



ANNUAL SUSTAINABILITY REPORT 2014



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Presentation

The Duratex 2014 Annual and Sustainability Report contains a Sustainability Platform, a chapter on Duratex 2020 strategic planning, which covers the theme of sustainability, as well as aspects of social, environmental and economic performance in its operations.

Queries, comments and suggestions should be sent in through our dedicated communication channel. **G4-31**

May I wish you good reading!

Corporate Directives **G4-56**

Mission

To meet client demands in an excellent manner, through the development and offering of products and services that contribute to people's quality of life, generating wealth in a sustainable manner.

Vision

To be a benchmark company, recognised as the best option for customers, employees, the community, suppliers and investors, for the quality of our products, services and relationships.

Values

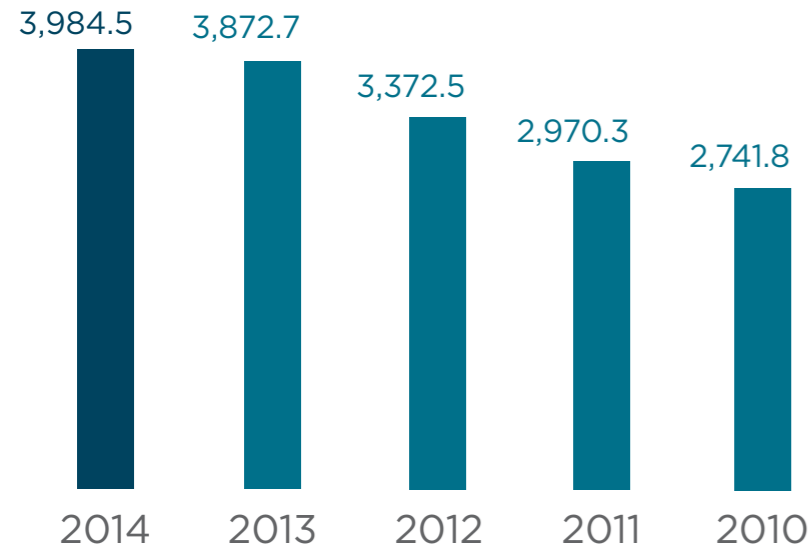
- Integrity
- Commitment
- Appreciation of Human Worth
- Excelling in results
- Continual Improvement
- Innovation
- Sustainability

DURATEX IN NUMBERS

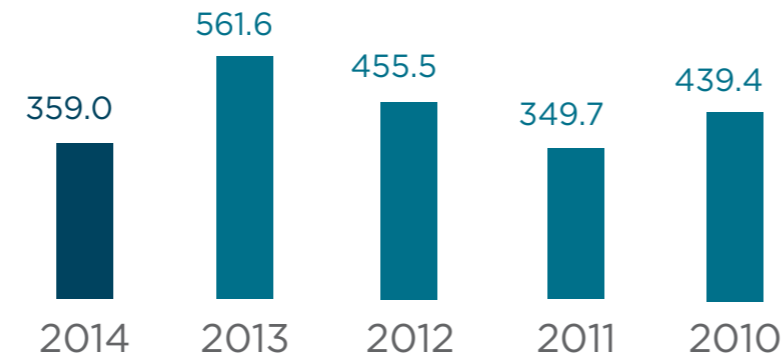
Below the Company presents its main financial and environmental indicators for the last five years **G4-9**

Financial indicators

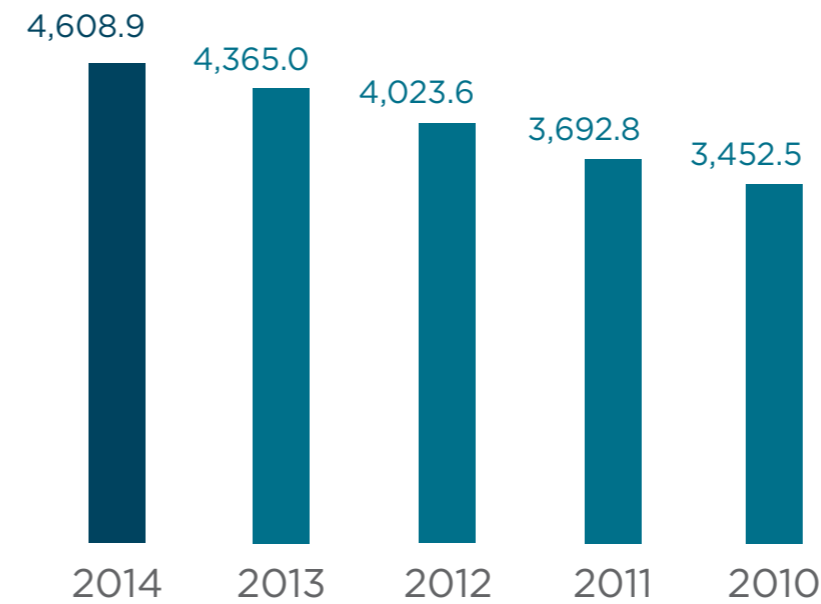
Net Revenue (R\$ million)



Recurring net earnings (R\$ million)

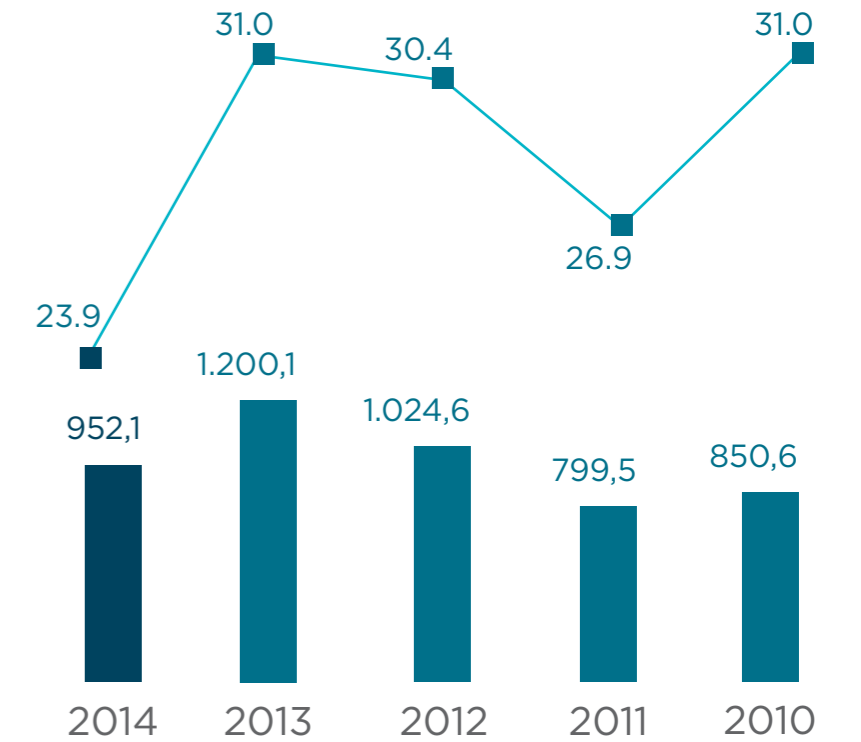


Shareholders' Equity* (R\$ million)



*Consolidated in IFRS.

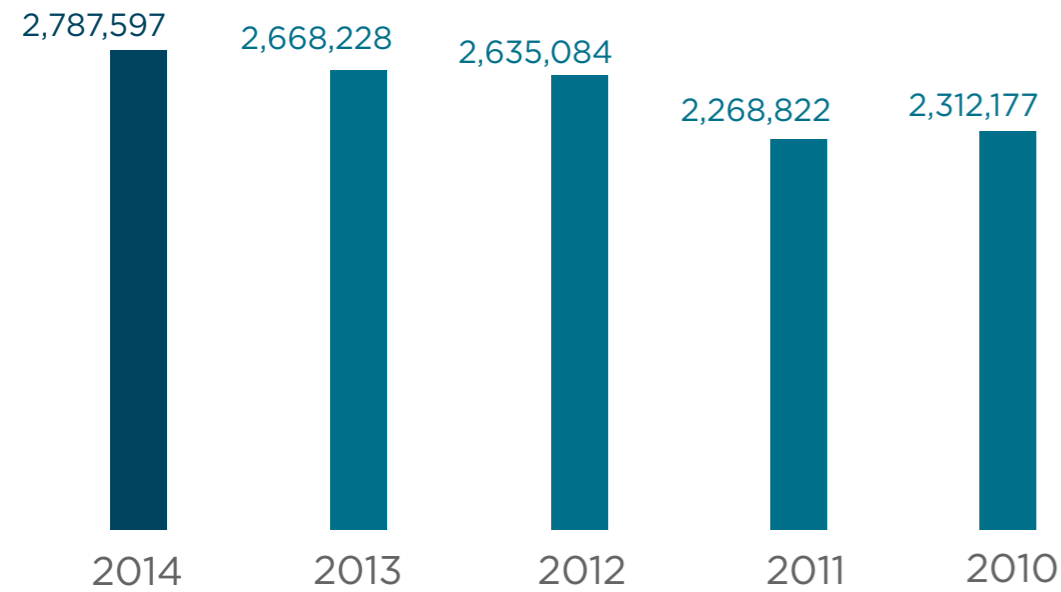
Ebitda - adjusted and recurring* (R\$ million) and Ebitda margin** (%)



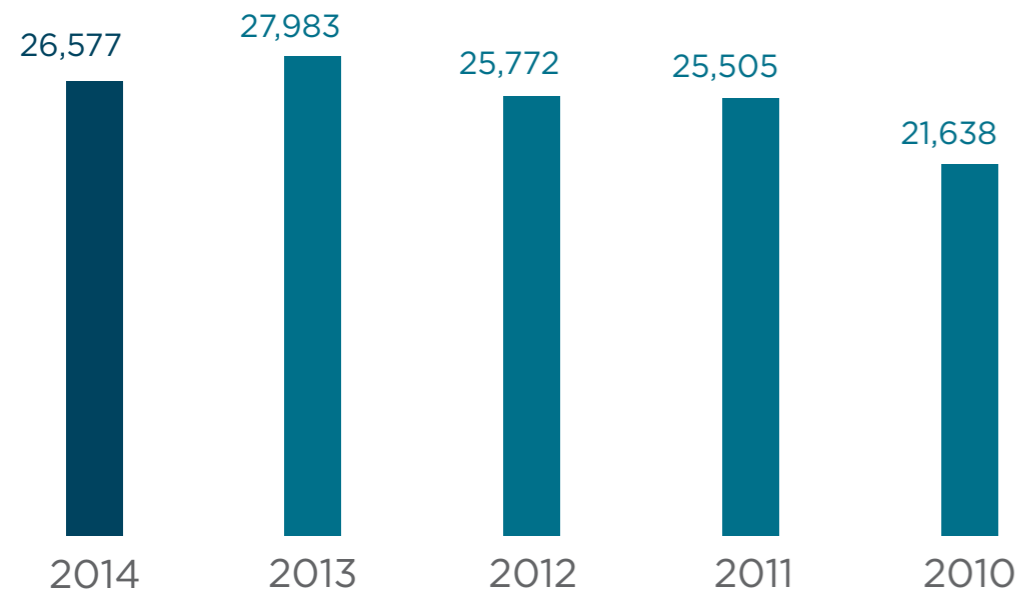
*Earnings before interest, taxes, depreciation and amortization (Ebitda) - medida de desempenho operacional dado pelo lucro antes de juros, impostos, depreciação e amortização, ajustado pela variação do valor justo do ativo biológico e do benefício a empregados.

**Ajustada e recorrente consolidada.

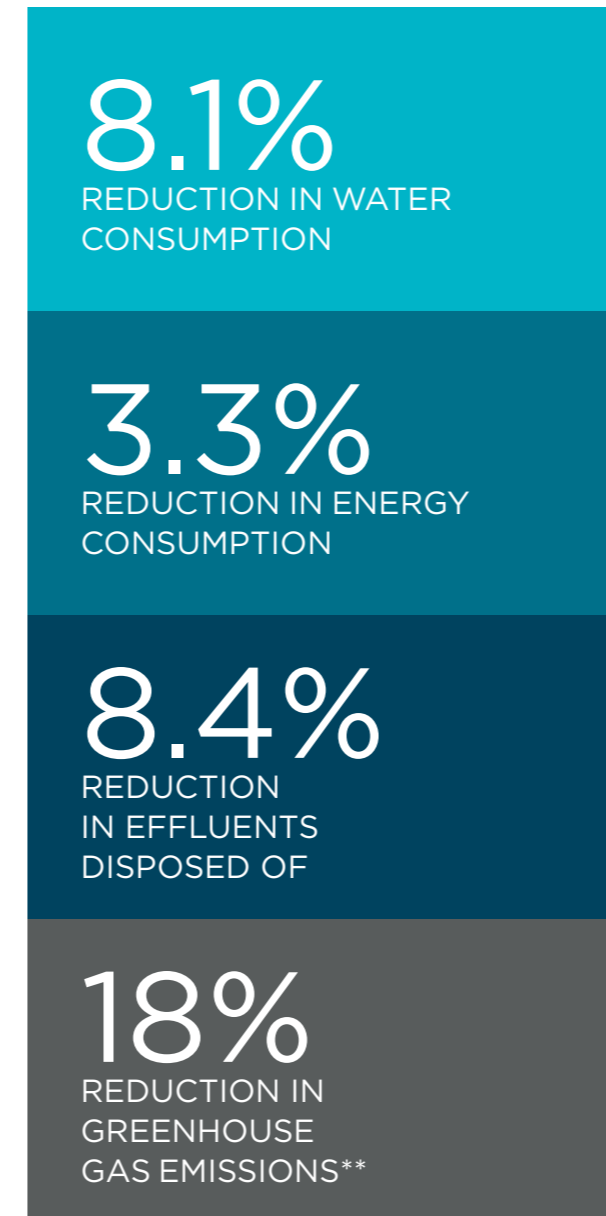
Wood Division – volume shipped (m³)



Deca Division – volume shipped (thousands of pieces)



Environmental indicators in 2014*



*Results attained as a function of projects implemented to improve performance, as well as cutbacks in production, reflecting the slowdown in the national economy.

**Reduction in Scope 1 greenhouse gas emissions compared to base year (2012).

Forestry areas ('000 hectares)*



■ Planted forests

■ Preservation areas

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

272,000
HECTARES OF TOTAL FOREST AREA*

*areas owned, leased and incentivized.

ISO 14001 CERTIFICATION

Deca Division:

Metais Jundiáí; Metais São Paulo; Louças Sul; Louças Jundiáí I; Louças Jundiáí II; and Louças Paraíba.

Wood Division:

Painéis Botucatu; Painéis Itapetininga; Painéis Taquari; Painéis Uberaba; Painéis Agudos; Florestal Botucatu; and Florestal Lençóis Paulista (sapling nursery).

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

With an eye on the future, Duratex's planning focuses on business longevity

Strategy linked to sustainability

2014 was a very difficult year for Duratex, as well as the vast majority of Brazilian industry. And indeed for Brazil itself!

Right from the start of the second quarter, due to among other factors, the approaching World Cup, consumption started to slow. In June and July, during the World Cup itself, any product not directly linked to the games remained stuck firmly on the shelves. August then followed, with the presidential elections. Every day that went by the economy slowed still further. Subsequently, we saw a significant increase in interest rates and the start of acute depreciation in the Brazilian Real, all of which unleashed significant pressure on inflation. In addition to this, Brazil had zero GDP growth, while for industry and construction GDP actually shrunk, by 1.2% and 2.6%, respectively.

As a result of this scenario, although we managed to achieve a slight increase in our net rev-

enue, of about 3%, our recurring net earnings dropped significantly (-36%), as did adjusted and recurring Ebitda (-21%).

None of this, however, altered our work in 2014 and we continued to implement our five-year Strategic Planning project, which is reviewed annually. Thus the Board of Directors, in its off-site meeting in August 2014, assessed and approved **Duratex 2020**, drawn up by the Executive Board and the Company's management body. This is an in-depth study that establishes the directives that will guide Duratex over the next few years, with a view to longevity of the business and the identification of risks and opportunities. Of particular note is the **Sustainability Platform**, which has been included as part of our planning strategy. In practice this means that we are including socio-environmental criteria in our decision-making process - in the construction or acquisition of new units and development of new products. For its part, the Board of Directors, directly and through its committees, accompanies the de-



Left to right, standing: Raul Calfat, Álvaro Antonio Cardoso de Souza, Henri Penchas, Rodolfo Villela Marino, Francisco Amaury Olsen and Ricardo Egydio Setubal.
Left to right, seated: Helio Seibel, Alfredo Egydio Arruda Villela Filho, Salo Davi Seibel e Olavo Egydio Setubal Júnior.

velopment and implementation of the Strategic Plan and the Sustainability Platform.

In effect, to provide the support necessary for the Company's management, the Board of Directors is supported by advisory committees who follow the best corporate governance practices. These are: the Committee for Auditing and Risk Management, the Committee for Staff, Governance and Nomination, the Sustainability Committee, and the Committee for the Evaluation of Transactions with Related Parties. It should be pointed out that these committees must be presided over by an independent board member or specialist, the Committee for the Valuation of Transactions with Related Parties consisting exclusively of three independent board members. In April 2014, the board member Raul Calfat replaced Fabio Schvartsman. In this way the controlling shareholder's determination to maintain a board of high-level executives, always with the participation of three highly qualified and independent board members, remained upheld. We would like, here, to express our gratitude for the inestimable contribution made by Fabio Schvartsman to Duratex over the last four years, as well as welcoming aboard Raul Calfat.

The fact that 2014 was a difficult year, with a sharp drop in profitability and cash generation, did not prevent Duratex from concluding and

consolidating a very important investment cycle, which included the completion of the ramp-ups of the MDF production line in Itapetinga/SP (+ 520,000 m³/year), the MDP production line in Taquari/RS (+230, 000 m³/year) and the vitreous chinaware plant at Queimados/RJ (+2.4 million pieces/year), not to mention significant expansion in the Company's forestry base, metal bathroom fitting production capacity and low pressure standard and high gloss coating capacity.

It should be mentioned that in spite of the size of these investments, net debt increased by only R\$ 200 million, rising from R\$ 1.5 billion in 31/12/13 to R\$ 1.7 billion in 31/12/14.

It is evident that, now this cycle has come to an end, we shall be sharply reducing our capital expenditure. This will not, however, affect the maintenance of our excellent assets and the implementation of our operational optimization and cost reduction projects. For this reason the capital expenditure budget for 2015 is R\$ 400 million, which compares to R\$ 608 million, R\$ 601 million and R\$ 832 million, in 2014, 2013 and 2012, respectively.

In other words, while it is true that we have major underutilized capacity both in the Deca Division and the Wood Division, it is also true that

we are the only company in our operational sector in a position to capture the lion's share of growth in the market when it happens, probably between the second half of 2016 and the beginning of 2017.

In addition to this, while the Brazilian economy is at a standstill, Duratex is using the time to build even more solid foundations to support future development. To this end we are implementing broad-reaching projects which aim to improve management flexibility and quality, making it possible to significantly reduce costs and expenses.

In this way, our Company is well-prepared both to deal with the current challenging scenario, as well as to continue on its upward path when conditions permit.

Salo Davi Seibel

Chairman of the Board Of Directors

G4-1; G4-2

MESSAGE FROM THE CEO

Organic growth, internationalization and new businesses are covered by Duratex 2020

The pillars of growth

The more challenging Brazilian economic scenario ended up having an influence on Duratex's results. In 2014 consolidated performance growth was substantially less than in 2013: net revenue amounted to R\$ 3,984.5 million, up 2.9%, Ebitda totalled R\$ 952.1 million, with Ebitda margin of 23.9%, while recurring net earnings came to R\$ 359 million, down 36.1% compared to the previous year.

At the Deca Division cost pressure resulting from capacity expansion at the Queimados vitreous chinaware plant and the repositioning of the Thermosystem brand-name to the Hydra name, contributed to maintaining pressure on gross margins, net revenue and Ebitda. At the Wood Division, cost increases as a result of inflation, the exchange rate and fixed costs, due to the increased scale of production capacity - which were not accompanied by price resetting, resulted in a narrowing in margins.

In 2014, the Duraseg program was launched to deal with the management of health and safety aspects in all the Company's units. Even with all the safety measures and initiatives adopted, lamentably we had four fatalities in 2014, one being a traffic accident and three in the forestry operations, leading us to take specific actions and review our processes, with the aim of significantly improving the whole question of safety, with respect to medicine, well-being and protection in the workplace.

Despite all this, we forged ahead with our long-term vision and have formulated a strategic plan, Duratex 2020, which is based on three key elements, or pillars. The first of this is organic growth within our operations: we will be making the most of opportunities to expand our businesses over the next six years. For the Wood Division we have already announced new plants in the Northeast and Minas Gerais, which together will add a further 50% to our production capacity.



Left to right, standing: Bruno Basile Antonaccio, Paulo César Marostica, Alexandre Coelho Nascimento, Marco Antonio Milleo, José Ricardo Paraíso Ferraz and Roney Rotenberg.

Left to right, seated: Flavio Marassi Donatelli, Antonio Joaquim de Oliveira, Raul Penteadó de Oliveira Neto e Maria Julieta Pinto Rodrigues.

The second of these pillars is expansion of the Company's International side, both through new businesses, as well as increasing exports. The objective is to boost our international revenues to 20% of the overall total. In addition to gaining expertise in the search for new businesses outside Brazil, the international moves will also enable us to diversify our revenue source risk.

The third planning pillar is our work on new business fronts, adjacent in concept terms to our own. We already produce electric showers, following the acquisition of Thermosystem, today called Hydra. And now we are evaluating opportunities in other lines of construction and finishing materials.

Aspects of sustainability are directly linked to Duratex 2020. In 2014, we also moved ahead with our Sustainability Platform, introducing the theme into our day-to-day routine, so that sustainability has become an intrinsic part of the business. Our goal is to reach a strategic level in terms of governance, environmental, economic and social aspects,.

To this end, we are changing our way of viewing sustainability, enabling it to be considered as a business opportunity. We hope that by 2020 sustainability will no longer be treated as an investment, but rather a supporting pillar of the business.

It is important to draw attention to the recognition that Duratex's work has received. For the third year running, we have been listed as part of the Dow Jones Sustainability Emerging Markets Index (DJSI) and since 2007, we have been in the BM&FBovespa Corporate Sustainability Index.

The building of this sustainability agenda is achieved with the participation of internal and external stakeholders, investors, NGOs, employees and consultants. Risk is minimised as transparency and dialogue is improved, creating a closer relationship with the Company's stakeholders. For this reason I believe that sustainability initiatives greatly reduce Duratex's risk exposure. In this context I reaffirm the Company's commitment to the 10 principles of the Global Compact, a voluntary initiative which contributes globally to the perfection of the management models and business practices of organisations such as Duratex, who are committed to sustainable development..

For the next few years, in addition to indicating the path ahead, our strategic planning will establish how we walk that pathway. We are in the process of consolidating Duratex's leadership and its future.

Antonio Joaquim de Oliveira
Chief Executive Officer **G4-1; G4-2**

Aspects of sustainability are directly connected to Duratex 2020. We are changing the way we view this theme, starting to consider sustainability as a business opportunity. Our goal is to bring governance, environmental, economic and social aspects to a strategic level

PROFILE

- THE COMPANY
- GEOGRAPHICAL DIVERSIFICATION



THE COMPANY

Outstanding portfolio, good geographical distribution and sound governance



Duratex, a listed company 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. The Company has two business units. The Deca Division produces metal bathroom fittings and vitreous chinaware, and related accessories, as well as electric showers and solar heaters, including the Hydra brand portfolio - which includes products from the acquisition of Thermo-system, in 2013. The Wood Division manufactures laminated flooring, Medium Density Fiber Board (MDF) and Medium Density Particle Board (MDP) panels, fiberboard sheets and other products carrying the Durafloor and Duratex brand names. **G4-3; G4-4; G4-7**

Headquartered in the city of São Paulo, Duratex has over 11,000 employees and 15 industrial units, strategically located in the states of São Paulo, Minas Gerais, Pernambuco, Paraíba, Rio Grande do Sul, Rio de Janeiro and Santa Catarina. The Company also has four production plants in Colombia, through its 80.62% equity stake in Tablemac, that country's largest panel manufacturer. Duratex's presence in Colombia represents its first step towards international expansion. In addition to this, the Company also has commercial and sales operations through its offices in the United States and Europe - subsidiaries Duratex North America and Duratex Europe N.V. In total, besides Brazil, Dura-

tex serves customers in more than 35 countries. **G4-5; G4-8; G4-9; G4-10; G4-17**

The Company also has a major presence in the forestry sector, with around 272,000 hectares of land, including land owned, leased and incentivized, with planted forests and environmental conservation areas, distributed across the states of São Paulo, Minas Gerais and Rio Grande do Sul, 87% of which are certified by the Forest Stewardship Council® (FSC®). **G4-6; G4-9**

In 2014, the Deca Division sold 26,577,000 pieces, while the Wood Division sold a volume of 2,787,597 m³, resulting in net revenue growth of 2.9% for Duratex. **G4-9**

15
INDUSTRIAL
UNITS IN
BRAZIL

4
PRODUCTION
PLANTS IN
COLOMBIA

NEW FORESTS

At the end of 2014 Duratex Florestal and the Carlos Lyra Group announced the creation of a joint-venture for the planting of eucalyptus forest in Alagoas. The plantation area comprises 13,500 hectares of leased land, not requiring capital investment on the Company's part for the purchase of land. In this way Duratex is setting up bases in the Northeast of Brazil, with the intention in the future of building its first MDF factory in the region. The Company already has a distribution centre in Recife (PE). Planned investment is R\$ 12 million a year, to be borne equally by the two partners over the next six years. **G4-13**

Raw material brought closer to the plant

Meanwhile, in the first quarter of 2014 Duratex announced the purchase of forests belonging to Caxuana Ltda., in Nova Ponte (MG), and the leasing of this land. Of a total of 30,000 hectares, 21,000 are planted with eucalyptus and pine. These forests will supply all the needs of the plant in Uberaba, located at an average logging distance of 76 km, significantly reducing wood freight costs. This investment amounts to approximately R\$ 150 million, paid in large part with the exchange of 5600 hectares of land owned by Duratex in the state of São Paulo, which have been leased by the Company for a period of 39 years, at market value.



Products sold by Duratex in its Deca and Wood divisions G4-4

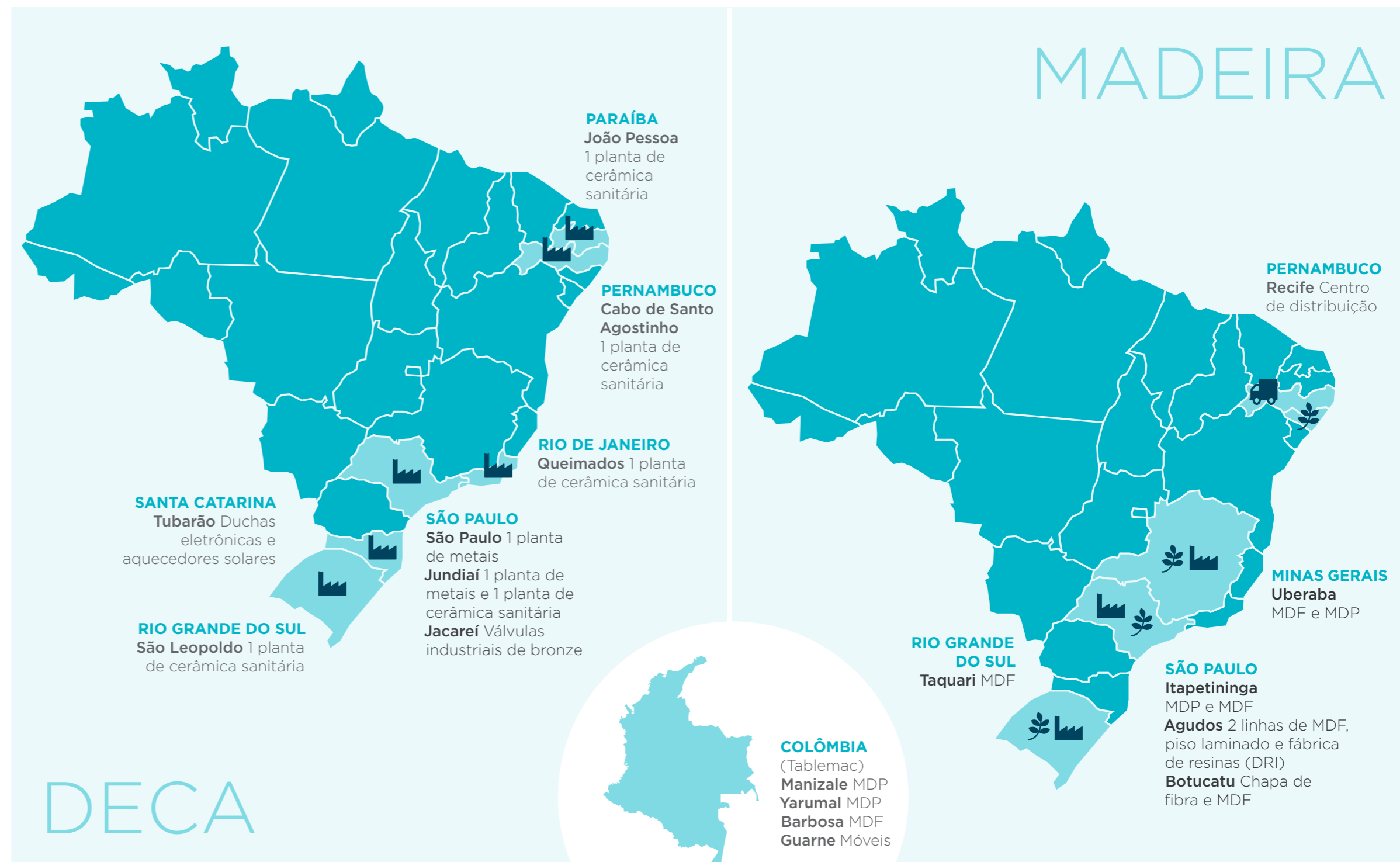
Deca Division

- Vitreous chinaware: sinks, bases, wash tubs, lavatory bowls and bidets
- Metal bathroom fittings: taps, mixers, discharge valves, stop cocks (residential and industrial), showers and bathroom accessories
- Electric showers and taps
- Accessories: toilet paper roll holders, towel holders and soap dishes, among others

Wood Division

- MDF panels, of medium density manufactured from wood fiber based on re-forested eucalyptus and pine, offering various application and finishing possibilities. Ideal for furniture, mouldings, and coverings in general.
- MDP panels, of medium density, produced from wood particles from reforested eucalyptus and pine, which can be applied to the furniture industry as well as the building sector.
- High-density, narrow thickness fiberboard, produced from eucalyptus wood fiber.
- Laminated flooring made from MDF, for residential and commercial spaces.
- LVT (Luxury Vinyl Tile) floors, made from PVC, 100% recyclable, water resistant, permitting installation in a variety of residential and commercial environments.
- Wood and polystyrene skirting board.
- Through its forestry business, the Company also sells logs and wood chips to various clients, including those in the sawmill, paper and pulp and bio-energy segments.

Diversificação geográfica G4-6



Para o abastecimento das unidades fabris, a Companhia possui florestas no Brasil, nos estados de São Paulo, Minas Gerais, Rio Grande do Sul e Alagoas, e na Colômbia.

STRATEGY

- BUSINESS MODEL
- CORPORATE GOVERNANCE
- FINANCIAL ASPECTS





DURATEX 2020

Planning to ensure longevity of the business, based on sustainability directives

The year 2014, replete with macro-economic challenges both in Brazil and the rest of the world, represented a period of consolidation in the Company's strategic plan, known as Duratex 2020. This plan has been developed to organise, direct and define goals and actions to enable the Company to continue to grow, delivering good results for its shareholders, while developing products and services to improve people's quality of life.

This long-term plan also has the objective of ensuring the longevity of the business and providing guidance for the Company's executives in the identification of risks and opportunities. Duratex 2020 is directly based on sustainability directives. These were re-worked in 2014, with their horizon being extended from 2016 to 2020 (see more on page 32).

