss, because of the existence of derivative financial assets directly related to loans, as a means of avoiding the recognition of gains and losses in different periods.

Hedges of net investments in foreign operations are recorded as cash flow hedges. Any gain or loss on the hedging instruments is recognized in stockholders' equity in "accumulated conversion adjustments", and the gains or losses related to the non-effective portion is reported in the statement of income immediately in "other operating income (loss), net".

Gains and losses accumulated in equity are included in the statement of income when the for-

ign operation is partially or totally transferred or sold.

2.8 – Trade Accounts Receivable

Trade accounts receivable are recorded and maintained at the nominal value of the amounts obtained on sales of products, plus exchange variations, where applicable. Trade accounts receivable mainly relate to short-term operations, and are therefore not discounted to their present value, as no significant adjustments would arise from this. The provision for doubtful receivables (allowance for doubtful accounts or impairment) is made based on the analysis of the risk of realization of the credit receivables, at an amount considered sufficient by management to cover potential losses on the realization of these assets.

Recoveries of written-off items are credited to "other operating income (losses), net", in the statement of income.

2.9 – Inventory

Inventory is stated at the average purchase or production cost, not exceeding the replacement cost or realizable amount, whichever is less. Imports in transit are stated at the cost of each import.

The cost of finished goods and work in progress comprises the cost of raw materials, direct labor, other direct costs and related direct production costs (based on normal capacity). The

net realizable value is the estimated selling price in the normal course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.10 – Intangible Assets

Intangible assets represent goodwill, customer portfolios, trademarks, patents and rights of use of software. They are stated at acquisition cost less amortization over the period, calculated using the straight line method, in accordance with the established useful life.

Goodwill

Goodwill is the positive difference between the amount paid or payable for the acquisition of a business and the net fair value of the assets and liabilities of the acquired subsidiary or business combination. Goodwill is not amortized, but it is tested annually to identify whether there is any need to record impairment losses.

Goodwill is allocated to Cash Generating Units for impairment. The allocation is made to the Cash Generating Unit or group of Cash Generating Units that is expected to benefit from the business combination on which the goodwill arose, and are identified for each operating segment.

Trademarks and patents

Separately acquired trademarks and licenses are initially stated at historical cost. Trademarks

and licenses acquired during a business combination are recognized at their fair value on the acquisition date. Since they have a defined useful life, trademarks and licenses are subsequently recorded at cost less accumulated amortization.

Contractual relationships with customers – customer portfolio

Only customer relationships acquired during a business combination are recognized at fair value on the acquisition date. Customer relationships have finite useful lives and are recorded at cost less accumulated amortization. Amortization is calculated using the straight line method over the expected useful life of the customer relationship.

Software

Acquired software licenses are recorded as capital expenditure at the amount of the costs incurred to acquire the software and prepare it for use. The cost is amortized over the estimated useful life of the software.

2.11 – Property, Plant and Equipment

Items of property, plant and equipment are stated at their cost of acquisition, formation or construction, including financing costs related to the acquisition of qualifying assets, less accumulated depreciation calculated using the straight line method, and taking into consideration the estimated economically useful lives of the assets, which are reviewed at the end of each year.

Subsequently incurred costs are added to an asset's book value, or are recognized as a separate asset, as applicable, only when it is likely that the future economic benefits associated with the asset will be realized, and the cost of the asset can be reliably measured. The book values of replaced items and parts are written off. All other maintenance and repair costs are recorded in the results for the year in which the costs are incurred.

The book value of property, plant and equipment is reduced to its recoverable amount if the book value exceeds the estimated recoverable amount.

Gains and losses on disposals are determined by comparing the results with the book value and are recognized in "other operating income (losses), net".

2.12 - Impairment of Non-Financial Assets

Assets which have an indeterminate useful life, such as Goodwill, are not subject to amortization and are tested annually for impairment. The assets subject to depreciation or amortization are tested whenever there is objective evidence that the book value may not be recoverable. For this purpose, the companies take into consideration the effects arising from obsolescence, demand, competition and other economic factors. For impairment testing purposes, assets are grouped at the lowest level for

which there is separately identifiable cash flow (Cash Generating Unit level).

2.13 - Biological Assets

Forest reserves are recognized at their fair value, less the estimated selling costs at harvest time, as described in Note 14. For immature plantations (up to one year old), the cost is considered to approximate the fair value. Gains or losses on the recognition of biological assets at their fair value, less selling costs, are recognized in the results. The depletion appropriated to the results is made up of the formation costs portion and the fair value adjustments portion.

The formation costs of these assets are recognized in the results as incurred. The effect of the variation in the fair value of a biological asset is presented in a separate account in the statement of income.

2.14 - Loans and Financing

Borrowing is initially recognized at its fair value when funds are received, net of transaction costs, and subsequently stated at amortized cost, that is, with the addition of charges and interest proportional to the period elapsed (calculated on a pro rata basis), using the effective interest rate method, except for borrowing hedged by derivative instruments, which is stated at fair value.

Borrowing costs that are directly attributable to the acquisition, construction or production

of a qualifying asset, i.e. an asset that requires a substantial period of time to prepare for its intended use or sale, are capitalized as part of the cost of the asset when it is probable that these costs will result in future economic benefits to the entity which can be reliably measured. Other borrowing costs are recognized as expenses in the period in which they are incurred.

2.15 – Accounts Payable to Suppliers and Provisions

Suppliers

Accounts payable to suppliers are obligations to pay for goods or services that were purchased in the ordinary course of business, and are classified as current liabilities if payment is due within one year. Otherwise, the accounts payable are presented as non-current liabilities. Accounts payable are initially recognized at their nominal value, which is equivalent to the fair value, and subsequently measured at amortized cost using the effective interest rate method.

Provisions

Provisions are recognized when there is a present legal or constructive obligation resulting from past events, and it is likely that a disbursement of funds will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the amount expected to be required

to settle the obligation, and reflecting the risks specific to the obligation.

2.16 – Current and Deferred Income Tax and Social Contributions on Net Income

The income tax and social contributions are calculated based on the net income for the year before taxation, adjusted for inclusions and exclusions in accordance with the tax legislation. Deferred income tax and social contributions are recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

In practice, tax adjustments to the accounting net income, such as the inclusion of expenses and exclusion of revenue, are temporary differences and generate deferred tax assets or liabilities.

These taxes are recognized in the statement of income, except for the proportion related to items directly recognized in equity. In this case, the tax is also recorded in equity.

Income tax and social contributions are presented in liabilities on a net basis when there are amounts payable, or in assets when the amount paid in advance exceeds the total owed at the reporting date.

Deferred taxes and contributions are recognized only if their offsetting against future taxable income is probable.

2.17 – Employee Benefits

a) Pension plans

The Company and its subsidiaries offer all of their employees a defined contribution plan managed by Fundação Itaúsa Industrial. The regulations of the plan establish that the sponsoring companies will make a contribution ranging from 50% to 100% of the amount contributed by the employees. The Company previously offered a defined benefit plan to its employees, but this plan is being phased out, with enrollment not permitted for new participants.

In relation to the defined contribution plan, the Company and its subsidiaries have no further payment obligations after the contributions are made. The contributions are recognized as employee benefit expenses when they fall due. Contributions made in advance are recognized as an asset to the extent that these contributions lead to an effective reduction in future payments.

(b) Share-based compensation

The Company offers its executives a compensation plan based on stock options, according to which it receives their services as consideration for the stock options granted. The fair value of the employee services, received in exchange for the stock options granted, is recognized as an expense, with a corresponding entry to stockholders' equity during the period in which the executives render the services and acquire the right to exercise the stock options.

The fair value of the options granted is calculated at the grant date of the options, and at each financial statement date the Company revises its estimates of the quantity of shares it expects to issue, based on the vesting conditions.

(c) Profit sharing

The Company and its subsidiaries compensate their employees through profit sharing if established performance targets are met. This remuneration is recognized as a liability and an expense in the operating results (under cost of goods sold, selling expenses and administrative expenses) when the employee fulfils the established performance conditions.

2.18 – Capital

The common shares are classified in equity. Incremental costs directly attributable to the issue of new shares or options are presented in equity as a deduction from the funds obtained, net of taxes.

The amount paid for the acquisition of treasury shares, including any directly attributable costs, is deducted from the equity attributable to the shareholders until the shares are cancelled, sold or utilized in the stock option plan.

2.19 – Revenue Recognition

Revenue represents the fair value of the consideration received or receivable for the sale of products in the normal course of the activities

of the Company and its subsidiaries. Revenue is stated net of taxes, returns, discounts or rebates granted, as well as the elimination of intercompany sales, and is recognized when its amount can be reliably measured, and when it is probable that future economic benefits will be obtained by the Company and specific criteria for each of the relevant activities have been met.

(a) Sales of goods

Sales revenue is recognized on the delivery of the products, as well as upon the transfer of the risks and benefits to the buyer.

(b) Financial income

Financial income is recognized in accordance with the elapsed period, using the effective interest rate method. When an impairment loss is identified on a financial instrument, the Company and its subsidiaries reduce the book value to its recoverable value, which corresponds to the estimated future cash flow, discounted at the original effective contractual interest rate of the instrument.

2.20 - Leases

The Company has lease contracts on land utilized for forestry activities. In these contracts, the risks and rights of ownership are retained by the lessor, and the leases are therefore classified as operating leases. The costs incurred in operating lease agreements are recorded as part of the cost of formation of biological assets, using the

straight line method, over the contractual period.

2.21 - Distribution of Dividends and Interest on Capital

The distribution of dividends to Company shareholders is recognized as a liability in the financial statements at the end of each year, or on interim dates, as determined by the Supervisory Board. The balance is calculated based on the minimum dividend established in the Company's bylaws, net of the amounts approved and paid during the year.

Any additional portion in excess of the minimum mandatory dividend and which is declared by management after the accounting period of the financial statements but before the date of authorization of the financial statements is recorded under "Proposed additional dividends" in the stockholders' equity, and its effects are presented in Note 22, item d.

As provided in the bylaws, the Company may pay interest on capital, attributing the amounts as dividends. The tax benefit of the interest on capital is recognized in the statement of income.

2.22 - Discontinued Operations

Discontinued operations, arising from components that were disposed of or classified as held for sale, are disclosed separately in the financial statements from the rest of the Company's operations, and, refer to the company Deca Piazza

S.A., located in Argentina, which was discontinued due to the loss of competitiveness and recurring operational losses:

- Statement of income - The income and expenses from discontinued operations and gains and losses resulting from write-off of held for sale assets are presented in “Net income for the period from discontinued operations”.

Details of the related discontinued operations are described in Note 33.

Note 3 – Critical Accounting Judgments and Estimates

During the preparation of the financial information, accounting judgments, estimates and assumptions are utilized to record the amounts of certain assets, liabilities and other transactions. The estimates and accounting judgments adopted by management were based on the information available at the date when the financial information was prepared, based on experience of past events and forecasts for future events. The financial statements include several estimates, including the useful lives of property, plant and equipment items, the realization of deferred tax credits, the allowance for doubtful accounts, inventory losses, the evaluation of the fair value of biological assets, and provisions for contingencies and impairment losses.

The following are the main estimates and assumptions that entail a substantial risk of requiring adjustments to the book values of assets and liabilities:

a) Risk of variations in the fair value of biological assets

The Company used several estimates to value its forestry reserves in accordance with the methodology established by CPC 29/IAS 41. These estimates were based on market references, and are subject to changes which could impact the Company’s financial statements. Specifically, a 5% reduction in standing wood prices would result in a reduction in the fair value of biological assets by about R\$ 37,964, net of tax effects. If the discount rate used were increased by 0.5%, this would result in a reduction in the fair value of biological assets of about R\$ 8,312, net of tax effects.

b) Estimated impairment of goodwill

The Company and its subsidiaries test the possible impairment of goodwill on an annual basis in compliance with the accounting policy presented in Notes 2.10 and 2.12. The balance could be impacted by changes in the economic or market scenario without, however, creating a significant effect on stockholders’ equity.

c) Pension plan benefits

The current value of assets related to pension plans depends on a number of factors that are

determined using actuarial calculations. These calculations involve a series of assumptions, including the discount rate and current market conditions. Any changes in these assumptions will affect the corresponding book values.

Note 4 – Financial Risk Management

4.1 Financial Risk Factors

The Company and its subsidiaries are exposed to market risk in relation to fluctuations in interest, and also to exchange rates and credit risk.

Consequently, risk management is based on the policies approved by the Board of Directors, and is monitored by the Audit and Risk Committee. The Company and its subsidiaries have procedures to manage these situations and can use hedging instruments to reduce the impact of the risks in this regard. These procedures include monitoring the level of exposure to each market risk, in addition to establishing decision-making levels. All hedging transactions entered into by the Group are intended to protect its debts and investments. The Group does not utilize leveraged financial derivatives.

(a) Market risk

(I) Exchange rate risk: Exchange rate risk arises from the risk that there will be a reduction in the value of the Group's assets or an increase in its liabilities due to changes in exchange rates. The

Group has an exchange rate risk policy establishing the maximum amount in foreign currency to which it is exposed in relation to exchange rate variations.

In line with the risk management procedures, the objective of which is to minimize the foreign exchange exposure of the Company and its subsidiaries, hedging mechanisms are maintained, in order to mitigate, in large part, the foreign exchange exposure.

(II) Derivatives: In terms of derivative instruments, no verifications, monthly settlements or margin calls are made, and the contracts are settled upon maturity and recorded at fair value, considering the market conditions for terms and interest rates.

The outstanding contracts as at December 31, 2013 were as follow:

a - US\$ vs. Interbank deposit certificate (CDI) swap agreements

The Company had eight agreements of this nature, with an aggregate notional amount of US\$ 207,049,000, and varying maturities up to June 18, 2018, being an asset (purchase) position in US Dollars and a liability (sale) position in CDI.

The Company made these agreements in order to convert its debts denominated in US Dollars into debts indexed to the CDI.

b - Fixed rate vs. Interbank deposit certificate (CDI) swap agreements

The Company had five agreements with an aggregate amount of R\$ 144,897, maturing through November 4, 2016, consisting of an asset position at a fixed rate and a liability position at a percentage of the CDI.

The subsidiary Duratex Florestal Ltda., had two agreements with an aggregate amount of R\$ 163,545, maturing on September 21, 2015, being an asset position at a fixed rate and a liability position at a percentage of the CDI.

The Company made these agreements in order to convert its total fixed interest rate debts into CDI-indexed debts.

c - Calculation of the fair value of positions

The fair value of the financial instruments was calculated by utilizing the estimated present value of both liability and asset positions, where the difference between the two represents the market value of the swap.

	STATEMENT OF CONSOLIDATED POSITION OF DERIVATIVE FINANCIAL INSTRUMENTS					
	REFERENCE VALUE (NOTIONAL)		FAIR VALUE		ACCUMULATED EFFECT (CURRENT PERIOD)	
	12/31/13	12/31/12	12/31/13	12/31/12	AMOUNT RECEIVABLE/ RECEIVED	AMOUNT PAYABLE/ PAID
I. SWAP CONTRACTS						
Asset position						
Foreign currency (USD)	436,876	258,711	486,864	264,340	46,423	-
Fixed rate	308,442	349,770	334,283	411,218	338	-
Liability position						
CDI	(745,318)	(608,481)	774,385	(651,169)	-	-
II. FUTURE CONTRACTS (NDF)						
Commitment to purchase						
Foreign currency (USD)	-	24,373	-	(70)	-	-

The gains or losses on the transactions listed above were offset against the liability and asset positions in interest rates and foreign currency, the effects of which were recognized in the financial statements.

d - Sensitivity analysis

The table below sets out a sensitivity analysis of the Company's financial instruments, including derivatives, and describes the risk scenarios which could generate material losses for

the Group. The analysis involves a Probable Scenario (Base Scenario) plus two other scenarios (under the terms determined by CVM 475/08) representing a 25% and 50% deterioration in the risk variables.

For the rates of risk variables used in the probable scenario, BM&FBOVESPA (São Paulo Stock, Futures and Commodities Exchange)/ Bloomberg quotations for the respective maturity dates were used.