This strategic plan was developed by the Executive Board and its team, and approved by the Board of Directors. Its implementation will be monitored by the Board of Directors based on an annual evaluation.

- organic growth;
- internationalization;
- new businesses.

Organic growth

Duratex continually invests in expanding and modernizing its plants, as well as increasing its production capacity and improving efficiency. The new vitreous chinaware unit in Queimados and the new MDF production line in Itapetinga were both concluded in 2013, with an investment of R\$ 601.5 million. Both are expected to be functioning fully by the end of 2015, after the ramp-up process.

The Company is also keeping a watch for acquisition and partnership opportunities. In 2014 it formed an alliance with the Carlos Lyra Group in Alagoas, and bought the forestry assets of Caxuana Ltda., in Minas Gerais (see more on page 10). Investment in organic growth amounted to approximately R\$ 607.9 million, including these two acquisitions, together with the increase in the Company's equity stake in Tablemac, from 37% to 80.6%.

One of the investments already announced, of R\$ 1.3 billion, is the construction of an industrialized wood panel plant, with MDP and MDF production lines, at Fazenda Nova Monte Carmelo, located in the so-called *Mineiro* triangle (MG). Its effective capacity of 1.4 million m³ per year will make it Latin America's largest panel producer, expanding the Company's total capacity to 5.6

million m³/year, representing an increase of 34%. Due to the current economic situation, this investment is under review waiting for a better moment to bring this capacity onto the market.

Internationalization

The purchase of Tablemac, the Colombian industrialized wood panel manufacturer, represents the first step in Duratex's industrialization strategy outside Brazil. The operations in that country have raised the Company's revenue from abroad from 5% to 10%, taking exports from Brazil and Colombia production together.

In order to continue its international expansion, Duratex intends to evaluate new opportunities that are related to its core business. In addition to broadening the Company's growth, international expansion also signifies diversification of risk, reducing Duratex's exposure to a single economy.

New businesses in adjoining products

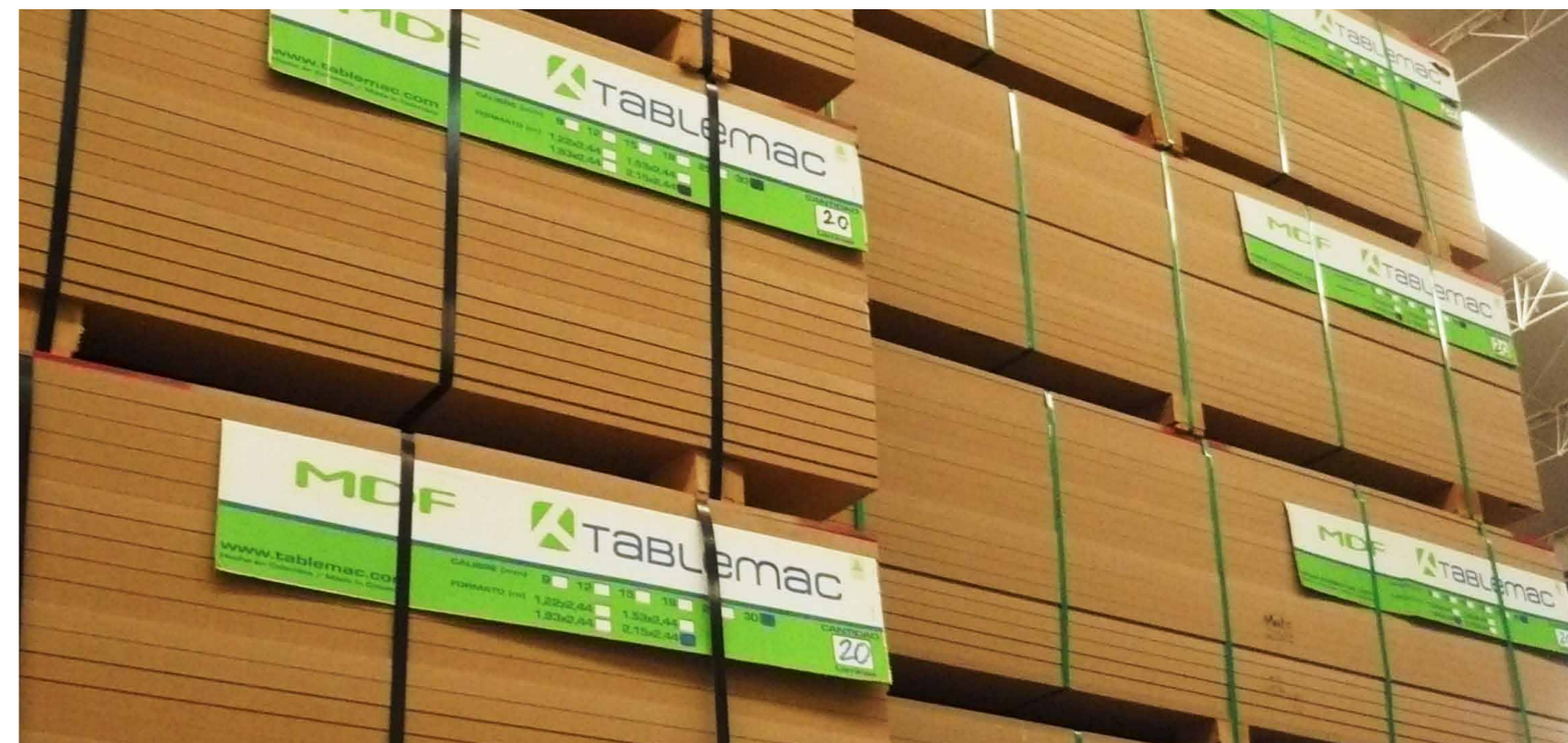
The purchase of Thermosystem, concluded in 2013, was Duratex's first initiative in the diversification of its business, investing in adjoining products. Today, after the re-branding of the name, now incorporated into the Hydra line, Duratex manufactures and sells electric showers and taps, discharge valves and solar heaters.

Following the good performance represented by this acquisition, Duratex also intends to expand its business through the purchase of companies that work with products that have affinity to those the Company has already developed, preferably in the construction materials market.

Duratex's Differentials

Verticalized production, strategic geographical location, a constant search to reduce risks inherent in the businesses, continual investment in processes and innovation, and especially a well-structured corporate governance, together constitute Duratex's main differentials.

The Company's verticalized production is essential in reducing costs and continually improving productivity in its 15 industrial complexes. In the Wood Division, the Company has 272,000 hectares of land, counting land that is owned, leased and incentivized. Of this total, 185,000 hectares are planted, principally with eucalyptus trees, providing 95% of the wood supply needs for the plants. In addition to guaranteeing the supply of raw material, the plants are built very close to the forests ensuring that logging distances and freight costs are the lowest in the market. In Agudos (SP), the average logging distance between the plant and forest is only 45 km, the lowest in the world for the sector.



Among its future investments, the plant in Nova Monte Carmelo is to be built on its own farm, reducing the average distance between forest and plant still further.

Duratex is always alert to supply solutions available in the market. While in the Southeast the Company operates with its own forests, in the Northeast it operates on a partnership model, while in Rio Grande do Sul, the model is incentivization. Under this model Duratex's wood supply is guaranteed by a pool of external producers - on eucalyptus farms with a minimum of 1 hectare in size. The majority of the Company's forestry areas carry FSC certifi-

cation, as well as some of its external suppliers (see more on page 40).

In addition to wood, MDF and MDP panels use other raw material imports, the main ones being resin (based on urea and formaldehyde) and coating paper. Input prices vary with the market and the dollar exchange rate. In order to guarantee its supply, Duratex has built its own resin plant in Agudos (SP), the production of which is totally dedicated to the Company's plants located in the same state. The rest of the demand from the other plants in Brazil is supplied by external producers.

In the Deca Division, an extensive portfolio combining characteristics such as quality, advanced design and product diversity, together with a strong brand presence, is the differential that maintains the Company's leadership in the vitreous chinaware and metal bathroom fittings segments (see more on page 37).

Intangible assets

Since its foundation, Duratex has combined attributes that contribute to the generation of value for the business that are not measured in financial terms on its balance sheet, such as its con-



tinual quest to improve its operational processes. These characteristics are present in the aspects mentioned below.

Brand-name

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

Innovation

Duratex continually invests in the research and development of new products, solutions and technologies. New technological trends are monitored in order to develop products that meet the demands and needs of consumers, with improvement in productivity and competitiveness.

In order to encourage innovation within the Company, the Imagine Program was launched in 2012 with the aim of promoting and disseminating a culture of innovation, creating networks of multi-disciplined relationships and multiple skills (internal and external). By the end of December 2014 the program had already received over 2070 suggestions, 1030 in 2014 alone.

The Imagine Program is open to the entire organization and is based on incentives for innovation in five key areas: products, processes, new businesses, organization and marketing. In 2014 Duratex invested R\$ 41.6 million in these innovation programs.

Quality

Duratex's standard of product quality, a reference in the domestic market, is ensured by operational processes and practices adopted through its measuring and monitoring systems. The Company also has a highly trained sales team, a nationwide technical support network, as well as client service channels such as the Customer Call Center which projects a sense of credibility and safety to consumers (see more on page 67).

Technology

Technological improvements to Duratex's industrial processes are carried out constantly, combining increased productivity and a reduction in environmental impacts. The industrial park is equipped with machinery using the latest generation software and hardware and robotic processes. Under its Business Continuity Plan, it is possible to replicate the Company's database, which is stored in an external safe environment. The IT infrastructure uses leading-edge technology, based on the SAP platform.



Environmental aspects are monitored, with a view to reducing the use of natural resources and increasing efficiency

Eco-efficiency

The environmental aspects of Duratex's production processes are monitored continuously and in a systemised manner, with a focus on reducing the use of natural resources and increasing efficiency. The wood used in the manufacture of sheets and panels comes from forestry plantations. The forestry areas managed by the Company carry FSC certification, while its environmental management system is certified by ISO 14001. In its industrial plants the Company invests in equipment and programs to reduce water and energy consumption. It also has programs for increasing the level of recycling and carrying out the correct disposal of residues, while also encouraging the use of renewable sources in its energy matrix, with a view to reducing greenhouse gas emissions (*see more from page 40 onwards*).

Geographical diversification

Duratex's industrial plants are in strategic locations, enabling it to serve the domestic market with a maximum of flexibility and quality. In the international market, Duratex is a shareholder of Tablemac, Colombia's largest companies, providing the Company with a strategic presence with which to serve the remainder of the Latin American market (*see more on page 11*).

Our people

The engagement 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 staff management, which is both integrated and dynamic. It also provides an Ombudsman Service structure for its employees, in addition to important tools for the carrying out of their activities, such as the Code of Ethics and Conduct, as well as other internal policies (*see more on page 56*).

RAW MATERIALS USED

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

DECA DIVISION

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

BUSINESS

WOOD DIVISION

MDF and MDP laminated flooring, panels and fiberboard

RAW MATERIALS USED

Woods, urea and formaldehyde-based resin and paper

INPUTS & RESOURCES

Financial capital
funds allocated (R\$ million)

Shareholders equity: R\$ 4.609

Short and long-term loans:
R\$ 2,807.8

Cash generation: R\$ 1,081.1

Natural capital

Cultivated forests: 185,000 hectares

Total water catchment: 5,480,422.85 m³

Total consumption of materials and inputs:
4,349,534.71 metric tons

Human capital – funds allocated (R\$ million)

Own employees: 11,057

Investment in the implementation of the *Somos Assim* (how we are) program: R\$ 0.2

Values associated with the attraction of talent: R\$ 6.831

Preparation for leadership: R\$ 1.76

Investment in training: R\$ 3,271

Outsourced staff: 3,019

Intellectual capital

Capital invested in innovation: R\$ 41.6 million

Professional staff involved in innovation processes: 24

Brand-names of value: Duratex, Deca, Hydra and Durafloor

VALUE & IMPACTS GENERATED

2014 results and environmental impacts

Costs of preventative measures and environmental management:
R\$ 24.840/0 ('000)

% of conservation areas: 24%

Reduction in water catchment: 8.1%

Cost of residue disposal, emission treatment and mitigation: R\$ 23,748.5 ('000)

Reduction in residues sent to landfill: 0.57%

Energy saving: 3.3%

Absolute emission scope 1, 2 and 3: 487.502,48 tCO₂e

Results and social impacts

Climate research: participation by 89% of employees

Ideas generated under the Imagine Program: 904

New product launch: Deca Division (170 stock keeping units - sku's) and Wood Division (158 sku's)

Training of employees (average hours): 71.53 hours (organizational skills); 26.35 (SSO); and 12.59 (environmental)

Duratex supplier management (GFD)

Market recognition associated with brand-name: the list of prizes received is on page 39

Distribution of value added- R\$ 2,106.5 ('000) - total

Government: 31.6%

Employees: 34.7%

Shareholders: 6.3%

Financing: 15%

2014 highlights

Capital invested:
R\$ 697.9 millions

Sales volumes in each division: Deca Division - 26,577 pieces (5% less than the previous year); and **Wood Division** - 2.787,597 m³ (4.5% more than the previous year)

Revenue: R\$ 3,984.5 million (2.9% more than the previous year)

Adjusted and recurring Ebitda: R\$ 904.7 million (variation - down 24.6% on the previous year)

Shareholder remuneration:
R\$ 146.9 million

New hirings: 2085

RAW MATERIALS USED

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

DECA DIVISION

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

BUSINESS

WOOD DIVISION

MDF and MDP laminated flooring, panels and fiberboard

RAW MATERIALS USED

Woods, urea and formaldehyde-based resin and paper

HOW VALUE IS ADDED

Governance

Continual improvement in strategic planning and management

Committees and commissions governed by regulations

Participation of independent board members, in line with Novo Mercado rules

Adoption of internal policies and standards –such as the Environmental Policy and Risk Management Policy

Investments

Expansion to the industrial park

Acquisition of companies in co-related segments in Brazil and abroad

Technology

Innovation

Business strategy

Strategic planning and sustainability platform, connected and with the vision for 2020, which involves: promoting the theme of integration in various departments of the Company; improving relationships with stakeholders; and incorporating sustainability criteria in decision-making processes

Diversified product portfolio

Alignment with best capital market practices

Investment in industrial and forestry units

Strategic geographical distribution of plants

International-ization

Quest for new business opportunities

Verticalized management and production process

Stakeholders

Shareholders and investors

Financial agents

Clients, consumers and opinion-forming public audiences, such as architects, decorators, specifiers, shop front attendants, joiners and plumbers

Suppliers

Employees

Community

Government and society

Press

Object-ives 2020

Sustain-ability platform

To reach a level of strategic management in the economic, environmental and social areas, as well as in terms of governance.

CORPORATE GOVERNANCE

Duratex is continuing to improve its management, with active participation by the Committees for Sustainability, Staff Governance and Nomination, and Auditing and Risk Management

Duratex is continually seeking to improve the running of its business. Its management is based on the best practices and corporate governance directives, aiming to ensure perpetual generation of wealth, customer satisfaction and an ethical and transparent relationship with employees, society, and other stakeholders, as well as achieving sustainable growth.

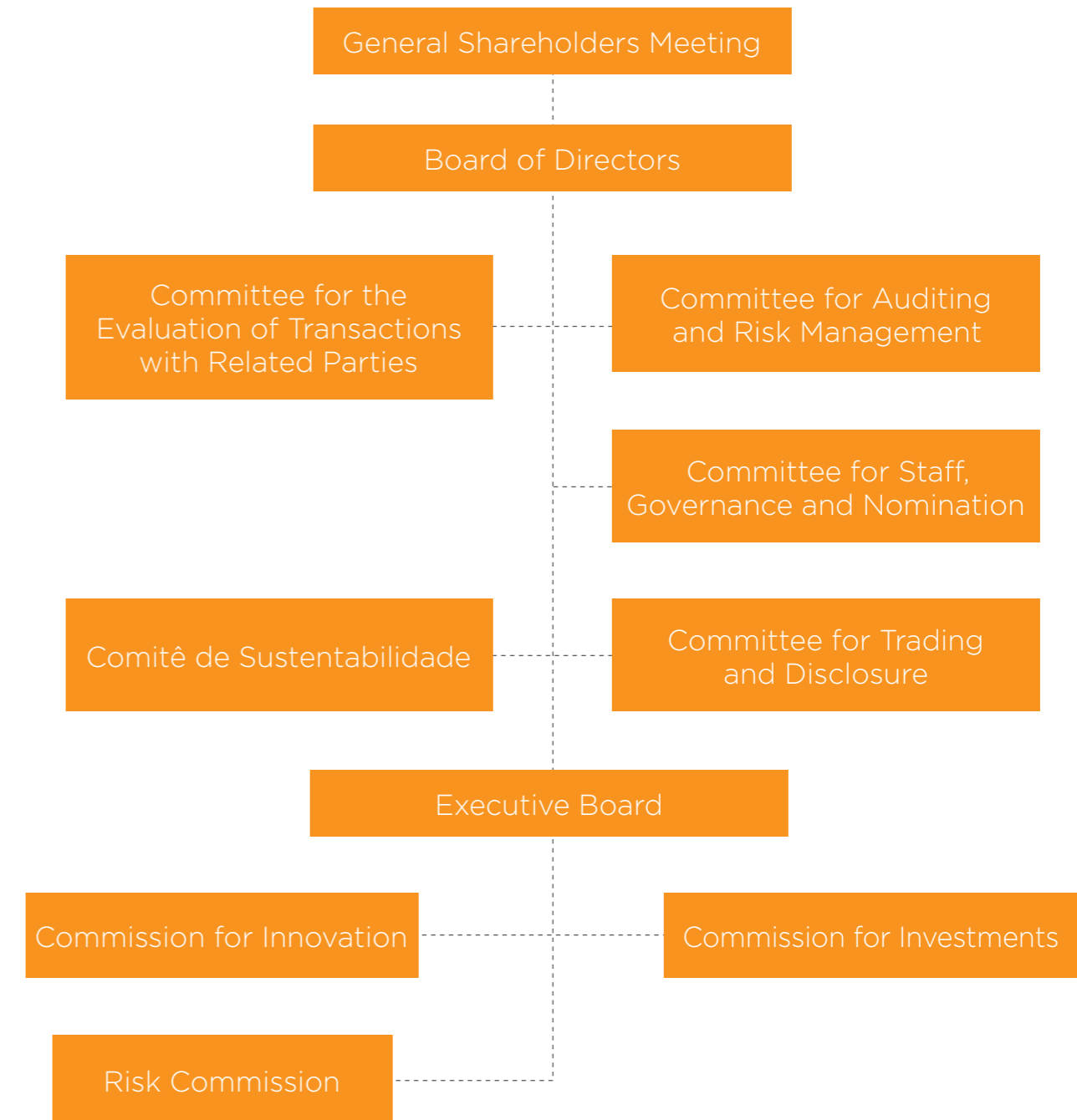
Management of the Company is carried out by bodies, committees and commissions governed by regulations that are clear and available for consultation by any interested party. A series of internal policies and standards are also adopted – such as Environmental Policy and Risk Management –, which provide support and direction for employees in their work.

In 2014 the committees carried out a series of tasks which are worthy of note, such as the preparation and approval of the Company’s Social Investment Policy. The Committee for Staff, Governance and Nomination established, together with the Executive Board, Duratex’s first trainee pro-

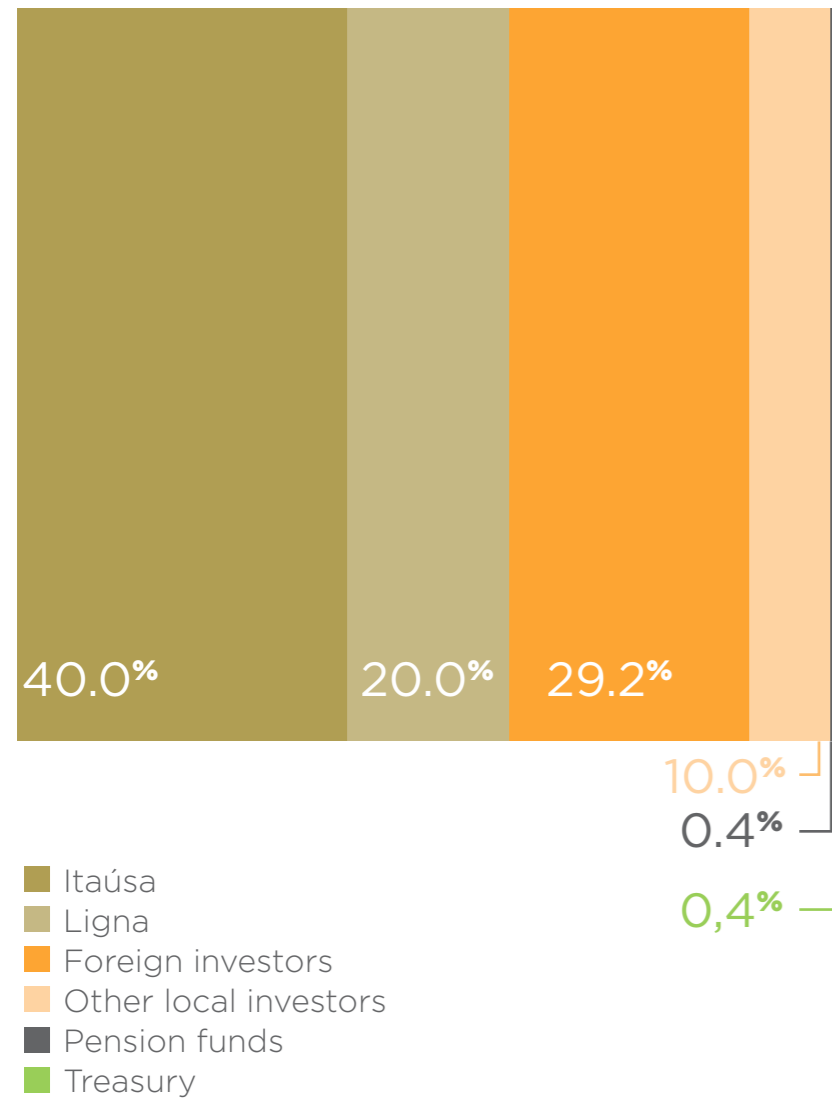
gram, revised the Code of Ethics and Conduct and reviewed the stock option plan for directors and management, in addition to drawing up a succession plan for the main posts within the Company. The Committee for Auditing and Risk Management accompanied the work of the newly appointed external auditors and monitored the auditing work carried out internally. **G4-38; G4-40**

A Brazilian private-sector company, with shares listed on the stock exchange since its foundation, and controlled by Investimentos Itaú S.A. (Itaú-sa) and Companhia Ligna de Investimentos, Duratex is listed on the Novo Mercado, the segment of BM&FBovespa dedicated to companies with the highest corporate governance standards, and which only have ordinary shares in issue (with the right to vote at general shareholders meetings). The Annual General Meeting is held once a year, when shareholders vote on the election of members of the Board of Directors and questions relating to their remuneration, among other matters. Shareholders can also convene Extraordinary General Meetings whenever they deem necessary.

Governance Structure G4-34



Shareholding breakdown* (%)



Obs.: Total shares in issue: 665,565,438. Shares in treasury: 2,485,759.

*Shareholding base as at 31/12/2014.

Board of Directors

The Board of Directors is Duratex’s highest governing body, consisting of 10 members, of which three (30%) are independent. Their involvement in the definition of major company strategy is extremely consistent and takes place at meetings at which investment plans are also discussed and approved, the performance of the business, as well as other subjects pertinent to management. Members of the Board have mandate of one year with pre-election permitted, at the General Shareholders` Meeting. In 2014 the Board met 11 times, with its members having an average attendance rate of 93.58%. From 2015 the Board will also have a mission to carry out annual assessments and suggest revisions to Duratex 2020. **G4-38**

The performance of this collegiate is assessed formally once a year, with the procedure being conducted by an external consultant. Prior to this, the processes and procedures are established by the Committee for Staff, Governance and Nomination, considering economic, social and environmental aspects. After the evaluation, the consultancy firm provides individual feedback for each member of the Board. **G4-44**

The Chairman of the Board of Directors, as is the case of the other board members, does not hold

DURATEX ONCE AGAIN WAS INCLUDED IN THE DJSI AND ISE INDICES

Duratex, for the third year running was listed as part of the Dow Jones Sustainability Emerging Markets Index (DJSI), the New York Stock Exchange sustainability index for emerging markets. In results terms (0 to 100), the Company has improved from a general score of 76 in 2013, to 81 in 2014, based on three key aspects: economic, environmental and social. For the environmental aspect, the score increased from 78 to 88, with advances being seen principally in Environmental Policy/Management Systems, Operational Eco-Efficiency and Sustainable Forest Management.

86 companies were listed, from 12 different countries, of which only 17 are Brazilian. Dura-

tex was also included in the 2015 Sustainability Yearbook, receiving the bronze medal for being an Industry Mover, awarded to companies which have significantly improved their sustainability performance compared to the previous year. This international recognition is the result of the differentiated governance and sustainability controls adopted by the Company. Since 2008, Duratex has also been included in the BM&FBovespa (São Paulo Stock Exchange) Corporate Sustainability Index (ISE).

an executive post within the Company, thus ensuring the Executive Board’s independence in carrying out the tasks necessary to run the business. The Executive Board, in turn, is composed of 11 executives elected by the Board of Directors for a mandate of one year, and is responsible for implementing action plans and investment programs. The relationship between members of the Board of Directors and Executive Board can be accessed on the following [link](#). **G4-39**

Committees and Commissions

Duratex has committees and commissions which provide assistance to the Board of Directors and the Executive Board, respectively, in the management and decision-making process. All these bodies include one member of the Board, and, with the exception of the Committee for Trading and Disclosure, also include the participation of an independent specialist. **G4-35; G4-36; G4-42; G4-43**

The committees have their own agenda, with each one holding regular meetings. The work is shared with the members of the Board of Directors through quarterly reports, and when specialists participate in meetings, committees also make recommendations on what should be approved. Evaluation of the committees is carried out annually, and in 2014 this task was carried out by an external assessor. To learn about the composition of the committees and commissions, [click here](#).

The committees established within the Company to provide support for the Board of Directors, are described below.

Committee for Auditing and Risk Management: supervises internal controls and the management of risks inherent in the Company's activities and those of its subsidiaries, as well 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](#) for the receiving of any denouncements of failure to comply with legal or regulatory requirements, and any cases of fraud or 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**

Committee for Staff, Governance and Nomination: analyses and makes recommendations on the Company's corporate governance structure, the succession process for its managers, as well as employee remuneration and development policy. 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: ensures that transactions with related parties take into consideration Duratex's interests, observing conditions that are strictly in line with market prices, and are negotiated in an independent manner, through a transparent and ethical process, in compliance

with the legislation in force. It consists of three members, all independent.

Committee for Sustainability: plays an active role in the definition of the strategic positioning of sustainability in the business units to be covered by the Sustainability Platform, in the definition of consequent priority themes; in the adjustment of the organisational structure of the area; in the definition of performance measurements; and in the incorporation of sustainability in a transverse manner across the Company's various business areas. *(see more on page 32)*.

Committee for Trading and Disclosure: analyses 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.

The commissions which provide support for the Executive Board are:

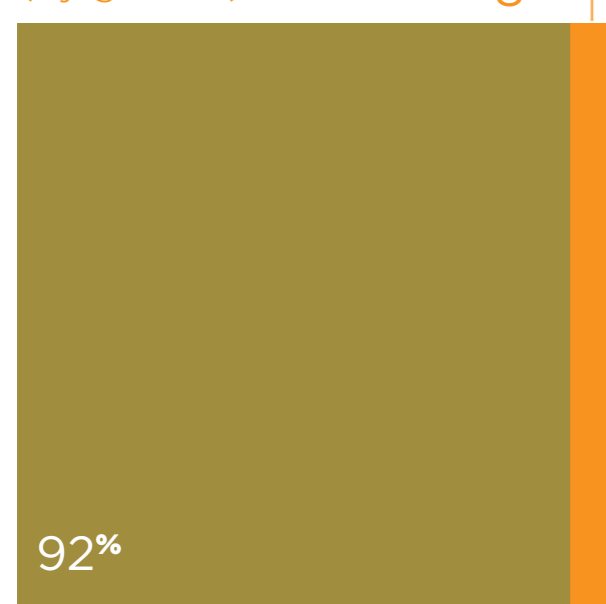
- **Executive Commission:** analyses and discusses all Duratex's strategic and operational aspects, defining general directives.
- **Innovation commission:** aims to ensure the growth, competitiveness and outstanding reliability of the Company.
- **Commission for investment:** analyses Duratex's competitiveness and its competitors, in addition to accompanying and approving investment in fixed assets.
- **Commission for risks:** assesses and monitors the risks involved in the Company's operations and recommends appropriate policies to management.



Make-up of groups responsible for governance in 2014

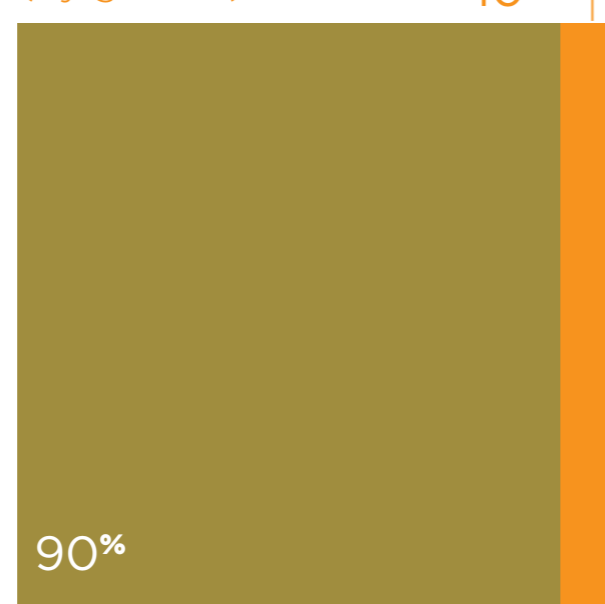
G4-LA12

Board of directors
(by gender)



Men (12) Women (1)

Executive Board
(by gender)



Men (9) Women (1)

By age bracket

	Below 30	Between 31 and 50	Over 51
Board of Directors	0%	15%	85%
Men	0%	17%	83%
Women	0%	0%	100%
Executive Board	0%	10%	90%
Men	0%	11%	89%
Women	0%	0%	100%

Obs.: The complete table is available on a 78.

Code of ethics and conduct

The Company's values are expressed in its Code of Ethics and Conduct, drawn up to provide direction for employees and managers in their daily work, and clarifying what the Company expects in terms of conduct. **G4-DMA; G4-41; G4-56**

In it, Duratex establishes ethical standards to be adopted in the conducting of its business, especially with regard to the combating of corruption, as set out in Law No. 12,846/13, known as the Clean Company Law. Nonetheless, the Company continues to make improvements to policies and procedures, with the objective of complying with the regulations of this law.

In general, the document provides details of:

- Duratex's commitment to society, in particular its employees, customers, consumers and suppliers;
- Standards of conduct expected from employees in the exercising of their personal and professional responsibilities.

The Code also covers Duratex's policies and initiatives to ensure respect for human rights in its activities and in the production chain. As a sig-

natory, since 2007, of the Global Compact (an initiative by the United Nations Organisation to encourage the corporate sector to adopt good socio-environmental practices), the Company monitors the compliance with these issues in 100% of its operations and trains all its new employees on joining the workforce. Training in policies and human rights procedures involved 1043 hours of training in 2014, for all those hired during the year, corresponding to 19% of the employee total - the remaining 81% having received training in previous years. The Company's policies for contracting suppliers takes the same aspects into account. **G4-DMA; G4-15; G4-HR2; G4-HR9; G4-SO4**

Any queries about the code or situations which could give rise to potential conflicts of interest must be reported to the Ombudsman Department. In 2014 this department received three consultations on themes related to potential conflict of interests on the part of employers, and provided clarification on queries and requests for guidance with respect to the code. All requests were dealt with. **G4-57**

Risk management

The principal risks to which the Company is exposed are managed by a policy that identifies, monitors and prioritises each one. The

Committee for Auditing and Risk Management mapped these risks in 2011, with assistance from an external consultancy firm (see table summary on pages 24 and 25).