SENSITIVITY ANALYSIS TABLE

			AMOUNTS IN THOUSANDS OF R\$		
Risk	Instrument/Operation	Description	Probable Scenario	Possible Scenario	Remote Scenario
Interest rate risk	SWAP - FIXED / CDI	Increase CDI	(7,533)	(21,768)	(36,256)
	Subject to hedge: fixed rate loans.		7,533	21,768	36,256
	Net Effect		-	-	-
Foreign exchange	SWAP - US\$ / CDI (Res.2770 e Res. 4131)	Decrease US\$	(22,637)	(180,704)	(338,771)
	Subject to hedge: foreign currency debt (US\$)		22,637	180,704	338,771
	Net Effect		-	-	-
Total			-	-	-

(III) Cash flow or fair value risk associated with the interest rate

Interest rate risk is the risk that an economic loss will be suffered due to adverse changes in interest rates. This risk is continually monitored in order to evaluate any possible need to contract

derivative transactions to hedge against interest rate volatility.

(a) Credit Risk

The Group's sales policy is directly associated with the level of credit risk it is willing to accept

in the course of its business. The measures adopted to minimize defaults or losses on accounts receivable include: the diversification of the Group's portfolio of receivables, the selection of its customers, and the monitoring of sales financing terms and individual position limits.

In relation to temporary cash investments and all other investments, the Company follows the policy of working only with blue-chip institutions and not concentrating its investments on any one economic group.

(b) Liquidity risk

The Company and its subsidiaries have a debt policy which defines the limits and parameters for debt, and the minimum funds which should be maintained, the latter being the higher of the following: an amount equivalent to 60 days of net revenue or the amount of the debt servicing expenses plus dividends and/or interest on capital forecast for the following six months.

The liquidity position is managed on a daily basis, by means of monitoring the cash flow.

Listed below are the maturities of the Company and its subsidiaries' contracted financial liabilities presented in the financial statements:

	PARENT COMPANY				CONSOLIDATED			
	LESS THAN 1 YEAR	2015 AND 2016	FROM 2017 TO 2021	AFTER 2022	LESS THAN 1 YEAR	2015 AND 2016	FROM 2017 TO 2021	AFTER 2022
12/31/13								
Loans/ Debentures	575,803	1,020,686	476,402	9,721	716,373	1,184,132	540,615	9,721
Suppliers	188,999	-	-	-	180,167	-	-	-
Total	764,802	1,020,686	476,402	9,721	896,540	1,184,132	540,615	9,721

The budget projection approved by the Board of Directors for the next fiscal year, if achieved, shows that the Company will be able to generate sufficient cash to meet its obligations.

4.2 Capital Management

The Company and its subsidiaries manage their capital with the objective of ensuring the continuity of their operations, as well as providing shareholders with a return on their investment.

This is achieved through capital cost optimization and controlling the level of indebtedness as a result of monitoring the financial leverage index based on the ratio of net debt to total capital.

	PARENT COMPANY		CONSOLIDATED	
	12/31/13	12/31/12	12/31/13	12/31/12
A -Loans, financing and debentures	2,082,612	2,049,875	2,450,841	2,401,787
Short - term	575,803	566,143	716,373	681,774
Long - term	1,506,809	1,483,732	1,734,468	1,720,013
B-(-) Cash and cash equivalents	511,239	617,307	996,843	1,032,077
C=(A-B) Net debt	1,571,373	1,432,568	1,453,998	1,369,710
D- Stockholders' equity	4,365,005	4,019,981	4,365,005	4,023,605
C/D=Financial leverage index	36%	36%	33%	34%

The financial leverage has remained at the same levels presented in the previous year, absorbing disbursements made as part of the investment plan and the payment of 70% of the amount agreed for the acquisition of Thermosystem.

The Company and its subsidiaries apply CPC 40/ IFRS 7 for financial instruments measured at fair value, which requires the disclosure of the measurement criteria used. As the Company has only Level 2 derivatives, it uses the following valuation techniques:

4.3 Fair Value Estimates

It is assumed that the book values of accounts receivable from customers and accounts payable to suppliers, less the provision for loss (impairment), are close to their fair values. The fair value of the financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flow at the current market interest rate which is available to the Company and its subsidiaries for similar financial instruments.

- The fair value of the interest rate swap is calculated based on the present value of the estimated future cash flow based on the yield curves adopted by the market;
- The fair values foreign currency forward contracts are determined based on future exchange rates at the balance sheet dates, with the resulting amounts discounted to their present values.

The consolidated financial instruments (by category/level) are presented below:

	LOANS AND RECEIVABLES		FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE				TOTAL	
	12/31/13	12/31/12	12/31/13	12/31/12	12/31/13	12/31/12	12/31/13	12/31/12
ASSETS								
Cash and cash equivalents	996,843	1,032,077	-	-	-	-	996,843	1,032,077
Trade accounts receivable	913,362	796,008	-	-	-	-	913,362	796,008
Call option (*)	-	-	-	-	-	2,498	-	2,498
Restricted deposits	28,290	25,717	-	-	-	-	28,290	25,717
Total	1,938,495	1,853,802	-	-	-	2,498	1,938,495	1,856,300
LIABILITIES								
Loans/ debentures	-	-	1,672,944	1,790,093	777,897	611,694	2,450,841	2,401,787
Suppliers	-	-	180,167	211,829	-	-	180,167	211,829
Dividends/ Interest on capital	-	-	78,697	91,248	-	-	78,697	91,248
Derivative financial instruments (**)	-	-	-	-	(4,034)	(11,562)	(4,034)	(11,562)
Total	-	-	1,931,808	2,093,170	773,863	600,132	2,705,671	2,693,302

(*) Value recorded in "Other accounts receivable", non-current assets.

(**) Derivative financial instruments are presented at the net value, as assets or liabilities, and are all Level 2 financial instruments.

Note 5 – Cash and Cash Equivalents

	PARENT COMPANY		CONSOLIDATED	
	12/31/13	12/31/12	12/31/13	12/31/12
Cash and banks	35,023	25,391	50,450	38,839
Fixed income securities	163	286	1,539	2,525
Bank deposit certificates	476,053	591,630	945,160	990,713
Reclassification to discontinued operations (note 33)	-	-	(306)	-
TOTAL	511,239	617,307	996,843	1,032,077

The bank deposit certificates in Brazil earn interest with reference to the CDI rate, and deposits abroad in US Dollars earn a fixed interest rate.

Although they have long-term maturities, bank deposit certificates can be redeemed at any time without loss of remuneration.

Note 6 – Trade Accounts Receivable

	PARENT COMPANY		CONSOLIDATED	
	12/31/13	12/31/12	12/31/13	12/31/12
Domestic customers	830,149	739,795	905,769	785,733
Foreign customers	54,238	42,094	41,467	39,127
Allowance for doubtful accounts	(33,020)	(28,168)	(33,815)	(28,852)
Reclassification to discontinued operations (note 33)	-	-	(59)	-
TOTAL	851,367	753,721	913,362	796,008

The balances of accounts receivable by maturity are as follow:

	PARENT COMPANY		CONSOLIDATED	
	12/31/13	12/31/12	12/31/13	12/31/12
Not yet due	833,849	743,921	896,134	786,291
Past-due up to 30 days	10,655	4,111	10,750	4,228
From 31 to 60 days	1,166	852	1,166	858
From 61 to 90 days	545	688	586	715
From 91 to 180 days	3,527	3,048	3,527	3,048
More than 180 days	34,645	29,269	35,074	29,720
TOTAL	884,387	781,889	947,237	824,860

The Company and its subsidiaries have a Credit Policy in place, the objective of which is to establish the procedures to be followed when granting credit in commercial operations, and sales of products and services, both domestically and abroad.

The credit limit is determined based on a credit analysis, considering the history of the customer, its capacity as a borrower, and market information.

The credit limit is defined with reference to a percentage of net revenue and the stockhold-

ers' equity, or a combination of these. Consideration is also given to the average volume of monthly purchases. The decision as to the credit limit is always supported by an evaluation of the economic and financial situation, an examination of the relevant documents and the customer's reputation.

Customers are classified as A, B, C or D based on the length of the Company's relationship with the customer and their payment history.

CLASSIFICATION	LENGTH OF RELATIONSHIP	PAYMENT HISTORY	% OF CUSTOMER PORTFOLIO	
			12/31/13	12/31/12
A	over 5 years	Punctual	63%	57%
B	over 3 years	Up to 1 day late, on average	6%	7%
C	below 3 years	Over 1 day late, on average	27%	33%
D		Defaulted	4%	3%

The maximum credit risk exposure at the date of this report is the book value of each class of trade accounts receivable listed above. The Group has not pledged any receivables as collateral for liabilities.

Note 7 - Inventory

	PARENT COMPANY		CONSOLIDATED	
	12/31/13	12/31/12	12/31/13	12/31/12
Finished goods	125,428	91,507	144,709	104,529
Raw materials	206,279	152,822	209,664	160,213
Work in progress	92,104	69,455	103,156	76,691
General warehouse	81,991	69,853	83,717	70,967
Advances to suppliers	3,147	2,131	5,702	2,233
TOTAL	508,949	385,768	546,948	414,633

Note 8 - Other Receivables

	PARENT COMPANY		CONSOLIDATED	
	12/31/13	12/31/12	12/31/13	12/31/12
CURRENT				
Dividends receivable	42,509	31,273	-	-
Fundação Itaúsa Industrial (pension plan)	14,037	-	14,037	-
Sale of farms/ properties	16,080	15,101	22,098	20,718
Others	6,066	10,513	6,242	12,868
Total Current	78,692	56,887	42,377	33,586
NON-CURRENT				
Fundação Itaúsa Industrial (pension plan)	16,377	-	16,377	-
Sale of farms/ properties	8,238	21,548	10,371	28,978
Forest incentives	-	-	12,411	12,276
Others	10,763	12,815	23,532	20,962
Total Non-Current	35,378	34,363	62,691	62,216

Note 9 – Recoverable Taxes and Contributions

The Company has recoverable federal and state tax credits, the composition of which is as follows:

	PARENT COMPANY		CONSOLIDATED	
	12/31/13	12/31/12	12/31/13	12/31/12
CURRENT				
Income tax and social contribution to be offset	16,244	14,692	25,429	22,877
ICMS, PIS and COFINS on the acquisition of property, plant and equipment (*)	26,859	29,566	28,078	31,381
PIS and COFINS to be offset	2,679	5,931	10,553	13,846
ICMS and IPI recoverable	7,333	9,039	15,350	13,857
Others	652	20	1,162	1,133
TOTAL	53,767	59,248	80,572	83,094
NON-CURRENT				
ICMS, PIS and COFINS on the acquisition of property, plant and equipment (*)	49,256	44,054	50,544	45,462
TOTAL	49,256	44,054	50,544	45,462

(*) The recoverable amounts for State Value-Added Tax (ICMS), Social Integration Program (PIS) and Social Contribution on Revenue (COFINS) were mainly generated from the acquisitions of property, plant and equipment items for the industrial plants. Under current legislation, the PIS/COFINS credits will be utilized within 12 and 24 months, and the ICMS credits within 48 months.

Note 10 – Deferred Income Tax and Social Contribution

Deferred income tax and social contributions are calculated on income tax and social contribution losses, temporary differences between the tax and book bases of assets and

liabilities, and adjustments made to comply with CPCs/IFRS. The tax rates applied in this respect are 25% for income tax and 9% for social contributions.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available to utilize temporary differences, considering the projections of future

income. These projections are prepared on the basis of internal assumptions and using future economic scenarios, and are, therefore, subject to change.

	PARENT COMPANY		CONSOLIDATED	
	12/31/13	12/31/12	12/31/13	12/31/12
DEFERRED TAX ASSETS TO BE RECOVERED WITHIN 12 MONTHS	26,330	29,722	32,402	34,327
TEMPORARILY NON-DEDUCTIBLE PROVISIONS:				
Provision for sundry labor charges and costs	16,257	12,222	17,729	13,405
Provisions for losses on inventory	692	3,326	742	3,371
Provision for adjustment of assets to market value	2,307	2,203	2,309	2,205
Provision for commission payable	1,735	1,777	1,735	1,777
Sundry provisions	5,339	10,194	9,873	13,569
Swap result (cash vs. accruals basis)	-	-	14	-
Deferred tax asset to be recovered after 12 months	21,730	21,466	29,128	29,328
Provision for sundry labor charges	9,683	9,929	11,281	10,886
Tax provisions	8,893	9,316	14,679	15,118
Allowance for doubtful accounts	2,363	1,209	2,377	1,209
Provision for losses on investments	469	469	469	469
Sundry provisions	192	150	192	1,253
Effect of business combination - CPCs / IFRS	130	393	130	393
TOTAL DEFERRED TAX ASSETS	48,060	51,188	61,530	63,655
NON-CURRENT LIABILITIES				
Income tax and social contributions on revaluation reserve	(29,912)	(32,685)	(56,211)	(61,510)
Income tax and social contributions on present value adjustment of loans	(7,748)	(8,405)	(7,748)	(8,405)
Income tax and social contributions on Swap result (cash vs. accruals basis)	(17,285)	(3,583)	(17,285)	(4,337)
Income tax and social contributions on depreciation (25% credit of social contribution)	-	(3,272)	(8,005)	(11,885)
Income tax and social contributions on goodwill based on future profitability	(15,175)	(8,936)	(15,175)	(4,199)
Income tax and social contributions on sale of real estate	(4,097)	(6,303)	(5,278)	(8,369)
Income tax of subsidiary located abroad (Deca Piazza)	-	-	-	(699)
Income tax and social contributions on other fiscal obligations	(91,956)	(69,585)	(95,538)	(69,620)
Income tax and social contributions on CPC/IFRS adjustments	(113,451)	(119,162)	(300,353)	(316,683)
TOTAL DEFERRED TAX LIABILITIES	(279,624)	(251,931)	(505,593)	(485,707)

Note 11 – Related Parties

a) Balances and transactions with subsidiaries

DESCRIPTION	CONTROLLED COMPANIES					ASSOCIATE TABLEMAC	
	DURATEX COML. EXPORTADORA		DURATEX FLORESTAL		THERMOSYSTEM	12/31/13	12/31/12
	12/31/13	12/31/12	12/31/13	12/31/12	12/31/13		
ASSETS							
Trade accounts receivable	-	-	33	55	4	5,636	-
Dividends receivable	-	472	42,509	30,801	-	-	-
Accounts receivable	-	-	41	11	-	-	-
Subsidiaries	-	-	-	-	13,597	-	-
LIABILITIES							
Suppliers	-	-	25,774	21,620	-	-	-
Subsidiaries	-	-	4	5	-	-	-
RESULTS							
Sales	-	-	28	20	13	10,979	1,899
Purchases	-	-	(295,751)	(265,299)	-	-	-
Financial	-	-	2	2	-	123	-
OTHERS	-	-	6	35	-	-	-

DESCRIPTION	INDIRECT SUBSIDIARIES					
	TCI TRADING		DURATEX NORTH AMERICA		DECA PIAZZA	
	12/31/13	12/31/12	12/31/13	12/31/12	12/31/13	12/31/12
ASSETS						
Trade accounts receivable	-	-	11,056	8,863	7,929	6,788
Accounts receivable	22	9	-	-	-	-
LIABILITIES						
Suppliers	-	1,010	-	-	-	-
RESULTS						
Sales	-	-	29,620	27,637	655	3,508
Purchases	(37,808)	(80,755)	-	-	-	-
FINANCIAL	-	-	783	633	1,039	635

b) Transactions with other related parties

DESCRIPTION	LEO MADEIRAS MAQS.& FER. LTDA		LEROY MERLIN CIA BRAS. BRICOLAGEM		LIGNA FLORESTAL LTDA.		ELEKEIROZ S.A.	
	12/31/13	12/31/12	12/31/13	12/31/12	12/31/13	12/31/12	12/31/13	12/31/12
ASSETS								
Trade accounts receivable	12,601	16,610	26,805	30,130	-	-	-	-
Acquisition of property, plant and equipment	-	-	-	-	2,500	-	-	-
LIABILITIES								
Suppliers	-	-	-	-	-	-	556	-
RESULTS								
Sales	82,354	91,520	110,356	92,043	-	-	785	-
Purchases	(29)	-	(7,132)	-	-	-	(29,368)	(25,550)
LEASE COSTS (*)	-	-	-	-	(22,079)	(13,446)	-	-

(*) Refers to the costs of the rural leasing agreement with Ligna Florestal Ltda. (controlled by Ligna de Investimentos) entered into by the subsidiary Duratex Florestal Ltda. in connection with land used for reforestation. The monthly charges for this lease amount to R\$ 1,515. The agreement will expire in July 2038, but may be renewed automatically for a further 15 years, readjusted annually based on the variation of the National Consumer Price Index (INPC), calculated by the Brazilian Institute of Geography and Statistics (IBGE). The increase in the amounts paid in 2013 mainly refers to the retroactive adjustment of the leases of Minas Gerais and Rio Grande do Sul amounting to R\$ 6,370, as detailed in Note 21.

DESCRIPTION	ITAUTEC S.A.		ITAÚSA EMPREENDIMENTOS S.A.		ITAÚSA INVESTIMENTOS S.A.		ITAÚ UNIBANCO		ITAÚ SEGUROS	
	12/31/13	12/31/12	12/31/13	12/31/12	12/31/13	12/31/12	12/31/13	12/31/12	12/31/13	12/31/12
ASSETS										
Financial investments	-	-	-	-	-	-	199,104	532,725	-	-
Trade accounts receivable	-	3	-	-	27	-	-	114	-	-
LIABILITIES										
Suppliers	-	-	-	-	-	-	-	-	492	-
RESULTS										
Sales	37	75	-	-	36	-	428	350	-	-
Rent expenses	-	-	-	-	(2,841)	(2,525)	-	-	-	(937)
Insurance expenses	-	-	-	-	-	-	-	-	(2,645)	(3,187)
Remuneration on financial investments	-	-	-	-	-	-	29,056	27,063	-	-
Financial expenses	-	-	-	-	-	-	(133)	-	-	-
OTHER OPERATING INCOME (EXPENSES), NET	(2,471)	(2,917)	(1,250)	(2,505)	-	-	-	-	-	-

The transactions with related parties are realized in the course of the Company's business, and are at normal market conditions.

Financial investments from Banco Itaú S.A are made under normal financial market conditions, and within the limits set by the Company's management. The amounts presented as financial income represent earnings on investments, and financial expenses refer to fees for the collection of receivables.

c) Management remuneration

The remuneration paid or payable to the executives of the Company and its subsidiaries up to December 31, 2013 was R\$ 14,433 in fees (R\$ 12,837 - December 31, 2012), R\$ 13,934 in the form of profit sharing (R\$ 15,645 - December 31, 2012), and R\$ 6,736 in the form of long-term remuneration based on stock options (R\$ 5,694 - December 31, 2012).

Note 12 – Investments In Subsidiaries and Associates

a) Change in investments

	DIRECT SUBSIDIARIES									TOTAL
	DURATEX COML. EXP.	DURATEX FLORESTAL	ESTRELA DO SUL	DURATEX EMPREEND.	DURATEX EUROPE	IND. MET. JACAREÍ	THERMOSYSTEM ELETRO ELETRON.	BALE COM. PROD.	MYKONOS ADMIN. PART.	
NUMBER OF SHARES/QUOTAS HELD (THOUSAND)										
Common	6	182	-	-	-	-	-	-	-	-
Preferred	10	52	-	-	-	-	-	-	-	-
Quotas	-	-	12	2,874	-	-	19,243	-	-	-
Interest %	100.00	99.99	99.99	99.99	-	-	99.99	99.99	99.99	
Capital	190,200	700,006	12	2,874	196,812	-	19,243	10	10	
Equity	143,975	1,465,452	5,576	6,822	133,049	-	28,945	10	10	
Net income (loss) for the year	(69,326)	173,659	179	353	(65,916)	-	6,398	-	-	
Changes in investments										
AS AT DECEMBER 31, 2011	36,822	1,325,565	5,267	6,078	7	-	-	-	-	1,373,739
Amortization of goodwill	-	(67)	-	-	-	(2,894)	-	-	-	(2,961)
Equity in results of investees	1,988	127,385	130	391	(7)	403	-	-	-	130,290

>> CONTINUE

>> CONTINUATION

	DIRECT SUBSIDIARIES									TOTAL
	DURATEX COML. EXP.	DURATEX FLORESTAL	ESTRELA DO SUL	DURATEX EMPREEND.	DURATEX EUROPE	IND. MET. JACAREÍ	THERMOSYSTEM ELETRO ELETRON.	BALE COM. PROD.	MYKONOS ADMIN. PART.	
Acquisition of Indústria Metalúrgica Jacareí	-	-	-	-	-	46,343	-	-	-	46,343
Variation in unrealized revenue	820	-	-	-	-	-	-	-	-	820
Capital increase	47,000	-	-	-	-	-	-	-	-	47,000
Exchange variation on equity	4,802	-	-	-	-	-	-	-	-	4,802
Dividends	(472)	(123,344)	-	-	-	-	-	-	-	(123,816)
Merger of subsidiary on 12.28.2012	-	-	-	-	-	(13,026)	-	-	-	(13,026)
Reclassification of goodwill to intangible assets	-	-	-	-	-	(16,174)	-	-	-	(16,174)
Reclas. of goodwill to property, plant and equipment	-	-	-	-	-	(14,652)	-	-	-	(14,652)
Advances for capital increases	118,200	-	-	-	-	-	-	-	-	118,200
AS AT DECEMBER 31, 2012	209,160	1,329,539	5,397	6,469	-	-	-	-	-	1,550,565
Amortization of goodwill	-	(64)	-	-	-	-	(1,342)	-	-	(1,406)
Equity in results of investees	(69,326)	173,659	179	353	-	-	6,398	-	-	111,263
Acquisition of Thermosystem Eletro Eletrônica Ltda	-	-	-	-	-	-	56,402	-	-	56,402
Establishment of Bale Com. Produtos p/construção S.A.	-	-	-	-	-	-	-	9	-	9
Establishment of Mykonos Admin. e participações Ltda.	-	-	-	-	-	-	-	-	9	9
Exchange variations on equity	4,141	-	-	-	-	-	-	-	-	4,141
Dividends	-	(42,509)	-	-	-	-	-	-	-	(42,509)
AS AT DECEMBER 31, 2013	143,975	1,460,625	5,576	6,822	-	-	61,458	9	9	1,678,474

	INDIRECT SUBSIDIARIES						ASSOCIATE
	DECA PIAZZA	NORTH AMERICA	DURATEX EUROPE	DURATEX BELGIUM	TCI TRADING	JACARANDÁ MIMOSO	TABLEMAC
NUMBER OF SHARES/QUOTAS HELD (THOUSAND)							
Common	32,545	500	19	1,880	7,401	-	12,529,839
Preferred	-	-	-	-	7,401	-	-
Quotas	-	-	-	-	-	-	-
Interest %	100.00	100.00	100.00	100.00	100.00	-	37.00
Capital	15,272	885	196,812	46,762	17,634	-	54,332
Equity	(6,956)	7,709	133,049	34,205	20,147	-	328,233
Net income (loss) for the year	(13,774)	(27)	(65,916)	(13,680)	237	-	(2,389)
Changes in investments							
AS AT DECEMBER 31, 2011	6,133	5,799	17,475	-	16,407	94,828	-
Amortization of goodwill	-	-	-	-	-	-	1,078
Equity in results of investees	(6,599)	379	(8,432)	(2,218)	2,296	(5)	2,024
Acquisition of shares of Tablemac	-	-	-	-	-	-	119,541
Goodwill - Tablemac	-	-	-	-	-	-	44,478
Establishment of investee	-	-	-	155	-	-	-
Capital increase	6,888	-	176,908	47,300	-	-	-
Exchange variation on equity	(278)	559	8,221	2,666	-	-	6,583
Dividends	-	-	-	-	(2,193)	-	-
Merger of subsidiary on 04.30.2012	-	-	-	-	-	(94,823)	-
Variation on interest %	-	-	7	-	-	-	-
AS AT DECEMBER 31, 2012	6,144	6,737	194,179	47,903	16,510	-	173,704
Amortization of goodwill	-	-	-	-	-	-	118
Equity in results of investees	(13,774)	(27)	(65,916)	(13,680)	(76)	-	(884)
Dividends	-	-	-	-	(100)	-	(1,382)
Exchange variations on equity	674	999	(4,416)	(3,538)	-	-	16,186
Acquisition of shares of TCI Trading	-	-	-	-	3,813	-	-
Disposal of exchange variations on Goodwill of Tablemac	-	-	9,202	3,520	-	-	-
Disposal of Goodwill - Tablemac	-	-	-	-	-	-	(66,296)
AS AT DECEMBER 31, 2013	(6,956)	7,709	133,049	34,205	20,147	-	121,446

b) Acquisition of subsidiary

In January 2013 Duratex S.A. completed the acquisition of all of the capital quotas of Thermosystem Indústria Eletro Eletrônica Ltda, for a total of R\$ 56.4 million, after price adjustments for variations in working capital according to the contract. This transaction is covered by CPC 15 R1 - “Busi-

ness combinations” approved by CVM Resolution No. 665 of August 4, 2011 and therefore assets and liabilities were stated at their fair value.

Details of the book value, fair value acquired and goodwill are as follow:

	FAIR VALUE	BOOK VALUE OF THE ACQUIRED ENTITY
ASSETS	53,610	41,138
Cash and cash equivalents	2,738	2,738
Trade accounts receivable	11,055	11,221
Inventory	12,365	10,185
Recoverable taxes and contributions	792	792
Other credits	845	854
Property, plant and equipment	16,086	15,279
Intangible assets	69	69
Trademarks	9,660	-
LIABILITIES	22,785	18,592
Suppliers	3,246	3,318
Loans and financing	7,884	7,884
Personnel	2,135	2,135
Taxes and contributions	2,924	2,924
Deferred income tax and social contribution	5,965	1,700
Accounts payable	631	631
TOTAL NET ASSETS	30,825	22,546
GOODWILL	25,577	
PRICE PAID ON THE ACQUISITION	56,402	

Note 13 – Property, Plant and Equipment

PARENT COMPANY	LAND	STRUCTURES AND IMPROVEMENTS	MACHINERY, EQUIPMENT AND FACILITIES	ASSETS IN PROGRESS	FURNITURE AND FIXTURES	VEHICLES	OTHER ASSETS	TOTAL
OPENING BALANCE AS AT 01/01/2012								
Cost	86,630	604,026	2,583,262	295,245	26,481	24,536	92,880	3,713,060
Accumulated depreciation	-	(225,352)	(1,020,020)	-	(17,980)	(16,690)	(63,258)	(1,343,300)
Net book value	86,630	378,674	1,563,242	295,245	8,501	7,846	29,622	2,369,760
AS AT 12/31/2012								
Opening balance	86,630	378,674	1,563,242	295,245	8,501	7,846	29,622	2,369,760
Acquisitions	220	619	69,141	432,402	1,562	596	6,809	511,349
Write-offs	-	(208)	(15,101)	12,406	(91)	(1,042)	(761)	(4,797)
Depreciation	-	(22,168)	(168,977)	-	(1,430)	(1,998)	(7,175)	(201,748)
Transfers	-	19,891	60,860	(81,281)	418	(1,929)	2,041	-
Merger of Indústria Metalúrgica Jacareí	3,836	3,604	9,852	167	323	21	1,738	19,541
Net book value	90,686	380,412	1,519,017	658,939	9,283	3,494	32,274	2,694,105
BALANCE AS AT 12/31/2012								
Cost	90,686	627,932	2,708,014	658,939	28,693	22,182	102,707	4,239,153
Accumulated depreciation	-	(247,520)	(1,188,997)	-	(19,410)	(18,688)	(70,433)	(1,545,048)
Net book value	90,686	380,412	1,519,017	658,939	9,283	3,494	32,274	2,694,105
AS AT 12/31/2013								
Opening balance	90,686	380,412	1,519,017	658,939	9,283	3,494	32,274	2,694,105
Acquisitions	2,500	838	40,330	336,075	3,620	67	3,807	387,237
Write-offs	-	-	(5,155)	(5)	(84)	(851)	748	(5,347)
Depreciation	-	(24,101)	(185,469)	-	(1,687)	(1,084)	(7,329)	(219,670)
Transfers	19,076	132,319	467,425	(623,371)	715	105	3,731	-
Net book value	112,262	489,468	1,836,148	371,638	11,847	1,731	33,231	2,856,325
BALANCE AS AT 12/31/2013								
Cost	112,262	761,089	3,210,614	371,638	32,944	21,503	110,993	4,621,043
Accumulated depreciation	-	(271,621)	(1,374,466)	-	(21,097)	(19,772)	(77,762)	(1,764,718)
NET BOOK VALUE	112,262	489,468	1,836,148	371,638	11,847	1,731	33,231	2,856,325

CONSOLIDATED	LAND	STRUCTURES AND IMPROVEMENTS	MACHINERY, EQUIPMENT AND FACILITIES	ASSETS IN PROGRESS	FURNITURE AND FIXTURES	VEHICLES	OTHER ASSETS	TOTAL
OPENING BALANCE AS AT 01/01/2012								
Cost	604,346	628,237	2,558,737	295,543	34,396	50,984	97,502	4,269,745
Accumulated depreciation	-	(239,091)	(967,719)	-	(25,035)	(32,162)	(65,903)	(1,329,910)
Net book value	604,346	389,146	1,591,018	295,543	9,361	18,822	31,599	2,939,835
AS AT 12/31/2012								
Opening balance	604,346	389,146	1,591,018	295,543	9,361	18,822	31,599	2,939,835
Acquisitions	1,919	1,745	77,181	434,133	1,829	1,068	8,124	525,999
Write-offs	(2,407)	(301)	(15,466)	12,403	(111)	(2,334)	(765)	(8,981)
Depreciation	-	(22,737)	(177,146)	-	(1,593)	(5,361)	(7,475)	(214,312)
Transfers	-	21,317	60,972	(82,081)	418	(2,160)	1,534	-
Merger of Indústria Metalúrgica Jacareí	3,773	2,538	6,896	-	225	20	1,090	14,542
Net book value	607,631	391,708	1,543,455	659,998	10,129	10,055	34,107	3,257,083
BALANCE AS AT 12/31/2012								
Cost	607,631	653,536	2,688,320	659,998	36,757	47,578	107,485	4,801,305
Accumulated depreciation	-	(261,828)	(1,144,865)	-	(26,628)	(37,523)	(73,378)	(1,544,222)
Net book value	607,631	391,708	1,543,455	659,998	10,129	10,055	34,107	3,257,083
AS AT 12/31/2013								
Opening balance	607,631	391,708	1,543,455	659,998	10,129	10,055	34,107	3,257,083
Acquisitions	27,050	845	42,932	348,523	3,811	453	4,329	427,943
Write-offs	(511)	(1,274)	(5,999)	(44)	(265)	(2,112)	(60)	(10,265)
Depreciation	-	(24,695)	(195,644)	-	(1,887)	(3,739)	(7,808)	(233,773)
Transfers	19,482	132,461	474,964	(633,456)	758	1,689	4,102	-
Acquisition of Thermosystem	361	1,704	11,308	551	511	138	705	15,278
Goodwill Thermosystem	198	914	(1,489)	1,040	167	18	3	851
Exchange variations	(82)	(150)	(57)	-	(1)	-	-	(290)
Discontinued operations	-	(40)	-	-	-	-	-	(40)
Net book value	654,129	501,473	1,869,470	376,612	13,223	6,502	35,378	3,456,787
BALANCE AS AT 12/31/2013								
Cost	654,129	787,996	3,209,979	376,612	41,738	47,764	116,564	5,234,782
Accumulated depreciation	-	(286,523)	(1,340,509)	-	(28,515)	(41,262)	(81,186)	(1,777,995)
NET BOOK VALUE	654,129	501,473	1,869,470	376,612	13,223	6,502	35,378	3,456,787

Assets in progress refer mostly to the expansion of the industrial plants in Itapetininga-SP, Taquari-RS, Metais-SP e Queimados-RJ. As at December 31, 2013 these formalized contracts for the expansion of industrial plants totaled approximately R\$ 114.7 million.