Every year, in accordance with the risk management policy established, and in order to ensure its continued improvement, the risk map is revisited and assessed with respect to the probability of occurrence and possible impact on the businesses. In this way, the internal auditing department submits a report to the Board of Directors with suggestions and/or recommendations to mitigate or even eliminate these risks. **G4-45; G4-46; G4-47**

Each risk is continually assessed with respect to possible occurrence and financial impact on the businesses. Whenever necessary, Duratex communicates the results of the steps in the risk management process in a transparent and objective manner to the Board of Directors, contributing to an understanding of the current situation and the efficiency of the action plans. **G4-14**

Some of the main market risks from which the Company seeks protection, are described below.

- **Exchange rate risk:** exchange rate risk is the risk of reduction in the value of the Company's assets or an increase in its liabilities as a con-

sequence of alteration in the exchange rate. Under this policy, the Company periodically monitors its net asset and liability exposure in foreign currency (*natural hedge*) and takes out hedging operations to protect additional exposure. Another way of mitigating the risk is covered in the Duratex 2020 strategic plan, which focuses on the Company's growth, based on three key elements. One of these is the internationalisation of its operations, which should ensure that the Company has lessened its dependence on one economy - in this case, the Brazilian economy-, seeing that currently 90% of the Company's commercial operations are carried out in Brazil.

- **Credit risk:** the Company's sales policy is directly associated with the level of credit risk to which it is disposed to subject itself in the course of its business. The diversification of its receivables portfolio and the selection of its clients, as well as the monitoring of sales financing terms and individual credit limits, are all procedures adopted with a view to minimising the level of overdue accounts or losses.
- **Environmental risk:** the Company's installations and operations, as well as its forestry base, are subject to federal, state and municipal laws and the regulations and authorisations required on environmental questions. Its activi-



ties are constantly inspected by government environmental protection bodies, and Duratex fulfils all the requirements of the applicable environmental regulations. In addition to legal questions, the Risk Commission evaluates the Company's environmental risk, such as the availability, shortage and dispute for critical resources and energy; risks associated with climate change; pollution etc. Some projects provide support for this evaluation, among these being Economic Sensitivity Analysis and Sustainability Assessment of Hydrographic Basins (see more on page 41).

Risks and opportunities for the organisation's activities as a result of climate change **G4-DMA; G4-2; G4-EC2**

Risk factor	Description	Management method
Risks due to changes in physical climate parameters*		
Extreme changes due to heavy rainfall and drought	Alteration to the rainfall cycle, increasing the risk of drought and reduced forestry production	Physical risks imply costs as a function of repairs following extreme events, improvements in safety and operational investment. In case of electricity, Duratex manages these risks through a series of initiatives that makes its energy matrix more independent. Currently, 44% of its energy matrix is based on biomass originating from its own industrial processes. Considering the physical risks in general, in the forestry area studies are being carried out with its Flow Tower Project, which aims to study the balance of carbon, water and nutrients in the eucalyptus forest cycle. In the case of water, a study is in place to evaluate the sustainability of the hydrographic basins where Duratex's industrial units are located. In addition to this, reduction targets have been established as part of its Sustainability Platform for water, energy, residue, effluent and emission indicators, and for the management of the Company's supply chain under the Duratex Supplier Management Program (GFD)
Change in average rainfall	The Brazilian energy matrix is mainly composed of hydroelectric energy. As a consequence, security in the supply of energy in Brazil depends on rainfall and the quantity of water available in the reservoirs	
Alteration to rainfall patterns	Lack of water for catchment	
	Reduction in supply of raw materials	
	Increase in the number of forest fires: reduction in forestry production	
Other factors of climate change	Reduction in the quality of land available for planting, as a result of demand for agricultural areas, as a consequence of alteration in rainfall patterns, which is causing droughts and floods	
Changes induced in national resources	Reduction in inputs	
Risks that are brought about by changes in other developments related to climate *		
Alteration in consumer behaviour	Calculation of carbon footprint during product life-cycle	Other climatic risks imply costs due to unexpected situations. To manage these risks, Duratex has the following initiatives: quantification of greenhouse gas emissions, through its annual greenhouse gas emission inventory, with verification by an independent company. In its supplier chain, the Duratex Supplier Management Program strengthens relationships with the Company's suppliers and disseminates good practices, based on criteria that go beyond the merely economic, in the selection of partners.
Other criteria	Management of supplier chain, taking into account the environmental and social variables	
Fluctuating socio-economic conditions	Increase in inflation and/or other rates and reduction in incomes: reduction in consumption	
Risks due to changes in regulatory parameters		
Charges	Levying of charges on carbon emissions	Regulatory risks can imply costs referring to taxes and charges on products and services that emit CO2 and penalties in the event of reduction targets not being met. Duratex manages these risks through a series of initiatives such as: participation in groups and representative associations involved in policy decisions in the discussion of subjects related to greenhouse gas emissions (Companies for Climate, Brazilian GHG Protocol program, GHG agriculture, Carbon Efficiency Index and CDP); monitoring of environmental legislation, such as federal and state policies on climate change; quantification of greenhouse gas emissions through an annual inventory with independent verification, in order to guarantee the quality and improvement in the day; calculation of carbon fixed by plantations.
Limits to air pollution	Trend in state regulations referring to emission reduction targets	
Environmental regulation	Requirements for greenhouse gas emission inventories to obtain environmental licences	
Obligatory emission reporting	Demand for report on carbon emissions	
International agreements	Trend: increase in Duratex's carbon emissions as result of new acquisitions or an increase in the emission factor of the National Grid	

Risk factor	Description	Management method
Opportunities arising as a result of changes in regulations*		
Cap and trade market	Launching of a Voluntary Brazilian Carbon Market	In order to manage these opportunities, Duratex has initiatives such as: the Committee for Innovation, to ensure that growth and competitiveness go hand in hand with high profitability for the Company; laboratory research and implementation of pilot projects for new products. Opportunities were also identified for the development of projects, such as ProÁgua, which aims to provide solutions for clients who wish to implement the efficient use of water in their buildings. To calculate the carbon stock fixed in commercial plantations, forestry inventory data is used. Duratex participates in initiatives such as Companies for Climate, the Brazilian GHG Protocol program, GHG Agriculture, the Carbon Efficiency Index and CDP, with a view to future opportunities in the domestic market. In the Companies for Climate initiative, Duratex participated in the Commerce Emission Simulation System (SCE). The object of this exercise was to engage Brazilian companies in the debate on the subject of the <i>cap and trade</i> market to reduce greenhouse gas emissions
	Carbon stock fixed by forestry plantations	
Other regulatory directives	Development of competitive technologies, processes, products and services	
Regulation of renewable energy	Increase in the consumption of energy from renewable sources	
Opportunities arising from alteration to physical climatic parameters		
Extreme changes due to heavy rainfall and drought	In the event of extreme events occurring, the Company would be able to supply wood panels, metal bathroom fittings and vitreous chinaware to help in infrastructure reconstruction, or the substitution of inefficient products	Duratex manages these opportunities through strategic plans, with a time horizon to 2020, which consider: a diversified product portfolio; vertically integrated production processes; regular investment in industrial plants and forestry units; strategic geographical distribution of plants, guaranteeing a rapid response to customer demand. The Company also looks for opportunities to increase its use of recycled materials
Changes in natural resources	Reuse/recycling of materials	
Opportunities brought about by changes in other developments related to climate*		
Reputation	Serving market indices such as ISE, GRI, CDP, ICO2 etc.	In 2013 the Company created its Sustainability Platform, with a medium-term strategic plan which includes management of climate change. Duratex also participates in Brazilian forums that discuss this theme, such as Companies for Climate (EPC), co-ordinated by the Getulio Vargas Foundation, the Brazilian GHG Protocol Program, GHG Agriculture, The BM&FBovespa Carbon Efficiency Index (ICO2), and CDP. An initiative by the Company is its report on market indices. For the second year, Duratex was selected to be part of the New York Stock Exchange DJSI index, one of the world's strictest indices, which evaluates the economic and socio-economic performance of listed companies. Duratex has also been included since 2008 in the BM&FBovespa ISE index, being one of 51 companies listed, which evaluates concepts of sustainability in the management of the business
	Duratex's proactive stance with respect to strategic carbon management and agreements between companies in the same sector	

*Duratex is improving its evaluation method of associated courses.

NEW AREA OF COMPLIANCE IN SUPPORT OF ETHICS

In 2014 Duratex created an area dedicated to compliance, coming under the responsibility of the Legal Department. In this way, Duratex takes a lead, being one of the few companies to meet the requirements of renewed registration for *Pró-Ética*, an initiative of the General Comptroller of the Union and the Ethos Institute. In registering, companies publicly and voluntarily commit themselves to preventing and combating corruption, in support of ethics in business. **G4-SO4**

Before this new area was set up, through its internal auditing department Duratex already carried out audits, whenever necessary, at all its units, with the aim of identifying and deterring possible occurrences of fraud and corruption, and minimising the risks related to them. The audits are planned based on the risks identified in the risk map. These risks can include financial or operational losses, damage to the Company's image and regulatory sanctions. The results of the evaluation carried out by the internal au-

dit department did not indicate any significant risks of corruption.

In 2014 the Ombudsman Department received four communications referring to cases of corruption: two were investigated and judged to be groundless, while two are currently under investigation. No employee has been punished or dismissed for corruption, and there is no record at Duratex's Legal Department of any process of this type. **G4-41; G4-49; G4-SO3; G4-SO5**

For 2015, in addition to constant risk evaluation, the internal audit department is including the forecasting of freight payments in its planning, as well as management in the use of fuel, management of assets security, expenditure on travel expenses, commissions on the sale of products, and management of general maintenance.

Financial implications associated with climate change **G4-EC2**

In 2014, Duratex began a project to analyse the economic sensitivity from the impacts of the main environmental themes on the Company's operations and its market value. The Company also participates in the Companies for Climate initiative (EPC), which seeks to help companies achieve a more in-depth knowledge of the financial implications and costs associated with risks of climate change.

Political contributions **G4-DMA; G4-SO6**

While Duratex has no defined policy for financial contributions to election campaigns, in 2014 it contributed R\$ 1,385,000 to political candidates for public office. The amounts were approved by the Executive Board, bearing in mind that no donation may exceed 2.5% of the total budget for each candidate (*see more on page 76*).

Internal control policies

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

- compliance with laws and applicable regulations;
- efficiency and effectiveness 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 of defining directives and management principles, continual improvement and communication to ensure the sustainability of its businesses, acting in a responsible manner with respect to the socio-environmental aspects inherent in the characteristics and scale of each of its units. **G4-44**

Occupational health and safety

Duraseg is an Occupational Health and Safety Management System, set up in 2013. It coordinates Duratex's entire occupational health and safety policy and establishes its directives (*see more on page 59*).

Sector participation

Duratex actively participates in various forums, being represented in various institutions (see list), at which matters and themes relevant to the Company's businesses are discussed. These forums for dialogue are run by different sector entities and associations. **G4-16**

- Brazilian Foundry Association (Abifa)
- Brazilian Furniture Industry Association (Abimóvel)
- Brazilian Tree Industry (Ibá)
- Brazilian Association of Listed Companies (Abrasca)
- Commercial Association of Uberaba (Aciu)
- Association of Forestry Companies from Rio Grande do Sul (Ageflor)
- São Paulo Association for Planted Forestry Producers (Florestar)
- Minas Gerais Silviculture Association (AMS)
- National Power Consumer Association (Anace)

- National Association of Manufacturers of Ceramics for Coatings, Vitreous Chinaware and Similar Products (Anfacer)
- Brazilian Association of Architectural Firms (Asbea)
- Centre for Industry of the State São Paulo (Ciesp)
- São Paulo State Industry Federation (Fiesp)
- Brazilian Financial Executives Institute (Ibef)
- Institute for Industrial Development Studies (Iedi)
- Institute for Forestry Research and Studies (Ipef)
- Society for Forestry Investigations (SIF)



Duratex's Ombudsman Policy

Duratex Ombudsman Service has been in existence since 2012, and is an additional channel for dialogue between the Company and its public audiences, which deals with suggestions, consultations, criticisms and praise received. It is the formal forum for the receipt of denunciations which may involve deviations from the Company's Values and Code of Ethics and Conduct. This body answers directly to the Chairman of the Board and, operationally, to the CEO. Every six months the Ombudsman Department submits a report on its work to the Committee for Staff, Governance and Nomination, and makes a presentation to the Executive Board. **G4-SO4**

The Ombudsman Department also provides a rendering of its accounts on a half-yearly basis to the Committee for Auditing and Risk Management, and whenever requested, to the Board of Directors. It also draws up a series of indicators which enable the managers of the various areas to measure their business performance and participate in the evolution process. **G4-49; G4-58**

The activities of the Ombudsman Department are confidential, accepting anonymous reports. Currently it provides a service to employees from all the business areas, as well as suppliers. Any reports received from stakeholders not yet served by the

Ombudsman Department are sent in through the Company's existing formal communication channels or dealt with internally by the areas responsible. Duratex's Ombudsman Policy is available for consultation on the Company's website, under Investors > Corporate Governance > Regulations and Policies > Ombudsman Policies, as well as through the Company intranet. **G4-DMA; G4-49; G4-50; G4-SO4**

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

The Ombudsman Department sends out communications to the Company's units on a regular basis, making use of the various communication channels to publish information on its own dedicated communication channel, making employ-

ees aware of its use. In this way it ensures that all employees are aware of it and know how and when to access it. **G4-58**

OMBUDSMAN DEPARTMENT COMMUNICATION CHANNELS

E-mail: ouvidoria@duratex.com.br

Internet: electronic form available on website

Voicemail: 0800 55 75 77

Correspondence, letters addressed to:

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

The Ombudsman Department also has the following additional communication channels.

EMPLOYEES

Intranet: electronic form on Ombudsman Department link

Suggestion boxes: available in the Company's units

SUPPLIERS

Suppliers Portal

G4-57; G4-58

FINANCIAL ASPECTS

Performance of the businesses

Predictions for a challenging business environment in this year of the World Cup in Brazil and the Presidential Elections proved correct. This combined with an adverse macro-economic scenario, heavy levels of consumer debt, high interest rates and low GDP growth. Against this background, Duratex still manage to grow its net revenue by 2.9%, but adjusted and recurring Ebitda fell by 20.7%, with net recurring earnings down by 36.6%. In 2014 the Company's capital expen-

diture amounted to R\$ 607.9 million, including the increase in its equity stake in the Colombian company Tablemac, from 37% to 80.6%, the acquisition of the forestry assets of Caxuana and the creation of a joint-venture with Usina Caeté, to plant eucalyptus forests in the Brazilian North-east. The Company also adopted rising targets for cutting costs. In this way, it is well-prepared to meet any growth in demand when it happens.



Main indicators (R\$' 000, except where indicated)

	2014	2013	2012	2011	2010
SHIPMENTS					
Wood Division (m ³)	2.787.597	2.668,228	2.635.084	2.268.822	2.312.177
Deca Division (thousands of pieces)	26.577	27.983	25.772	25.505	21.639
RESULTS (R\$ '000)					
Net revenue	3.984.507	3.872.705	3.372.546	2.970.365	2.741.810
Domestic market	3.577.744	3.718.366	3.245.573	2.835.969	2.629.069
International market	406.763	154.339	126.973	134.396	112.741
Recurring Ebitda	952.141	1.200.097	1.024.591	839.349	893.002
Recurring net earnings	359.048	561.638	455.489	374.860	467.247
Net earnings per share (R\$)*	0,60	0,88	0,84	0,68	0,85
Value added	2.106.557	2.155.494	1.841.928	1.694.756	1.571.236
PROFITABILITY					
Gross margin (%)	30,5	37,3	35,1	34,1	40,8
Recurring Ebitda margin (%)	23,9	31,0	30,4	26,9	31,0
Recurring net margin (%)	9,0	14,5	13,5	11,8	16,0
Recurring return on equity (ROE) (%)	7,9	13,3	11,8	9,8	13,3
INVESTMENTS					
Education, training and development programs	2.913	3.078	1.826	956	1.378
The environment	48.588	45.048	27.679	26.680	17.574
Research and development	24.305	22.048	19.118	19.322	23.341
Resource application plan	607,9	601.476	832.214	635.846	459.564
Number of employees**	11.742	11.733	10.601	10.668	9.690

*Earnings per share is calculated by dividing earnings attributable to shareholders of the Company, by the weighted average of ordinary shares in issue during the financial year, excluding ordinary shares held in treasury. Note that for periods prior to April 2014, adjustments have been made to this indicator to reflect the 10% share bonus issue in that month.

**Includes employees abroad, student trainees and Deca Hydra.

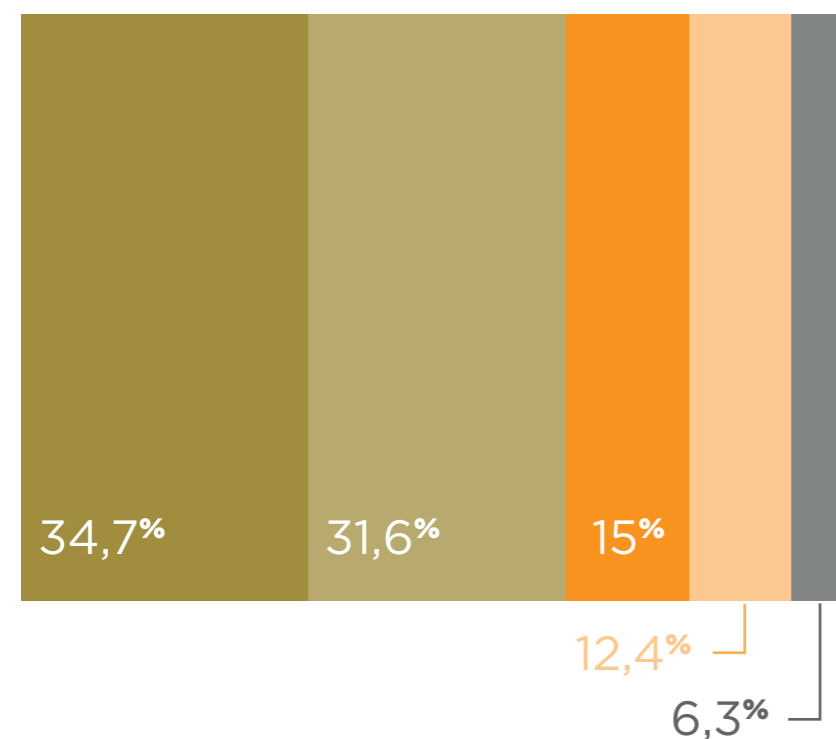
Distribution of value added comparison

Duratex's value added in 2014 came to a total of R\$ 2,106.5 million, down 2.27% compared to 2013, with 31.6% of this total going to federal, state and municipal governments in the form of taxes and contributions (see more on page 72).

G4-EC1

Distribution of value added in 2014 (%)

G4-EC1



- Remuneration for labour
- Remuneration to government
- Remuneration of financing
- Retained earnings
- Remuneration to shareholders

Government financial assistance received G4-EC4

At the end of 2014 Duratex's total debt amounted to R\$ 2,684.815. Two credit lines- Fundiest and Fundopem (company operations fund) - are supported by government financial assistance, although not significant.

Both these credit lines were taken out in counterparty to investments made 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 level.

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 2014, the balance owing amounted to R\$ 131,355,000, to be paid back by the end of December 2020. The Fundopem credit line is still in the payout phase, and at the end of 2014 the balance owed amounted to R\$ 30,382,000.

Therefore, these two types of government assistance amounted to total lending of R\$ 161,717,000 at the end of 2014, which represents 6% of the

Outros incentivos fiscais G4-EC4

	Description of incentive	Period in force	Total in 2014 (R\$ million)
Welfare contribution on sales (INSS) *	INSS welfare contribution calculated at a rate of 1% on sales (products listed under Law No. 12,546/11)	Indeterminate	6,950
Industrial development support fund (Fain)**	Credit authorised of 60.6%	Indeterminate	1,471
Pernambuco state development program (Prodepe)***	Credit authorised of 75%	March/2023	7,184
Total			15,605

*Federal benefit for the metal bathroom fittings and vitreous chinaware unit.

**Benefit granted by the state of Paraíba for the Paraíba vitreous chinaware unit.

***Benefit granted by the state of Pernambuco for the Recife vitreous chinaware unit.

Company's total debt. In addition to this, Duratex receives other tax incentives (state and federal), as shown in the table below. In 2014, tax incentives amounted to approximately R\$ 16 million. The government does not have an equity stake in Duratex .

Deca Division

The Deca Division ended 2014 with a shipment volume of 26,577,000 pieces, down 5% compared to 2013 as a result of the adverse scenario in the Brazilian economy. Pressure on costs, associated with the capacity increase at the vitreous chinaware plant in Queimados and the repositioning of the Thermosystem brand name to the

Deca Hydra brand, contributed to keeping gross net revenue margins and Ebitda under pressure. However, with the investment made in the Queimados plant, it is now ready to cater to demand in a more flexible manner, at a lower cost - thanks to modernisation and its good geographical location. Net revenue for the Division, which totalled R\$ 1,342.6 million, registered a drop of 1.8% compared to the previous year, while sales in the sector as a whole dropped by 6.6%, according to a survey by Abramet, the Brazilian Construction Materials Industry Association. This reflects resistance by consumers to making commitments on their income due to major uncertainty about future conditions in the labour market.

To adjust capacity to demand and increase capacity utilization at its more efficient plants, in December Deca closed the Louças Jundiá II unit, transferring production to the unit at Queimados (RJ). This decision, part of the Company's long-term plans, was based on two principal factors: the uncertain economic scenario, with unstable demand and a desire to increase capacity utilization at its more modern plants. This change has resulted in an improvement in industrial productivity, with lower labour costs and the use of tax benefits offered in the Queimados region.

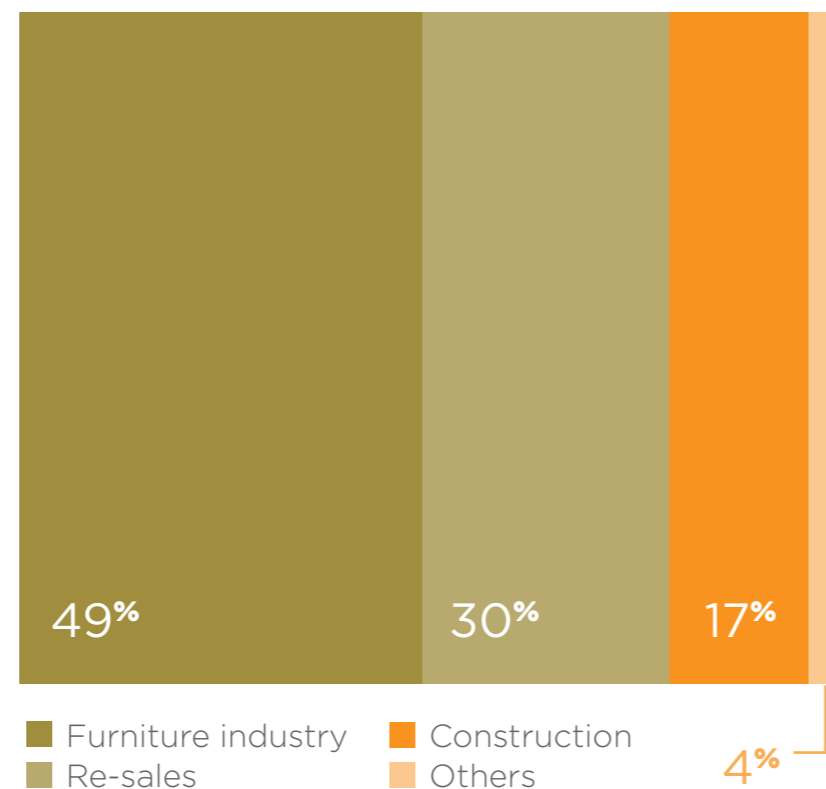
Wood Division

According to data from the Brazilian Tree Industry (Ibá), the sale of panels in the Brazilian market – which represent around 95% of the Division's revenues – fell by 2% last year. The MDF panel segment showed a better performance, with shipment volume up 3% in the domestic market. While the MDP panel market suffered a retraction of 8%.

The Wood Division reported a 5.4% increase in net revenue in 2014, compared to the previous year, as a function of a recovery in prices in the third quarter. Shipment volume totalled 2,787,597 m³, up 4.5% on 2013.

Demand having improved in the third and fourth quarters of 2014, as a consequence of a recovery

Wood Division – breakdown of flooring and panel sales in 2014 (%)



in MDF prices, recurring Ebitda margin amounted to 38.6%, although this was still below the 43.7% reported in 2013.

The purchase of forests in Minas Gerais, in 2014, reduced costs and made for more efficient industrial supply. While the partnership with the Caeté, group, in the Northeast, laid the foundation for the planting of forests to support expansion in panel manufacturing.

Capital markets

Duratex ended 2014 with a market capitalization equivalent to R\$ 5,324.5 million, based on a closing share price of R\$ 8.03, with a total of 665,565,438 shares in issue, and 2,485,759 shares held in treasury – a free float of 40%.

There were 1,458,800 trades in the Company's shares in 2014 on the São Paulo stock exchange - BM&FBovespa, with a total of 228.1 million shares changing hands representing a total trading volume of R\$ 4,721.0 million, or an average daily volume of R\$ 19.0 million. This level of liquidity guaranteed the Company's presence in the Ibovespa index, comprising approximately 60 shares for which the principal inclusion criteria are aspects related to share liquidity.

Duratex's shares are listed on the Novo Mercado, the segment of BM&FBovespa which concentrates companies with the highest level of corporate governance. The Company also has a differentiated dividend distribution policy with a payout ratio of 30% of adjusted net earnings, while also conforming to the Abrasca Code of Self Regulation and Good Practices for Listed Companies (*see more on page 19*).

Duratex's investors can contact the Company by [e-mail](#). In 2014 the Company held 174 meetings and

conference calls with capital market specialists, as well as a public meeting for members of Apimec, the Association of Capital Market Analysts and Professionals, in São Paulo, which brought together approximately 112 investors.

SUSTAINABILITY PLATFORM

-
- TRANSPARENCY AND RESPONSIBILITIES IN THE BUSINESSES
 - ENVIRONMENTAL MANAGEMENT AND PERFORMANCE
 - DIALOGUE AND RELATIONSHIPS
-



A CORNERSTONE OF OUR BUSINESS

The objective is to reach a level of strategic management in governance, economic, environmental and social aspects by 2020

Duratex views sustainability as an inherent part of its business and an obligatory condition for its longevity, seeing that it is increasingly regarded as a competitive advantage. This means that the Company intends to think even more effectively about its business, using socio-environmental criteria in decision-making, in the opening or acquisition of new units, and in the development of new products, always establishing a dialogue with the principal stakeholders involved. **G4-36**

The Company's projects are systematically evaluated by the Committee for Sustainability, which assesses them particularly from an environmental and social perspective. Today, no plant is either built or acquired without its socio-environmental aspects being carefully considered.

Owing to its wish to strengthen sustainability as a transverse theme throughout all the Company's areas, Duratex invests in the development and management of this area. Structurally, in 2013 this area was individualized within the Company's units, thus creating Deca, Wood and Corporate Sustainability divisional management de-

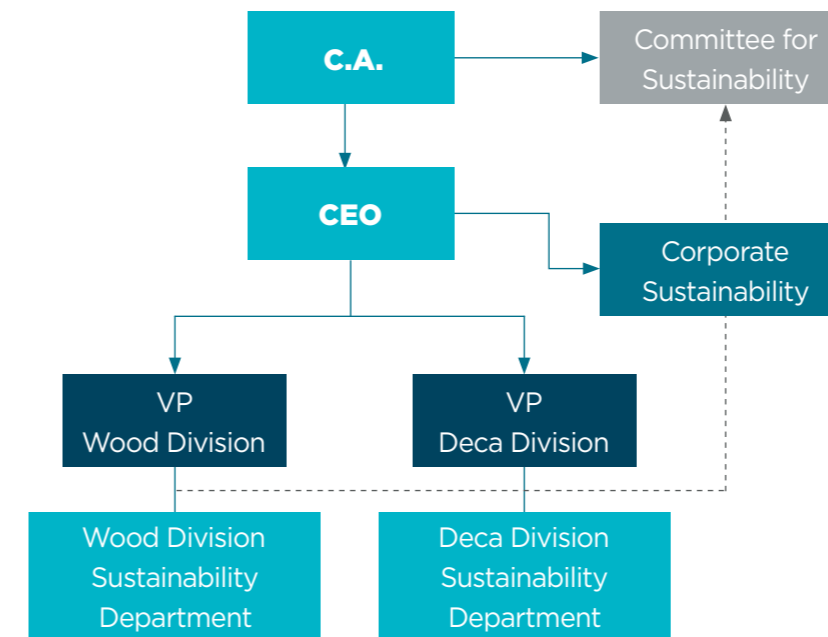
partments, each with their own budgets. **G4-36; G4-37**

The Corporate Sustainability Management Department reports directly to the CEO and is responsible for the development of integrated strategic planning and the evaluation of opportunities for improvement within the Company, based on analysis of external scenarios, materiality and a combination of environmental and market indicators. The area also co-ordinates engagement and dialogue initiatives, social investment policies and community relationships. **G4-45**

The development of sustainability strategy, approved in 2013 previously operated on a horizon to 2016. This was reviewed in 2014, being broadened and consolidated as the Sustainability Platform, establishing medium-term sustainability directives for the entire Company, in consonance with the Duratex 2020 strategic plan.

Approved in 2014 by the Board of Directors and Shareholders, the Sustainability Platform has the principal objective of achieving a level of stra-

Structure of sustainability governance



C.A. = Board of Directors VP = Vice Presidency

tegic management for its fundamental key elements, in terms of governance, economic, environmental and social aspects*. In practice, the Company intends to establish sustainability as another cornerstone of the business by 2020, to generate value over the long term.

Duratex recognizes that the social aspect is that which currently demands the highest investment. As a basis for its development, in 2014 the Committee of Sustainability revised Duratex's social policy, which was renamed as Social Responsibility Policy, incorporating Social Investment Policies and Stakeholder Engagement.

Sustainability Platform: three fronts and seven themes

- 
Dialogue and relationship
 People (top management, employees and leaders)
 Quality in relationships (clients, specialist, communities and suppliers)
- 
Environmental management and performance
 Efficient use of resources and energy
 Management of residues and emissions
 Conservation and biodiversity
- 
Transparency and responsibility in the businesses
 Product quality and impact
 Inclusion of social and environmental criteria in management and reporting

Goals of the Sustainability Platform

Dimensions*	Current stage	Three-year goal	Goal for 2020
Governance	Strategic →	Strategic	Strategic
Environmental	Management ↻	Strategic	Strategic
Economic	Management ↻	Strategic	Strategic
Social	Obedience ↻	Management	Strategic

*The reference for this analysis and these concepts were defined and adapted in accordance with Ekobe, based on ZADEK, S., The Path to Corporate Responsibility. *Harvard Business Review*. Dez./2004.