As provided for in Technical Interpretation ICPC 10 of the Brazilian Accounting Pronouncements Committee, as approved by CVM Resolution No. 619/09 in 2012, the Company reviewed the estimated useful lives of its key assets in order to calculate the depreciation:

ANNUAL DEPRECIATION RATES	
Structures and improvements	4.00%
Machinery, equipment and facilities	6.70%
Furniture and fixtures	10.00%
Vehicles	10% to 20%
OTHER ASSETS	10% TO 20%

Note 14 – Biological Assets (Forest Reserves)

Through its subsidiary Duratex Florestal Ltda. (previously named Duraflora S.A.), the Company is the owner of eucalyptus and pine forest reserves, which are primarily utilized as raw materials for producing wood panels, floors and components, and also for sale to third parties.

These reserves guarantee supplies to the factories, and also protect the Company against the risk of future wood price increases. Integrated with the manufacturing facilities, these reserves,

together with a supply network, provide the Company with a high degree of self-sufficiency in terms of wood supplies.

As at December 31, 2013 Duratex Florestal Ltda. (previously named Duraflora S.A.), had roughly 139,500 hectares of planted areas (December 31, 2012: 140,200 hectares), in the States of São Paulo, Minas Gerais, and Rio Grande do Sul.

a) Fair value estimate

The fair value is calculated based on an estimate of the volume of wood ready for harvesting, at the current prices for standing wood. In this respect there are exceptions for: (i) forests which are less than one year old, which are stated at cost (because the cost approximates the fair value in such cases), and (ii) forests in formation, for which the discounted cash flow method is employed.

Biological assets are measured at fair value, less selling costs at the time of harvesting.

Fair value is determined by valuing the estimated ready-to-harvest volumes at current market prices, based on volume estimates. The assumptions utilized were:

- i. Discounted cash flow – the estimated volume of ready-to-harvest wood at current market prices, net of costs still to be incurred and the capital costs of the respective land (brought to their present value).

ii. Prices – the cubic meter prices in R\$ obtained from market surveys carried out by specialized firms surveying regions and products similar to those of the Company, in addition to prices obtained from third party transactions in active markets.

iii. Differentiation - the volumes harvested were categorized and valued according to: (a) species, either pine or eucalyptus, (b) region, (c) destination, either sawmill or processing.

iv. Volume – the estimated volumes ready for harvesting (i.e. in the sixth year for eucalyptus trees and in the twelfth year for pine) were based on the projected average productivity for each region and for the two species. Average productivity may vary based on age, rotation, climatic conditions, quality of seedlings, fires, and other natural risks. In the case of mature forests, the actual volumes of wood are utilized in order to arrive at the estimates. Rotating physical inventory is realized from the second year of a forest's life, and the effects of this are incorporated into the financial statements.

v. Regularity - expectations regarding future wood prices and volumes are reviewed at least every quarter, or when the rotational physical inventory is concluded.

b) Composition of balance

The biological assets balance is made up of the cost of forest formation and adjustments to fair value, as shown below:

	12/31/13	12/31/12
Cost of formation of biological assets	595,096	545,248
Difference between cost and fair value	530,520	557,089
FAIR VALUE OF THE BIOLOGICAL ASSETS	1,125,616	1,102,337

The forests are unencumbered by any third party liens or pledges, including to financial institutions. In addition, none of the Company's forests has a restricted legal title.

c) Changes in balance

The following are the changes in the balance from the beginning to the end of the year:

	12/31/13	12/31/12
OPENING BALANCE	1,102,337	1,094,220
Variation in fair value		
Volume/price	191,519	144,574
Depletion	(218,088)	(162,778)
Variation in book value		
Formation	132,407	114,811
Depletion	(82,559)	(88,490)
FINAL BALANCE	1,125,616	1,102,337
Effect of the variation in fair value of biological assets in the Statement of Income		
Variation in fair value	191,519	144,574
Depletion at fair value	(218,088)	(162,778)

The adjustments related to the variations of the fair value are the results of higher prices in the present value of standing wood, and higher productivity.

Note 15 - Intangible Assets

PARENT COMPANY	SOFTWARE	TRADEMARKS AND PATENTS	GOODWILL DUE TO FUTURE PROFITABILITY	CUSTOMER PORTFOLIO	TOTAL
OPENING BALANCE AS AT 01/01/2012					
Cost	43,572	2,653	226,819	383,378	656,422
Accumulated amortization	(19,541)	-	-	(53,916)	(73,457)
Net book value	24,031	2,653	226,819	329,462	582,965
AS AT 12/31/2012					
Opening balance	24,031	2,653	226,819	329,462	582,965
Additions	2,729	243	-	-	2,972
Amortization	(6,743)	-	-	(25,601)	(32,344)
Merger of Indústria Metalúrgica Jacareí	303	989	2,402	12,783	16,477
Net book value	20,320	3,885	229,221	316,644	570,070
BALANCE AS AT 12/31/2012					
Cost	46,604	3,885	229,221	396,161	675,871
Accumulated amortization	(26,284)	-	-	(79,517)	(105,801)
Net book value	20,320	3,885	229,221	316,644	570,070
AS AT 12/31/2013					
Opening balance	20,320	3,885	229,221	316,644	570,070
Additions	1,308	809	-	-	2,117
Amortization	(7,283)	(565)	-	(26,467)	(34,315)
Net book value	14,345	4,129	229,221	290,177	537,872
BALANCE AS AT 12/31/2013					
Cost	47,912	4,694	229,221	396,161	677,988
Accumulated amortization	(33,567)	(565)	-	(105,984)	(140,116)
Net book value	14,345	4,129	229,221	290,177	537,872
AVERAGE ANNUAL AMORTIZATION RATE					
	20%	0%	0%	6.67%	

CONSOLIDATED	SOFTWARE	TRADEMARKS AND PATENTS	GOODWILL DUE TO FUTURE PROFITABILITY	CUSTOMER PORTFOLIO	TOTAL
OPENING BALANCE AS AT 01/01/2012					
Cost	43,981	2,661	226,819	383,378	656,839
Accumulated amortization	(19,769)	-	-	(53,916)	(73,685)
Net book value	24,212	2,661	226,819	329,462	583,154
AS AT 12/31/2012					
Opening balance	24,212	2,661	226,819	329,462	583,154
Additions	3,098	245	-	-	3,343
Write-offs	(111)	-	-	-	(111)
Amortization	(6,807)	-	-	(25,601)	(32,408)
Merger of Indústria Metalúrgica Jacareí	303	989	2,402	12,783	16,477
Net book value	20,695	3,895	229,221	316,644	570,455
BALANCE AS AT 12/31/2012					
Cost	47,271	3,895	229,221	396,161	676,548
Accumulated amortization	(26,576)	-	-	(79,517)	(106,093)
Net book value	20,695	3,895	229,221	316,644	570,455
AS AT 12/31/2013					
Opening balance	20,695	3,895	229,221	316,644	570,455
Additions	1,795	803	-	-	2,598
Write-offs	(72)	(5)	-	-	(77)
Amortization	(7,431)	(565)	-	(26,467)	(34,463)
Acquisition of Thermosystem	64	5	-	-	69
Goodwill Thermosystem	-	9,660	25,577	-	35,237
Net book value	15,051	13,793	254,798	290,177	573,819
BALANCE AS AT 12/31/2013					
Cost	49,058	14,358	254,798	396,161	714,375
Accumulated amortization	(34,007)	(565)	-	(105,984)	(140,556)
Net book value	15,051	13,793	254,798	290,177	573,819
AVERAGE ANNUAL AMORTIZATION RATE					
	20%	0%	0%	6.67%	

Note 16 – Impairment Testing of Goodwill

a) Goodwill on acquisition of the companies Cerâmica Monte Carlo, Satipel, Metalurgica Ipê e Thermosystem.

The impairment testing was carried out by the Company's management, taking into consideration the cash-generating assets. In this test were considered long-term discounted cash flow projections, and the nominal discount rate was set at 15.89%, with no need for impairment, since the amounts are fully recoverable.

b) Goodwill on the acquisition of Tablemac S.A.

As described in Note 34, Duratex acquired an additional 43.62% of the shares of Tablemac, gaining control of the company. In compliance with CPC 15 – “Business Combinations” regarding step acquisitions, the Company should write down its previous investment and remeasure it based on the newly held equity interest at its fair value as at the date of acquisition. In advance of this disposal, the Company analyzed the need for impairment of goodwill recorded upon the initial acquisition of Tablemac in 2012, at a total of R\$ 53.6 (R\$ 66.3 relating to the goodwill and R\$ 12.7 relating to the exchange variations previously recorded in the stockholders' equity) and the related loss was recognized in the income statement for 2013.

Note 17 - Loans and Financing

TYPE	CHARGES	AMORTIZATION	GUARANTEES	12/31/13		12/31/12	
				CURRENT	NON CURRENT	CURRENT	NON CURRENT
PARENT COMPANY - LOCAL CURRENCY							
BNDES	TJLP + 2.2% p.a	Monthly and Quarterly	Surety - Itaúsa - Invest. Itaú S.A.	59,869	145,184	60,045	204,458
BNDES	TJLP + 2.7% p.a	Monthly	Guarantee - Cia Ligna de Investimentos	31,511	24,031	31,606	55,369
BNDES	TJLP + 2.8% p.a.	Monthly and Quarterly	Surety - 70% Itaúsa - 30% natural person	57,599	244,923	19,790	143,652
BNDES	4.7 % p.a.	Monthly and Quarterly	Surety - 70% Itaúsa - 30% natural person	4,334	13,556	-	-
BNDES	Selic + 2.16% p.a.	Monthly	Surety - 70% Itaúsa - 30% natural person	877	3,353	-	-
BNDES REVITALIZA	9 % p.a.	June 2013	Guarantee - Duratex Coml. Exportadora S.A.	-	-	50,168	-
BNDES REVITALIZA with Swap	8 % p.a.	August 2014	-	50,583	-	483	49,974
BNDES PROGEREN	TJLP + 2.85% p.a	December 2015	Promissory Note	29,042	25,000	56	50,000
FINAME	TJLP + 2.3% p.a./ Fixed 3.4 % p.a.	Monthly and Quarterly	Chattel mortgage and PN	2,144	33,544	999	13,583
INDUSTRIAL CREDIT with Swap	12.7 % p.a	Up to April 2015	Surety - Duratex Coml. Exportadora S.A.	6,653	52,543	110,464	54,706
INDUSTRIAL CREDIT	101.2 % of CDI	Up to November 2015	Surety - Duratex Coml. Exportadora S.A.	273,905	184,483	54,946	384,044
EXPORT CREDIT with Swap	8 % p.a.	Up to November 2016	-	617	52,870	-	-
FLOATING RATE NOTE	109.3% of CDI	Up to May 2013	-	-	-	140,840	-
FUNDIEST	30 % IGP-M per month	Up to December 2020	Guarantee - Companhia Ligna de Investimentos	17,370	123,574	4,048	135,801
FUNDOPEM	IPCA + 3% p.a	Up to July 2026	Surety - 70% Itaúsa - 30% natural person	-	16,017	-	9,793
PROINVEST / PRO FLORESTA	IGP-M + 4% p.a / IPCA + 6% p.a	Up to January 2018	Surety - Ligna and Mortgage of assets	11,922	13,812	13,518	21,415
Discounted Rural Promissory Note	5.5 % p.a.	Up to April 2014	Promissory Note	7,720	-	24,893	-
Total Parent Company - Local currency				554,146	932,890	511,856	1,122,795
PARENT COMPANY - FOREIGN CURRENCY							
BNDES	Basket of currencies + 2.2 % p.a	Monthly	Surety - Itaúsa - Invest. Itaú S.A.	6,744	18,889	5,917	22,342
BNDES	Basket of currencies + 2.4 % p.a	Monthly	Guarantee - Cia Ligna de Investimentos	4,633	4,265	4,066	7,776
BNDES	US\$ + Libor + 1.6 % p.a	Monthly	Surety - Itaúsa - Invest. Itaú S.A.	1,186	3,041	1,037	3,679
BNDES	US\$ + Libor + 2.1 % p.a	Monthly	Surety - 70% Itaúsa - 30% natural person	351	898	307	1,086

>> CONTINUE

>> CONTINUATION

TYPE	CHARGES	AMORTIZATION	GUARANTEES	12/31/13		12/31/12	
				CURRENT	NON CURRENT	CURRENT	NON CURRENT
RESOLUTION 2770 / Swap	US\$ + Libor + 1.7% p.a.	Up to April 2014	Surety - Ligna - Mortgage and trust	1,617	-	2,894	1,965
RESOLUTION 4131 / Swap	US\$ + 1.9% p.a.	Up to March 2013	Surety - Duratex Florestal Ltda.	-	-	33,821	-
RESOLUTION 4131 / Swap	US\$ + Libor + 1.7% p.a.	August 2015	Promissory Note	340	103,543	308	103,194
RESOLUTION 4131 / Swap	US\$ + Libor + 1.5% p.a.	December 2015	Promissory Note	63	118,159	55	118,093
RESOLUTION 4131 / Swap	US\$ + Libor + 1.5% p.a.	May 2016	Promissory Note	143	50,837	-	-
RESOLUTION 4131 / Swap	US\$ + Libor + 2.0% p.a.	June 2018	Promissory Note	91	107,851	-	-
RESOLUTION 4131 / Swap	US\$ + Libor + 1.5% p.a.	July 2016	Promissory Note	191	57,493	-	-
Total Parent company - Foreign currency				15,359	464,976	48,405	258,135
TOTAL PARENT COMPANY				569,505	1,397,866	560,261	1,380,930
SUBSIDIARIES - LOCAL CURRENCY							
RURAL CREDIT NOTE with SWAP	9.4 % p.a.	September 2015	Surety - Duratex S.A.	68,129	102,140	111,159	63,473
EXPORT CREDIT NOTE	105.3% of CDI	June 2015	Surety - Duratex S.A.	68,292	56,460	-	114,977
BNDES	TJLP + 2.9% p.a	Monthly and Quarterly	Surety - 70% Itaúsa - 30% natural person	2,629	66,645	2,761	56,701
BNDES PROGEREN	9 % p.a.	Monthly	Trade note	901	516	-	-
LEASING	Fixed 1.3 % p.a	Monthly	Machinery and equipments	324	23	-	-
FINAME	Fixed 5.6 % p.a	Monthly and Quarterly	Chattel mortgage and PN	263	1,875	263	1,130
FUNDAP	1 % p.a.	Monthly	Surety - Duratex Coml. Exportadora S.A.	32	-	65	-
Total Subsidiaries - Local currency				140,570	227,659	114,248	236,281
SUBSIDIARIES - FOREIGN CURRENCY							
Working capital - Argentina (HSBC/ Patagonia Bank)	-	-	-	-	-	1,383	-
TOTAL SUBSIDIARIES				140,570	227,659	115,631	236,281
TOTAL CONSOLIDATED				710,075	1,625,525	675,892	1,617,211

Loans and financing designated at fair value

Certain loans and financing (identified in the table above as SWAPS) were designated at fair value through profit or loss.

a) Sureties and letters of guarantee

Sureties and letters of guarantee securing the borrowing of Duratex S.A. were granted by Itaúsa S.A., totaling R\$ 474,249 (R\$ 419,717 as at December 31, 2012), Companhia Ligna de Investimentos, amounting to R\$ 232,735 (R\$ 243,525 as at December 31, 2012), Duratex Comercial Exportadora S.A., totaling R\$ 517,584 (R\$ 654,328 as at December 31, 2012) and Duratex Florestal Ltda., totaling R\$ 33,821 as at December 31, 2012. In the case of loans and financing obtained by subsidiaries, sureties were granted by Itaúsa S.A., totaling R\$ 48,492 (R\$ 41,623 as at December 31, 2012), Duratex S.A., totaling R\$ 295,021 (R\$ 289,609 as at December 31, 2012) and Duratex Comercial Exportadora S.A., totaling R\$ 32 (R\$ 65 as at December 31, 2012).

b) Other guarantees

For the loans and financing obtained by the subsidiary Thermosystem Indústria Eletro Eletrônica Ltda, sureties were granted of machinery and equipment totaling R\$ 347 and trade notes totaling R\$ 1,417.

c) Restrictive clauses

Loans from the National Bank for Economic and Social Development (BNDES) are subject

to restrictive covenants in accordance with usual market practice, which in addition to certain common obligations specify the following:

a) The MDP plant in Taquari and MDF plant in Uberaba - present operating licenses, adopt measures and actions intended to avoid or remedy damage to the environment, and measures related to occupational health and safety. In the loan agreement for the Taquari MDP plant, the covenants are based on the consolidated balance sheet of Companhia Ligna de Investimentos, which should maintain: current liabilities below 60% of total liabilities and EBITDA margin above 13%. In the financing agreement for the Uberaba MDF plant, the covenants are based on the balance sheet of Duratex S.A, which should maintain a debt coverage limit by means of a ratio of net bank debt to EBITDA (*) of not more than 3.5 times, and a ratio of gross debt to gross debt plus stockholders' equity of not more than 0.75.

b) HDF plant in Botucatu, MDFII plant in Agudos, industrial resins in Agudos, ceramics in Jundiaí, Deca sanitary metals in São Paulo and Jundiaí, and forestry area - during the contractual period, maintain the following ratios in the Duratex S.A. annual audited balance sheet: (i) EBITDA (*) / Net Financial Expenses: above or equal to 3.0 (ii) EBITDA (*) / Net operating revenue equal to or above

0.20, and (iii) Stockholders' Equity/Total Assets equal to or above 0.45.

Based on the available information, the contractual obligations related to 2013 were met.

If these contractual obligations are not met, Duratex S.A. should provide additional guarantees.

*EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)

d) Loans and financing from non-current liability by maturity.

DEBT WITH FINANCIAL INSTITUTIONS - MATURITIES

12/31/13						
YEAR	PARENT COMPANY			CONSOLIDATED		
	LOCAL CURRENCY	FOREIGN CURRENCY	TOTAL	LOCAL CURRENCY	FOREIGN CURRENCY	TOTAL
2015	458,865	237,187	696,052	620,005	237,187	857,192
2016	206,257	118,377	324,634	208,563	118,377	326,940
2017	90,112	1,561	91,673	91,705	1,561	93,266
2018	73,650	107,851	181,501	91,051	107,851	198,902
2019	44,056	-	44,056	74,231	-	74,231
2020	41,878	-	41,878	55,987	-	55,987
2021	8,351	-	8,351	9,286	-	9,286
Other	9,721	-	9,721	9,721	-	9,721
Total	932,890	464,976	1,397,866	1,160,549	464,976	1,625,525

12/31/12						
YEAR	PARENT COMPANY			CONSOLIDATED		
	LOCAL CURRENCY	FOREIGN CURRENCY	TOTAL	LOCAL CURRENCY	FOREIGN CURRENCY	TOTAL
2014	485,005	13,126	498,131	613,649	13,126	626,775
2015	367,033	234,848	601,881	421,167	234,848	656,015
2016	119,649	8,797	128,446	121,813	8,797	130,610
2017	56,632	1,364	57,996	58,002	1,364	59,366
2018	42,385	-	42,385	57,296	-	57,296
2019	23,600	-	23,600	48,085	-	48,085
2020	22,151	-	22,151	32,272	-	32,272
2021	2,424	-	2,424	2,876	-	2,876
Other	3,916	-	3,916	3,916	-	3,916
Total	1,122,795	258,135	1,380,930	1,359,076	258,135	1,617,211

Note 18 – Debentures Convertible into Shares

As at February 8, 2012 the first private issue of debentures, with a floating guarantee and convertible into common shares of the Company, was approved. These debentures were and are to be issued through private subscription. The proceeds from the debentures are to be allocated as follow:

(i) Fixed investment in the Company's industrial unit in Itapetininga – SP in related to a new production line for the manufacture of MDF, a new low pressure coating line, and a new low pressure line for the impregnation of laminated paper

(ii) The acquisition by the Company of locally manufactured machinery and equipment needed for (i).

COMPOSITION	ISSUE DATE	TYPE OF DEBENTURE	MATURITY DATE	QTY DEBENTURES	FACE VALUE	PRICE AS OF ISSUE DATE	ANNUAL FINANCE CHARGE	BALANCE AS AT DECEMBER 31, 2013		
								SHORT TERM	LONG TERM	TOTAL
1 st Issue	01/15/12	private convertible into shares	01/15/17	777,000	128.70	99,999.9	IPCA index + interest of 6% p.a. 252 working days in the year annual payments, on January 15 of each year			
Used in the capital increase				(1,875)						
As at December 31, 2013				775,125				6,298	108,943	115,241

The fair value of the liability component, included in non-current borrowing, was calculated using the market interest rate for an equivalent bond without conversion rights. The residual amount, representing the subscription bonus, is included in stockholders' equity as a carrying value adjustment.

Note 19 – Accounts Payable

	PARENT COMPANY		CONSOLIDATED	
	12/31/13	12/31/12	12/31/13	12/31/12
CURRENT				
Advances from customers	4,364	2,653	24,253	26,082
Statutory share	13,292	11,142	13,292	11,142
Freight and insurance payable	13,094	13,440	13,094	13,440
Distributed earnings (from SCP's) to shareholders	-	-	10,301	9,055
Commission payable	7,687	6,828	8,541	7,263
Product warranty and technical support	7,816	7,078	7,816	7,078
Acquisition of land used for reforestation	-	-	2,113	2,063
Other	24,455	22,246	32,009	26,243
Reclassification to liabilities from discontinued operations	-	-	(597)	-
TOTAL CURRENT	70,708	63,387	110,822	102,366
NON-CURRENT				
Partnerships in which some partners are passive	-	-	97,939	97,939
Acquisition of Thermosystem	21,329	-	21,329	-
Advances from customers	-	-	-	13,979
Acquisition of land used for reforestation	-	-	4,752	-
Other	8,677	10,989	20,301	23,329
TOTAL NON-CURRENT	30,006	10,989	144,321	135,247

Note 20 - Contingencies

a) Contingent liabilities

The Company and its subsidiaries are parties to judicial and administrative processes relating to labor, civil, and tax matters which arise in the normal course of their business.

The provision for contingencies in relation to these processes takes into consideration the evaluation of the likelihood of loss by the Company's legal advisors.

Based on the opinion of its legal advisors, the Company's management believes that the recorded

provision for contingencies, presented below, is sufficient to cover any potential losses relating to these processes.

PARENT COMPANY	TAX	LABOR	CIVIL	TOTAL
BALANCE AS AT DECEMBER 31, 2011	66,281	18,400	7,050	91,731
Monetary variance and interest	2,693	3,096	288	6,077
Constitution	11,665	17,553	423	29,641
Reversal	(13,650)	-	-	(13,650)
Payments	(1,101)	(10,671)	(6,937)	(18,709)
CLOSING BALANCE AS AT DECEMBER 31, 2012	65,888	28,378	824	95,090
Judicial deposits	(2,152)	(3,618)	(551)	(6,321)
BALANCE AS AT DECEMBER 31, 2012 AFTER OFFSETTING OF JUDICIAL DEPOSITS	63,736	24,760	273	88,769
BALANCE AS AT DECEMBER 31, 2012	65,888	28,378	824	95,090
Monetary variance and interest	2,685	7,349	157	10,191
Constitution	1,440	9,578	-	11,018
Reversal	(5,316)	(11,096)	-	(16,412)
Payments	(669)	(6,710)	-	(7,379)
CLOSING BALANCE AS AT DECEMBER 31, 2013	64,028	27,499	981	92,508
Judicial deposits	(1,067)	(6,239)	(611)	(7,917)
BALANCE AS AT DECEMBER 31, 2013 AFTER OFFSETTING OF JUDICIAL DEPOSITS	62,961	21,260	370	84,591

CONSOLIDATED	TAX	LABOR	CIVIL	TOTAL
BALANCE AS AT DECEMBER 31, 2011	127,307	21,207	7,050	155,564
Monetary variance and interest	5,873	3,479	288	9,640
Constitution	15,889	18,985	423	35,297
Reversal	(34,994)	-	-	(34,994)
Payments	(1,101)	(12,180)	(6,937)	(20,218)
CLOSING BALANCE AS AT DECEMBER 31, 2012	112,974	31,491	824	145,289
Judicial deposits	(15,433)	(3,861)	(551)	(19,845)
BALANCE AS AT DECEMBER 31, 2012 AFTER OFFSETTING OF JUDICIAL DEPOSITS	97,541	27,630	273	125,444
BALANCE AS AT DECEMBER 31, 2012	112,974	31,491	824	145,289
Monetary variance and interest	4,432	8,149	157	12,738
Acquisition of Thermosystem	1,429	30	95	1,554
Constitution	1,749	12,689	-	14,438
Reversal	(7,445)	(12,129)	-	(19,574)
Payments	(1,752)	(7,701)	-	(9,453)
CLOSING BALANCE AS AT DECEMBER 31, 2013	111,387	32,529	1,076	144,992
Judicial deposits	(14,149)	(6,424)	(611)	(21,184)
BALANCE AS AT DECEMBER 31, 2013 AFTER OFFSETTING OF JUDICIAL DEPOSITS	97,238	26,105	465	123,808

Tax contingencies mainly relate to legal discussions regarding the Plano Verão (Government economic plan), in particular a lawsuit demanding the right to update the 1989 fiscal year balance sheet utilizing the full IPC inflation index (gross rate) of 70.28%, or the difference of 51.83%, thereby avoiding distortions of the Company's balance sheet and the related income tax burden due to the non-recognition of the actual inflation rate. A judgment was obtained acknowledging the right to adjust the balance sheet using the rate of 42.72%, which was in effect for the fiscal years 1994 to 1996. Though

the Regional Federal Court was opposed to the sentence, the Company obtained, by means of a writ of prevention, the suspension of the appeal to the Superior Court of Justice, and the judgment was upheld. As at December 31, 2013 a provision of R\$ 52,595 (R\$ 51,485 as at December 31, 2012) was made relating to the offsetting of income tax and social contribution on net income.

b) Potential losses

The Company and its subsidiaries are involved in other tax lawsuits with a risk of loss classified

as potential in the opinion of the legal advisors. The main amounts are: R\$ 213,506 related to the taxation of the revaluation reserve in the corporate operations of demerger constituted by the subsidiary Estrela do Sul Participações Ltda. between 2006 and 2009, and R\$ 34,167 is related to the question of incidence and credit of ICMS.

c) Contingent assets

The Company and its subsidiaries have filed legal actions for the refunding of certain taxes and contributions. According to the legal counsel, the likelihood of success in these cases is high. Because the amounts, presented below represent contingent assets, they have not been recognized in the Company's financial information:

	12/31/13	12/31/12
IPI credit premium from 1960 to 1985	111,030	104,201
Monetary Restatement of Federal Power Company (Eletrobás) credits	10,577	10,254
Refund of withholding Tax on Net Income (ILL) paid on dividend distributions from 1989 to 1992	11,314	10,783
INSS (Social Security) - Accident Insurance (SAT), alteration of rural tax rate, transport benefits (fares and passes) and health insurance plan	4,694	5,444
COFINS judicial deposit	-	3,408
PIS - calculation basis	945	2,125
PIS and COFINS - Manaus Free-Trade Zone	383	1,486
PIS and COFINS - remittance of commission on overseas sales	2,055	1,952
Other	2,705	1,128
TOTAL	143,703	140,781

Note 21 – Rural Leases

Amounts involved

Rural leases are agreements entered into by the subsidiary Duratex Florestal Ltda. (controlled by the Company) with Ligna Florestal Ltda (controlled by Companhia Ligna de Investimentos), in connection with property in Minas Gerais and Rio Grande do Sul, where the Company's forests are located. The monthly charges for these leases are R\$ 1,515.

On October 3, 2013 the Board of Directors approved a proposal submitted by the Board in relation to the revision claim of Ligna Florestal Ltda for an addition to the land lease contract between Ligna Florestal Ltda and Duratex Florestal Ltda.

This approval was based on the unanimous opinion of the Committee for Evaluating Transactions with Related Parties that recommended the approval of the terms of the amendments and also considered the technical opinion of Poyry Engenharia Ltda Silviconsult that new conditions applied are strictly in line with the market conditions for similar contracts.

Considering that the price of three CF MDP panels, (uncoated, 15 mm thick), indexed in the contracts until now, no longer represents the only and main product produced in these regions, and that MDF has recently come to represent a significant percentage of revenue, the following changes were made: (i) the price of the lease was adjusted to a value in line with market conditions for similar contracts (readjusted to 13.9%), (ii) the process of readjustment changed from the Company's average price for the sale of MDP panels, to the National Consumer Price Index (INPC) calculated by the IBGE, and (iii) the contract previously had a maturity date in 2036, but now has a maturity date in 2038, and maintained the automatic renewal for a further 15 years. These changes are retroactive to July 2011 and their effects have already been considered in Note 11. Thus, Duratex S.A. will pay R\$ 18,180 per year from 2014 to 2038.

In compliance with CPC 06 – “Leases”, the subsidiary Duratex Florestal Ltda. records the costs of the rural lease agreements using the straight line method.

Note 22 – Stockholders' Equity

a) Capital

The Company's authorized capital is 920,000,000 shares, and the fully subscribed and paid-up capital is R\$ 1,705,272, represented by 605,059,489 registered common shares with no par value.

In the year of 2013 the capital was increased through:

(1) The issue of common shares subscribed and paid-up by debenture holders, as shown below:

PRIOR AMOUNT (IN BRAZILIAN REAIS)	PRIOR QTY.	CORPORATE ACTION	ISSUED SHARES	INCREASED VALUE	CURRENT QTY.	CURRENT VALUE (IN BRAZILIAN REAIS)
1,550,246,461.69	550,054,041	MBD - 01/23/2013	30	409.56	550,054,071	1,550,246,871.25
1,550,246,871.25	550,054,071	MBD - 02/14/2013	10	137.33	550,054,081	1,550,247,008.58

(2) According to the Ordinary and Extraordinary General Meeting held on April 22, 2013 the capital increased from R\$ 1,550,247 to R\$ 1,705,272 through the capitalization of reserves and a simultaneous bonus share issue, attributing to shareholders one new ordinary share for every ten ordinary shares held as at April 22, 2013 (record date).

b) Treasury shares

	Nº OF SHARES	AMOUNT
Balance as at December 31, 2012	828,677	10,101
Acquisitions	1,060,000	14,751
Sale of treasury shares	(552,285)	(6,508)
Bonus share issue	68,662	-
Balance as at December 31, 2013	1,405,054	18,344

PRICES			
Minimum	Maximum	Weighted Average	Lastest Quotation
2.86	15.67	13.06	13.15

Based on the most recent market quotation as at December 30, 2013, the value of the Company's treasury shares was R\$ 18,476 (R\$ 12,306 as at December 28, 2012).

c) Equity reserves

	PARENT COMPANY AND CONSOLIDATED	
	12/31/13	12/31/12
Capital Reserves	323,342	314,984
Premium on the subscription of shares	218,720	218,720
Tax incentives	13,705	13,705
Prior to Law 6404	18,426	18,426
Options granted	84,934	77,089
Options granted to be appropriated (Note 29)	(12,443)	(12,956)
Revaluation Reserves	74,993	83,332
Revenue Reserves	1,860,195	1,665,920
Legal	145,012	119,016
Statutory	1,639,243	1,524,389
Additional proposed dividend	49,330	4,863
Tax incentives (Article 195 - Law no. 6.404/76)	26,610	17,652
Treasury shares	(18,344)	(10,101)
Carrying Value Adjustments	427,370	423,423

The amount presented in the Capital Reserves balance as a premium on the subscription of shares refers to the additional amount paid by the shareholders in relation to the nominal value per share at the time of the subscription for the shares.