Sustainability Agenda **G4-DMA**

Vision for 2016	Vision for 2020
Dialogue and Relationship	
To define and implement indicators and targets for social performance and structure of them within the scope of an integrated management system	To implement specific relationship strategies for priority stakeholders of the Company
To guarantee the implementation of a plan for staff management and occupational safety, integrating sustainability assumptions and references	To develop an action plan to adopt working conditions to new social demands, with a focus on improving quality of life
To define and implement a policy for the engagement of stakeholders, including methodologies for the assessment and prioritisation of these public audiences	To develop an agenda of commitments focused on human rights and the valuing diversity
To develop a diagnosis and action plan for the socio-environmental and economic impacts of the units and operations	To define an engagement plan for consumers, clients and specifiers, with a focus on innovation and product development, associating principles of sustainability
To develop a process for the analysis and contracting of suppliers, based on socio-environmental, as well as economic criteria	To define a proposal for the carrying out of public policies to generate value in a form that contributes to the sustainable development of society
To develop and implement social investment plan is (objectives, targets, budgets, flows, structure and modus operandi)	To develop partnership models with stakeholders and social entrepreneurialism
To revise the Company's social policy and related standards	
Environmental management and performance	
To define and implement a system for the management of environmental performance, improving the data collection system, based on SAP	To develop an integrated system for the analysis of environmental and economic data to form the basis of strategic decision-making for the businesses
To define, gradually, absolute targets for the reduction of water and energy consumption, reduction in the disposal of effluents and greenhouse gas emissions, and a reduction in the amount of residues sent to landfill	To define criteria and scenarios related to sustainability to provide guidance for the Company's buying decision process
To develop an economic sensitivity analysis of environmental aspects (water, energy, emissions)	To develop a diagnosis and an action plan for adaptation of the energy matrix, with a focus on reducing emissions and pollutants and the diversification of energy sources

Vision for 2016	Vision for 2020
To investigate the sustainability where the industrial units are located	To develop and implement monitoring of biodiversity indicators, based on analysis of areas of high value for conservation
To contribute with groups of specialists, participating in work for the sector - integrated with government agencies, for the development of regional strategies (outside the Company) for the conservation of biodiversity	To develop activity with a focus on the analysis of ecosystem services
To develop and implement the process of analysing risks and opportunities related to climate change (adaptation to the low carbon economy)	
Transparency and responsibility of the businesses	
To develop a pilot project for the circular economy, from cradle to cradle	To develop and publish an integrated strategic plan for innovation and sustainability
To involve an integrated Report Model (to identify the influence of the capitals and their impact on Duratex's business model)	To improve and implement a structured process for the analysis of the impact of products with respect to the environment and health, throughout their life-cycle (from raw material, to use and disposal)
To develop a program for analysis and continual improvement of market indices and voluntary commitments	To guarantee the presence of a sustainability and governance structure in the theme for new businesses and operations, in alignment with Duratex's directives, strategies and corporate practices
To develop, analyse and calculate the gains obtained from projects that have resulted in innovative actions and good sustainability practices	To analyse and review policies, training and practices for the prevention of corruption and to guarantee fair practices in commercial relationships
To improve the alignment of the BSC with the vision for sustainability	To develop a communication plan (internal and external), with a focus on transparency and reinforcing sustainability as an attribute of brand and image
To include sustainability criteria in expansion and merger projects, as well as the acquisition of new businesses	To define targets for quality and product impacts in terms of sustainability aspects
To develop a sustainability strategy for the planning and adaptation of new businesses (Duratex's sustainability standards and new business models, innovative products, new materials etc.)	

Sustainability Platform: Goals for 2014

In 2014, Duratex launched a public document presenting the goals of the Sustainability Platform for the year, with the aim of clearly communicating its commitments to the advances proposed in its strategic planning. The establishment of objective goals linked to sustainability strategy is fundamental for the integration of social and environmental aspects as part of executive management and decision-making, in a transverse manner within the Company. The goals were arrived at jointly with the various business areas.

Verification in the meeting of targets and the rendering of accounts in performance terms will take place between January and April 2015, as well as the launching of goals for 2015. The information will be made available on the Company's [website](#).

Goals assumed for the year 2014, on all three fronts, can be accessed on the following [link](#).

TRANSPARENCY AND RESPONSIBILITY IN THE BUSINESSES

Business strategies aligned with socio-environmental performance in the rendering of accounts



Integrated management

By 2020 Duratex intends to have integrated social and environmental criteria into its management, applying them as tools to identify risks for the businesses and opportunities to add value to its products. To this end, the Company has adopted international standards, models and criteria, in addition to certified management systems, to evaluate its performance. These tools increase the level of transparency in the process of rendering accounts to employees, suppliers, plans, consumers, governments, regulatory bodies and society in general.

Since 2007, Duratex has published its Annual and Sustainability Report in accordance with the directives of the Global Reporting Initiative (GRI), a multi-stakeholder organization recognised internationally for the establishment of clear criteria which permit the assessment of the economic, social and environmental performance of organizations. In line with the principles of transparency and continual improvement in management, in 2013 the Company adhered to the G4 of GRI, and in 2014, it took another step forward towards an integrated report model, by starting the adoption, in this report, of the structure and content based on this standard. One of the principal differences between the models is that the Integrated Report permits still further alignment between business strategies and socio-environmental performance in the rendering of accounts.



Deca has approximately 300 water-saving products, including vitreous chinaware, metal bathroom fittings, wash basins, flushing systems, showers and taps

In addition to good corporate governance practices, Duratex is listed on the BM&FBovespa ISE (corporate sustainability index) and the Dow Jones Sustainability Index Emerging Markets (New York Stock Exchange), indices which consider the socio-environmental performance of listed companies (see more on page 20). The Company also includes sustainability targets in the calculation of the variable remuneration of its executives, measuring the results obtained on an annual basis. **G4-51**

Product quality and impact

The products developed and sold by Duratex in its divisions (Wood and Deca Divisions) are planned to meet the demands of its customers, improving people's quality of life.

For the Wood Division, in 2014 alone R\$ 15.2 million was invested in technology to reduce resin consumption and increase the productivity of the manufacturing process. Right from the initial development phase, products from the Wood and Deca divisions have always met the standards of the Brazilian Technical Standards Association (ABNT)

and undergo laboratory testing to guarantee quality, as well as consumer health and safety. In addition to this electric showers carrying the Hydra brand are also subject to performance analysis by the National Institute for Metrology, Quality and Technology (Inmetro). **G4-DMA; G4-PR1**

Products are monitored during the manufacturing process, undergoing laboratory tests for internal assessment, as well as being submitted to audits by a third-party entity. These products (both in crude and finished form) are collected by this entity on a random basis from our stock, and evaluated in external laboratories. This process is part of the Sector Quality Program run by Iba, and permits the Company to participate in the Brazilian Habitat Quality and Productivity Program (PBQPH), run by Ministry for Cities. For both divisions periodic analyses are carried out after the product launch to assess performance and identify aspects for possible improvement. **G4-DMA; G4-PR1**

Deca's portfolio has more than 300 water-saving product solutions. Hydra produces electronic showers and taps, which use less electricity than conventional electric showers. Sales of power

showers and taps, which use less electricity than conventional electric showers. Sales of power savings showers in 2014 amounted to 1,479,273 units, of which 972,206 were electronic showers, 487,554 multi-temperature showers and 19,513 FIT showers. 224,839 electric water-saving taps were also sold. **G4-DMA; G4-EN7**

To mitigate environmental impacts, the Deca Division's area for Rationalisation and Improvement implemented a product optimization program which:

- reduced the use of raw material, labour and input levels in production;
- resulted in productivity gains;
- obtained gains in reducing the level of rejects, having the effect of reducing resource consumption (e.g. power), with fewer products being sent back for correction.

In 2014, there was a reduction of R\$ 402,000 in inputs consumed on rejects. **G4-DMA; G4-EN27**

Over 90 such projects have been implemented since 2006 which have resulted in a saving in the consumption of metals of around 800 metric tons a year, and a reduction in the industrial variable cost of R\$ 12,500,000/year. **G4-EN27**

Deca's products focus principally the saving of water. In 2014 three important products were launched with this environmental aspect:

- Hydra Ecoconforto, which saves water by limiting each flush to a maximum of 6 litres;
- showers with air injection, resulting in a water-saving of up to 42%;
- urinals fitted with an integrated tap, saving water by combining the water used for hand-washing with flushing of the urinal.

The Wood Division manufactures panels and flooring with wood from forestry plantations either on the Company's own land, leased or incentivized land or bought in the market, originating from certified forestry (87%) or from FSC controlled sources. Forestry plantations and the production of panels from wood produced from re-forestry, according to impartial sources, contribute to a reduction in the deforestation of native forests. Water consumption and emissions in the use of panels applied, direct emission of effluent and sound pollution are not directly related to product use. Up to the present time no valuation has been carried out of product impacts based on standardised methodology and quantification. **G4-EN27**

Energy-saving **G4-EN7**

Electronic showers		Green band	Yellow band	Red band
220 V	Power	0 W a 500 W	500 W a 3.800 W	3.800 W a 7.500 W
	Saving	100% to 91%	91% to 50%	50% to 0%
127 V	Power	0 W to 500 W	500 W io 2.750 W	2.750 W to5.500 W
	Saving	100% to 91%	91% to 50%	50% to 0%

Obs.: Data refers to a flow of 3.0 litres/min. Savings are greater with the use of lower power.



Resin: alternatives and reduction in the use

Resin is a necessary input and is as yet irreplaceable in the manufacturing process of reconstituted wood panels, because it is the only product which efficiently glues the wood fibres and particles together. All resins contain formol (an aqueous formaldehyde solution) in their make-up.

Duratex strictly meets the legal requirements in this area, and goes beyond those that are obligatory. With regard to free residual formaldehyde, the panels comply with the Brazilian standards for ABNT NBR 15316:2014, for MDF, and NBR 14810:2013, for MDP.

For several years the Company has been investing in new manufacturing technologies to develop and improve techniques for reducing the use of formaldehyde and its residual emissions.

From an occupational safety perspective, the Company meets the criteria defined by the ABNT, in its Regulatory Standard No. 15, for unhealthy activities and operations, with a maximum limit on daily exposure (8 hours) of 1.6 ppm (parts per million), or 2,3 mg/m³. Verification and improvement in this standard is carried out by a tripartite commission, consisting of government, employers and employees, and the figures of NR 15 are based on the American

Conference of Governmental Industrial Hygienist (ACGIH) of 2002.

Packaging recovered

In addition to the pieces themselves which are normally collected at customer service outlets, Deca has implemented a pilot project in the commercial area to encourage and promote reverse logistics, while at the same time raising environmental awareness. A discount is given to consumers who hand over their old metal bathroom fittings, vitreous chinaware or electric showers when purchasing a new Deca or Hydra product fittings, thus encouraging sustainable development and the correct disposal of material.

The result of this reverse logistics initiative, carried out in December, was the return of 27 complete products. In the electronic shower line, 100,570 pieces were returned to the manufacturing plant, which represented 5.51% of the total products sold.

In 2014, Deca recovered 30,432 product components from customer service outlets.

In the Wood Panel Division, the plant at Itapetininga (SP) has an area for receiving wooden stacking separators from clients, in a pilot project. In 2014, 84,905 units were collected, rep-

CIRCULAR ECONOMY: CRADLE TO CRADLE

In 2014 Duratex began the implementation of its Duratex Cradle to Cradle project adopting premises of the circular economy. The concept proposes the development of an industrial system that replaces the idea of "end of product life", with a new design vision for materials, products and systems, with the development of a circular production chain.

Still in its initial phase, in 2014 Duratex carried out training on the concept with the purpose of discussing sustainability challenges with employees, that can be transformed into a force for innovation. In 2015, a new training session will be carried out, con-

tinuing the move already started, with the aim of consolidating concepts and assessing formats for implementing practical experiments on the basis proposals arrived at.

The circular economy aims to create an industrial system that is regenerative in its intent, focusing on the use of renewable energy, favouring the elimination of toxic chemical products and seeking to eliminate the concept of residues, giving rise in the final analysis, to new business models.

representing 1.82% of the total. At the Taquari, the pilot project for the collection of panel off-cuts from customers/local associations, represented 241.82 m³ of MDP, in other words, 0.001% of the total. Control is carried out by a management system run by the accounting department. **G4-EN28**

Social and environmental criteria

Since 2009 Duratex has been responding voluntarily to the Carbon Efficiency Index (ICO2), in the same year that it helped with its creation. The objective of the index is to recognize companies that are more efficient in their carbon emitting activities, based on a greenhouse gas emission report (GEE).



This initiative provides greater transparency in reporting on Duratex's environmental performance, while at the same time giving greater visibility to initiatives developed to manage greenhouse gas emissions. Internally, it functions as a tool for analysis and management improvement (see *more of greenhouse gas emission management, on page 50*).

Corporate awards and highlights 2014

Época Green Company Awards: promoted by the magazine *Época*, in partnership with the consultancy firm PricewaterhouseCoopers (PwC), Duratex was the winner in the industrial category.

Exame Sustainability Guide: published by the magazine *Exame*, in its 2014 edition, Duratex was highlighted in the Construction Materials Sector for its supplier management practices, being classified as "above average", and for its work on reducing residue disposal.

As Melhores da Dinheiro (the best in money terms): promoted by the magazine *IstoÉ Dinheiro*, the Company was elected for the eighth time as Best Company in the Construction Materials and Decoration Segment.

Environmental Merit: promoted by Fiesp, Duratex was awarded first place in the Large and

Medium-Sized Company category for its residue management project at Its Deca Units.

Industry Mover: a RobecoSAM, the consultancy firm responsible for classification of Dow Jones index companies, in its 2015 Sustainability Yearbook awarded Duratex with the Bronze Seal.

Other awards, by division

DECA

Green Building - Outstanding Brand Names: readers of the magazine *Green Building*, produced by the publisher Nova Gestão, elected Deca and Durafloor as outstanding brand names in sustainable building. Deca was ranked in first place in the toilet bowl, shower and metal bathroom fittings segments. Durafloor, which was ranked in third place in the flooring category, was the only laminate brand cited in the survey.

Top of Mind: the magazine *Revenda Construção* (re-sales in construction) received responses from 3368 retailers which put Duratex in first place in four categories: Bathroom Accessories, Toilet Bowls, Metal Bathroom Fittings and Metal Water-Saving Flushing Fittings. In the toilet seat category it was ranked as outstanding, with the second most-remembered brand name.

Strong partnership awards: promoted by Telha Norte, Deca was elected as the best supplier

throughout the supply chain, in addition to being ranked in the first place in Vitreous Chinaware and Metal Bathroom Fittings, for the second year running.

Supplier trophy - Outstanding in the Hotel Business: organised by *Revista Hotéis* magazine, Deca was the winner in the Metal Bathroom Fittings category. These awards, already in their third edition, aim to give recognition to companies outstanding in the supply of products and services for the hotel segment.

Anamaco 2014: promoted by the National Association of Construction Material Merchants (Anamaco), the Hydra Duo Color won the prize in the category of Product of the Year.

C&C Casa e Construção (house and building): awarded for best performance in Metal Bathroom Fittings and Accessories, as well as Vitreous Chinaware.

WOOD DIVISION

Top Móbile 2014 - Most Remembered Brand Names: already run for eight years by the magazine *Revista Móbile*, published by Alternativa Editorial, the Wood Division won the Wood Flooring category for the seventh time running.

ENVIRONMENTAL MANAGEMENT AND PERFORMANCE

Solid internal policies contribute to continual improvement

Monitoring and efficiency

Duratex has solid internal environmental policies and constantly analyses and monitors its indicators, enabling it to evaluate the efficiency of its processes for the rational use of natural resources and the evolution in the environmental performance of its industrial units. The management systems adopted by Duratex are certified according to the standards of the Forest Stewardship Council (FSC) – forest management and custody chain –, ISO 9001 (quality) and ISO 14001 (environmental management). In 2014, Duratex began monitoring environmental performance indicators in its new units – Deca Louças Queimados and Deca Hydra – as well as water catchment and energy consumption indicators at the operations of Tablemac, in Colombia, broadening the monitoring work. **G4-DMA**

Duratex's initially established its Environmental Policy in 1996, with the harmonisation of its activities to ISO 14001 and FSC requirements, in the forestry area. By 2002 this policy had reached

throughout the organization, and in 2013 was revised to serve as the basis for an approach by the Company's management on this theme (learn more about Duratex's Environmental Policy on [link](#)). **G4-DMA**

Since 2007 the Company has been a signatory of the Global Compact, a United Nations initiative to encourage the corporate sector to adopt good socio-environmental practices - associated with the Ethos Institute for Corporate Social Responsibility. In 2014, Duratex worked in partnership on two voluntary initiatives of the Getulio Vargas Foundation Centre for Sustainability Studies (GVces) which covered the theme of climate change and ecosystem services, through the groups: Companies for Climate (EPC) and Trends in Ecosystems Services (TeSE). **G4-15; G4-HR2; G4-HR9**

Environmental aspects are accompanied by the Environmental Risk Commission, the auditing department and the Committee for Sustainability. In 2014 Duratex invested a total of R\$ 48,588,522.14 in environmental initiatives. **G4-EN12; G4-EN31**

VOLUNTARY INITIATIVES

EPC is an initiative which seeks to bring companies together for discussion on the theme of climate change and to collaborate in the development of tools, solutions, strategies and policies related to sustainable development. In this initiative, the principal activity developed, in which Duratex participated in 2014, was the simulation of an Emission Trading System (SCE). The objective of this exercise was to engage Brazilian companies in the debate on an approach for the *cap and trade*, market, to reduce greenhouse gas emissions and at the same time with this group, to make clear proposals to government as to how this market should be designed. In 2014, the participating companies of SCE EPC sold securities in order to reach the global cap in the market, based on real levels in the reference year (2013).

The **TeSE** initiative aims to develop strategies and tools for the corporate management of impacts, consequences, risks and opportunities with respect to ecosystem services. By participating in this initiative, the Company will be able to improve its ability to: understand and evaluate its external socio-environmental aspects; to incorporate their consequences and the impacts of ecosystem services in business decisions; to develop strategies to reduce risks and exploit opportunities related to this theme; to make the importance of biodiversity for its businesses more tangible; and to introduce good practices to other companies based on the exchange of experiences. Duratex has developed a pilot-project for the economic assessment of water quantity from the perspective of dependence and impact, and is compiling a case on this subject that will be published for academic purposes through GVces.

Certifications

Duratex's industrial units, both in the Deca and Wood Divisions carry ISO 9001 and ISO 14001 certification. In 2014, ISO 14001 certification was granted for the Botucatu Panel Unit (Wood Division) and the Paraíba Vitreous Chinaware Unit, Deca's sixth plant to be certified.

In all, the units certified are:

- **ISO 14001** – Metais Jundiaí, Metais São Paulo, Louças Sul, Louças Jundiaí I, Louças Jundiaí II and Louças Paraíba (Deca Division); and Painéis Botucatu, Itapetininga, Taquari, Uberaba and Agudos, in addition to the farms in Botucatu and the sapling nursery in Lençóis Paulista (Wood Division).

- **ISO 9001** – Uberaba, Itapetininga, Agudos, Botucatu and Taquari (Wood Division); and Metais São Paulo, Metais Jacareí, Metais Jundiaí and Louças Sul (Deca Division).

The forestry units in Rio Grande do Sul, São Paulo and Minas Gerais carry FSC certification for forestry management. The industrial panel units and the distribution centre in the Northeast are also certified by the FSC within the custody chain.



Total investment and expenditure on environmental protection in 2014 * **G4-EN31** (R\$)

Costs of residue disposal, treatment of emissions and mitigation	23,748,514.02
Costs of residue disposal, treatment of emissions and mitigation	19,623,109.40
Tratamento de emissões (ex.: gastos com filtros, agentes)	187,423.81
Depreciação de equipamentos específicos e despesas com materiais e serviços de manutenção e operação, além das despesas com pessoal para essa finalidade	3,937,980.81
Cost of environmental prevention and management	24,840,008.12
Staff used in education and training	115,625.82
External environmental management services	2,750,357.05
External certification of management systems	179,745.33
Staff for general environmental management activities	4,198,164.97
Research and development	13,278,820.35
Other environmental management costs	4,317,294.60
Total	48,588,522.14

*In 2014, Duratex reclassified its investment categories in a more detailed manner, providing greater transparency in the reporting of information. For this reason no historic series is shown for investment in previous years.

ECONOMIC SENSITIVITY ANALYSIS

In 2014, Duratex began a project to analyse the economic sensitivity of the main environmental impacts on the Company's operations and its market capitalization. Initially, a diagnosis was carried out of five environmental aspects (water, energy, emissions, materials and residues, with the development of a pilot project for energy-related aspects, with a view to constructing an economic sensitivity model.

The pilot project aimed to understand the impacts in an external context to the Company (inducers), creating possible stress scenarios and analysing the economic impacts under these different scenarios and how they could affect the value of the Company. As a result, a tool was created, together with the accounting

department, for use in internal management on this theme, in a systemic and strategic manner.

Initial diagnosis permitted the identification of transverse and specific challenges, based on which recommendations were drawn up, considering each aspect studied. Following the analysis, it was decided to prioritise the study of economic sensitivity from a water perspective, in 2015.

The project also produced an external view of risks and opportunities related to these five environmental aspects, and using an economic model to analyse their impacts, helped to strengthen integration between the financial and sustainability departments.

Environmental targets

In 2007 Duratex created an environmental indicator map for its industrial activities, together with performance targets to be monitored. Initially, relative targets were defined, seeking to provide evidence of a reduction in the use of natural resources, inputs and energy per unit produced.

In a process of continual improvement, in 2012 the first target was established for an absolute reduction in greenhouse gas emissions. Opting for creating environmental targets for absolute reduction, instead of a model defining relative targets (associated with production), as part of Duratex's commitment to raise the level of transparency in the communication of its impacts and its continual quest to improve its management. In 2013, the scope of this initiative was extended, with absolute targets for reduction in water consumption and effluent disposal being established for the Divisions. In the Deca Division, absolute and total targets were defined for the reduction of electricity consumption, as well as targets for residue sent to landfill, all applied for the year 2014. **G4-DMA**

DURATEX* G4-DMA		
	Bi-annual greenhouse gas reduction targets**	Result
Scope 1 greenhouse gas emissions (direct emissions)	0,70%	18%

*Refers to units in the Deca business (Vitreous Chinaware and Metal Bathroom Fittings), Wood Division (Panels and Forestry) and corporate units.

**Refers to Scope 1 in relation to the base year 2012.

DECA METAL BATHROOM FITTINGS G4-DMA		
	Reduction target	Result
Water consumption	0,40%	19,73%
Total energy consumption	0,60%	7,49%
Electricity consumption	0,50%	6,74%
Effluent disposal	0,40%	19,81%
Residues dispatched to landfill	49,10%	68,71%

DECA VITREOUS CHINAWARE* G4-DMA		
	Reduction target	Result
Water consumption	3,20%	12,50%
Total energy consumption	2,10%	8,86%
Electricity consumption	1,00%	5,39%
Effluent disposal	7,40%	28,65%
Residues dispatched to landfill	4,50%	5,27%

*Target analysis does not take Louças Queimados into account.

PANELS G4-DMA		
	Reduction target	Result
Water consumption	1,50%	10,02%
Total energy consumption	Manter os níveis de consumo de energia de 2013	3,96%
Electricity consumption	Manter os níveis de consumo de energia elétrica de 2013	Aumento de 2,89%
Effluent disposal	3,00%	8,12%
Residues dispatched to landfill	Manter o volume de envio de resíduos para aterro de 2013	Aumento de 4,14%

TARGET RESULTS

The **absolute targets reached** are the result of initiatives implemented by Duratex, presented for each environmental aspect, the projects for which are described in this chapter. In addition to projects realised by the Company to improve performance, the target attainment was also helped by the decline in production levels, which accompanied the slowdown in the national economy. **G4-EN23**

PANELS

The 2014 electricity consumption target for the Panel Division was not reached because, due to lower demand from the market it proved impossible to reach the best operating model, so resulting in an increase in electricity consumed per unit produced. With respect to the quantity of residues sent to landfill, in 2014 there was an increase in this figure at the Uberaba Panel Unit, as a function of adjustments made in the industrial residue composting process, as well as the disposal of wood residue which did not meet the technical specifications for electricity generation. **G4-DMA; G4-EN23**

Conservation and biodiversity

Duratex invests in initiatives for the protection of biodiversity, management of forestry plantations and the rational use of natural resources on all its land – approximately 272,000 hectares, including land owned by the Company, leased land and incentivised land –, in addition to research in the monitoring of fauna and flora. Fauna research indicates that species are remaining on the areas studied and that new species are being located as the survey’s progress. This area includes planted forest, conservation areas and areas for other uses (rights of way for electricity grid networks, agricultural buildings, etc.). **G4-DMA; G4-EN13**

The operations of the Forestry Division are guided by procedures and training in order to avoid damage to areas identified as being of high conservation value. As a result of the fauna and flora research projects, it has been established that species have remained in the areas, without any events being recorded which could constitute a significant threat to species of fauna and flora. **G4-EN12**

In its quest for efficient management, based on documents prepared in 2014, Duratex began the registration of its forestry properties as part of the Rural Environmental Registry (CAR), constituted under Law No. 12,651, of May 25, 2012. The objec-

tive is to carry out environmental regularisation of its rural properties, as well as environmental recuperation of degraded areas in Brazil.

In the area of forestry management, based on the results of its own research and that carried out in partnership with universities and institutions, the Company applies techniques which ensure growing productivity in its planted forests, with improved economic results. An example of the return achieved as a result of this research, is in the rationalisation in the use of fertilisers, with a projected saving of R\$ 8 million for 2015 as a consequence of applying information from the Flow Tower Project (see more on page 45).

For the conservation of its cultivated land, Duratex uses minimal cultivation techniques, considered as a reference in the agribusiness sectors. Under this procedure the planting of new trees is carried out maintaining the residues from trees already felled, which form a soil protection layer, thus avoiding erosion and excessive exposure to sun. This measure has the effect of better water conservation, because it minimises the impact of rainfall and allows it to percolate through to the deeper soil layers. Other research is being carried out in the selection of trees resistance to diseases, as well as on biological control, thus rationalising the use of chemical defences, the application of which is carried out in accordance with the best staff safety and environmental practices.

Protected or restored habitats* **G4-EN13**

State	Type of ownership	Area (hectare)	
		Total	Conservation*
São Paulo	Leased	22,936.23	5,341.30
	Owned	107,204.18	26,069.52
	Incentivised	3,064.78	-
	Subtotal	133,205.19	31,401.82
Minas Gerais	Leased	106,500.11	28,803.50
	Owned	-	-
	Incentivised	1,324.48	-
	Subtotal	107,824.59	28,803.50
Rio Grande do Sul	Leased	3,628.70	1,380.91
	Owned	7,230.67	2,967.37
	Incentivised	20,197.53	-
	Subtotal	31,056.90	4,348.28
General total		272,086.68	64,562.60

*All the Company's conservation areas (APP, legal reserve and other fragments of native vegetation) are protected, with some of these undergoing recuperation through natural regeneration. In areas where a pilot studies and research work is being carried out (by the research firm Kronka, which uses its own methodology), the situation has been monitored and it has been concluded that restoration through natural flora regeneration is occurring in these areas. The Company has a number of projects in partnership with universities that monitor these conservation pilot projects.

**Permanent preservation area (APP), legal reserve, lakes etc.

The eucalyptus genetic improvement program permits the selection of clones that are more resistant to variations in climate (drought and frost), as well as those that are more productive (producing more wood per hectare cultivated). In 2014 a program was begun for the specific genetic improvement of the species *Eucalyptus longirostrata*, with a view to adding greater density to the wood.

In 2015, forest management will become more efficient and costs will be reduced, as a result of the new silvi-culture protocol, drawn up in 2014. This document was developed by a multi-disciplined team, involving planning, development, accounting and operational staff, and establishes parameters for the analysis and planning of forestry production land.

For the protection of the environment and its forestry plantations, Duratex has a well-prepared system in place for the prevention and combat of fire outbreaks. In 2014 the prolonged period of drought made forest fires more likely to occur, requiring the activation of fire-fighting teams in the Company's operating regions. These teams from the Company, with the collaboration and co-operation of the community, contributed to the combating of fire in neighbouring areas, often in response to requests from the local authorities. **G4-DMA**

The habitats of endangered species are not significantly affected by the forestry operations, there being procedures and training in place so that employees protect the conservation areas during the forestry plantation management process. **G4-EN14**

Protected areas

In areas where Duratex has forestry operations, next to the plantations areas are maintained for the conservation of local natural vegetation, in accordance with that established under the forestry laws. Among the conservation areas, a number of locations have been identified as areas of high conservation value (AAVCs), these being:

- In São Paulo: the Olavo Egydio Setúbal Nature Reserve (RPPN), on the Rio Claro farm, in Lençóis Paulista, with 615.50 hectares, and a

fragment of 245.92 hectares on the João XXIII farm, in Pilar do Sul. In these two locations the attributes identified were classified as AVC 1*.

- In Minas Gerais: the Nova Monte Carmelo farm, with 2315.45 hectares, and the Água Emendada farm, with 2004.05 hectares, with identified attributes classified as AVC 3;* and the Patrocínio farm, with 3925.68 hectares, where the identified attributes were classified as AVC 1, 2 and 3*. **G4-EN11**

Duratex has farms that are located in environmental protection areas (APA). In the state of São Paulo, there are 7209.01 hectares within the APA of the Batalha River and 16,346.28 hectares within the Corumbataí, Botucatu and Tejuπά APAs. In Minas Gerais, there are 1025.99 hectares in the River Uberaba APA and 1337.78 hectares in the Serra da Canastra National Park. **G4-EN11**

In 2014 initiatives were undertaken to integrate the Company's information on biodiversity with that of other organisations, to provide flora and fauna conservation efforts with a regional reach.

* **AVC 1:** areas containing a significant concentration of biodiversity at a global, regional or national level (eg: endemism, endangered species, biodiversity havens); **AVC 2:** extensive areas, with a countryside of global, regional or national significance, where the viable populations are either all, or in the majority, natural species, occurring in natural levels of distribution and abundance; and **AVC 3:** areas situated within, or which contain rare ecosystems, that are threatened or in danger of extinction.

Duratex seeks to demonstrate the importance of these regional initiatives in a sector-wide forum, as part of the Forestry Certification Cooperative Program, run by the Institute for Forestry Studies and Research (PCCF/Ipef), and with a presentation to the São Paulo Association of Forestry Companies (Florestar) at the 2nd Biodiversity

Meeting of São Paulo (EPBio), organised by the São Paulo Environmental Secretariat. **G4-DMA; G4-EN11**

No forestry operations take place in conservation areas, there being only areas of land cultivated with forestry plantations.



Waterfall at the Santa Luzia farm, located in Botucatu

IMPACTS OF PLANTED FORESTS ARE MONITORED

The Flow Tower, an important and innovative project which has been being developed since 2008 by the Company, seeks to clarify, among other issues, how carbon sequestration functions in biomass and in the soil, as well providing information on sustainability in forests with a high degree of productivity.

The program is coordinated by the French Agricultural Research Centre (Cirad), the Institute for Forestry Studies and Research (Ipef), the Luiz de Queiroz Higher School of Agriculture (Esalq), the University of São Paulo (USP) and the North Carolina State University (NCSU). In addition to this, eight national companies in the forestry sector participated in this project with Duratex. The principal objective of the study is to analyse the balance of carbon, water and nutrients during the cycle of a eucalyptus forests (typically between six and seven years).

The project occupies an area of 200 hectares, in the centre of which the tower has been erected, equipped with a series of sensors (temperature, humidity, CO2 concentration, wind direction and speed). The soil is

also constantly monitored with sensors up to 10 metres deep, to capture the level of humidity and the nutrient content available to the forest. The trees are constantly measured and evaluated, including the use of apparatus that analyses photosynthesis levels and sap flow through the trunks.

Duratex also has a number of regional strategy projects with well-known institutions in the forestry sector, such as the Brazilian Tree Industry (Ibá), which has the participation of 70 companies in the sector, the majority of which are major pulp industries, as well as the Forestry Research and Study Institute (Ibef). **G4-DMA**



Partnerships with universities and institutions **G4-EN13**

In 2014, Duratex maintained a number of partnerships with institutions, among these being the being the Júlio de Mesquita Filho São Paulo State University (Unesp), the Federal University of Uberlândia (UFU), the USP Zoological Museum (MZUSP) and the non-governmental organisation, the Mineiro Triangle Association for Socio-environmental Management (Angá), for the development of research on fauna and flora. This year a new cooperative study was also begun, under the project "Populational and taxonomic study with a view to reintroduction of the bicudo bird (*Sporophila maximiliani*)", to be developed at RPPN Olavo Egydio Setúbal, on the Rio Claro farm, at Lençóis Paulista.