The amount of Options Granted in the Capital Reserves balance represents the recognition of the awarding of the options on the grant date.

As provided for in the bylaws, the balance appropriated to the statutory reserve will be utilized for: (i) The Reserve for Dividend Equalization, (ii)

The Reserve for Increasing Working Capital, and (iii) The Reserve for Capital Increases in Investees.

Through a proposal to be effected by the Board of Directors, the excess of revenue reserves compared to the capital will be capitalized in 2013.

Tax incentives refer to: R\$ 15,074 (R\$ 10,730 in 2012) of PRODEPE - Pernambuco State Development Program, R\$ 5,629 (R\$ 3,361 in 2012) of the FAIN - Paraíba Industrial Development Support Fund and R\$ 5,907 (R\$ 3,561 in 2012) SUDENE - The Superintendency for the Development of the Northeast.

d) Dividends and interest on capital

Under the bylaws, the stockholders are assured a mandatory minimum dividend corresponding to 30% of net income. Presented below is the dividend calculation, the amounts paid/credited and the balance payable.

Dividends as at December 31, 2013 were calculated as follows:

NET INCOME FOR THE YEAR			519,920
(-) Legal reserve			(25,996)
(-) Tax incentives			(8,958)
(-) Realization of revaluation reserve			8,339
Adjusted net income			493,305
MINIMUM COMPULSORY DIVIDEND (30%)			147,991
DIVIDENDS DECLARED IN THE YEAR	GROSS AMOUNT	WITHHOLDING TAX (IRRF)	NET AMOUNT
The Board of Directors at a meeting held on July 22, 2013 resolved to credit interest on capital, on account of the compulsory dividend for 2013, the amount of R\$ 0.157629832 per share totaling R\$ 95,184, which payment was made by August 15, 2013.	95,184	(14,277)	80,907
The Board of Directors at a meeting held on December 16, 2013 decided to pay, on December 30, 2013, ad referendum of the General Meeting, interest on own capital on account of the compulsory dividend of 2013 an amount of R\$ 0.122283940 per share totaling R\$ 73,817, which payment will be made by April 30, 2014.	73,817	(11,073)	62,744
Dividends proposed at 12/31/2013	53,670		53,670
Stockholders remuneration	222,671	(25,350)	197,321
EXCEED MINIMUM MANDATORY DIVIDEND	49,330		49,330

As described in Note 2.21, any dividend portion in excess of the minimum mandatory dividend declared by management after the accounting period of the financial statements, but before the date of authorization for the disclosure of the financial statements, is not recorded as a liability and its effects are disclosed in the Notes.

As at December 31, 2013 a total of R\$ 49,330, the portion in excess of the minimum mandatory dividend, under the bylaws, was recorded in the caption "Proposed additional dividends" in the stockholders' equity.

Note 23 – Insurance Coverage

As at December 31, 2013, the Company and its subsidiaries had insurance coverage against fire and various risks relating to property, plant and equipment, inventory and civil liabilities totaling R\$ 3,838 million. The Group does not have

insurance coverage for its forests. To minimize the risk to these, it maintains an internal fire brigade, fire trucks and motorized forest guards. The Company has not suffered losses as a result of forest fires.

Note 24 – Net Sales Revenue

The reconciliation of gross and net sales revenue is as follows:

	PARENT COMPANY		CONSOLIDATED (*)	
	12/31/13	12/31/12	12/31/13	12/31/12
Gross sales revenue	4,599,471	4,142,437	4,911,231	4,286,057
Domestic market	4,447,195	4,017,842	4,756,892	4,159,083
Foreign market	152,276	124,595	154,339	126,974
Taxes and contributions on sales	(988,750)	(897,033)	(1,038,526)	(913,511)
NET SALES REVENUE	3,610,721	3,245,404	3,872,705	3,372,546

(*) net from discontinued operations

Note 25 – Expenses, by Nature

	PARENT COMPANY		CONSOLIDATED (*)	
	12/31/13	12/31/12	12/31/13	12/31/12
Variation in fair value of biological assets	-	-	(191,519)	(144,574)
Variations in the inventories of finished products and work in process	(527,305)	(441,166)	(483,008)	(430,722)
Raw materials and consumption materials	2,096,993	1,898,440	1,901,721	1,727,048
Remuneration, charges and benefits to employees	613,176	557,389	698,132	615,798
Depreciation charges, amortization and impairment	224,837	206,385	539,709	470,212
Transport expenses	221,901	197,353	227,503	199,396
Advertising expenses	67,456	58,503	74,597	58,565
Other expenses	284,052	232,103	235,617	177,722
TOTAL	2,981,110	2,709,007	3,002,752	2,673,445

(*) net from discontinued operations

Note 26 – Financial Income and Expenses

	PARENT COMPANY		CONSOLIDATED (*)	
	12/31/13	12/31/12	12/31/13	12/31/12
FINANCIAL INCOME				
Remuneration on financial investments	31,473	30,393	68,131	61,323
Foreign exchange variances	15,144	3,727	16,579	6,290
Indexation adjustment	6,609	6,373	9,076	10,638
Interest and discounts obtained	5,352	4,733	5,873	5,073
Fundap - Discount	-	-	2,755	5,817
Other	854	(84)	242	(91)
Total	59,432	45,142	102,656	89,050
FINANCIAL EXPENSES				
Charges on financing -Local currency	(112,926)	(137,709)	(144,227)	(170,949)
Charges on financing -Foreign currency	(65,819)	(9,877)	(65,819)	(9,305)
Foreign exchange variances	(8,179)	(4,911)	(10,193)	(7,319)
Indexation adjustment	(5,414)	(2,340)	(7,386)	(4,722)
Derivatives	33,251	8,376	36,447	14,400
Bank charges	(4,132)	(4,820)	(4,495)	(5,476)
Tax on financial operations	(1,640)	(2,635)	(2,203)	(3,703)
Other	(1,480)	(1,323)	(21,745)	(20,804)
Total	(166,339)	(155,239)	(219,621)	(207,878)
TOTAL FINANCIAL RESULT	(106,907)	(110,097)	(116,965)	(118,828)

(*) net from discontinued operations

Note 27 – Other Operating Income (Expenses), Net

	PARENT COMPANY		CONSOLIDATED (*)	
	12/31/13	12/31/12	12/31/13	12/31/12
Amortization of customer portfolio	(26,467)	(25,817)	(27,567)	(26,103)
Profit sharing and Stock Options	(22,292)	(19,385)	(22,292)	(19,385)
Pension plan credits	56,696	12,465	58,013	14,124
Tax recovered as a result of the PIS six-monthly credits, Complementary Law No. 7/70	-	-	-	10,729
Reversal of tax contingencies	-	10,028	-	10,028
Reversal of provision for income tax on customer portfolio of merger subsidiary	-	16,311	-	16,311
Gain (Loss) on disposal of assets and other operating income and expenses	11,326	52	9,136	4,011
Reversal of Goodwill - Tablemac	-	-	(53,574)	-
	19,263	(6,346)	(36,284)	9,715

(*) net from discontinued operations

Note 28 – Income Tax and Social Contribution

a) Reconciliation of income tax and social contribution expenses

The reconciliation of income and social contribution tax expenses, at their nominal and effective rates, is as follows:

	PARENT COMPANY		CONSOLIDATED (*)	
	12/31/13	12/31/12	12/31/13	12/31/12
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	638,798	537,538	705,014	579,175
Income Tax and Social Contribution at the rates of 25% and 9%, respectively	(217,191)	(182,763)	(239,705)	(196,920)
Income tax and social contribution on additions and deductions from the result	98,313	104,481	69,195	84,055
Income from foreign investments	-	-	(31,978)	(6,506)
Interest on capital	59,661	53,225	59,661	53,225
Equity in results of investees	37,829	44,298	933	688
Other additions and exclusions	823	6,958	40,579	36,648
Income tax and social contribution on profit for the period	(118,878)	(78,282)	(170,510)	(112,865)
IN THE RESULTS:				
Current income tax and social contribution	(89,848)	(74,445)	(155,797)	(111,893)
Deferred income tax and social contribution	(29,030)	(3,837)	(14,713)	(972)

(*) net from discontinued operations

b) Effects of Provisional Measure No.627

On November 11, 2013 Provisional Measure No. 627 was published and, among other provisions:

- Revoked the Transitional Tax Regime - RTT;
- Amended Decree Law No. 1,598/77 related to the corporate Income Tax and Social Contribution on Net Income;
- Dealt with the potential tax on profits or dividends paid in the period January 1 2008 to December 31, 2013;
- Established the method of calculation of interest on capital from the year 2008 to 2013, using the equity accounts that were measured in accordance with the provisions of Law 6.404/76, disregarding the amounts related to the carrying value adjustment and the revaluation reserve;
- Introduced a new system for the taxation of profits earned by subsidiaries abroad.

The Company's management has analyzed the main impacts and has concluded that the adjustments to be made based on the Provisional Measure, not yet approved by Congress and not regulated by the Federal Revenue, are not significant.

Note 29 - Stock Option Plan

As provided for in the bylaws, the Company has a stock option plan, the objective of which is to integrate executives into the Company's medium- and long-term development process, enabling them to benefit from the value that their work and dedication adds to Duratex's shares.

These options grant their owners the right, pursuant to the Plan's conditions, to subscribe to common shares of Duratex's authorized capital.

The rules and operating procedures of the Plan are proposed by a Committee designated by the Company's Board of Directors. This Committee submits proposals to the Board of Directors regarding the implementation of the Plan.

Options will only be granted for fiscal years during which sufficient profits are earned to permit the mandatory minimum dividend distribution to shareholders. The total quantity of options to be granted during each fiscal year should not exceed 0.5% of the total number of shares owned by the controlling and non-controlling shareholders at the end of the same fiscal year.

The exercise price payable to Duratex will be defined by the Committee when granting the option. In order to define the exercise price, the Committee will consider the average price of Duratex's common shares in BM&FBOVESPA trading sessions for a period

of five to 90 days prior to the option issue date. This will be at the discretion of the Committee, which may make an upward or downward adjustment of up to 30%. The prices es-

tablished will be readjusted, until the month prior to the exercise of the options, based on the IGP-M index, or, in its absence, an index specified by the Committee.

	2006	2007	2008	2009	2010	2011	2012	2013
Total stock options granted	2,659,180	2,787,050	2,678,901	2,517,951	1,333,914	1,875,322	1,315,360	1,561,061
Exercise price on the grant date	11.16	11.82	15.34	9.86	16.33	13.02	10.21	14.45
Fair value on the grant date	9.79	8.88	7.26	3.98	7.04	5.11	5.69	6.54
Deadline to exercise	10 years	10 years	10 years	8 years	8 years	8.5 years	8.8 years	8.9 years
Vesting period	1.5 years	1.5 years	1.5 years	3 years	3 years	3.5 years	3.8 years	3.9 years

THE FOLLOWING ECONOMIC ASSUMPTIONS WERE UTILIZED TO DETERMINE THESE AMOUNTS:

	2006	2007	2008	2009	2010	2011	2012	2013
Volatility of share price	34.80%	36.60%	36.60%	46.20%	38.50%	32.81%	37.91%	34.13%
Dividend yield	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Risk-free rate of return (1)	8.90%	7.60%	7.20%	6.20%	7.10%	5.59%	4.38%	3.58%
Actual exercise rate	96.63%	96.63%	96.63%	96.63%	96.63%	96.63%	96.63%	96.63%

The Company settles this benefit plan by transferring shares, which are kept in treasury until the the actual exercise of the options by the executives. (1) General Market Price Index (IGP-M)

Statement of value and appropriation of the options granted:

GRANT DATE	QTY GRANTED	VESTING DATE	TERM FOR MATURITY	GRANT PRICE	BALANCE TO BE EXERCISED		OPTION PRICE	TOTAL VALUE	COMPETENCE			OTHER PERIODS
					DEC/12	DEC/13 *			FROM 2007 TO 2011	2012	2013	
03/30/06	2,659,180	from 06/30/07	to 12/31/16	11.16	48,856	53,740	11.42	586	586	-	-	-
01/31/07	2,787,050	from 06/30/08	to 12/31/17	11.82	1,588,612	1,445,154	10.36	24,758	24,758	-	-	-
02/13/08	2,678,901	from 06/30/09	to 12/31/18	15.34	1,649,682	1,512,330	8.47	19,456	19,456	-	-	-
06/30/09	2,517,951	from 06/30/12	to 12/31/17	9.86	922,476	830,467	4.64	9,194	8,447	747	-	-
04/14/10	1,333,914	from 12/31/13	to 12/31/18	16.33	1,464,818	1,420,779	8.21	8,716	4,451	2,250	2,015	-
06/29/11	1,875,322	from 12/31/14	to 12/31/19	13.02	1,868,298	1,859,377	5.11	9,208	1,374	2,809	2,609	2,416
04/09/12	1,315,360	from 12/31/15	to 12/31/20	10.21	1,315,360	1,287,309	5.69	6,997	-	1,492	1,917	3,588
04/17/13	1,561,061	from 12/31/16	to 12/31/21	14.45	-	1,498,804	6.54	8,981	-	-	2,109	6,872
Total	16,728,739				8,858,102	9,907,960		87,896	59,072	7,298	8,650	12,876
Effective exercise rate								96.63%	96.63%	96.63%	96.63%	96.63%
VALUE ESTABLISHED								84,934	57,081 (1)	7,052 (2)	8,358 (3)	12,443 (4)

(1) Amount recorded against income from 2007 to 2011

(2) Amount recorded against income for 2012

(3) Amount recorded against income for 2013

(4) amount to be recorded against income until December 2015

(*) Includes bonus share issue of 10% as provided in the Ordinary and Extraordinary General Meeting held on April 22, 2013

As at December 31, 2013, the Company had 1,405,054 treasury shares that could be utilized for the exercise of options.

Note 30 - Private Pension Plan

The Company and its subsidiaries are part of a group of sponsors of Fundação Itaúsa In-

dustrial, a non-profit organization which has as its objective the administration of private plans providing pensions or supplementary income benefits, similar to those of the National Social Security. The Fundação manages a Defined Contribution Plan and a Defined Benefit Plan.

Defined contribution plan – (DC Plan)

This plan is offered to every employee and as at December 31, 2013 had 6,613 participants (6,159 as at December 31, 2012).

In the DC Plan - PAI (Individual Retirement Plan) there is no actuarial risk, and the investment risk is borne by the participants. The regulations stipulate sponsor contributions of 50% to 100% of the amounts paid in by participants.

Pension Program Fund

The contributions by sponsors that remain in the plan as a result of participants who opted to be paid out or who anticipated their retirement

formed the Pension Program Fund, which, according to the plan’s regulations, is being utilized to compensate the contributions by sponsors.

The present value of normal future contributions, calculated by Towers Watson, an independent actuary, according to the projected unit credit method, was recognized in the December 31, 2013 financial statements under “Pension Plan Credits” in the amount of R\$ 107,927 (R\$ 92,232 as at December 31, 2012). The increase of R\$ 15,695 was recognized in the Statement of income under “Other net operating income (expenses)”. Presented below is the reconciliation with the recognized amounts in the financial statements:

ASSETS AND LIABILITIES RELATING TO THE DB PLAN	12/31/13	12/31/12
Present value of the actuarial obligations	(658,130)	(622,119)
Fair value of assets	898,189	847,690
(Liabilities) / Assets calculated based on item 54 of CPC 33/IAS 19	240,059	225,571
Restriction on assets due to limit (item 58 of CPC 33/IAS 19)	(132,132)	(133,339)
ASSETS AND LIABILITIES RELATING TO DB PLAN	107,927	92,232

Defined benefit Plan – (DB Plan)

The DB Plan has the basic purpose of granting benefits in the form of a lifetime monthly income to complement National Social Security payments, according to the plan’s regulations. This plan is being discontinued, and enrollment by new participants is not permitted.

The plan includes the following benefits: a retirement supplement, based on the period of contribution, special conditions, age, disability, lifetime monthly income, retirement premium, and a death benefit.

On January 28, 2013 the National Superintendence of Pension Funds (Previc) approved the revision of the Defined Benefit Plan (DB Plan) solving the surplus and restoring the technical balance of the plan. The Company recognized this asset, which will be received in 36 install-

ments, beginning on February 2013, a total of R\$ 42,318, related to the special reserve in the stockholders' equity.

Presented below is the DB plan position as at December 31, 2013:

ASSETS AND LIABILITIES RELATING TO THE DB PLAN	12/31/13	12/31/12
Present value of the actuarial obligations	(65,969)	(71,533)
Fair value of assets	133,114	145,198
(Liabilities) / Assets calculated based on item 54 of CPC 33/IAS 19	67,145	73,665
Restriction on assets due to limit (item 58 of CPC 33/IAS 19)	(35,561)	(73,665)
NET ASSETS FROM DEFINED BENEFIT (LIABILITY)	31,584	-

Actuarial assumptions

ECONOMIC ASSUMPTIONS	12/31/13	12/31/12
Discount rate	12.73%	8.16%
Future salary increases	9.18%	7.12%
Growth of benefits	6.00%	4.00%
Inflation	6.00%	4.00%
Capacity factor		
Salaries	100%	100%
Benefits	100%	100%
ECONOMIC ASSUMPTIONS	12/31/13	12/31/12
Mortality Table	AT - 2000	AT - 2000
Mortality table for disabled	RRB 1983	RRB 1983
Table of entry into disability	Modified RRB 1944	Modified RRB 1944
Turnover table	Null	Null
Retirement age	First age entitled to one of the benefits	First age entitled to one of the benefits
% of participation of married active participants on retirement date	95%	95%
Age difference between participant and spouse	Wives are 4 years younger than husbands	Wives are 4 years younger than husbands
Actuarial method	Projected Unit Credit	Projected Unit Credit

Note 31 – Earnings Per Share

(a) Basic

The basic earnings per share are calculated by dividing the net income attributable to the Company's stockholders by the weighted average

number of common shares outstanding during the period, excluding common shares purchased by the Company as treasury shares.

	12/31/13	12/31/12
Earnings attributable to the Company's stockholders	519,920	459,256
Weighted average number of common shares issued (In thousands)	591,308	550,054
Weighted average of treasury shares (In thousands)	(1,104)	(1,666)
Weighted average number of common shares outstanding (In thousands)	590,204	548,388
BASIC EARNINGS PER SHARE	0.8809	0.8375

(b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding, assuming the conversion of

all potential diluted common shares resulting from the Stock Option Plan:

	12/31/13	12/31/12
Earnings attributable to the Company's stockholders	519,920	459,256
Weighted average number of common shares issued (In thousands)	591,308	550,054
Call options for shares/ debentures convertible into shares	17,659	16,609
Weighted average of treasury shares (In thousands)	(1,104)	(1,666)
Weighted average number of diluted common shares outstanding (In thousands)	607,863	564,997
DILUTED EARNINGS PER SHARE	0.8553	0.8128

Note 32 – Information on Business Segments

Management defines the Company's operating segments as the areas which report to the Board of Directors in order for the Board to make strategic decisions.

The Board analyzes the business based on two main segments: the Wood Division and the Deca Division. The segments presented in the financial

statements are strategic business units that provide different goods and services. There are no sales between the segments.

These operating segments have been defined based on the reports used for decision making by the Supervisory Board. The accounting policies of each segment are the same as described in Note 2.

	12/31/13			12/31/12		
	WOOD	DECA (*)	CONSOLIDATED (*)	WOOD	DECA (*)	CONSOLIDATED (*)
NET SALES REVENUE	2,505,914	1,366,791	3,872,705	2,216,095	1,156,451	3,372,546
Domestic market	2,382,404	1,335,962	3,718,366	2,113,785	1,131,788	3,245,573
Foreign market	123,510	30,829	154,339	102,310	24,663	126,973
Variation in the fair value of the biological assets	191,519	-	191,519	144,574	-	144,574
Cost of goods sold	(1,308,496)	(778,655)	(2,087,151)	(1,209,715)	(659,652)	(1,869,367)
Depreciation, amortization and depletion	(256,781)	(58,537)	(315,318)	(248,303)	(53,215)	(301,518)
Depletion of adjustment in the biological assets	(218,088)	-	(218,088)	(162,778)	-	(162,778)
GROSS PROFIT	914,068	529,599	1,443,667	739,873	443,584	1,183,457
Selling expenses	(244,693)	(201,123)	(445,816)	(208,701)	(166,751)	(375,452)
Administrative and general expenses	(63,273)	(64,625)	(127,898)	(62,090)	(46,814)	(108,904)
Management expenses	(9,321)	(5,112)	(14,433)	(8,347)	(4,490)	(12,837)
Other operating income (expenses)	(59,485)	23,201	(36,284)	(5,933)	15,648	9,715
Equity in the results of investees	2,743	-	2,743	2,024	-	2,024
OPERATING INCOME BEFORE FINANCIAL RESULT	540,039	281,940	821,979	456,826	241,177	698,003

(*) net from discontinued operations

Note 33 – Discontinued Operations

As presented in Note 2.22, the discontinued operations of the subsidiary Deca Piazza S.A., from the third quarter of 2013, are under CPC 31 – “Non-current assets held for sale and discontinued operations”. Thus the statements of assets and liabilities associated with discontinued operations as at December 31, 2013, the statement of income from discontinued operations for the years ended December 31, 2013 and 2012 and the statement of cash flow for the same periods are as follow:

a) Assets and liabilities associated with discontinued operations

ASSETS ASSOCIATED WITH DISCONTINUED OPERATIONS	12/31/13
Cash and cash equivalents	306
Trade accounts receivable	59
Other receivables	1,665
Property, plant and equipment	40
	2,070

LIABILITIES ASSOCIATED WITH DISCONTINUED OPERATIONS	12/31/13
Suppliers	237
Personnel	175
Taxes and accounts payable	773
	1,185

b) Result from discontinued operations

	12/31/13	12/31/12
NET SALES REVENUE	10,104	21,853
Cost of products sold	(13,225)	(22,169)
GROSS PROFIT	(3,121)	(316)
Selling expenses	(1,569)	(2,825)
General and administrative expenses	(1,685)	(1,631)
Other operating income (expenses), net	(5,479)	(664)
OPERATING PROFIT BEFORE FINANCIAL RESULT AND TAXES	(11,854)	(5,436)
Financial result	(2,244)	(572)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTIONS	(14,098)	(6,008)
Income tax	(264)	(591)
NET INCOME FROM DISCONTINUED OPERATIONS	(14,362)	(6,599)

c) Statement of cash flow for discontinued operations

	12/31/13
Cash flow from operating activities	(126)
Cash flow from investment activities	-
Cash flow from financing activities	(1,382)
Increase in cash and cash equivalents	(1,508)
Opening balance in cash	1,814
FINAL BALANCE IN CASH	306

Note 34 – Subsequent Events

In addition to the market notices released on May 18 and November 8, 2012 and on September 2, 2013, Duratex S.A. hereby informs its shareholders and the market that it has completed the execution of a takeover bid (OPA) to acquire an additional equity stake in Tablemac S.A., a Colombian leading company in the industrialized wood panel making business. 14,772,002,647 shares were acquired at a price of COP\$ 8.60 per share, representing an increase of participation of 43.62%, which amounts to an additional investment of approximately US\$64 million in the company.

Duratex S.A. thus now holds 80.62% of the equity capital of Tablemac S.A. and, as disclosed in the market notice on September 2, 2013, it is subject to the application of CPC 15 – “Business Combinations (Step Acquisitions)”, which defines that the Company should remeasure the previously held interest to fair value, recognizing in the period eventual gains or losses, if there are any. In this case, Duratex S.A. incurred a write-down of goodwill, at a total of R\$ 53.6 million, no cash effect. This value is being recognized in the statements of the fourth quarter of 2013.

GRI summary

STRATEGY AND ANALYSIS			
DESCRIPTION	OMISSION	EXTERNAL VERIFICATION	PAGE/ ANSWER
G4-1 Message from the President	-	112	7 a 10
G4-2 Description of principal impacts, risks and opportunities	-	112	7 a 10
ORGANIZATIONAL PROFILE			
DESCRIPTION	OMISSION	EXTERNAL VERIFICATION	PAGE/ ANSWER
G4-3 Name of the organization	-	-	15
G4-4 Principal brand names, products and/or services	-	-	15 and 16
G4-5 Location of the headquarters of the organization	-	-	15
G4-6 Countries in which are located the principal operational units or those most significant in terms of sustainability aspects for this report	-	-	15 and 16
G4-7 Type and legal nature of ownership	-	-	20
G4-8 Markets in which the organization operates	-	-	15
G4-9 Size of the organization	-	-	15
G4-10 Employee profile	-	112	85
G4-11 Percentage of employees covered by collective wage bargaining agreements	-	-	100% of the employees are covered by collective wage bargaining agreements. The Company administers its payroll, union, federal and assistance contributions and verifies whether they are to the predominant union or that of the particular worker category. In its Code of Ethics and Conduct (PG13) Duratex expresses its respect for the political and labor rights of employees, including the right to collective bargaining and freedom of association in political parties and unions.
G4-12 Description of the supplier chain of the organization	-	-	
G4-13 Significant changes in relation to size, structure, shareholder participation and chain of suppliers	-		There were no alterations at the current units or acquisitions of new companies during the period, which could generate a significant impact on the supplier chain.
G4-14 Description of how the organization approaches the subject or principle of precaution	-	112	41
G4-15 Charters, principles or other initiatives developed externally	-	112	83
G4-16 Participation in national or international associations and organizations	-	112	45

MATERIAL ASPECTS IDENTIFIED AND LIMITS			
DESCRIPTION	OMISSION	EXTERNAL VERIFICATION	PAGE/ ANSWER
G4-17	Entities included in the consolidated financial statements and entities not covered by the report	-	4 and 15
G4-18	Process of definition of the report content	-	5
G4-19	List of material themes	112	5
G4-20	Limit, within the organization, of each material aspect	-	4 and 5
G4-21	Limit, outside the organization, of each material aspect	-	4 and 5
G4-22	Reformulations of information provided in previous reports	-	For sustainability aspects, there is no significant reformulation.
G4-23	Significant alterations to the scope and limits of material aspects, in relation to previous reports	-	For sustainability aspects, there is no significant reformulation.
ENGAGEMENT OF STAKEHOLDERS			
DESCRIPTION	OMISSION	EXTERNAL VERIFICATION	PAGE/ ANSWER
G4-24	List of groups of stakeholders engaged by the organization	112	5
G4-25	Basis used for the identification and selection of stakeholders for engagement	112	5
G4-26	Approach used to involve stakeholders	112	5
G4-27	Principal topics and concerns raised during engagement, by stakeholder group	112	5
REPORT PROFILE			
DESCRIPTION	OMISSION	EXTERNAL VERIFICATION	PAGE/ ANSWER
G4-28	Period covered by the report	-	4
G4-29	Date of the most recent previous report	-	4
G4-30	Publishing cycle of reports	-	4
G4-31	Contact for questions with respect to the report or its content	-	4
G4-32	Option for the application of the guidelines and location of the GRI index	-	4
G4-33	Current policy and practice with respect to external verification of the report	-	4

GOVERNANCE				
DESCRIPTION	OMISSION	EXTERNAL VERIFICATION	PAGE/ ANSWER	
G4-34	Structure of the organization's governance	-	112	30
G4-35	Delegation process of the highest body of governance for economic, environmental and social topics	-	112	35
G4-36	Executive posts and functions responsible for economic, environmental and social topics	-	112	35 and 56
G4-37	Consultation processes between stakeholders and the highest governance body of the organization with respect to economic, environmental and social topics	-	112	56
G4-38	Composition of the highest body of governance and its committees	-	112	32 and 38
G4-39	President of the highest governance body	-	112	33
G4-40	Selection criteria and nomination processes for the highest governance body and its committees	-	112	34 and 38
G4-41	Processes for the prevention and management of conflicts of interest	-	112	40 and 44
G4-42	Role of the highest governance body and the executives in the definition of policies and targets or the management of impacts	-	112	35
G4-43	Measures taken to improve the knowledge of the highest governance body with respect to economic, environmental and social topics	-	112	35
G4-44	Processes for performance self-evaluation of the highest governance body	-	112	32 and 44
G4-45	Responsibilities for the implementation of economic, environmental and social policies	-	112	41 and 56
G4-46	Role of governments in the analysis of the efficiency of the management risk processes of the organization, for economic, environmental and social themes	-	112	41
G4-47	Frequency with which the highest governance body analyzes impacts, risks and opportunities	-	112	41
G4-48	The highest person responsible for formal approval of the sustainability report, guaranteeing the coverage of all material aspects	-	112	4
G4-49	Process adopted to communicate concerns and criticisms of the highest governance body	-	112	35, 44 and 46
G4-50	Nature and total number of concerns and criticisms communicated to the highest governance body and solutions adopted	-	112	46, 90, 92 and 100
G4-51	Relationship between the remuneration and the performance of the organization, including social and environmental aspects	-	112	96
G4-52	Participation of consultants (internal and independent), in the determination of remuneration	-	112	96

G4-53	Consultations with stakeholders with respect to remuneration and its application in the organization's policies	-	112		Not material. The issue of compensation was identified as a low relevance in the materiality tests during public stakeholders events(http://www.duratex.com.br/RAO/2010/port/download/Duratex_2010.pdf , p. 3 e 4). Additionally, the proposed values of management compensation and directors, disclosed annually, leading to the knowledge and deliberation at Shareholders' Meetings (link to Summary Minutes of the Board of Directors meeting held on March 21, 2013 - HYPERLINK " <a _blank"="" href="http://www.duratex.com/\">http://www.duratex.com/\"_blank " http://www.duratex.com ; br/ri/pt/Download/1424_DUR_2013-03-21_RCA_(FOR).pdf).
G4-54	Proportional relationship between the highest salary and the general average salary of the organization, by country	-	112	95	
G4-55	Proportional relationship between the salary increases of the highest paid and the average salary increase of the organization, by country	-	112	94	

ETHICS AND INTEGRITY

DESCRIPTION	OMISSION	EXTERNAL VERIFICATION	PAGE/ ANSWER
G4-56 Values, principles, standards and norms of behavior of the organization	-	112	17, 40, 85 and 98
G4-57 Internal and external mechanisms for providing guidelines on ethics and compliance	-	112	40 and 46
G4-58 Internal and external mechanisms for the communication of concerns with regard to non-ethical behavior	-	112	35 and 46

SPECIFIC CONTENT

ECONOMIC CATEGORY

DESCRIPTION	OMISSION	EXTERNAL VERIFICATION	PAGE/ ANSWER
ECONOMIC PERFORMANCE			
G4-DMA Form of management	-	-	48
G4-EC1 Direct economic value generated and distributed	-	112	22, 23, 48, 106 and 111
G4-EC2 Financial implications and other risks and opportunities arising as a result of climate change	-	112	42
G4-EC3 Coverage of obligations within the company pension plan	-	-	95
G4-EC4 Significant financial assistance received from the government	-	112	49 and 97