This study is significant because of its initiative in seeking to reintroduce highly endangered bird species on this reserve. The project duration will be for five years, involving researchers from the Pró-Terra Institute, the USP Zoological Museum (MZUSP) and the Federal University of São Carlos (UFSCar), with support from the Ornithological Federation of the State of São Paulo (Feosp) and the Brazilian Biodiversity Fund (Funbio). The birds to be acclimatised and reintroduced will come from bird breeders that are duly registered with the Brazilian Institute for the Environment and Renewable Natural Resources (Ibama). Under this project information will be disseminated about the conservation of fauna throughout the network of the institutions directly involved, providing additional information for other initiatives for the conservation of endangered species, with results contributing towards the goal of the Sustainability Platform.

Water

In 2014, Duratex enlarged its study involving the Evaluation of the Sustainability Index of Hydrographic Basins to evaluate the hydrological resources of the basins where its industrial units are located. In 2013 the project covered the units in São Paulo and, in 2014, were extended to Minas Gerais, Rio Grande do Sul and the Northeast. This study has the objective of gaining an understanding of the hydrological resource situation of the hydrographic basins and helping the Company to assess the risk of water shortage in each manufacturing plant, so as to prioritise mitigation initiatives as part of its strategic planning. **G4-DMA; G4-EN9**

The project enabled Duratex to carry out a broad-reaching diagnosis of the water resource situation with respect to its units and gain a vision of some aspects which could affect the Company. The risk analysis matrix indicates the units where detailed monitoring of the situation is recommended, as well as the identification of supply alternatives.

This project uses the most recent data made available by the hydrographic basin committees and government bodies, such as the National Water Agency (ANA) and the Brazilian Institute for Geography and Statistics (IBGE), in addition to international organisms. **G4-EN9**



The methodology of the study uses internationally recognised indicators for the evaluation of the hydrographic basins, considering hydrological, economic, social and political aspects, which have repercussions on the quality and availability of water, as well as assessment of the neighbouring conservation area situation,

population pressure and the vestments made by each municipality in the hydrographic basins – in addition to local risk factors, one of these being Local Water Availability, Dependence on Surface Catchment and Environmental Condition, also making it possible to project future scenarios. **G4-EN9**

THE EVALUATION OF THE SUSTAINABILITY INDICES OF THE HYDROGRAPHIC BASINS INCLUDES:

- a survey covering the current water resource situation and trends, considering aspects such as climate change, risk to water supply, etc;
- analysis of water resource sustainability in each basin in which the industrial units are located, using international indicators;
- development of a risk assessment matrix, which enables the Company to assess and re-evaluate the risk of water shortages, based on risk parameters for each industrial plant.

The recommendations of this study for the industrial plants indicate that an effort should be made to reduce dependence on natural springs, through investment in water efficiency, water reuse, reduction in effluents and water loss, as well as the drawing-up of contingency plans in anticipation of possible water shortages (see *more on page 73*). **G4-EN9**

Many of these recommendations are already being practised at Duratex's units. The Company has targets and programs in place that are aimed at reducing the consumption of this resource in its industrial units and production processes, as well as reusing the water drawn off.

As an example of the project carried out in 2014, of particular note was the reuse of water for the manufacture of Duratree fibreboard at the unit in Botucatu. In Itapetininga, at the MDP plants, the reuse of water for the washing of wood chips also resulted in savings of this resource. By the same token, at the metal bathroom fittings plant in São Paulo initiatives were implemented to reuse the water disposed of in the galvanization process. The reuse of water in this process amounts to around 98%, resulting in an annual saving of R\$ 1.5 million. This water, after treatment, is used in industrial processes, boilers, and

flushing in the plant's washrooms, among other applications. **G4-DMA**

All these projects, together with improvement in the measurement of this indicator in the Taquari Panel Unit, as well as the decline in production levels this year, contributed to reducing water catchment by 8.1%, compared to 2013. In 2014, Duratex's total water catchment amounted to 5,480,422.85 m³ (see *more on page 73*). **G4-EN8**

A total of 2,561,126.97 m³ of water was reused, which represents 47% of the Company's total water catchment for the year. The panel units are responsible for 91% of the Company's total water reuse. Duratex increased its rate of water reuse by improving its recirculation and reuse processes. In 2014 the units of Tablemac captured a total water volume of 124,640.00 m³ and reused 335 m³ of this (see *more on page 74*). **G4-EN10**

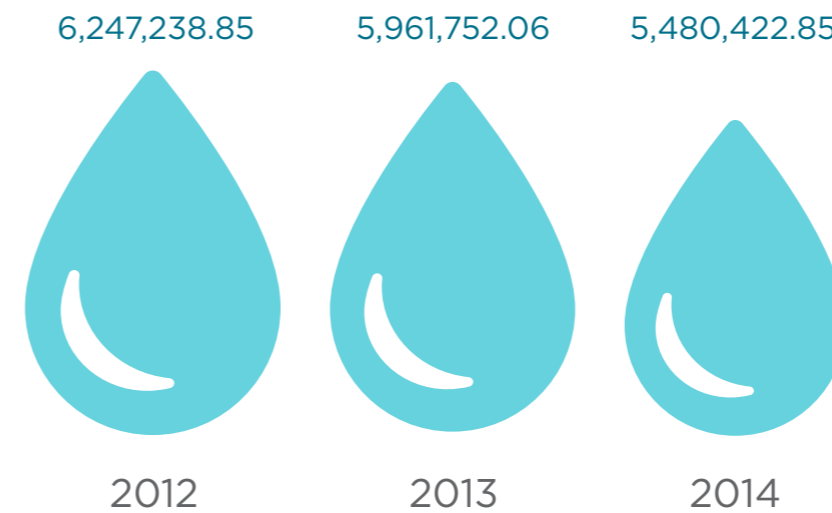
Duratex has also been responding voluntarily, since 2012, to the CDP Water Disclosure questionnaire, which involves companies and governments in the disclosure of global environmental data, such as water volume captured, effluents discarded and possible situations of hydrological vulnerability in the regions where they operate.

PROÁGUA - SAVINGS FOR THE CLIENT

The Deca Division developed the ProÁgua program in 2013, the aim of which is to reduce water wastage in buildings in urban centres, and began to offer it to clients in 2014. Under this program Decca carries out a detailed diagnosis of the environment, eliminating sources of leakage, installing efficient products and technologies and contributing to raising awareness with

regard to user consumption habits. The São Paulo Museum of Modern Art (Masp) contracted this service and reduced water consumption by 40%. For 2015, a partnership between Deca and the municipality of Atibaia (SP) will result in the introduction of the ProÁgua program in all the municipality's public buildings. More information on this project is available on this [link](#).

Total water drawn off* - 2014 **G4-EN8** (m³)



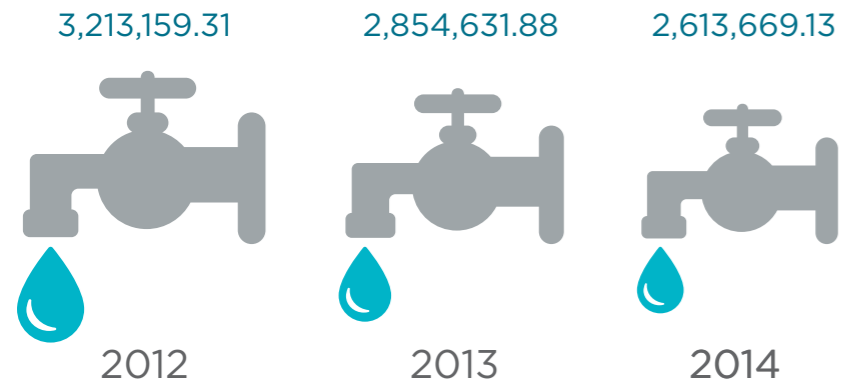
*the data presented contemplates all Duratex's industrial and forestry units in Brazil. Data from the Tablemac units has been presented separately in the text.

Obs.: the complete data is available on page 73.

Effluents

Duratex monitors the discharge of effluents generated in its operations. In 2014 the total volume discharged amounted to 2,613,669.13 m³, down 8.4% compared to the previous year. Reduction in effluent discharge levels has been a steady process over the years, reflecting a series of improvements and investment in production efficiency at the manufacturing plants, as well as the reuse of water. As with other environmental aspects, this result was influenced by this year's fall in production (see more on page 75). **G4-EN22**

Total effluent discharged* – 2014 **G4-EN22** (m³)



*the data presented includes all Duratex's industrial forestry units in Brazil. Monitoring of these data is to be started at the units of Tablemac.

Obs.: The complete data is available on page 75.

At the metal unit in São Paulo, for example, the reuse of effluent was implemented in the process for the treatment of metal surfaces and flushing in the washrooms, among other applications. In addition to this, the water reuse project at Duratree will reduce the generation of effluent at the Botucatu Panel Unit.

Energy

Duratex has been progressively analysing its energy matrix and has invested in the substitution of fuel in its units, in a quest for greater efficiency and lower environmental impact. In 2014 it partially replaced BPF oil with biomass in the plant at Itapetininga, contributing to a reduction in the use of fossil fuels. In the same unit, devices were installed for the recuperation of thermal energy, which can be reused in the production process. At the Metal Bathroom Fittings Unit in São Paulo, natural gas and electricity consumption was reduced through the utilisation of a rotary furnace for the smelting of brass, the installation of valves to keep compressed air pressurised and hermetically sealed, and installation of timers to automatically turn off air conditioning equipment and LED lamps, among other measures. **G4-DMA; G4-EN6**

As a result of the actions implemented and the decline in production levels, there was a

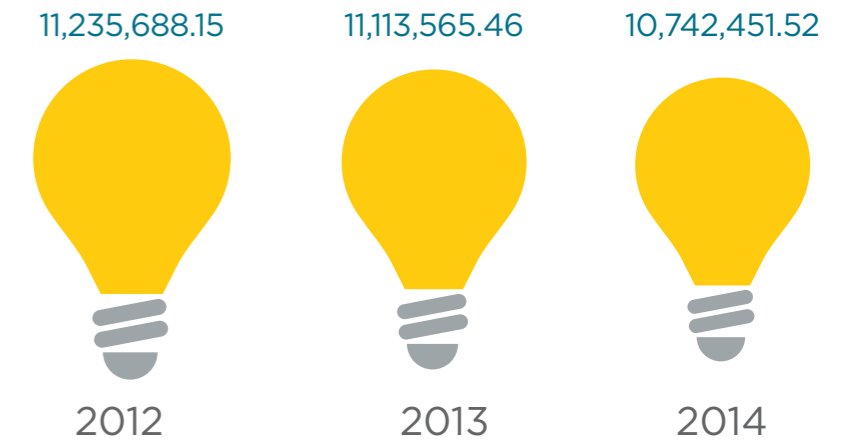
3.3% drop in power consumption, a total of 10,742,451.52 GJ. In the energy matrix, 68% of consumption was from renewable sources (biomass, bio-diesel, ethanol and a percentage of electric power)*, representing 7,269,421.07 GJ. Energy consumption from non-renewable resources amounted to 3,473,030.46 GJ. The use of biomass, in turn, represented 44% of the Company's energy matrix in 2014 (see more on page 75). **G4-EN3**

In 2014 Duratex's total energy savings amounted to 267,351.71 GJ. **G4-EN6**

Total energy consumed outside the Company, represented by the use of fuel in the transport of finished products and raw materials, and the transfer of products between plants, among other uses, amounted to 1,950,590.72 GJ in 2014, above the figure of 1,680,093.9 GJ recorded in the previous year. This increase was principally due to expansion in the scope considered to include new energy sources. **G4-EN4**

Energy intensity amounted to 0.002696 GJ, calculated based on the total power directly consumed in Duratex's operations, as a proportion of net revenue (R\$ 3,984,507,000). This result was less than that reported in 2013, as a function of the drop in total power con-

Total power consumed within the organisation in 2014* **G4-EN3** (GJ)



*the data presented includes all Duratex's industrial and forestry units in Brazil. The data for the units of Tablemac has been presented separately in the text.

Obs.: The complete data is available on page 75.

sumed and the increase in net revenue. Power consumption in the units of Tablemac, in 2014, amounted to 429,589.36 GJ. **G4-EN5**

Energy Matrix **G4-EN3** (%)



- Energy from renewable sources*
- Energy from non-renewable sources**

Obs.: According to the results reported in the monthly monitoring bulletin published by the Brazilian Electricity System, which comes under the Ministry for Mines and Energy, 79% of the electricity generated in Brazil came from renewable sources in 2014.

*Biomass, hydrated ethanol, anhydrous ethanol, bio-diesel and electricity.

**Natural gas, gasoline, diesel, LPG, BPF oil and electricity.

Residue management

In 2014 Duratex's units disposed of a total of 252,463.36 metric tons of residue, an increase of 9% compared to 2013, as a function of adjustments in the industrial residue composting process at the Uberaba Panel Unit, , the disposal of wood residues that did not meet technical specifications for the generation of electric power, and enlargement in reporting scope with the inclusion of new units (another reason that made it more difficult to meet the targets for this indicator). **G4-DMA; G4-EN23**

With respect to the disposal of residues there was a 19.2% increase in recycling and a reduction of 0.5% in the amount sent to landfill sites, compared to 2013.

At the Agudos Panel Unit, the project begun in 2013 to make use of the sludge produced in the Effluent Treatment Station and the ash resulting from the burning of biomass, in the production of organic compost, reduced the amount of residue sent to landfill sites by 19,845.2 metric tons in 2014. This volume generated approximately 11,000 metric tons of organic compost fertiliser for the Company's forests. Since the start of this project, the disposal of of some 30,000 metric tons of residue has been avoided. A similar program is being implemented at the panel unit in Uberaba. Expectations are that these measures will avoid the need

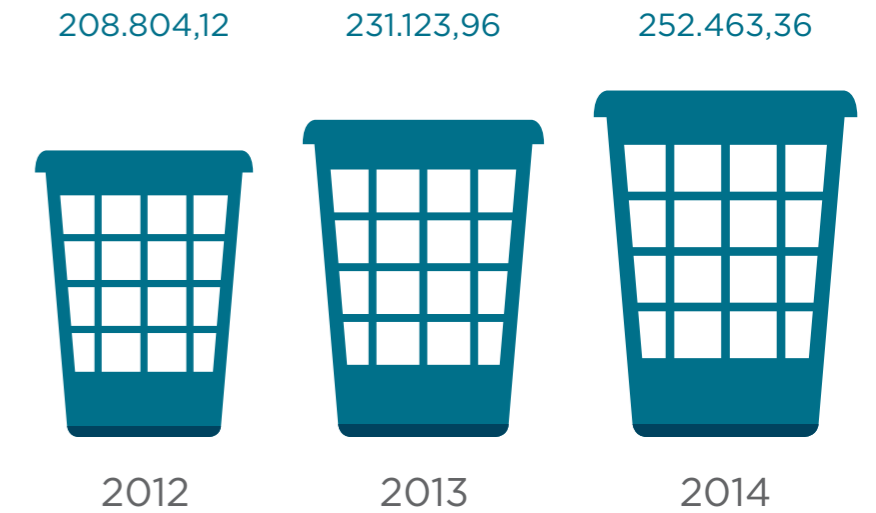
to dispose of around 11,000 metric tons of residue in landfill sites, in 2015.

The Deca Division also has a structured program for the reuse of residues in its industrial process, subsequently used as raw materials as part of a new vitreous chinaware and metal bathroom fittings production cycle. In the project for the use of vitreous chinaware chips (pitcher), there was a resulting reduction in the consumption of quartz and feldspar and the sending of part of this material to landfill sites. Approximately 6000 tons of vitreous chinaware chips are generated annually, of which approximately 30% are reused. Another residue generated during vitreous chinaware production is scrap (unfired pieces that have been rejected due to imperfections) which is 98% reused in the production of new pieces. At Duratex, 44% of residues are used for electricity generation, corresponding to 111,427.11 tons (see more on page 76). **G4-DMA; G4-EN23**

The Company produced a total of 6,191.31 tons (2.45%) of dangerous residues in 2014, while non-dangerous residues came to a total of 246,272.05 tons (97.55%). Duratex does not charge for residues classified as dangerous, internationally. All dangerous residue generated by the Company is treated within Brazil. The Company transports this residue volume generated only to companies that specialise its disposal and treatment, in compliance with all the required standards. **G4-EN23; G4-EN25**

Disposal of residues (metric tons)

G4-EN23



Greenhouse gas emissions

For seven years now Duratex has been monitoring, quantifying and publishing its emission inventory, based on the GHG Protocol, a methodology used to account for and classified greenhouse gas emissions resulting from all the Company's processes and operations. Since 2011, the data collected has been audited by independent companies, guaranteeing the credibility of its record base, and improving the degree of transparency. The Company also responds to the Carbon Disclosure Project (CDP) questionnaire on a voluntary basis. This is the world's largest databank on climate change, in the name of 767 institutional investors, which highlights initiatives by companies to reduce their emissions, in various production sectors.

In 2014, Duratex improved its performance and transparency in its report on climate change management, according to an assessment by the CDP. The Company's score was better than average in the Materials sector and the Paper and Forestry Products subsector, the category in which the Company is classified. On the issue of transparency, it increased its score from 75 to 83 points, on a scale from 0 to 100. In its scoring on climate change performance, Duratex rose from C to B (on a scale of A-E).

Greenhouse gas emissions stufa (GEE) (tCO₂e)

	Escopo 1*	Escopo 2**	Escopo 3***
2012	264,375.99	56,918.06	57,646.39
2013	235,426.41	81,021.04	137,992.61
2014	216,607.26	118,396.21	152,499.01

Note: the data presented includes all Duratex's industrial and forest units in Brazil. The data for the units of Tablemac has been presented separately in the text

*Emissions directly related to the Company's activities.

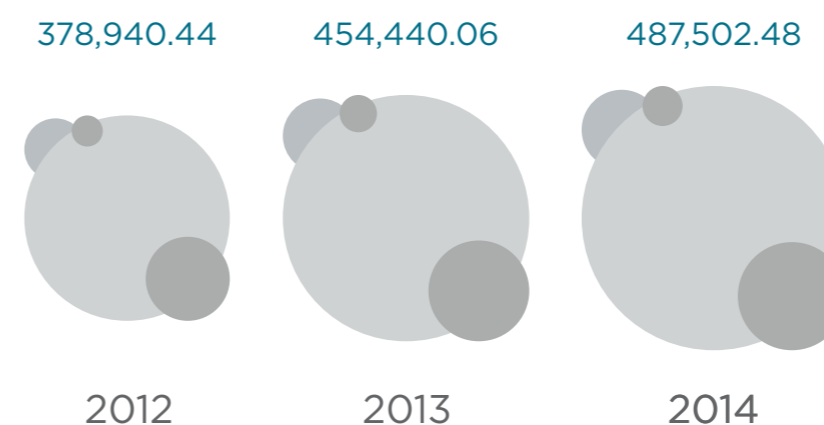
**Emissions indirectly related to the consumption of electricity.

***Emissions indirectly related to outsourced services (business trips, residue generation, transport and outsourced operations).

In addition to its report to the CDP, Duratex also adhered to the Public Greenhouse Gas Emission Registry, an online platform developed by the Brazilian GHG Protocol Program for the compilation and disclosure of corporate greenhouse gas emission inventories. In becoming part of this platform, Duratex has further increased the transparency with which it manages this theme.

With the aim of reducing its emissions, in 2014 a pilot project was implemented at the plant in Agudos, which is to be extended progressively to all the other industrial units. In its first stage, the project

Emission history* (tCO₂e)



*Consolidated data for Scopes 1, 2 and 3. The increase in Duratex's total emissions is due principally to the enlargement of Scope 3, and the increased greenhouse gas emission factor from the consumption of electricity (Scope 2).

consists of carrying out a detailed energy diagnosis of the plant, which includes a survey of expenditure on thermal and electric power, compressors, refrigeration and other aspects, subsequently identifying actions and investments needed to reduce power consumption. Another project of note was the replacement of BPF oil with wood-based biomass at the panel unit in Itapetininga. The objective is to optimize the consumption of power producing inputs at the MDP plants and the new MDF plant at the unit, reducing the use of fossil fuels.

In addition to internal projects, in 2014 Duratex began to produce and supply wood chips to

small and medium-sized companies in the so-called Mineiro Triangle region (MG), encouraging the replacement of fuel oil with biomass.

In 2014, the Company's emissions came to a total of 216,607.26 tCO₂e for Scope 1, a reduction of 18%, being approximately 50,000 tCO₂e, compared to the base year (2012). The initiative is presented here contributed to this result, as well as the meeting of the two-year target of reducing its Scope 1 greenhouse gas emissions by 0.7%.

Despite the drop in production at the business units, the result achieved was principally due to the improvement in the operational performance of the operations. Wood Panel and Deca Metal Bathroom Fittings units achieved a reduction in greenhouse gas emissions per unit, in 2014. It is also important to point out that there was an enlargement in reporting scope from 2013 to 2014, with the inclusion of greenhouse gas emissions from the Deca Vitreous Chinaware Unit in Queimados and Deca Hydra as well as from the Caxuana forestry operations. If the same reporting scope were to be used as in the previous year, the reduction would have been even greater (see more on page 75). **G4-DMA; G4-EN15; G4-EN19**

Scope 2** emissions, referring to electricity consumption, increased by 40% in 2014, coming to a total of 118,396.21 tCO₂e. This result was due to the greater use of thermoelectric plants in the National Grid, as a consequence of low rainfall and the drop in reservoir levels at hydroelectric power stations, due to the prolonged drought during the year. As a consequence, there was an increase in emission factors.

In 2014, emissions under Scope 3 ***totalled 152,499.01 tons of tCO₂e. There was an increase compared to the previous year, due to an enlargement in reporting scope, which started to take into account other types of transport. As it deals with emissions only indirectly related to the Company's activities, this reporting scope is being constantly extended and improved (see *more on page 75*). **G4-EN17**

This was the first year that a greenhouse gas emission inventory was carried out for the industrial operations of Tablemac. **G4-EN15; G4-EN16; G4-EN17**

Emissions amounted to 14,707.45 tCO₂e for Scope 1 and 10,021.54 tCO₂e for Scope 2. **G4-EN16**

The intensity of greenhouse gas emissions amounted to 0.000084 GJ/tCO₂e in 2014, high-

er than the 0.000082 GJ/tCO₂e reported in the previous year. The calculation considers metric tons of CO₂ of Scope 1 and 2 (333,653.08 tCO₂e) as a proportion of net revenue (R\$ 3,984,507,000). **G4-EN18**

Emissions of NO_x, SO_x and other significant atmospheric emissions* **G4-EN21** (t)

	Fonte emissora	2014	2013	2012
NO _x	Burning of fuel in industrial operations and use of fertiliser in forestry operations	3,725.90	3,422.32	2,026
SO _x		1,153.44	1,345.10	1,224.18

Note: the emissions of NO_x and SO_x of Tablemac for 2014, respectively, 51.09 t and 74.35 t, considering just Scope 1, because no Scope 3 inventory has yet been carried out of the Colombian operations.

*These indicators consider all the operational and forestry units of Duratex Brasil and consider Scope 1 and 3.

Emission of substances harmful to the ozone layer* **G4-EN20** (tCO₂e)

	2014	2013	2012
	5,207.81	2,888.24	2,214.94

*The following gases were considered: HCFC 22, HCFC 141B, HCFC 124 and HCFC 142B. The indicator also considers all the operational and forestry units of Duratex Brasil. Monitoring is to begin of these data for the units of Tablemac.

INITIATIVE ON CLIMATE CHANGE

Duratex became part, in 2014, of one of the initiatives of the Climate Disclosure Standards Board (CDSB), a group formed of eight companies and environmental organisations, such as CDP and WRI, among others, who work in collaboration with companies, investors, regulators and stock exchanges on initiatives related to the theme of climate change.

This initiative has the objective of encouraging companies to incorporate information on climate change in their principal corporate reports, providing a broad vision on how companies perceive the impact of this theme on their performance, and the actions required to deal with resulting the risks and take advantage of opportunities arising. This being the case, in its Annual Sustainability Report and other similar publications, Duratex has begun to publish more broad-reaching information on how it manages the theme of climate change in its businesses, the associated risks and opportunities, its annual greenhouse gas emission performance, and the meeting of established targets.

This initiative will contribute to CDSB's objective of making more complete information available on the theme in traditional corpo-

rate reports, adding value for the shareholders and assisting in the indication of policy decisions on commitment by companies to deal with economic risks and opportunities associated with climate change. This will also encourage other companies to make similar information available in their traditional corporate reports.

By becoming part of the CDSB, Duratex intends to underline the importance of this subject for its businesses, society and government, and further strengthen its management of this aspect, providing more transparency on the initiatives already carried out by the Company.

In addition to this, Duratex participates in a number of Brazilian forums which accompany this subject and which propose suggestions for a broader reaching agenda, namely: Companies for Climate (EPC), part of the Getulio Vargas Foundation; The Brazilian GHG Protocol program; GHG Agriculture; The Carbon Efficiency Index (ICO2), part of BM&FBovespa; And the Public Emissions Registry. The Company also responds to the Carbon Disclosure Project on a voluntary basis.

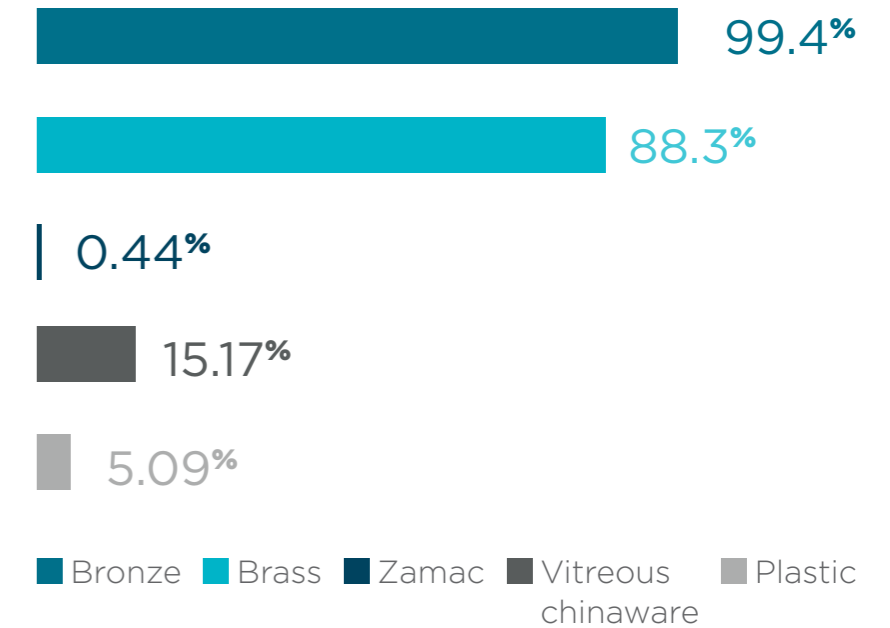


Materials

In 2014 4,349,534.7* tons of raw material and materials associated with production and forestry conservation, were consumed. The drop of 4.69% compared to 2013 was the result of various factors, including lower production levels as a result of the current market scenario. The Wood Division used a higher volume of fertiliser (81,418.00 tons, of which 14,180 was organic and 67,238 being traditional chemical fertiliser), because it started to apply organic compost on its plantations, produced from the bio-decomposition of sludge from its Effluent Treatment Plants. In addition to these materials, the Vitreous Chinaware and Metal Bathroom Fittings units used 37,058.395 items which make up their packaging (see more on page 76). **G4-EN1**

In 2014 Duratex reused 58,597.45 tons of recycled material, representing 1.35% of the total materials used (4,349,534.62 tons) in its industrial processes. Some types of material, such as brass and bronze, permit a high level of recycling (see adjacent chart). **G4-EN2**

Percentage of materials used from recycling sources** **G4-EN2**



*The data presented includes all Duratex's industrial and forestry units in Brazil. Monitoring of this data will begin in the next cycle for the units of Tablemac.

**These data refer to the operations of Deco, which use the respective materials from recycling sources.

Transport G4-EN30

Transport related to Duratex's activities follows a logistics strategy of travelling over the shortest distance possible. Currently in the panel market, the record for the shortest distance between raw materials and production plant is held by Duratex's Agudos Panel Unit. **G4-DMA**

In its transport activities, the main environmental impact comes from the use of fuel, the possible emission of black smoke and greenhouse gases. With the aim of reducing these impacts, the Wood Division has a series of procedures in place to verify the operational condition of the equipment and vehicles hired, requiring preventative maintenance to be carried out to ensure the efficient consumption of fuel and a satisfactory emission standard. In the event of irregularities, a Technical Bulletin of Irregularities is issued and the transport firm responsible is notified and given a time limit to take remedial action. If the situation re-occurs, the vehicle in question is refused access to the Company's premises and is not allowed to continue to provide a service.

In the Panel Division, the Company maintains a procedure for surveying standardised environmental aspects and impacts within its units, carrying these out in accordance ISO 14001 certification specifications. In the Forestry area, equipment regularly undergoes preventative maintenance with a view to

Significant environmental impacts referring to the transport of products and employees **G4-EN30** (tCO₂e)

	2014	2013	2012
For logistics purposes*	95,974.02	66,161.35	***
For transport of employees**	1,668.16	1,268.45	1,115.55

*Transport of finished wood panel and vitreous chinaware products (closed cargo).

**The Deca Louças Jundiaí I unit has its own bus for the transport of employees within the unit. The fuel consumption and respective greenhouse gas emissions of this transport are monitored. The other units are not equipped with similar employee transport. Duratex also monitors business trips by employees and their respective emissions. The emissions under these two categories have been considered in the data reported.

***Data not reported, due to adjustments made to information collection methodology in 2013.

minimising environmental impact. Evaluations have shown that it is not possible to reduce smoke emissions from vehicles and machinery within the current limits, due to economic unfeasibility.

At the Deca Division, as a measure to mitigate the environmental impacts of transport, black smoke testing is carried out for diesel-powered vehicles operating within its units. There is an environmental instruction in place, which is part of the units' environmental management system, related to environmental aspects and impacts assessed as part of the ISO 14001 certification process, which regulates and defines how these tests should be carried out.



DIALOGUE AND RELATIONSHIPS

Improving relationships and communication is the focus of Duratex's initiatives

The importance of stakeholders

In the last few years Duratex has carried out work in the identification of its stakeholders (public audiences with which it relates). The objective is to establish a solid relationship with each one, based on a knowledge of their needs and aspirations, and at the same time communicate the Vision and Values of the Company to these public audiences in a transparent manner.

As a way of organizing its initiatives on the Dialogue and Relationship front, Duratex divides these public audiences into two groups. The first of these is internal, consisting of employees, leaders and top management. While the second, external group covers suppliers, clients, specialists, and neighbouring communities. The strategies adopted for each stakeholder are covered in the following pages.

SUSTAINABILITY FOR EMPLOYEES

A video approximately 4 minutes long explains to employers, in the form of a lesson, what sustainability means for Duratex and how to assemble initiatives on this theme. It also shows the three different fronts of the Sustainability Platform, Dialogue and Relationships, Environmental Management and Performance, and Transparency and Responsibility. This video can be accessed on the following [link](#).