PRESENCE IN THE MARKET				
G4-DMA	Form of management	-	-	95 and 97
G4-EC5	Proportion between the lowest salary of the organization and the local minimum salary, by gender	-	-	95
G4-EC6	Local hiring	-	-	97
INDIRECT ECONOMIC IMPACTS				
G4-DMA	Form of management	-	-	103
G4-EC7	Impact of investments in infrastructure offered for the public benefit	-	-	103
G4-EC8	Description of significant indirect economic impacts	-	-	103
BUYING PRACTICES				
G4-DMA	Form of management	-	-	98 and 99
G4-EC9	Policies, practices and proportion of expenditure with local suppliers	-	112	99
ENVIRONMENTAL CATEGORY				
DESCRIPTION	OMISSION	EXTERNAL VERIFICATION	PAGE/ ANSWER	
MATERIALS				
G4-DMA	Form of management	-	-	79 and 80
G4-EN1	Materials used, broken down by weight or volume	-	-	80
G4-EN2	Percentage of materials used that come from recycling	-	-	79
ENERGY				
G4-DMA	Form of management	-	-	59, 77 and 78
G4-EN3	Energy consumption within the organization	-	-	77 and 78
G4-EN4	Energy consumption outside the organization	-	-	78
G4-EN5	Energy intensity	-	-	78
G4-EN6	Reduction in energy consumption	-	-	77 and 78
G4-EN7	Reduction in the energy requirements of products and services	-	-	59
WATER				
G4-DMA	Form of management	-	-	73 and 74
G4-EN8	Total water drawn off, by source	-	112	73 and 74
G4-EN9	Water sources significantly affected by the drawing off of water	-	112	73
G4-EN10	Percentage and total volume of water recycled and reused	-	112	73 and 74

BIODIVERSITY				
G4-DMA	Form of management	-	-	65, 67, 68 and 69
G4-EN11	Location and size of area owned	-	112	68 and 69
G4-EN12	Significant impact on biodiversity from activities, products and services	-	112	65 and 67
G4-EN13	Protected or restored habitats	-	112	69
G4-EN14	Total number of species included on the IUCN regulations and other conservation lists	-	112	68
EMISSIONS				
G4-DMA	Form of management	-	-	71
G4-EN15	Direct greenhouse gas emissions	-	-	71
G4-EN16	Indirect greenhouse gas emissions resulting from the purchase of energy or electric power	-	-	71
G4-EN17	Other indirect greenhouse gas emissions	-	-	71
G4-EN18	Intensity of greenhouse gas emissions	-	-	71
G4-EN19	Reduction in greenhouse gas emissions	-	-	71
G4-EN20	Emission of substances harmful to the ozone layer	-	-	71
G4-EN21	Emissions of NOx, SOx and other significant atmospheric emissions	-	-	71
EFFLUENTS AND RESIDUES				
G4-DMA	Form of management	-	-	73, 76 e 79
G4-EN22	Total water disposed of, broken down by quality and destination	-	112	76
G4-EN23	Total weight of residues, broken down by type and method of disposal	-	112	79
G4-EN24	Total number and volume of significant spillages	-	-	At the Deca Division there is no record of significant leakages during the period. At the Wood Division, a leakage of water used for washing wood (5m ³) at the unit in Itapetininga reached the body of water, temporarily altering its coloration, but with little significant effect.
G4-EN25	Weight of residues transported, considered dangerous	-	112	79
G4-EN26	Protection and index of biodiversity of water bodies and habitats	-	112	73
PRODUCTS AND SERVICES				
G4-DMA	Form of management	-	-	23 and 216
G4-EN27	Initiatives to mitigate environmental impacts	-	112	23

G4-EN28	Percentage of products and packaging recovered, by product category	-	112	In the metal bathroom fittings segment, Deca receives parts that are returned from technical assistance outlets. These products are recycled in the production process. The number of parts (not necessarily complete products) which were returned to Deca in 2013, through this system, amounted to 25,659. At the unit in Itapetininga of the Wood Division, reverse logistics are carried out of the partitions between the panel sheet packages. In 2013 80,739 partitions were reused.
COMPLIANCE				
G4-DMA	Form of management	-	-	217
G4-EN29	Value of fines and total number of sanctions and penalties resulting from non-compliance with laws	-	112	In 2013 the Environmental Company of São Paulo (CETESB) brought four fine processes against the Company, with two of these resulting in the actual application of a fine, of a total value of R\$ 21,170.00. With the other two a sanction was applied of a non-pecuniary nature, resulting in a warning in the case of one and an embargo of the area in the other. The fines applied were paid by the Company and Terms of Recuperation of the area were signed with CETESB, which are in the process of being implemented.
TRANSPORT				
G4-DMA	Form of management	-	-	70
G4-EN30	Significant environmental impacts with respect to the transport of products and employees	-	-	72
GENERAL				
G4-DMA	Form of management	-	-	65
G4-EN31	Total investment and expenditure on environmental protection	-	112	65
ENVIRONMENTAL EVALUATION OF SUPPLIERS				
G4-DMA	Form of management	-	-	98
G4-EN32	Percentage of new suppliers selected based on environmental criteria	-	112	98
G4-EN33	Significant negative environmental impacts, both real and potential, in the supply chain	-	112	98

MECHANISMS FOR DEALING WITH COMPLAINTS WITH RESPECT TO ENVIRONMENTAL IMPACTS				
G4-DMA	Form of management	-	-	217
G4-EN34	Number of complaints related to environmental impacts	-	112	Since the creation of the Duratex Ombudsman Service in 2012, three complaints have been received relating to possible environmental impacts: one of these in 2012 and two in 2013. These were investigated as part of the Ombudsman Service process, and were deemed to be groundless.
SOCIAL CATEGORY - LABOR PRACTICES AND DECENT WORK				
DESCRIPTION	OMISSION	EXTERNAL VERIFICATION	PAGE/ ANSWER	
EMPLOYMENT				
G4-DMA	Form of management	-	-	86 and 95
G4-LA1	Total number, rate of hiring and turnover of employees	-	-	86
G4-LA2	Comparison between the benefits of full-time and temporary employees	-	112	95
G4-LA3	Rates of return to work, and retention after maternity/paternity leave	-	-	95
LABOR RELATIONS				
G4-DMA	Form of management	-	-	218
G4-LA4	Minimum advance notice period required for operational changes	-	-	Duratex takes care to inform its employees in advance before carrying out changes to operational processes, although no procedure or formal advance notice period forms part of any collective employment agreement.
OCCUPATIONAL HEALTH AND SAFETY				
G4-DMA	Form of management	-	-	88
G4-LA5	Percentage of employees represented on formal health and safety committees	-	-	100%
G4-LA6	Rate of injury, occupational diseases, days lost	-	-	88
G4-LA7	Employees with a high incidence or high risk of diseases related to their occupation	-	112	88
G4-LA8	Themes related to health and safety covered by the formal union agreements	-	-	88
TRAINING AND EDUCATION				
G4-DMA	Form of management	-	-	87 and 95
G4-LA9	Average hours of training per year	-	-	87
G4-LA10	Programs for skill management and continuous learning	-	-	There is no corporate program to provide support for employees retiring or leaving the Company. More on page 90.
G4-LA11	Percentage of employees that receive performance analysis	-	112	87 and 95

DIVERSITY AND EQUALITY OF OPPORTUNITY			
G4-DMA	Form of management	-	- 39
G4-LA12	Composition of groups responsible for governance and discrimination of employees, by work category	-	112 39
EQUALITY OF REMUNERATION BETWEEN WOMEN AND MEN			
G4-DMA	Form of management	-	- 39 and 94
G4-LA13	Proportion of salary base, between men and women, by functional category and significant operational unit	-	- 94
EVALUATION OF SUPPLIERS WITH RESPECT TO LABOR PRACTICES			
G4-DMA	Form of management	-	- 18 and 98
G4-LA14	Percentage of new suppliers selected based on criteria relating to labor practices	-	112 18
G4-LA15	Significant negative impact, real and potential, of labor practices in the supply chain	-	112 98
MECHANISMS FOR DEALING WITH COMPLAINTS RELATED TO LABOR PRACTICES			
G4-DMA	Form of management	-	- 219
G4-LA16	Number of complaints related to labor practices recorded through formal mechanisms	-	112 The Ombudsman Service does not currently have an indicator classified in the form requested. From 2014, this indicator will be monitored by this department.
SOCIAL CATEGORY - HUMAN RIGHTS			
DESCRIPTION	OMISSION	EXTERNAL VERIFICATION	PAGE/ ANSWER
INVESTMENTS			
G4-DMA	Form of management	-	- 40
G4-HR1	Significant investment agreements and contracts that include clauses referring to human rights -	-	- In 2013, R\$ 2,388.6 million was taken out in loans from the BNDES, Finame, Fundiest and Fundopem, among others. Of these contracts, 40% was allocated to significant investments in projects in Uberaba, Queimados, etc., which include clauses on human rights.
G4-HR2	Total number of training hours for employees on human rights policies and percentage of employees trained	-	- 40
NON-DISCRIMINATION			
G4-DMA	Form of management	-	- 219

G4-HR3	Total number of cases of discrimination and corrective measures taken	-	-		The Ombudsman Service received two complaints in 2012 relating to possible discrimination situations. The cases were evaluated internally and were not proven. A written response with the formal conclusion of the process was given to the complainants personally by the Ombudsman Service. No complaint was received by the Ombudsman Service in 2013 on this subject.
FREEDOM OF ASSOCIATION AND COLLECTIVE WAGE BARGAINING					
G4-DMA	Form of management	-	-	98 and 99	
G4-HR4	Degree of application of the right to freedom of association, and operations and suppliers identified as presenting a risk	-	-	98 and 99	
CHILD LABOR					
G4-DMA	Form of management	-	-	98 and 99	
G4-HR5	Operations and suppliers that carry a risk of the occurrence of child labor and measures taken	-	-	98 and 99	
FORCED LABOR OR COMPULSORY LABOR					
G4-DMA	Form of management	-	-	98 and 99	
G4-HR6	Operations and suppliers identified as presenting a risk of forced or compulsory labor, and measures taken	-	-	98 and 99	
SAFETY PRACTICES					
G4-DMA	Form of management	-	-	220	
G4-HR7	Percentage of security staff trained in policies or procedures related to human rights	-	-		As at December 31, 2013, Duratex had 362 employees working in the area of security. In the area of occupational hygiene, safety and medicine, the Company has 111 of its own employees, and 4 outsourced. The Company has 87 of its own employees who work as surveillance staff, and 160 outsourced. There was no training in human rights for these employees, in the knowledge that the training courses for these professional staff cover subjects related to human rights. It is the responsibility of the outsourced company to ensure the training of outsourced personnel.
INDIGENOUS RIGHTS					
G4-DMA	Form of management	-	-	220	
G4-HR8	Total cases of violation of the rights of indigenous people and measures taken	-	-		Duratex did not identify any cases of the violation of rights of indigenous people among its own employees or in adjoining communities.

EVALUATION				
G4-DMA	Form of management	-	-	40
G4-HR9	Total number and percentage of operations subjected to human rights analysis	-	-	40
EVALUATION OF SUPPLIERS WITH RESPECT TO HUMAN RIGHTS				
G4-DMA	Form of management	-	-	98 and 221
G4-HR10	Percentage of new suppliers selected based on human rights criteria	-	112	In 2013, no new suppliers were selected based on human rights criteria.
G4-HR11	Significant negative impact, real and potential, with respect to human rights in the supplier chain and measures taken	-	112	98
MECHANISMS FOR DEALING WITH COMPLAINTS RELATED TO HUMAN RIGHTS				
G4-DMA	Form of management	-	-	221
G4-HR12	Number of complaints related to human rights impacts recorded, processed and resolved	-	-	The Ombudsman Service does not possess an indicator that is classified in the manner requested. From 2014, this department will start to monitor this indicator.
SOCIAL CATEGORY - SOCIETY				
DESCRIPTION	OMISSION	EXTERNAL VERIFICATION	PAGE/ ANSWER	
LOCAL COMMUNITIES				
G4-DMA	Form of management	-	-	221
G4-SO1	Percentage of operations with engagement programs in the local community, evaluation of impacts and local development	-	112	In the next year, the Company will be carrying out the work of mapping and engagement with stakeholders, based on a pilot project partly in the elaboration phase. At the moment Duratex does not have a structured program. Currently, 100% of the units have environmental management systems, which include the monitoring of environmental impacts, a Sustainability Committee, and communication channels available to stakeholders for complaints of various natures. In addition to this, the results of environmental initiatives are published in the Annual and Sustainability Report.
G4-SO2	Operations with significant negative impact, real and potential, in local communities	-	-	The Company does not yet have a structured process to measure impact on these communities. In 2014 it will be starting a pilot project which will carry out a diagnosis of the community in Uberaba to begin monitoring its initiatives.

COMBATING CORRUPTION				
G4-DMA	Form of management	-	-	44, 91 and 100
G4-SO3	Units submitted to evaluation for risks of corruption	-	112	44
G4-SO4	Percentage of employees trained in anticorruption procedures	-	112	91 and 100
G4-SO5	Confirmed cases of corruption and measures taken	-	112	The Ombudsman Service received four cases related to corruption in 2012, of a total of seven complaints received. All were investigated, two by the Ombudsman Service and three by the Internal Audit Department, with one of them being proven, resulting in the dismissal of an employee, and a revision of the processes; the other complaints were not proven. In 2013, seven complaints were received related to corruption, of a total of ten complaints received in 2013 by the Ombudsman Service. In 2012 one of the cases involving commercial partners also resulted in the rescindment of the contract.
PUBLIC POLICIES				
G4-DMA	Form of management	-	-	222
G4-SO6	Policies for financial contributions to political parties, politicians or institutions	-	-	No donations were made, it not being an election year.
UNFAIR COMPETITION				
G4-DMA	Form of management	-	-	222
G4-SO7	Total number of court cases as a result of unfair competition	-	-	There were no cases involving unfair competition, anti-trust practices or monopolies and their results for reporting. Nor were there significant fines or sanctions in 2013.
COMPLIANCE				
G4-DMA	Form of management	-	-	222
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions	-	112	In the evaluation of the Company's legal advisers, there were no significant fines or sanctions applied to the Company for the purposes of this report, specifically related to this item.
EVALUATION OF SUPPLIERS WITH RESPECT TO IMPACTS ON SOCIETY				
G4-DMA	Form of management	-	-	98 and 222
G4-SO9	Percentage of new suppliers selected based on impacts on society	-	112	In 2013, no new suppliers were selected based on criteria related to impacts on society.
G4-SO10	Significant negative impact, real and potential, of the supply chain on society and measures taken	-	112	98

MECHANISMS FOR DEALING WITH COMPLAINTS RELATED TO IMPACTS ON SOCIETY			
G4-DMA	Form of management	-	- 223
G4-SO11	Complaints related to impacts on society registered, processed and resolved through formal mechanisms	-	112 The Ombudsman Service does not have an indicator classified in the form requested. Starting in 2014, there will be monitoring of this indicator by this department.
SOCIAL CATEGORY - RESPONSIBILITY FOR PRODUCTS			
DESCRIPTION	OMISSION	EXTERNAL VERIFICATION	PAGE/ ANSWER
CUSTOMER HEALTH AND SAFETY			
G4-DMA	Form of management	-	- 59 and 101
G4-PR1	Evaluation of impacts on health and safety during the life cycle of products and services	-	112 59
G4-PR2	Non-compliance related to impacts caused by products and services	-	-
LABELING OF PRODUCTS AND SERVICES			
G4-DMA	Form of management	-	- 100 and 101
G4-PR3	Type of information with respect to products and services required by labeling procedures	-	112 101
G4-PR4	Non-compliance related to product and service labeling	-	112 100 and 101
G4-PR5	Results of customer satisfaction research	-	112 100
MARKETING COMMUNICATIONS			
G4-DMA	Form of management	-	- 223
G4-PR6	Sale of products that are either prohibited or contested	-	112 The organization does not sell products that are prohibited in given markets, or which are subject to question by stakeholders or public debate.
G4-PR7	Cases of non-compliance related to communication with respect to products and services	-	- There are no cases involving non-compliance with regulations and voluntary codes with respect to marketing communications, including publicity, promotion and sponsorship.
CUSTOMER PRIVACY			
G4-DMA	Form of management	-	- 223
G4-PR8	Total number of proven complaints related to violation of privacy or loss of client data	-	- There are no cases involving violation of privacy or loss of customer data.
COMPLIANCE			
G4-DMA	Form of management	-	- 223
G4-PR9	Fines for non-compliance relating to the supply and use of products and services	-	- There are no cases for which significant fines have been applied as a result of non-compliance with laws and regulations related to the supply and use of products and services.

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