Duratex’s communication channels and relationship programs with its public audiences

Duratex’s communication channels and relationship programs with its public audiences

Shareholders

- Quarterly conference calls on the Company’s results
- Roadshows and public meetings in Brazil and abroad
- Investor relations site
- E-mail alert for the publication of events of interest
- Quarterly reports containing discussion of the Company’s results and social and environmental performance
- Committee for Disclosure and Trading
- Securities trading policies and the publication of Material Events or Facts
- Sustainability Bulletin
- Communication channel: investidores@duratex.com.br

Clients

- *Customer Service (SAC) by telephone and e-mail*
- Technical support
- Development of products with a view to eco-efficiency
- *Trade fairs, meetings and showroom*
- Deca and Wood Division websites
- Communication vehicles for specific areas of the business
- Ciclo Saber é Vender (to know is to sell) training program
- Communication channel: sustentabilidade@duratex.com.br

Employees

- Duratex Ombudsman Department
- Code of Ethics and Conduct
- Somos Assim (how we are) program, with Mission, Vision and Values
- Mural journal, intranet, videos, communication campaigns; direct communication initiatives such as Café com Ideias (ideas at coffee time) roadshows; and the 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

Duratex’s communication channels and relationship programs with its public audiences

- Sustainability Portal, internal communication channel with information on the theme, polls and a space for comments
- Sustainability Bulletin
- Organisational Climate Research
- Communication channel: sustentabilidade@duratex.com.br

Suppliers

- Duratex Ombudsman Service
- Code of Ethics and Conduct
- Buying policy
- Guidelines on technical characteristics in the launch of new products technical characteristics
- Annual meetings as part of the supplier management program (GFD)
- Technical assistance and support for small producers in the South of Brazil
- Communication channel: sustentabilidade@duratex.com.br

Opinion formers

- Press room communication channel on Duratex’s website
- Training sessions
- Awards and publication of work carried out
- Communication channel: sustentabilidade@duratex.com.br

Community

- Support for social projects
- Programs for supplementing income
- Visitors’ Centre (Avap and Cesa)
- Management of demands from interested parties (registry of FSC and ISO reporting scopes)
- Participation in associations and entities of civil interest, such as the Ethos Institute for Companies and their Social Responsibility, Global Compact, Mão Certa (in the right hands) program, Green Building, FSC, Fiesp, GHG Agriculture, Pró-Ética, Brazilian GHG Protocol program, Brazilian Commission for Integrated Report Monitoring, Sustainable Leadership Platform, ACV Brazilian Corporate Network, other sector entities (Ipef, Ibá) and municipal councils G4-15
- Communication channel: sustentabilidade@duratex.com.br

Number of complaints and grievances received related to environmental impacts **G4-EN34**

	2014	2013	2012
Total number of grievances and complaints related to environmental impacts registered in the period covered by this report	25	2	1
Total number of grievances and complaints addressed	25	2	1
Total number of grievances and complaints resolved	25	2	1
Total number of grievances and complaints before the period covered by this report and resolved during this period	1	0	0

Communication channels G4-EN34

In 2014, the Ombudsman Department received three complaints concerning environmental and social impacts, relating to grievances by residents close to one of its plants, citing the high noise levels generated by the plant’s operations. As an action plan, Duratex adopted additional measures and expanded its dialogue with the local community. The Company maintains a number of communication channels to deal with stakeholder demands, among these being: **G4-DMA**

- **Corporate:** sustentabilidade@duratex.com.br.
- **Deca and Wood Divisions:** formal mechanisms for receiving grievances and complaints via e-mail, a direct and exclusive telephone line for the community, and complaints directly made at the factory gates, or by telephone.

People

Based on professional development and training, Duratex’s staffing policy focuses on well-being and quality of life, and a concern to provide a satisfactory working environment. The Company has 11,131 employees, who work at the industrial and forestry units, as well as the administrative centre – this figure does not include student trainees or employees abroad (see more on page 77). **G4-10**

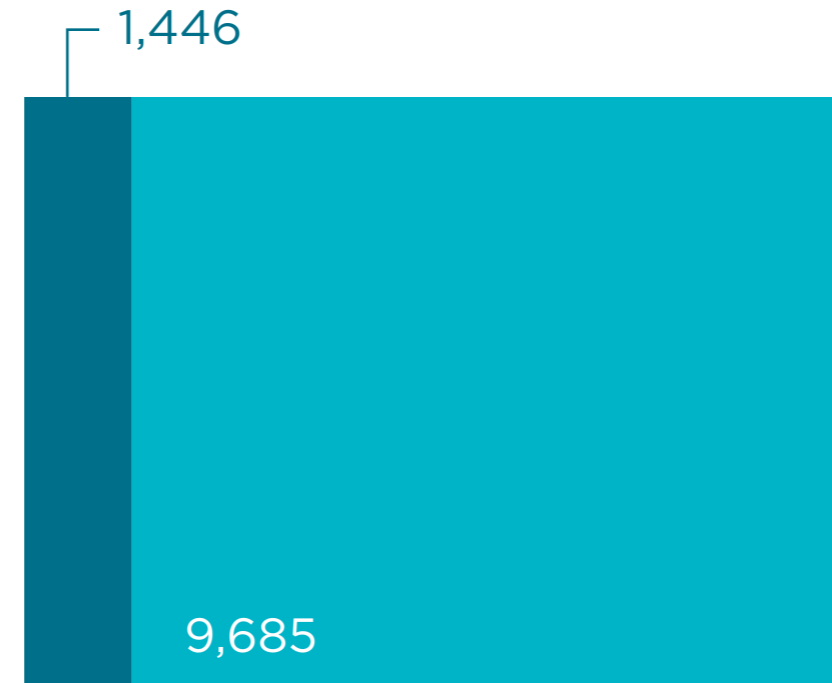
Another major continuous investment by the Company is in the safety of its workers – particularly the Duraseg Program – and in the strengthening of corporate culture, values and organisational identity, covered in the document entitled “Somos Assim” (how we are).

Duratex’s Human Resources Department began the introduction, in 2014, of a SAP integrated staff management program. In this first year, the payroll system was installed, and in 2015 a number of other features will be introduced, such as the assessment of competence and performance, training (Learning Management System) and recruitment.

This was also the first year in which the Company held a Corporate Trainee Program. Duratex’s idea is to invest in the career and training of these young professionals with a view to preparing them to be

Employee profile* **G4-10** (2014)

Total: 11,131



■ Women ■ Men

*not including student trainees and employees abroad.

tomorrow’s leaders. 15,784 inscriptions were completed with 624 applicants selected for personal valuation. 69 went on to be screened by the Assessment Centre, with a total of 18 being hired.

At the end of 2013, Duratex carried out Climate and Satisfaction Research, in which 9473 employees participated. In 2014 the Company worked on a number of action plans to introduce improvements. Another climate research study will be carried out in 2015. 139 action plans were conceived, 31 at the



Deca Division, 68 at the Wood Division and 38 at the Central Offices. Of these, two were corporate in nature, in other words for the entire company. These are: Somos Assim Open Day and the Internal Recruitment Policy Review.

Somos Assim Open Day invited Duratex's managers to reflect on their behaviour, and how they can participate in the working climate and output of the teams. The campaign included games, videos, debates and the sharing of experiences. After participating in the Open Day, managers participated in the Somos Assim challenge, with the objective of encouraging the practice of Duratex's values among its teams. 670 team leaders were trained, 64 managers and 33 groups.

The strengthening of internal recruitment has the objective of offering more development opportunities to employees. In 2014, criteria were established that are even more objective, for the proper functioning of selection processes, including more transparent communication with the professional staff selected. 1423 were approved through internal recruitment in 2014, with 860 coming from the Deca Division, 347 from the Wood Division, 144 from the Forestry Division, and 72 from the Central Offices.

New climate research is to be carried out in 2015. Duratex's expects, as a result of these efforts, to see an improvement in employee satisfaction levels.

Employee distribution, by region* **G4-10** (2014)

	Northeast	Southeast	South
Women	62	1,025	359
Men	1,241	7,274	1,170

*Not including student trainees and employees abroad.

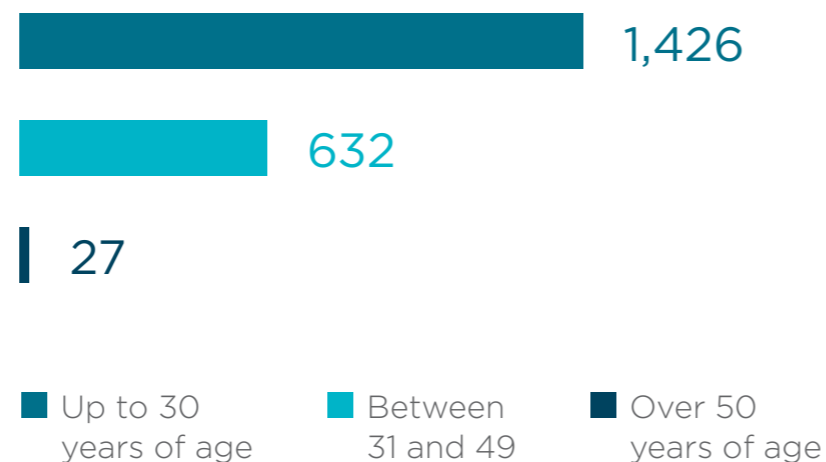
Number of outsourced employees, by region **G4-10**

	December/2014		December/2013	
	Non-continuous	Continuous	Non-continuous	Continuous
South	122	240	86	241
Southeast	1,556	1,134	1,094	1,447
Northeast	99	86	90	61
Total	1,777	1,460	1,270	1,749
General total	3,237		3,019	

Total new hiring rates and numbers, and employee turnover **G4-LA1**

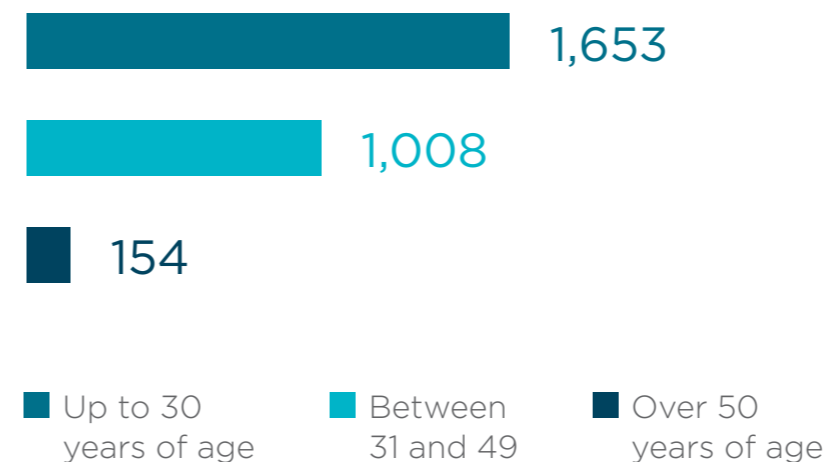
Number of new hirings 2014

Total: 2.085



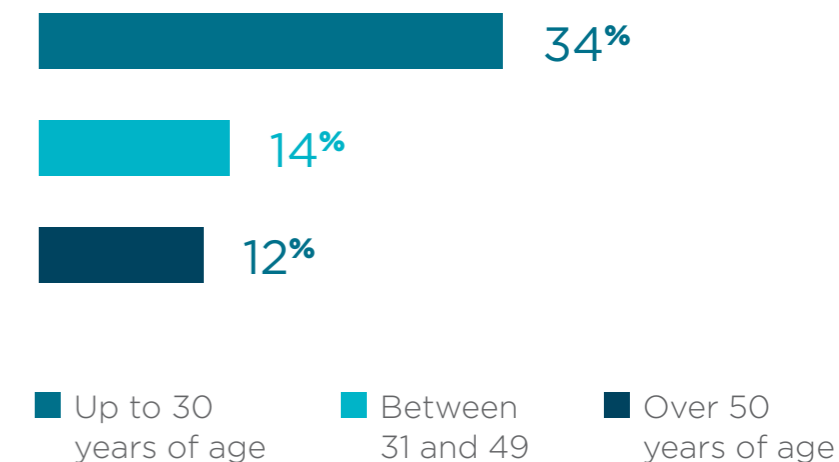
Number of staff leaving 2014

Total: 2.825



Turnover* (%)

Total geral: 22%



*Definition: employee turnover (number joining + number leaving/2)/headcount).

Obs.: The complete data is available on page 77.

Somos Assim (how we are)

“Somos Assim” transmits the Company’s values, mission and vision, as well as explaining Duratex’s identity. Although in operation since 2010, Somos Assim Day was held in 2014, to include coordinators and supervisors, who participated

in discussions carried out at each of Duratex’s units. All the content contained in this document was worked on using practical cases and examples. An evaluation between the participants on the effectiveness of the Open Day, immediately after the event, noted a score of 4.6, on a scale of 5. **G4-56**



Leadership development

Duratex has a Development Platform, offering content and training on important management themes, such as marketing, strategy and finance, as well as behavioural themes, covering coaching, leaderships style and other aspects. In 2013 managers carried out their training using this platform, and in 2014, it was the turn of 250 coordinators to be given access to these courses. In 2014, there were an average of 71.53 training hours in general organisational skills, 26.35 in SSO and 12.59 on the environment. In addition to this general training, the Company invested R\$ 356,506.16 in 42 university and post-university education student grants, awarded in 2014 (see more on page 78). **G4-DMA; G4-LA9; G4-LA10**

Duratex has been expanding its performance analysis process. Of the total employees, 3% of the men (252) and 4% (52) of the women, received performance analysis in 2014, a higher percentage than in the previous year - 1% of the men (93) and 1% of the women (7). No analysis was carried out in 2012. **G4-LA11**

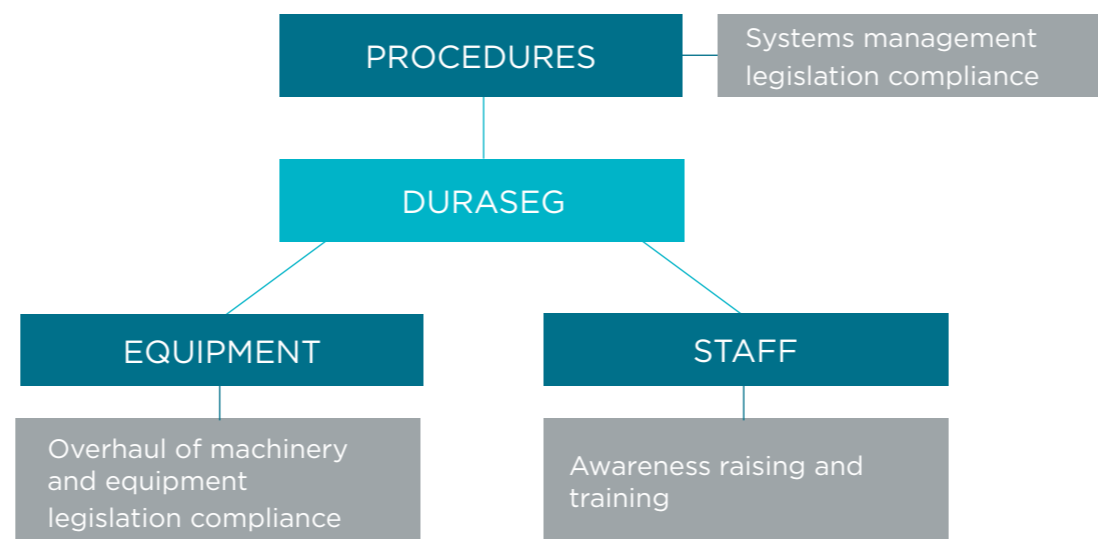
TRAINING IN SUSTAINABILITY

In addition to the training carried out through the Development Platform, in 2014 the entire sales area of both the Deca and Wood Divisions underwent training in sustainability, in the use of the theme as a brand-name attribute at sales outlets. The objective was to develop a training program for employees in the sales and marketing departments of the two divisions, including those outsourced, preparing them for dialogue with customers, through dissemination of the Sustainability Platform. The training involved pamphlets, quizzes and specific presentations for these stakeholders, with the support of an external consultancy firm. The target, which was to train 70% of employees, was exceeded. Approximately 800 staff were trained. The training session lasted 3 hours, coming to a total of 2400 individual training hours.

Duraseg

Duraseg, Duratex's occupational health and safety management system, is based on three key elements – staff, equipment and procedures – which involves awareness raising and training, and the checking of equipment, in full compliance with the Brazilian legislation. The program also establishes an occupational health and safety policy, with a manual for the operation of the system and operational procedures that must be adopted by employees. The program also ensures the distribution of individual protection equipment, and periodically carries out critical and medical exams, with a view to monitoring the health of employees exposed to some type of disease, such as loss of hearing, muscular alteration, intoxication, dermatosis and respiratory diseases. **G4-DMA**

In 2014, 100% of the procedures connected to occupational health and safety legislation were revised, with 33 operational procedures being set up to be implemented in 2015. Duratex's invested a total of R\$ 20 million in bringing up equipment to current safety standards. With respect to the key staff element, the Duraseg team worked with the Internal Communications Department to publicise the program to employees, with the safety rules that must be followed internally.



For 2015, the Duraseg will be working on OHSAS 18001 certification for the Louças Sul, Louças Queimados and Metais Jundiá Plants in the Deca Division, and the Taquari and Agudos Panel Plants in the Wood Division, as well as for the Forestry Units in Agudos and Taquari. **G4-LA6**

The Company's operational activities do not generate a high incidence or high risk of occupational diseases. Any diseases diagnosed at the various units of the group are monitored clinically. There have been no diagnoses which provide proof of inability to work or engagement in social living, and the rate of disease incidence is low. The employees with such diagnoses work in operational activities suitable to their physical condition. Considering the care given, both preventative and curative, by all the occupational

health and safety team, the rate of occupational diseases at the Company are minimal, considering the number of workers involved. Indicators for the area are regularly monitored. **G4-LA7**

Although the Company has made strenuous efforts to improve employee safety, carrying out refresher training, lamentably there were four fatalities, one of them being a traffic accident and three in the Forestry Unit. Efforts and initiatives are being implemented to deal with the root cause of these occurrences.

As part of its goals for 2015, Duratex intends to improve its management programs, with better integration between the teams involved (Occupational Safety, Occupational Medicine, Human Resources, Area Coordination and the Environment). **G4-LA7**

Lesion rates, occupational diseases and days lost **G4-LA6**

Health and safety	2014	2013	2012
Number of accidents	248	204	235
Accidents involving time off work	185	130	145
Variation between last year and the previous year	42.31%	-10.30%	3.60%
Accident not involving time off work	63	74	90
Days lost through time off work	19,573	1,372	1,208
Days lost in transport	2,862	1,763	2,062
Days calculated and debited	0	0	300
Total days	22,435	3,135	3,570
Absenteeism - for medical reasons	1.55%	1.03%	1.63%
Absenteeism - accidents	0.82%	0.11%	0.12%
Lesion rate *	0.47	0.39	0.41
Rate of occupational diseases	0.01	N/D	N/D
Work-related deaths	4	0	1
Accident frequency rate (days last/HHT)	6.9	4.2	5.5
Accident severity (ACM/HHT)	1,123.3	144.8	174.5

Obs.: Days lost consider total days lost through time off work + days lost in transport.

*Except for RSI (repetitive strain injury) or WRMD (work-related osteomuscular disturbances), all accidents are considered involving lesions, independent of their severity.

HHT: man hours worked.

ACM: accidents involving time off work for medical reasons.

2014						
Distribution by region	Accidents involving time off work	Accident not involving time off work	Days lost	Absenteeism	TFA*	TGA**
South	10	3	696	1.88	7.6	1,353.5
Southeast	164	60	21,159	2.36	4.2	415.5
Northeast	11	0	220	2.89	4.2	91.7
2013						
Distribution by region	Accidents involving time off work	Accident 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	Accident 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

*TFA: accident frequency rate.

**TGA: accident severity rate.



Formal agreements

Duratex complies with the procedures necessary for the safety and health of its employees. It also elects an Internal Accident Prevention Commission (Cipa). For this reason, the Company maintains clauses in its collective agreements with unions on health and safety in its business segments -Wood/Forestry and Metal Bathroom Fittings/Vitreous Chinaware. In 2014, 21 formal agreements with unions were analysed, that cover themes of collective occupational health and safety for all the Company's units. **G4-LA8**

Health and safety related themes covered by formal union agreements **G4-LA8**

Percentage difference between agreements that contain this information and those that do not	Yes	Percentage (%)
Individual protection equipment	15	71%
Joint health and safety committees consisting of governance and workers	7	33%
Participation of employee representatives in health and safety inspections, audits and accident investigations	3	14%
Measures or structures for resolving problems	11	52%
Commitments related to performance standards desired or level of practice to be applied	2	10%

Obs.: The following themes were not dealt with: training, education, complaints system, right to refuse unsafe work, regular inspections, and compliance with the ILO.

Ombudsman Department

Already in operation for two years, Duratex's Ombudsman Department is one of the dialogue channels for employees and suppliers that enforces the practice of the Company's values and its Code of Ethics and Conduct, in addition to contributing to evolution in processes and behaviour. In 2014, the Ombudsman Department registered 706 complaints. Of these, 617 were received from employees and 36 from suppliers. Additionally, in 2014, the Ombudsman Department received 657 complaints from other stakeholders, as yet still not dealt with by this channel. These contacts were passed on to the Company's existing communication channels or referred internally to the areas responsible. **G4-DMA; G4-50**

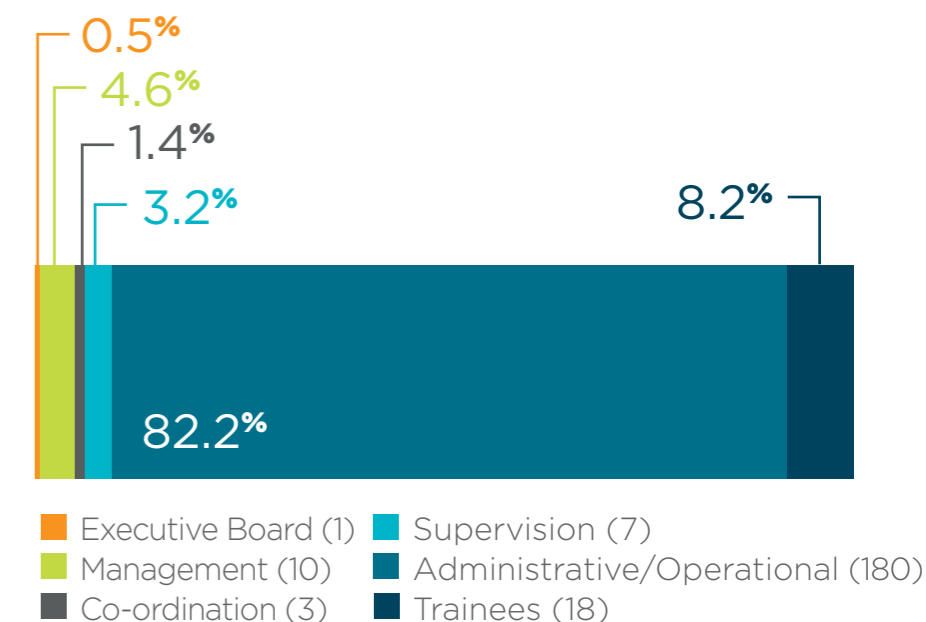
Number of complaints and grievances received relating to labour practices, registered through formal mechanisms **G4-LA16**

	2014	2013	2012
Total grievances and complaints	907	833	809
Total grievances and complaints processed	477	579	375
Total grievances and complaints resolved	416	540	266
Total grievances and complaints registered before the period covered by this report, resolved in this period	-	-	Received in 2011 (341) Dealt with in 2011 (233)

Of the 670 complaints received 2014, 551 were referred to the management areas for assessment and positioning, which represented 82% of the total contacts from this public audience. The other complaints received were not dealt with, either due to lack of detailed information or due to the fact that the complainant decided to drop the case.

The themes touched on were in the majority (63%) related to technical issues - standards and policies, processes, procedures and infrastructure. The other reports (37%) referred to behavioural issues involving leaders or teams.

Employees trained in anticorruption policies and procedures in 2014* **G4-SO4**



Obs.: There were no communications sent to outsourced staff, student trainees or apprentices, neither were there any sent to other regions of the Country.

*Total number of participants: 219. Employees trained were in the Southeast (218) and South (one manager).

Total number of processes received by the Ombudsman Service*

Public audience*	2014	2013	2012**
Employees	670	886	569
Suppliers	36	27	8
Total	706	913	577

*Public audiences formally dealt with by the communication channel.

**Data refers 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.

Nature of employee process filed, dealt with by the Ombudsman Service **G4-50**

Type	2014	2013	2012
Consultation	2%	6%	6%
Praise	9%	5%	3%
Criticisms	82%	81%	74%
Denouncements (ethical deviations)	3%	3%	9%
Suggestions	4%	5%	8%

In 2014 Duratex's Ombudsman Team carried out a number of presentations to employees and to publicize the Ombudsman Service process and its operational policy, touching on themes such as the Code of Ethics and Conduct and the Company's Values. In total, 219 employees, from the corporate, industrial and forestry units, attended the presentations. **G4-SO4**

At the Vitreous Chinaware Unit in Queimados (RJ), the Ombudsman Service was introduced in 2014, with the holding of eight presentations, reaching 93% of the plant's employees. A sign language interpreter was also made available for employees with hearing deficiencies. **G4-SO4**

Paratodos (for all) program

Launched in 2012 to emphasise the theme of diversity in staff management, the Paratodos program focuses on the hiring and inclusion of employees with some type of handicap. Last year the Company hired 41 handicapped employees, making progress in the method of selection and inclusion of these professional staff in its respective areas, through training and qualification for managers. **G4-DMA**

One of the differentials of this program was a mapping of all Duratex's units to identify positions in which handicapped staff can be hired, and what requirements they must meet. In this way, a broader-reaching effort is being made for the inclusion of these people and the appreciation of diversity. In Lençóis Paulista, most of the handicapped staff are employed in the production of saplings in the nursery. The other units of the Company are developing initiatives to meet the legal quota.

In 2015 Duratex's began initiatives for the training and qualification of handicapped staff. Currently there are 354 handicapped staff working within the Company.

Handicapped personnel in 2014

Negócio	Jan.	Fev.	Mar.	Abr.	Mai.	Jun.	Jul.	Ago.	Set.	Out.	Nov.	Dez.
Corporate	9	9	9	9	9	10	10	9	10	10	10	9
Deca	204	203	203	206	206	206	204	202	207	204	204	201
Madeira	129	128	127	127	125	121	118	121	123	122	124	126
Hydra	-	-	-	-	-	-	-	-	20	20	20	20
Total	342	340	339	342	340	337	332	332	360	356	358	356

Obs.: In 2013 the quota was 3.11%, ending at 3.20% in 2014. The workforce of handicapped personnel has increased by 3.5%. Calculation: $((344/356-1)*100)$.

Remuneration and benefits policy

Duratex has a remuneration policy that is defined in accordance with its job and salary plan, as well as its staff management strategy. The plan is based on the relative weighting of job positions, salary amounts practised in the market, while also aiming to achieve an internal balance between the various job functions. Periodically salary research is carried out of remuneration and benefit practices at national and multi-national companies in different sectors. It is important to emphasise that there is no difference in remuneration between genders within the Company. Differences occur according to meritocratic criteria.

G4-DMA; G4-LA13

The proportion between the total annual remuneration of the best paid individual in the organisation and the average annual total remuneration of the other employers, was 20.32 times, as a result of a special short-term incentive plan, based on the meeting of targets, a model based on Balanced Scorecard methodology and structured from two key perspectives: the collective perspective, with corporate and unit indicators, and the individual perspective. **G4-54**

Annual salary adjustments are carried out in accordance with the rates defined in the collective wage agreements, negotiated with each union in the respective category. The variable remuneration policy consists of short-term incentives paid in the form of profit sharing, the objective

of which are to reward employees for the year's results, encouraging them to meet and exceed targets and results, and also in accordance with individual performance, in their respective area of operation, as well as from a global perspective within the organisation. **G4-52**

Employees in all Duratex's units are entitled to a series of benefits, described below. **G4-LA2**

Duratex benefits – General

- transport/freight vouchers
- life insurance
- collective personal accident insurance (APC)



- health plan
- pension fund (PAI Plan)
- Christmas benefits (toys and Christmas basket)
- funeral assistance
- flu vaccination campaign
- personal and special loans (through the foundation or banks –payroll loans)
- purchase of products under special prices and conditions
- meal vouchers
- pharmacy agreement for the purchase of medicines

Duratex's benefits – Collective wage agreement

- crèche assistance
- basic foodstuffs basket
- sickness benefit

Partnership/agreements

- dental plan
- Itaú private pension fund, with reduced rates
- Itaú vehicle insurance at a reduced cost for Duratex employees
- bank agreement with exemption from charges
- learning institutions
- *Duramais* (various partnerships)

Retirement

The Individual Retirement Plan (PAI-CD) provides various basic contribution levels to the par-

ticipating employee, that vary from 1% to 10%, depending on salary bracket. For these contributions, the amount contributed by Duratex matches that of the participant. Provision is also made, in an easy manner, for contributions by the participant based on variable remuneration, whereby the sponsor contributes 50% of the participant contribution, limited to 2 nominal salaries. In 2014 the PAI-CD had 5667 active participants, 780 self-sponsored participants with proportional deferred benefit, and 280 participants linked to Duratex, receiving assistance. The Company's contributions to this plan totalled R\$ 7.5 million, this amount coming from a fund set up for this purpose. The equity value of the PAI-CD at the end of 2014 amounted to R\$ 1.868 billion, which includes mathematical reserves, as well as retirement and administrative funds, without restrictions as a function of salary, position, region, time with the Company, etc. **G4-DMA; G4-EC3; G4-LA2**

The Defined Benefit Plan (BD) is closed to new entrants, and does not receive contributions from active participants. At the end of 2014 this plan had a total of 47 active participants, 31 self-sponsored or the proportional deferred benefit participants and 522 receiving assistance. Its equity value amounted to R\$ 246.2 million at the end of 2014, including mathematical reserves, retirement and administrative funds. The estimat-

ed value of total liabilities was R\$ 148.401 million as at 30/09/2014, calculated on an actuarial basis, taking demographic assumptions, assuming conservative interest rates, and adherence by the majority of participants. **G4-EC3**

Local hiring **G4-EC6**

At Duratex there is no policy which gives preference to the hiring of local residents. However, at all the units there is a practice of hiring residents from the region, for all job levels. With regard to members of top management, the Company's practice is to promote employees from within the existing workforce, and as a consequence, employees that live locally.

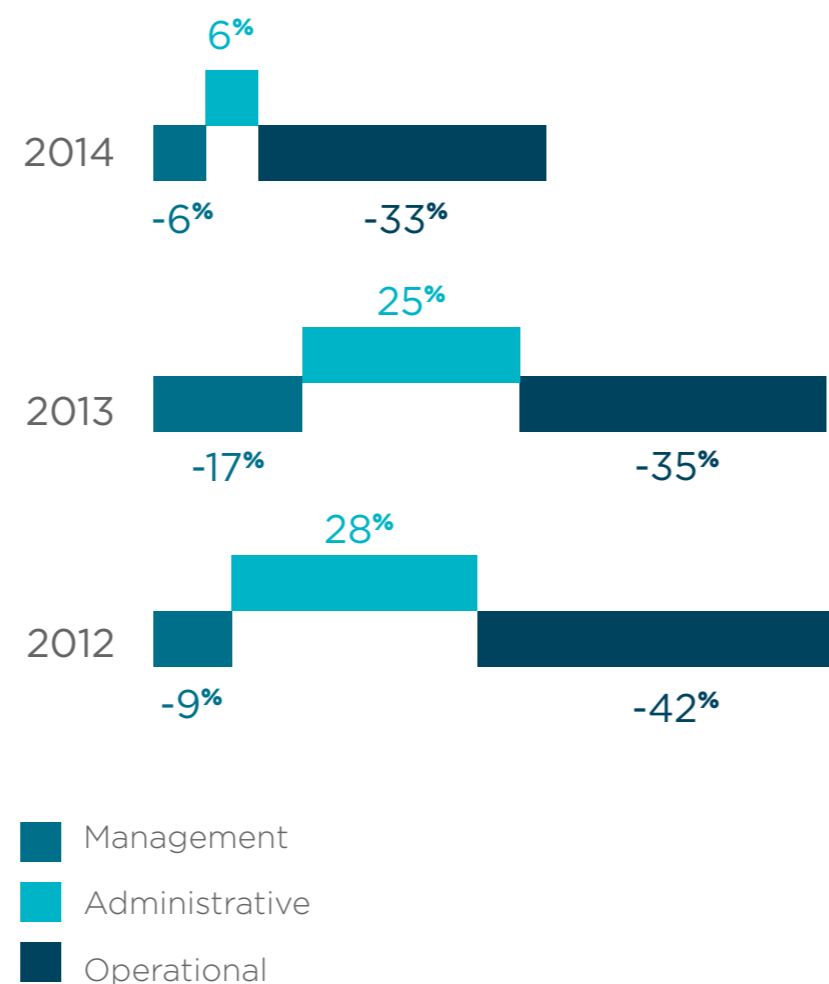
In 2014 seven new managers were promoted from within the workforce, being therefore members of the local community. In addition to these, eight managers were hired in the market, all resident in the same city. The percentage of employees from local communities was only calculated in 2014, and amounted to 96.24%. With respect to members of top management from local communities, the proportion was 90% in 2012, 89% in 2013, and 80% in 2014. Duratex is of the understanding that members of top management, as they come from the local community, are also members from the same state.

Proportional relationship between the salary increase of the highest-paid and the average salary increase in the organisation **G4-55**

	% de aumento
Highest-paid	0
Average salary increase of other employees	3.5
Difference	3.5

Obs.: data disregards collective wage increase.

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



Obs.: Average salary of female sex/average salary of male sex.

Proportion between the lowest salary within the organisation and the local minimum salary **G4-EC5** (R\$)

		2014	Percentage relationship	2013	Percentage relationship
Annual national minimum salary	Gender	9,412.00	-	8,814.00	-
Duratex's lowest annual salary- exclusive*	Men	9,987.48	6.11%	9,221.79	4.63%
	Women	9,987.48	6.11%	10,574.61	19.98%
Duratex's lowest annual salary- inclusive**	Men	10,199.18	8.36%	9,221.79	4.63%
	Women	10,172.44	8.08%	10,873.45	23.37%

Obs.: The reference for the calculation is the minimum national salary. However no employee receives the equivalent of the annual national minimum salary. There are no differences between either gender among the main operational units. Only those employees are considered who have been active over the last 12 months.

*Without profit-sharing. **With profit-sharing.

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

		2014	2013	2012
Those with the right to maternity/paternity leave	Men	375	406	331
	Women	64	66	58
Total		439	472	389
Those taking maternity/paternity leave	Men	375	406	331
	Women	64	66	58
Total		439	472	389
Those returning to work after the end of maternity/paternity leave	Men	374	405	331
	Women	62	66	56
Total		436	471	387
Those returning to work after maternity/paternity leave and still employed in the same year	Men	330	316	331
	Women	54	31	29
Total		384	347	360
Rate of return to work	Men	100%	100%	100%
	Women	97%	100%	97%
Total		99%	100%	99%
Rate of retention in work	Men	88%	78%	100%
	Women	84%	47%	50%
Total		87%	74%	93%

Concept used:

Considers those employees that left on leave in 2013 and returned in 2014. And how many of those who took leave remained with the Company in 2014.

Quality of relationships

The Company considers an in-depth knowledge of the public audiences with which it relates - and their needs - to be fundamental, as this contributes to a fairer society, the attainment of excellence by the Company and its partners, being one of the main supporting pillars of sustainability.

Suppliers

Duratex has a formal set process for the identification of risks in its relationship with national and international suppliers. This identification is carried out through the Duratex Supplier Management Program (GFD), conceived in May 2012, and in alignment with the guidelines of the Sustainability Commission. Its objective is to ensure that Duratex's Vision and Values are reflected through its suppliers, making for a closer relationship and encouraging good practices. This program uses metrics for the monitoring of suppliers through the use of questionnaires, scheduled visits and document control, taking into consideration legal, social and environmental questions. Financial and quality issues, as well as level of service offered, are also considered in the supplier management model, and have been included in the questionnaires from 2015. **G4-DMA; G4-HR4; G4-HR5; G4-HR6**

Since 2013, the Company has used the services of a consultancy firm to carry out visits to its strategic suppliers in Brazil, as a way of identifying environmental, social and legal risks. In 2013, 4 130 suppliers were analysed by the program, chosen from among the most important and those which demonstrated the highest risk. Of these companies, 84 completed the standard questionnaire which, in 2014, covered social, legal and environmental aspects. Based on the reading of these questionnaires, Duratex, with the help of external consultancy firm, carried out 31 visits to check the veracity of the responses. When something irregular is detected in loco, Duratex helps the company to propose an action plan to remedy the situation. In 2014, a number of points for attention and improvement were identified at a number of suppliers. However, only three suppliers implemented a formal action plan in combination with the Company. **G4-DMA; G4-HR4; G4-HR5; G4-HR6**

For 2015, 40 new supplier assessment visits are planned, with the reassessment of some companies already visited to check on the improvement initiatives taken. If operations constituting a risk are encountered, the situation will be referred to the Sustainability Committee for the definition of an action plan to prevent occurrence in the future.

Duratex's suppliers are monitored annually. The aim of this is to identify evidence on social and human rights impacts, as well as labour and environmental practices

Suppliers in commerce, the mineral processing industry, security service, transport service, and machine and tool industry sectors are those most exposed to the occurrence of risk: violation of the right to exercise freedom of association and collective bargaining; child labour: risk of youngsters being exposed to dangerous work; and forced labour or the equivalent of slave labour. However, in 2014 no operations were identified that constituted significant risks in these areas. **G4-DMA; G4-HR4; G4-HR5; G4-HR6**

The Supply Department, together with the Risk Commission, has developed a map of potential risks, in which it was observed that the North-east is the most vulnerable to occurrences of child labour, dangerous work and forced labour or equivalent slave labour, as a function of its prevailing social, political and legal conditions. Duratex identified risk mitigating initiatives in its risk map of this region. As a result, it has decid-

ed to seek alternative suppliers, in other locations. **G4-DMA; G4-HR4; G4-HR5; G4-HR6**

Every year, suppliers are subjected to monitoring in order to assess aspects of social impact, human rights and labour and environmental practices. Of the supplier total, 25 were submitted to evaluation in 2013, and 31 in 2014. Since 2012 no occurrences have been identified of a negative impact on social and human rights issues. **G4-DMA; G4-HR11; G4-SO10**

Negative impacts in relation to environmental themes were identified in two suppliers in 2013. In 2014 similar identification was found in another two companies, involved in the mineral processing business (mining companies). The supplier relationship was not terminated because it involves the supply of raw materials (kaolin and gravel) that are obligatory for the Company's manufacturing process. After the definition of an

improvement plan, the resulting actions were implemented in 2014. All suppliers carry the necessary documentation for their operations, in compliance with federal bodies. **G4-HR11; G4-SO10**

With regard to labour practices, the Company only identified one case in 2013, at which point it helped to develop and train the supplier. This decision was made after presenting the potential risks to the Sustainability Committee, which established an agreement on improvements with this supplier (100%). In 2014 no evidence was identified of negative impacts on these themes, neither was any supplier contract terminated. **G4-LA11; G4-LA15; G4-EN33; G4-SO10**

Duratex's Code of Ethics and Conduct establishes that no form of exploitation, discrimina-

tion or disrespect can be practised as part of its activities, on its premises and within the value chain, with regard to ethnic group, gender, political, sexual or religious preferences or handicaps. This code is directed at all the Company's managers, employees, and student trainees and is explained to new employees on joining the workforce. **G4-HR3**

The Company invites its suppliers to attend an annual meeting, at which it presents its Values and Vision. At the end of the meeting, suppliers with the best practices are given awards. In 2015, legal and financial aspects will be worked on.

Duratex is currently analysing a suitable way of measuring the extent of its supplier chain in the future. **G4-DMA; G4-12**

Percentage of new suppliers selected based on environmental and labour criteria

G4-EN32; G4-LA14

	2014	2013	2012
Environmental criteria			
Total suppliers considered for contracting	9,313	9,145	8,850
Total suppliers contract based on environmental criteria	85	90	90
Percentage (%)	0.91%	0.98%	1.02%
Labour criteria*			
Total suppliers considered for contracting	9,313	9,145	8,850
Total suppliers contract based on labour criteria	239	293	172
Percentage (%)	2.57%	3.20%	1.94%

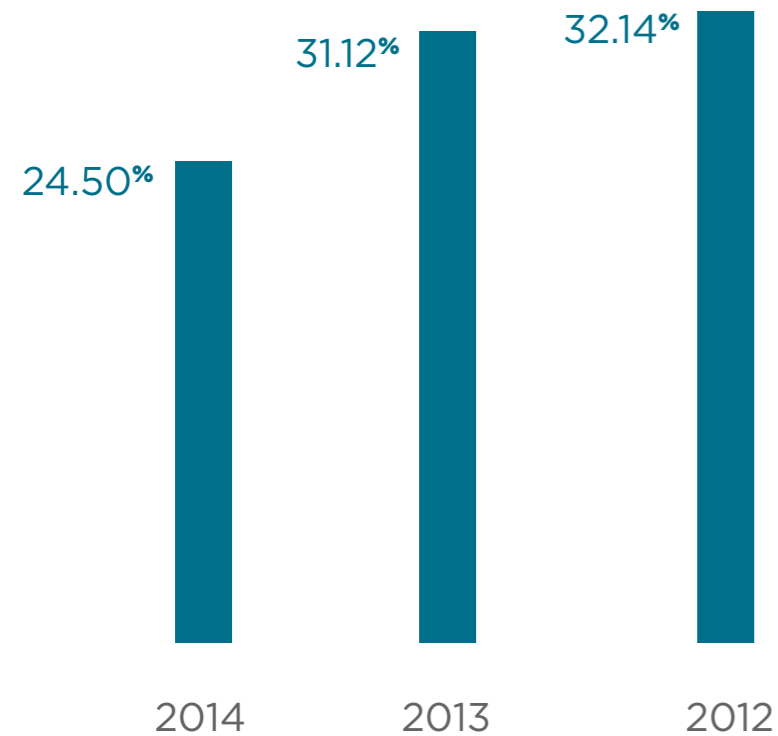
*The criteria used were the health and safety practices employed by service providers.

Local suppliers

Despite not having a formal policy or practice in this area, Duratex tends to give preference to the hiring of companies located close to its major operational units, to facilitate logistics aspects.

G4-DMA; G4-EC9

Proportion of expenditure with local suppliers locais **G4-EC9**



SUPPLIER OMBUDSMAN SERVICE

In 2014, 36 reports were received, 16 of which were dealt with by the formal Ombudsman Process, 17 referred to the areas responsible to be dealt with initially in the first instance, while three were not dealt with due to lack of contact data, detailed information, or because the questions had been resolved before the ombudsman process could begin. The theme of the processes filed were mainly to do with payment questions and contractual and logistics issues. **G4-50**

Clients

In order to cater to its 25,000 clients in the Deca Division and 4250 in the Wood Division, Duratex has specific communication channels, conducts regular satisfaction research and carries out loyalty promotions with the support of the Marketing and Communication departments. In order to improve dialogue with its customers, in 2014 the Company carried out training of its employees in the Commercial and Marketing departments of the two Divisions, including outsourced personnel, in order to publicize its Sustainability Platform and content related to sustainability and its businesses (see more on page 58).

The Deca Division has sales affiliates that exclusively cater to construction companies and retailers, and has a pre-sales team whose job is to emphasize the attributes of the brand-name in the offices of architects and construction firms. Despite the fact that Deca's sales are not directly to the consumer, the Company invests in its relationship with opinion formers, in order to reach customers that are remodelling their houses, or looking for saving solutions.

In the Wood Division, this service is divided into two structures. One of these is responsible for serving industrial clients (particularly in the furniture sector), while the other deals with wood retailers and the construction materials sector. Support for these structures is provided by teams specializing in communication, product development, technical support and customer relationships.

With the objective of evaluating the products and services provided, and identifying points for improvement in projects and processes, and measuring customer satisfaction, Duratex carries out customer research once a year, using the external services of the TNS/Kantar Group, the world leader in customised research, and which follows the ICC/Esomar code of ethics, and the Brazilian Association of Research Companies (Abep) quality code, as well as ISO 20252. In 2014 the results presented showed a score of 8.10, on a scale of 0 to 10. **G4-PR5**

As part of the customer satisfaction research among clients of the Deca Division (structural industry, wholesalers, home centres and commercial retailers) also carried out by TNS/Kantar, in 2014 products and services offered were also evaluated, with a resulting general satisfaction score of 7.76 and a recommendation rate of 8.83. This research enabled customer relationship quality to be assessed, with the identification of points for improvement. **G4-PR5**

Additionally, Duratex develops customer relations activities, promoting meetings at furniture centres, training and technical support services, always seeking to create brand-name loyalty, developing the market and adding value of the products and services provided. **G4-PR5**

Duratex's policies and standards establish a process of information security, with a view to ensuring the confidentiality, integrity and availability of information, and its correct use, while preventing the release of confidential and restricted information (standard Nti-3, of Information Security Policy, and standard Nsc-1, of Annex AD-46 of Professional Buying Directives). In the Code of Ethics, provision is made for confidential information, agreement, concepts, projects, studies, etc. to be kept secret and confidential, with access limited to employees who require access to this content in the performing of their jobs. **G4-DMA; G4-PR2; G4-PR4**

With respect to the labelling and packaging of all products and services from the Deca and Wood divisions, all the relevant information is printed on packaging labels or tags, complying with legal information requirements for customers and consumers. This packaging also includes data on safe use of products, contained in Installation Manuals, instructions for the installation of Durafloor products and Moulding skirting boards, and installation guides for Durafloor LVT products. **G4-PR3**

In the case of Deca's eco-efficient products, the differentials in terms of water-saving are highlighted on the label. When necessary, information is included on precautions for use. In its instruction pamphlets, Deca encourages the correct disposal of its packaging and recyclable products. For products from the Wood Division, whenever necessary, information is included on precautions for use in the communication materials. **G4-PR3**

Community

Duratex has a policy of investing in social, environmental and cultural initiatives in the communities where its units are located. In 2014 the Company carried out an assessment of its Private Social Investment directives, with the assistance of an external consultancy firm, with the objective of making this strategic for its businesses and society. A variety of leaders were listened to, both within the Company and outside, who contributed to a process of compil-



ing investment headings capable of promoting local development in the communities where the Company is located. This process was approved by the Sustainability Committee and resulted in the revision of Duratex's Social Policy, which was subsequently renamed the Social Responsibility Policy, incorporating the Policies for Social Investment and in Engagement with Interested Parties, based on the recom-

mendations of the ABNT NBR ISO 26000 standard. In 2014 the Company invested R\$ 4,700,000 in social projects of its own, or those incentivised by it. One of the projects was Water, Art and Sustainability, represented in the photograph above.

With regard to the social aspect counterparty to the construction of the MDF plant in Itapetininga and

COMMUNITY RELATIONSHIP PROGRAM - PILOT PROJECT IN UBERABA

One of the outstanding programs in 2014 – as part of the mapping process of interested parties – was the carrying out of a diagnosis of principal stakeholders in the community surrounding the Uberaba panel plant, with the drawing up of a relationship plan to be implemented during 2015. Teams from the Corporate Sustainability Management Department and the unit itself, started the mapping of the positive and negative impacts of the Company's operations in the region, with the aim of creating partnerships and reconciling dilemmas. R\$133,000 was invested in this first phase. Duratex intends to expand this work to other communities, based on this experience.

forestry planting and maintenance, as part of a contract with the National Bank for Economic and Social Development (BNDES), Duratex is in the process of installing bicycle racks and open-air gymnasiums in the municipalities of Cabo de Santo Agostinho (PE), São Leopoldo (RS), João Pessoa (PB) and Queimados (RJ), with a total investment of R\$ 800,000. The use of these areas is free and the lo-

cal municipality is responsible for their maintenance. Also as a counterparty to this contract, more than R\$ 800 millions was invested in community libraries in the towns of Agudos (SP), Itapetininga (SP), João Pessoa(PB) and Queimados (RJ). **G4-DMA; G4-EC7**

These projects contribute to promoting the quality of life and the practice of physical activities and sports, with free usage by all age groups. The local municipality is responsible for maintenance, ensuring the preservation and greater longevity of the equipment.

In addition to this, approximately 420 people from the community received training in Librarian and Reading Promotion courses, 98 representatives from the public authorities took part in a Public Management Workshop, while 560 people from the community were elected to represent the municipalities in the project. **G4-DMA; G4-EC7**

The principal impacts generated by this project are:

- Improvements in this structure of municipal public schools as a result of the remodelling and/or building necessary to set up the libraries;
- Re-assignment of teachers removed from the classroom, and allocated to reading rooms/libraries who rediscovered, in the courses offered by the project and the work involved in developing the library, a new opportunity to re-

main working as teachers; **G4-DMA**

- Broadening of the perception that the effectiveness of public policies is a consequence of interaction between civil society and the public authorities;
- Perfection of the knowledge of public employees in the municipalities responsible for the building budget of the municipality, through courses in management and sustainability offered by the project;
- Involvement of employees from the sponsoring company as volunteers in the library initiatives, resulting in social mobilization;
- Opening up/broadening of relationships with local public authorities in the municipalities where the sponsor has a relationship;
- Contribution to the implementation of Law No. 12,244/10, which determines that all the Country's learning institutions must have a library by 2020. **G4-DMA; G4-EC7**

In 2014, Duratex achieved success in its negotiations with the Minas Gerais State Government and the municipal authorities where the Nova Monte Carmelo farm is located (Araguari, Estrela do Sul, Indianópolis, Nova Ponte and Romaria) so that the taxes generated by the plant being built will be divided among



all these different municipalities. In this way the Company hopes to stimulate growth in the region.

With the objective of assessing and publishing information of a socio-environmental nature of interest to the Company and local society, one of its first initiatives, initiated in 2013, was the Environmental Diagnosis of Uberabinha River basin, carried out in partnership with Angá. This river, which supplies water to important towns in the locality, is to be studied by researchers to collect information on fauna, flora and soil in the area. In this way, the environmental impacts of integrated and sustainable management of natural resources can be better analysed and understood by the population. This project should be completed in 2014.

Meanwhile, the Project for Social Use of the Forest, seeks to achieve a closer relationship with the communities around Duratex's forestry units. The project was formalised in 2012 through the development of a procedure setting out a series of activities which are already being developed in various areas of the Company, with the possibility of additional activities to follow. During 2014 a number of sporting activities were developed, such as fishing, cycling, rally races, in addition to production activities, such as beekeeping and agriculture. **G4-DMA**

During 2014, 4712 people visited the Piatan Environmental Nursery (Avap), in Agudos, and the Bu-

riti Socio-environmental Education Centre (Cesa), in Estrela do Sul. These two centres were created with the objective of publicising concepts of forestry management and sustainable wood production. In the location, presentations and supervised walks are offered, that aim to show the importance of conserving soil, water, air, fauna and flora.

Impacts managed

The potential environmental impacts which the operation can generate internally are monitored and registered on the Environmental Impact Aspects Spreadsheet. This initiative seeks,

among other aims, to avoid impacts on the local communities.

Even so, at the units of Uberaba, Agudos and Taquari, of the Wood Division, which are close to inhabited areas, there have been complaints received about noise and particle emissions, in certain situations. In the forestry areas, there have been complaints about damage to roads and dust, referring to the transport of wood. This operation is seasonal, and measures have been adopted to avoid these impacts. These grievances are registered and dealt with according to procedure. Control measures have been adopted to mitigate the impacts mentioned. **G4-DMA; G4-SO2**

Within the Deca Division, the São Paulo Metals Unit is situated within a mixed environmental area, in the municipality of São Paulo, close to residential condominiums, universities, etc. The Hydra unit is in a residential area, in the municipality of Tubarão, among houses and commercial properties. Both units have received complaints from neighbours about noise. However, initiatives have been taken with respect to the community, both about the operations of the São Paulo Metals Unit, as well as the activities of the Hydra Unit in Tubarão. In the first instance, other sources of noise were identified as also coming from surrounding areas, from companies, streets and avenues. Operational changes were made at the two units and dialogue has been opened up with the local community. As a consequence, there has been a reduction in the number of complaints on this issue. **G4-DMA; G4-SO2**

Ombudsman Service

Duratex's Ombudsman Service can also be accessed by the community. In 2012 and 2013, no complaints grievances were received relating to social impacts. However, in 2014 three complaints were received from residents around one of the plants, about noise generated by the Company's operations. As part of its action plan, Duratex adopted additional measures and expanded its dialogue with the local community. **G4-SO11**

Percentage of operations involving engagement programs with the local community

G4-SO1 (%)

Evaluations of social impact based on participatory processes, including gender impact	33.4
Evaluations of environmental impact and continuous monitoring	33.4
Public disclosure of the results of environmental and social impact evaluations	33.4
Community programs for local development based on local community needs	6.7
Stakeholder engagement plan based on mapping of stakeholder priorities	6.7
Public consultation committees or groups (community), based on local communities and processes which include vulnerable groups	0.0
Occupational health and safety councils or committees and other worker representation bodies, to deal with impacts	0.0
Formal complaint processes or ombudsman service communication channel	100.0

ANNEXES

- GRI SUPPLEMENT
- IBASE
- MANAGED REPORT AND FINANCIAL STATEMENTS
- AFFIRMATION REPORT
- ABOUT THIS REPORT
- GRI SUMMARY
- CORPORATE INFORMATION



GRI SUPPLEMENT

ECONOMIC ASPECT

Statement of value added G4-EC1	2014	2013
Shareholders (remuneration on capital)	6.30%	10.34%
Employees (remuneration, benefits and charges for employees)	34.74%	30.75%
Government (taxes, charges and contributions)	31.58%	34.91%
Profit/loss retained for the period	12.38%	13.79%
Interest and rent (remuneration of third-party capital)	15.00%	10.21%
Investments in the community	-	-

Statement of value added – summary (R\$) G4-EC1	2014	2013
1 – Revenues	5,205,323.00	4,976,560.00
2 – Inputs required from third parties	-2,634,628.00	-2,289,842.00
3 – Gross value added (1 - 2)	2,570,695.00	2,686,718.00
4 – Retentions	-607,448.00	-625,597.00
5 – Net value added produced by the organisation (3 - 4)	1,963,247.00	2,061,121.00
6 – Value added received in transfer	143,310.00	94,373.00
7 – Total value added to be distributed (5 + 6)	2,106,557.00	2,155,494.00

Statement of value-added (R\$) G4-EC1		2014	2013
1 – Revenues	Total of items 1.1 to 1.3		
1.1) Sales of merchandise, products and services	Includes ICMS and IPI levied on these revenues, in other words corresponding to gross revenues or gross sales	5,063,836.00	4,911,231.00
1.2) Other revenues		150,672.00	72,050.00
1.4) Bad debt provisions –reversion/booking	Booking/write-off of bad debt provisions	-9,185.00	-6,721.00
2 –Inputs acquired from third parties (includes ICMS & IPI)	Total of items 2.1 to 2.4		
2.1) Cost of products, merchandise and services sold	Not including expenditure on own staff	-2,136,957.00	-1,889,520.00
2.2) Materials, energy, outsourced services and others	Referring to acquisitions, and payments to third parties. In the cost of products sold, materials and services, energy etc. consumed, the ICMS and IPI included at the moment of purchase is taken into account, whether recoverable or not	-497,671.00	-400,322.00
2.3) Loss/recovery of asset values	Amounts referring to the market value of inventory and investments, etc.	-	-
3 –Gross value added	Difference between items 1 & 2 (1 - 2)		
4 – Retentions	Item 4.1		
4.1) Depreciation, amortisation and exhaustion	Expenses booked in the period	-607,448.00	-625,597.00
5 –Net value added produced by the entity	Difference between items 3 and 4 (3 - 4)		
6 –Value added received in transfer	Sum of items 6.1 and 6.2		
6.1) Equity income result	Includes amounts received as dividends, related to investment valued at cost	142,644.00	102,656.00
6.2) Financial revenues	Includes all financial revenues, independent of origin	666	2,743.00
6.3) Results from discontinued operations		0	-11,026.00
7 –Total value added to be distributed	Sum of items 5 and 6 (5 + 6)		
8 –Distribution of value added	Sum of items 8.1 to 8.5		
8.1) Staff and charges		-	-
8.1.1) Direct remuneration	Includes charges associated with regulations, 13th salary, FGTS, food, transport etc. appropriated to the cost of product or result in the period including INSS charges	598,481.00	542,322.00
8.1.2) Benefits		94,055.00	83,736.00
8.1.3) FGTS		36,966.00	34,663.00
8.2) Taxes, charges and contributions	In addition to contributions due to INSS, income tax and social contribution, all the other taxes, charges and contributions are included in this item. Amounts referring to ICMS and IPI are included as values owed, to be collected by the public coffers, representing the difference between taxes on sales and the amounts considered, within item 2 – inputs acquired from third parties	-	-
Report the economic value accumulated (economic value generated – economic value distributed)		2,106,557.00	2,155,494.00

ENVIRONMENTAL ASPECT

WATER

Total water drawn off, by source G4-EN8 (m ³)	2014	2013	2012	Percentage participation in 2014
Wood Division	4,902,744.52	5,353,020.69	5,709,401.57	89%
Deca Division	572,931.53	602,765.76	532,445.65	10.5%
Corporate	4,746.80	5,965.61	5,391.64	0.10%
Total	5,480,422.85	5,961,752.06	6,247,238.85	100.00%
Catchment by source	2014	2013	2012	Percentage participation in 2014
Water received from utility concessionaire (municipal water supply or other water supply companies)	376,349.60	753,546.61	755,963.64	7%
Water captured from local watercourse (surface water)	2,607,780.50	3,401,426.41	3,904,256.98	48%
Water captured from artesian semi-artesian wells (subterranean water)	2,485,059.75	1,794,434.04	1,574,248.63	45%
Rainwater catchment (rainwater directly collected and stored by the organisation)	11,233.00	12,345.00	12,769.60	0%
Total water captured (m³)	5,480,422.85	5,961,752.06	6,247,238.85	100%

Obs.: Data presented includes all Duratex's industrial and Forrester units in Brazil. Data for Tablemac units will be presented separately in the text.

WATER SOURCES SIGNIFICANTLY AFFECTED BY THE DRAWING-OFF OF WATER **G4-DMA; G4-EN9**

The management of water sources should be adaptable and collaborative, with combined efforts by government, society and science so as to ensure that the measures taken are effective and sustainable. Duratex's relationship with water sources is as described below, according to an Evaluation of the Sustainability Index of Hydrographic Basins.

- Only the panel units in Botucatu and Taquari Chill capture water directly from a surface spring. However the volume drawn off is below the annual average flow over a long period (Qm), representing 0.86% and 0.005%, respectively. Therefore no water sources are affected by the drawing-off of water.
- Duratex's surface water springs are not listed as systems that are sensitive, rare, threatened or endangered, neither do they represent an exclusive support system for any threatened species of animal or vegetation.
- No surface water spring for the supply of Duratex's units is characterised as a swamp area. Therefore none apply to the list of the Ramsar Convention and neither are they characterised as springs earmarked for conservation.
- None of the surface springs that supply Duratex's Units is characterised as having a high biodiversity value, endemism or protected species.
- Both surface springs that supply the panel units at Botucatu and Taquari are of major importance for the local communities. However, water catchment by the Botucatu panel units is located below where the water is drawn off for the urban supply, thus not interfering with its availability, while the water captured by the panel unit at Taquari is at a large waterfall, not affecting other water catchment. However, water catchment by the Botucatu panel unit is affected by the capture of water in this town.

The Deca Units (Louças Ideal, Louças Jundiaí, Metais São Paulo, Louças Paraíba, Louças Recife, Louças Sul and Metais Jacareí) and the Uberaba and Taquari panel units use the public water supply to supply all part of their water needs. This being the case, the various springs are described below.

- Deca: Louças Ideal, Louças Jundiaí and Metais Jundiaí are located in the municipality of Jundiaí, which is supplied by the Atibaia River (re-direction), the Jundiaí Mirim dam, the Moises River and the Simplício stream. The condition of the supply system is considered satisfactory, with re-direction of the water from the Atibaia River to the Jundiaí Mirim dam (ANA, 2010), which means that water catchment directly affects water availability in the Jundiaí Mirim water source.
- Deca Metais São Paulo: is located in the city of São Paulo and is supplied by the Cantareira, Guarapiranga and Alto Tietê systems. Other systems are part of the Integrated Watersupply System, which can compensate for problems in the other systems. However, ANA (2010) indicates that of the 36 municipalities present in the São Paulo Metropolitan Region, 31 require investment. As there is an Integrated Watersupply System at the head of the Tietê River, public water catchment interferes significantly with the water availability in adjacent springs and hydrographic basins, such as the Cantareira System.
- Uberaba Panel Unit: located in the municipality of Uberaba (MG) and supplied by the public utilities concessionaire, which captures its water directly from the Uberaba River, which in turn, requires re-direction from the Claro River. ANA (2010) classified the supply as satisfactory. However re-direction indicates that the water catchment for urban supply directly influences the availability of spring water.
- Deca Louças Paraíba: located in the municipality of João Pessoa, which is supplied by the re-direction of the integrated system of Açude Gramame/Mamuaba, Mumbaba and Açude Marés. Of the 13 municipalities situated in the João Pessoa Metropolitan Region, 12 require investment in the wa-

ter production system (ANA, 2010). Specific studies indicate that there is a conflict for the use of water in this region, particularly for urban supply and irrigation.

- Deca Louças Recife: located in the municipality of Cabo de Santo Agostinho, the Recife Metropolitan Region, which is supplied by the Suape Integrated System, which captures water from the Ipojuca River, the Utinga River weir and the Bitá weir; by the Gurjaú integrated system, which captures water from the Gurjaú/Pirapama weir; and from the Cabo de Santo Agostinho Isolated System. The supply system is satisfactory for SI Suape and the Cabo de Santo Agostinho Isolated System, while that for SI Gurjaú requires expansion (ANA, 2010).

- Deca Louças Sul: located in the municipality of São Leopoldo, the water captured by the public concessionaire is being directly drawn off the Sinos River. The supply system requires expansion and it is the only one, which indicates that the spring will supply future demand (ANA, 2010).

- Deca Metais Jacareí: located in the municipality of Jacareí, the water captured by the public concessionaire comes from the Paraíba do Sul River, Alpes and Bela São Pedro. Its supply situation is considered satisfactory (ANA, 2010), and the Paraíba do Sul River should support future demand.

Percentage of total water volume recycled and reused G4-EN10 (m ³)	2014	2013	2012
Total water volume recycled/reused	2,561,126.97	2,579,980.32	2,524,498.33
Rate of reuse* (%)	47%	43%	40%

Obs.: The data presented include all Duratex's industrial and the forestry units in Brazil. The data for the units of Tablemac has been presented separately in the text.

*In order to calculate the water reuse rate, volume of water recycled was divided by the total volume of water captured.

PROTECTED AREAS

Location and size of area owned **G4-EN11**

Corumbataí, Botucatu and Tejuapá Environmental Protection Area (APA)			
Farm	Total farm area (hectares)	Co-ordinates	
		Latitude	Longitude
Água Bonita	1,784.63	-23.25	-48.51
Barra Longa	478.1	-22.84	-48.39
Bofete	1,680.81	-23.22	-48.38
Capão Rico	1,121.97	-23.29	-48.35
Cascata	714.63	-23.13	-48.48
Cerrados do Tamanduá	1,764.76	-23.18	-48.51
Córrego Fundo	615.49	-23.17	-48.28
Córrego Fundo 2	470.83	-23.17	-48.29
Estância Livia	328.77	-22.91	-48.32
Estância Livia 2	417.19	-22.92	-48.36
Invernadinha	179.48	-23.26	-48.66
Invernadinha 2	178.51	-23.25	-48.66
Maria Cristina	896.3	-23.2	-48.51
Monte Belo	1,028.13	-23.23	-48.66
Nova Esperança	629.26	-23.15	-48.2
Paredão	314.36	-23.3	-48.69
Quatro Meninas	274.87	-23.28	-48.32
Saltinho	487.02	-23.2	-48.74
Santa Fé 2	270.39	-22.86	-48.31
Santa Lucia	421.06	-23.21	-48.68
São Pedro da Terra Nova	448.01	-23.26	-48.54
Tapioca	994.08	-23.22	-48.7
Tapioca 2	275.64	-23.2	-48.69
Umuarama	571.98	-23.18	-48.57

APA - Batalha River			
Farm	Total farm area (hectares)	Co-ordinates	
		Latitude	Longitude
América	465.73	-22.31	-49.28
Lar dos Desamparados	19.54	-22.42	-49.04
Saltinho 2	331.79	-22.21	-49.26
Palmeiras	863.98	-22.09	-49.25
Paraguassu	100.32	-22.22	-49.29
Bela Vista 2	113.47	-22.25	-49.24
Santa Helena	410.92	-22.33	-49.36
Miracema	638.42	-22.27	-49.16
São José 3	74.53	-22.22	-49.14
Nossa Senhora Aparecida 2	186.62	-22.23	-49.12
Nova Esperança 2	85.71	-22.25	-49.12
Cristina	275.48	-22.26	-49.1
São Francisco	305.88	-22.38	-49.2
São Pedro	1,603.17	-22.42	-49.17
Triângulo	24.8	-22.39	-49.18
Santa Luiza	1,040.65	-22.13	-49.45
Santo Antônio da Nova Floresta	668	-22.18	-49.26
APA - Uberaba River (environmental protection area)			
Farm	Total farm area (hectares)	Co-ordinates	
		Latitude	Longitude
Forquilha	125.71	-19.63	-47.96
Santo Antônio 3	237.75	-19.59	-47.82
Rio Borá	662.53	-19.58	-47.93
Serra da Canastra National Park			
Farm	Total farm area (hectares)	Co-ordinates	
		Latitude	Longitude
Posses	241.19	-20.27	-46.59
Chapadão da Babilônia 1	321.86	-20.39	-46.51
Chapadão da Babilônia 2	161.39	-20.42	-46.46
Chapadão da Babilônia 3	149.52	-20.47	-46.46
Talhados	463.82	-20.61	-46.36

Total number of species included on the IUCN Red List and other conservation lists **G4-EN14**

	State legislation			Federal legislation (Ibama)	IUCN Red List
	São Paulo	Minas Gerais	Rio Grande do Sul		
Fauna					
Critically threatened (CR)	4	1	-	5	-
Endangered (EN)	9	6	7	3	2
Vulnerable (VU)	18	11	12	13	12
Almost threatened (NT)	11	1	-	-	11
Insufficient data (DD)	-	-	-	-	2
Flora					
Critically threatened (CR)	-	-	-	-	1
Endangered (EN)	-	-	6	1	2
Vulnerable (VU)	2	1	17	2	1
Almost threatened (NT)	-	-	-	-	-
Insufficient data (DD)	-	-	-	1	1

EFLUENTS

Total discharge of effluent, by destination* (m³) **G4-EN22**

	2014	2013	2012	Percentage participation in 2014
Wood division	2,297,428.87	2,501,285.16	2,877,052.62	88%
Deca division	311,493.47	347,381.11	330,715.05	12%
Corporate area	4,746.80	5,965.61	5,391.64	0.20%
Total	2,613,669.13	2,854,631.88	3,213,159.31	100%
Type of treatment	2014	2013	2012	Percentage participation in 2014
Physical-chemical treatment	394,584.47	334,389.34	Amounts not available	15%
Biological treatment	3,749.73	2,717.16	Amounts not available	0%
Physical-chemical and biological treatment	523,502.15	613,540.18	Amounts not available	20%
Untreated (septic tank, irrigation field, etc.)	1,691,832.79	1,903,985.20	Amounts not available	65%
Total	2,613,669.13	2,854,631.88	3,213,159.31	100%

*The data represented includes all Duratex's industrial and forests units in Brazil. Monitoring is to begin of these data for the units of Tablemac.

Parameters	2014	2013	2012
DBO (mg/l)	119	47	40
SST (mg/l)	85	45	51

Note: the DBO and SST data in previous years has been revised, because there has been a change in accounting methodology. Being parameters of concentration, it is understood that the sum of the DBO and SST values of each of its units do not represent Duratex's effluent discharge quality. In this sense, the data for 2012 and 2013 have been recalculated based on the weighted average of the DBO and SST final values of the effluent at each Effluent Treatment Station (ETE). The data for 2014 is already presented in accordance with this new methodology. It is important to emphasize that the data only considers the units of the Panel Division, seeing that, considering the effluent characteristics of the Deca Division (inorganic), DBO and SST are not significant parameters. Even so, the Deca Division carries out periodic analysis of the DBO and SST of its effluents. For the Panel Division the DBO and SST values presented consider all the Panel Units, with the exception of the unit at Botucatu, which discharges its effluents in the form of fertilizing irrigation, with no discharge from this unit into any water body. Furthermore, data from Tablemac has not been included (monitoring is to start shortly). This indicator is not applicable to the forestry operations, which only generate domestic effluents, discharged into septic tanks, and the administrative offices in São Paulo, which discharges its effluent for treatment in the public sanitation network.

ENERGY

Energy consumption within the organization* **G4-EN3**

By Business Unit	2014	2013
Wood Division	9,022,709.22	9,384,733.04
Deca Division	1,712,649.09	1,721,035.67
Corporate	7,093.22	7,796.74
Total	10,742,45.52	11,113,565.46
By energy source		
Natural gas	1,849,568.75	1,808,399.08
Gasoline**	27,762.13	24,752.47
Ethanol	1,511.69	4,347.85
Diesel***	346,230.02	382,108.43
LPG	114,542.13	51,016.52
Biomass	4,751,740.86	5,054,215.84
BPF oil	505,664.53	730,942.84
Electricity	3,145,431.42	3,057,782.42
Total energy		
Electricity consumption	3,145,431.42	3,057,782.42
Heating consumption	7,597,020.10	8,055,783.04
Refrigeration consumption	-	-
Steam consumption	-	-
General total	10,742,451.52	11,113,565.46

*The data presented include all Duratex's forestry and industrial units in Brazil. The data from the units of Tablemac has been presented separately in the text.

**25% anhydrous ethanol and 75% gasoline.

***5% biodiesel and 95% diesel.

EMISSIONS

Other direct greenhouse gas emissions (tCO₂e)

G4-EN15

By source (G4-EN3)	2014	2013	2012
Biogenic emissions (coming from the burning or biodegradation of biomass)	534,026.001	454,440.06	451,090.75

Obs.: The data presented include all Duratex's forestry and industrial units in Brazil. The data from the units of Tablemac has been presented separately in the text.

Other indirect greenhouse gas emissions (tCO₂e)

G4-EN17

By source (G4-EN3)	2014	2013	2012
Biogenic emissions (coming from the burning or biodegradation of biomass)	8,252.31	6,257.04	2,261.89

RESIDUE MANAGEMENT

Destination of residues (tons) **G4-EN23**

Category	2014	2013	2012*	Percentage participation in 2014
Recycling	73,308.51	61,497.29	35,652.58	29%
Reuse	159.88	199.98		0%
Sanitary landfill	22,899.03	7,163.91	28,969.61	9%
Industrial landfill	24,927.70	40,912.31	25,848.00	10%
Co-processing	2,268.41	1,526.19	7,434.89	1%
Incineration	239.43	8.78		0%
Composting	15,971.15	21,938.14	27,830.20	7%
Pressure cooker	0	0.01	-	0%
Electricity generation	111,427.11	97,034.61	-	44%
Returns to supplier	514.92	379.79	83,068.83	0%
Incorporation in agricultural soil	0	0		0%
Decontamination	2.35	238.16		0%
Chemical treatment	744.88	199.68		0%
Total	252,463.36	231,098.85		208,804.12

Obs.: Residues are disposed of directly by Duratex or by third parties. The data considered is from Duratex's industrial and forestry operations in Brazil. Tablemac carries on monitoring of the volume of residue generated, but its classification is different from that used in Brazil. For this reason the information has not been presented here.

*In 2012, the classification was grouped.

MATERIALS

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

		2014	2013
	Non-renewable sources	676,153.1	660,627.0
Deca Division	Vitreous chinaware	182,387.9	205,766.0
	Rebars	3,727.0	4,569.0
	Brass tube	439.0	517.0
	Brass discs and strip	327.0	406.0
	Zamac	203.0	129.0
	Brass castings	2,726.0	3,962.0
	Bronze	10,439.0	11,751.0
	Plastic	1,650.0	1,893.0
	Wood Division	Traditional fertiliser	67,238.0
Lubricants (production process)		600.7	514.0
Resin acquired from third parties		117,982.4	113,784.0
Formaldehyde		101,423.4	103,524.0
Concentrated urea formaldehyde		7,821.9	16,605.0
Urea		85,479.2	67,618.0
Melamine		7,057.2	5,551.0
Paraffin emulsion		11,671.3	11,535.0
Aluminium sulphate		2,063.9	2,405.0
Ammonium sulphate		2,704.6	2,694.0
Paint		2,146.7	1,652.0
Methanol		57,653.9	43,815.0
Other materials*		10,411.1	1,873.0
Renewable sources		3,673,381.6	3,902,915.0
Processed wood (humid)		3,639,485.6	3,884,379.0
Paper acquired from third parties		14,809.5	13,572.0
Sawn wood (humid)		4,906.5	4,964.0
Organic compost-based fertiliser	14,180.0	0.0	
Total	4,349,534.71	4,563,542.00	

Obs.: Considers the data from Duratex's industrial and forestry operations in Brazil. Monitoring of these indicators is to be introduced for Tablemac.

*Varnish, paraffin 140/145 Petrobras, macro-crystalline soft paraffin, sol? fatty-acids, liquid di-ethanolamine 98-100% and liquid ammonium hydroxide 24%.

SOCIAL

FINANCIAL CONTRIBUTIONS

Policies for financial contributions to political parties, politicians or institutions **G4-SO6**

	Total monetary value (R\$' 000)
LUIZ HUMBERTO CARNEIRO - STATE CONGRESSMAN (CNPJ 20.574.155/0001-49)	50,000
OLAVO BILAC PINTO NETO -FEDERAL CONGRESSMAN (CNPJ 20.574.500/0001-44)	100,000
GUSTAVO DE VASCONCELLOS MOREIRA -STATE CONGRESSMAN (CNPJ 20.564.350/0001-98)	30,000
SP FINANCIAL COMMITTEE DISTRICT/STATE FOR PSDB GOVERNOR (CNPJ 20.592.601/0001-48)	200,000
EDSON DE OLIVEIRA GIRIBONI -STATE CONGRESSMAN (CNPJ 20.562.093/0001-55)	50,000
ANTÔNIO DUARTE NOGUEIRA JÚNIOR -FEDERAL CONGRESSMAN (CNPJ 20.560.239/0001-23)	50,000
JOSÉ GUSTAVO FÁVARO BARBOSA SILVA - FEDERAL CONGRESSMAN (CNPJ 20.561.291/0001-02)	40,000
AÉCIO NEVES DA CUNHA - PRESIDENT' (CNPJ 20.572.776/0001-93)	400,000
PAULO ANTÔNIO SKAF - GOVERNOR (CNPJ 20.572.804/0001-72)	300,000
RODRIGO GARCIA - FEDERAL CONGRESSMAN (CNPJ 20.560.574/0001-21)	75,000
SANDRO TORRES AVELAR -FEDERAL CONGRESSMAN (CNPJ 20.578.774/0001-01)	30,000
LUIZ FERNANDO RAMOS FARIA - FEDERAL CONGRESSMAN (CNPJ 20.579.557/0001-36)	30,000
JOSÉ LEONARDO DE MOURA COUTINHO FILHO -STATE CONGRESSMAN (CNPJ 20.560.861/0001-31)	30,000
TOTAL	1,385,000

PEOPLE

Employee profile, by functional level **G4-10**

	Dec./2014			Dec./2013
	Men	Women	Total	Total
Board of Directors	12	1	13	15
Executive Board	9	1	10	12
Total	20	5	25	27
Management	84	8	92	89
Co-ordination	211	51	262	261
Supervisor	303	23	326	318
Leaders	692	413	1,105	971
Trainees	6	12	18	0
Administrative	687	323	1,010	1,035
Technical	749	46	795	826
Operational	6,762	499	7,261	7,279
Apprentices	191	71	262	278
Total (CLT)*	9,685	1,446	11,131	11,057
Student trainees	34	35	69	78
Non-continuous outsourced	-	-	1,777	1,270
Continuous outsourced	-	-	1,460	1,749
Total	34	35	3,306	3,097
General total	9,739	1,486	14,462	14,181

*Consolidation of Labour Laws.

Number of employees, by type of contract (CLT) **G4-10**

	Dec./2014			Dec./2013
	Men	Women	Total	Total
Set period	191	71	262	278
Unlimited period	9,494	1,375	10,869	10,779
Total	9,685	1,446	11,131	11,057

Number of employees, by type of employment (CLT) **G4-10**

	Dec./2014			Dec./2013
	Men	Women	Total	Total
Full-time	9,499	1,383	10,882	11,044
Part-time	186	63	249	13
Total	9,685	1,446	11,131	11,057

Number of employees, by region (CLT) **G4-10**

	Dez./2014			Dez./2013
	Homens	Mulheres	Total	Total
South	1,170	359	1,529	946
Southeast	7,274	1,025	8,299	8,661
Midwest	0	0	0	0
Northeast	1,241	62	1,303	1,450
North	0	0	0	0
Total	9,685	1,446	11,131	11,057

Total quantity and rate of new hirings and employee turnover **G4-LA1**

Number leaving the Company, by gender	2014	2013	2012
Masculine	2,372	1,892	2,077
Feminine	453	326	322
Total	2,825	2,218	2,399
By age group			
Below 30 years of age	1,663	1,346	1,496
Between 31-49	1,008	779	771
Over 50 years of age	154	93	132
Total	2,825	2,218	2,399
By region			
South	441	230	225
Southeast	1,879	1,487	1,626
Midwest	0	0	0
Northeast	505	501	548
North	0	0	0
Total	2,825	2,218	2,399

Number of hirings, by gender	2014	2013	2012
Masculine	1,807	2,482	1,891
Feminine	278	441	329
Total	2,085	2,923	2,220
By age group			
Below 30 years of age	1,426	2,018	1,684
Between 31-49	632	880	528
Over 50 years of age	27	25	8
Total	2,085	2,923	2,220
By region			
South	215	251	246
Southeast	1,514	2,070	1,411
Midwest	0	0	0
Northeast	356	602	563
North	0	0	0
Total	2,085	2,923	2,220

Staff turnover rate, by gender (%)	2014	2013	2012
Masculine	21%	23%	21%
Feminine	28%	32%	29%
Total	22%	24%	22%
By age group (%)			
Below 30 years of age	34%	37%	35%
Between 31-49	14%	15%	12%
Over 50 years of age	12%	8%	10%
Total	22%	24%	22%
By region (%)			
South	34%	26%	25%
Southeast	23%	21%	19%
Midwest	0%	0%	0%
Northeast	0%	39%	41%
North	0%	0%	0%
Total	22%	24%	22%

Average training hours per year, by employee

G4-LA9

Functional categories/gender	Organisational skills	SSO	Environment	Total 2014
Board of Directors	0.27	0.00	0.00	0.27
Men	0.00	0.00	0.00	0.00
Women	0.36	0.00	0.00	0.36
Executive board	0.40	0.00	0.00	0.40
Men	0.00	0.00	0.00	0.00
Women	0.44	0.00	0.00	0.44
Total	0.32	0.00	0.00	0.32
Management	32.96	0.34	0.37	33.66
Men	28.25	0.38	0.00	28.63
Women	33.40	0.33	0.40	34.14
Co-ordination	35.81	1.54	2.93	40.29
Men	32.72	2.13	1.80	36.65
Women	36.56	1.40	3.21	41.17
Supervisor	25.05	2.12	14.87	42.04
Men	24.07	2.87	7.41	34.34
Women	25.13	2.06	15.44	42.63
Leaders	16.79	1.95	3.65	22.39
Men	347.11	0.31	0.00	347.42
Women	340.00	0.29	0.00	340.29
Trainees	361.33	0.33	0.00	361.67
Men	9.77	1.60	2.66	14.03
Women	8.04	1.70	1.61	11.35
Administrative	10.58	1.56	3.16	15.29
Men	14.54	1.49	16.08	32.11
Women	12.37	1.24	16.45	30.06
Technical	14.67	1.51	16.05	32.23
Men	8.84	1.22	7.45	17.51
Women	347.11	0.31	0.00	347.42
Operational	340.00	0.29	0.00	340.29
Men	7.41	0.90	1.05	9.36
Women	8.95	1.24	7.93	18.12
Apprentices	2.41	0.32	0.15	2.88
Men	4.42	0.51	0.30	5.23
Women	1.66	0.24	0.09	2.00
Total	11.83	1.35	7.13	20.30
Student trainees	20.98	1.61	2.46	25.05
Men	25.70	2.14	2.82	30.66
Women	16.12	1.07	2.09	19.28
General total (average)	11.86	1.35	7.08	20.29

Obs.: Not considering outsourced staff.

Programs for skill management and continuous learning* G4-LA10

	2014	2013	2012
Number of employees	100	58	9
Amount invested (R\$)	356,506.16	194,594.64	29,295.34
Number of grants awarded	42	53	3

Obs.: Duratex only offers in total courses and academic qualification.

Make-up of groups responsible for governance G4-LA12

By gender

	2014		2013		2012	
	Men	Women	Men	Women	Men	Women
Board of Directors	73%	27%	73%	27%	77%	23%
Executive Board	90%	10%	92%	8%	93%	7%
Total	80%	20%	81%	19%	86%	14%
Management	91%	9%	93%	7%	93%	7%
Co-ordination	81%	19%	80%	20%	84%	16%
Supervisors	93%	7%	95%	5%	94%	6%
Leaders	63%	37%	59%	41%	62%	38%
Trainees	33%	67%	0%	0%	0%	0%
Administrative	68%	32%	68%	32%	65%	35%
Technical	94%	6%	93%	7%	94%	6%
Operational	93%	7%	96%	4%	96%	4%
Apprentices	73%	27%	79%	21%	76%	24%
Total	87%	13%	89%	11%	89%	11%
Student trainees	49%	51%	47%	53%	59%	41%
General total	87%	13%	88%	12%	89%	11%

Negrees

	2014		2013		2012	
	Men	Women	Men	Women	Men	Women
Board of Directors	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Executive Board	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Management	1.10%	0.00%	1.10%	0.00%	1.10%	0.00%
Co-ordination	3.40%	1.50%	4.20%	0.80%	4.40%	0.40%
Supervisors	10.40%	0.60%	8.20%	0.30%	8.80%	0.00%
Leaders	6.30%	2.90%	5.40%	3.10%	5.40%	2.60%
Trainees	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Administrative	20.20%	4.00%	20.10%	3.20%	18.80%	3.80%
Technical	17.40%	1.40%	17.30%	1.50%	16.20%	1.10%
Operational	33.40%	1.80%	35.10%	1.50%	34.10%	1.60%
Apprentices	27.10%	11.50%	29.50%	9.70%	28.20%	6.90%
Total	26.50%	2.20%	27.80%	1.90%	27.00%	1.90%
Student trainees	8.70%	4.30%	3.80%	3.80%	4.60%	1.10%
General total	26.40%	2.30%	27.60%	1.90%	26.70%	1.90%

Handicapped

	2014		2013		2012	
	Homens	Mulheres	Homens	Mulheres	Homens	Mulheres
Board of Directors	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Executive Board	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Management	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Coordination	0.50%	0.00%	0.40%	0.00%	0.50%	0.00%
Supervisors	1.00%	0.00%	1.30%	0.00%	1.00%	0.00%
Leaders	1.40%	0.50%	0.50%	0.20%	1.10%	0.60%
<i>Trainees</i>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Administrative	4.40%	1.50%	2.90%	0.50%	4.70%	1.70%
Technical	2.40%	0.00%	2.30%	0.00%	1.90%	0.00%
Operational	3.80%	5.40%	3.50%	0.30%	3.40%	3.60%
Apprentices	0.00%	1.40%	0.00%	0.00%	0.00%	3.10%
Total	3.30%	2.40%	2.90%	0.30%	3.10%	1.70%
Student trainees	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
General total	3.30%	2.40%	2.80%	0.30%	3.00%	1.60%

Age Bracket

	2014			2013			2012		
	Below 30	Between 31 and 50	Over 51	Below 30	Between 31 and 50	Over 51	Below 30	Between 31 and 50	Over 51
Board of Directors	0%	27%	73%	0%	27%	73%	0%	38%	62%
Men	0%	18%	82%	0%	50%	50%	0%	33%	67%
Women	0%	50%	50%	0%	18%	82%	0%	40%	60%
Executive Board	0%	10%	90%	0%	25%	75%	0%	27%	73%
Men	0%	11%	89%	0%	0%	100%	0%	100%	0%
Women	0%	0%	100%	0%	27%	73%	0%	21%	79%
Total	0%	20%	80%	0%	26%	74%	0%	32%	68%
Management	2%	65%	33%	1%	63%	36%	1%	67%	32%
Men	2%	64%	33%	0%	67%	33%	0%	83%	17%
Women	0%	75%	25%	1%	63%	36%	1%	65%	33%
Coordination	10%	73%	17%	8%	73%	19%	7%	73%	20%
Men	10%	71%	18%	6%	86%	8%	6%	86%	8%
Women	10%	78%	12%	8%	70%	22%	7%	71%	23%
Supervisors	18%	68%	14%	17%	67%	16%	16%	65%	19%
Men	17%	69%	14%	27%	67%	7%	40%	45%	15%
Women	35%	57%	9%	16%	67%	16%	15%	67%	19%
Leaders	39%	53%	8%	41%	52%	7%	40%	53%	7%
Men	40%	51%	10%	41%	55%	4%	37%	58%	5%
Women	38%	56%	6%	41%	50%	9%	42%	50%	8%
<i>Trainees</i>	100%	0%	0%	0%	0%	0%	0%	0%	0%
Men	100%	0%	0%	0%	0%	0%	0%	0%	0%
Women	100%	0%	0%	0%	0%	0%	0%	0%	0%
Administrative	54%	41%	5%	5%	55%	41%	56%	40%	4%
Men	54%	41%	5%	53%	43%	4%	54%	42%	4%
Women	54%	42%	4%	55%	40%	5%	57%	39%	4%
Technical	31%	61%	8%	30%	60%	9%	31%	59%	10%
Men	30%	62%	8%	46%	52%	2%	47%	51%	2%
Women	50%	50%	0%	29%	61%	10%	30%	59%	11%
Operational	39%	55%	6%	41%	54%	6%	43%	52%	5%
Men	39%	55%	6%	33%	62%	5%	39%	57%	3%
Women	41%	56%	3%	41%	53%	6%	43%	51%	5%
Apprentices	100%	0%	0%	100%	0%	0%	100%	0%	0%
Men	100%	0%	0%	100%	0%	0%	100%	0%	0%
Women	100%	0%	0%	100%	0%	0%	100%	0%	0%
Total	40%	54%	7%	41%	52%	7%	42%	51%	7%
Student trainees	100%	0%	0%	100%	0%	0%	98%	2%	0%
Men	100%	0%	0%	100%	0%	0%	100%	0%	0%
Women	100%	0%	0%	100%	0%	0%	96%	4%	0%
General total	40%	53%	7%	41%	52%	7%	42%	51%	7%

Proportion of salary base between men and women, by job category* (R\$)

G4-LA13

	2014	2013	2012
Board of Directors	24,089.39	18,644.97	20,465.75
Women	14,416.67	7,727.27	10,307.69
Men	27,633.59	23,840.00	22,666.67
Proportion (%)	-48%	-68%	-55%
Executive Board	70,264.78	58,588.63	32,468.67
Women	50,618.67	42,661.82	40,000.00
Men	72,279.76	59,813.77	32,230.34
Proportion (%)	-30%	-29%	24%
Management	21,383.96	19,834.84	18,154.59
Women	20,095.52	16,625.54	16,686.98
Men	21,486.67	20,086.03	18,253.25
Proportion (%)	-6%	-17%	-9%
Coordination	10,032.98	9,496.62	9,059.44
Women	9,485.74	8,712.55	8,107.35
Men	10,163.14	9,684.01	9,221.09
Proportion (%)	-7%	-10%	-12%
Supervisors	5,695.44	5,368.86	5,086.28
Women	5,499.21	5,411.85	5,054.24
Men	5,707.64	5,366.44	5,088.49
Proportion (%)	-4%	1%	-1%
Leaders	4,441.86	4,441.86	4,276.57
Women	4,369.61	4,188.33	4,124.53
Men	4,830.39	4,613.65	4,367.53
Proportion (%)	-10%	-9%	-6%

	2014	2013	2012
Trainees	4,755.27	0.00	0.00
Women	4,875.16	0.00	0.00
Men	4,515.49	0.00	0.00
Proportion (%)	8%	0%	0%
Administrative	1,687.09	1,629.01	1,501.45
Women	1,748.70	1,879.34	1,747.57
Men	1,657.22	1,504.45	1,364.70
Proportion (%)	6%	25%	28%
Technical	3,142.70	3,144.71	2,955.05
Women	2,557.76	2,786.38	2,645.37
Men	3,177.40	3,168.86	2,974.31
Proportion (%)	-20%	-12%	-11%
Operational	1,765.01	1,642.18	1,497.46
Women	1,207.77	1,088.66	876.52
Men	1,796.15	1,665.10	1,524.35
Proportion (%)	-33%	-35%	-42%
Apprentices	417.29	387.42	387.87
Women	445.77	388.43	371.60
Men	408.62	387.11	392.11
Proportion (%)	9%	0%	-5%
Student trainees	1,325.80	1,275.66	1,441.66
Women	1,368.46	1,292.36	1,471.43
Men	1,277.71	1,259.70	1,416.58
Proportion (%)	7%	3%	4%

*Todas as Unidades Duratex foram consideradas como operacionais relevantes.

IBASE

1 -Calculation base	2014 (R\$'000)				2013 (R\$'000)				2012 (R\$'000)				2011 (R\$'000)
Net revenue (RL)	3,984,507				3,872,705				3,394,399				2,970,365
Operating result (RO)	620,219				821,979				692,566				576,366
Gross payroll (FPB)	769,681,507				719,565				614,030				496,313
Total value added (VAT)	2,106,557				2,155,494				1,841,928				1,694,756
2 -Internal social indicators	2014 (R\$ '000)	% of FPB	% of RL	% of VAT	2013 (R\$ '000)	% of FPB	% of RL	% of VAT	2012 (R\$' 000)	% of FPB	% of RL	% of VAT	2011 (R\$' 000)
Food	30,909	4.3%	0.8%	1.4%	29,622	4.1%	0.8%	1.4%	23,999	1.3%	0.7%	1.3%	22,568
Compulsory social job positions	241,852	33.6%	6.2%	11.2%	213,495	29.7%	5.5%	9.9%	180,295	9.8%	5.3%	9.8%	180,472
Private pension plan	8,025	1.1%	0.2%	0.4%	7,196	1.0%	0.2%	0.3%	6,765	0.4%	0.2%	0.4%	6,177
Health	41,091	5.7%	1.1%	1.9%	33,819	4.7%	0.9%	1.6%	25,168	1.4%	0.7%	1.4%	21,014
Occupational health and safety	15,886	2.2%	0.4%	0.7%	14,207	2.0%	0.4%	0.7%	12,311	0.7%	0.4%	0.7%	11,098
Education	5,326.00	0.0%	0.0%	0.0%	474	0.1%	0.0%	0.0%	164	0.0%	0.0%	0.0%	242
Culture	30	0.0%	0.0%	0.0%	57	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	28
Professional training and development	-	0.0%	0.0%	0.0%	3,078	0.4%	0.1%	0.1%	1,826	0.1%	0.1%	0.1%	1,732
Crèche and crèche assistance	156	0.0%	0.0%	0.0%	135	0.0%	0.0%	0.0%	104	0.0%	0.0%	0.0%	63
Sport	377	0.0%	0.0%	0.0%	307	0.0%	0.0%	0.0%	146	0.0%	0.0%	0.0%	204
Employee profit sharing	50,015	7.0%	1.3%	2.3%	38,773	5.4%	1.0%	1.8%	30,649	1.7%	0.9%	1.7%	34,071
Transport	17,970	2.5%	0.5%	0.8%	16,673	2.3%	0.4%	0.8%	15,108	0.8%	0.4%	0.8%	13,557
Others	2,852	0.4%	0.1%	0.1%	3,955	0.5%	0.1%	0.2%	2,296	0.1%	0.1%	0.1%	2,073
Total -internal social indicators	409,027	56.8%	10.6%	19.0%	361,789	50.3%	9.3%	16.8%	298,831	16.2%	8.8%	16.2%	293,299
3 -External social indicators	2014 (R\$ '000)	% of FPB	% of RL	% of VAT	2013 (R\$ '000)	% of FPB	% of RL	% of VAT	2012 (R\$' 000)	% of FPB	% of RL	% of VAT	2011 (R\$' 000)
Education	128,000	17.8%	3.3%	5.9%	1,288	0.2%	0.0%	0.1%	5,056	0.3%	0.1%	0.3%	1,176
Culture	2,977,966	413.9%	76.9%	138.2%	4,769	0.7%	0.1%	0.2%	1,819	0.1%	0.1%	0.1%	3,049
Health and sanitation	475,000	66.0%	12.3%	22.0%	0	0.0%	0.0%	0.0%	575	0.0%	0.0%	0.0%	0
Sport	757,173	105.2%	19.6%	35.1%	3,335	0.5%	0.1%	0.2%	1,805	0.1%	0.1%	0.1%	0
Combat of hunger and nutritional safety	0	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0	0.0%	0.0%	0.0%	0
Sector indicator	0	-	-	-	N/D	-	-	-	0	0.0%	0.0%	0.0%	0
Others	0	0.0%	0.0%	0.0%	583	0.1%	0.0%	0.0%	78	0.0%	0.0%	0.0%	2
Total contributions to society	4,338,139	602.9%	112.0%	201.3%	9,392	1.3%	0.2%	0.4%	9,333	0.5%	0.3%	0.5%	4,227
Taxes (excluding social charges)	-	-	-	-	N/D	-	-	-	0	0.0%	0.0%	0.0%	0
Total -external social indicators	-	0.0%	0.0%	0.0%	9,392	1.3%	0.2%	0.4%	9,333	0.5%	0.3%	0.5%	4,227
4 Environmental indicators	2014 (R\$ '000)	% of FPB	% of RL	% of VAT	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	0.0%	0.0%	0.0%	0
Environmental contingencies and liabilities	0	-	-	-	0	-	-	-	169	0.0%	0.0%	0.0%	385
Program the technological and industrial development	13,279	1.8%	0.3%	0.6%	3,517	0.5%	0.1%	0.2%	3,370	0.2%	0.1%	0.2%	0
Energy conservation	0	-	-	-	0	-	-	-	0	0.0%	0.0%	0.0%	0
Environmental education	115.625	0.0%	0.0%	0.0%	73	0.0%	0.0%	0.0%	160	0.0%	0.0%	0.0%	177
Sector indicator	0	-	-	-	0	-	-	-	0	0.0%	0.0%	0.0%	0
Others	35,194	4.9%	0.9%	1.6%	41,458	5.8%	1.1%	1.9%	24,148	1.3%	0.7%	1.3%	26,503
Total investments related to the company's production/operation	48,588	6.8%	1.3%	2.3%	45,048	6.3%	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	-	-	-	0	0.0%	0.0%	0.0%	14
Preservation and/or recuperation of degraded environments	0	-	-	-	0	-	-	-	41	0.0%	0.0%	0.0%	49
Others	0	-	-	-	0	-	-	-	0	0.0%	0.0%	0.0%	0
Total investment in external programs and/or projects	0	-	-	-	0	-	-	-	41	0.0%	0.0%	0.0%	63
Total investment in the environment (4.1 + 4.2)	48,588	6.8%	1.3%	2.3%	45,048	6.3%	1.2%	2.1%	27,888	1.5%	0.8%	1.5%	27,128
Distribution of investment in the environment	2014 (R\$' 000)			% of total	2013 (R\$' 000)			% of total	2012 (R\$' 000)			% of total	2011 (R\$' 000)
Total invested in environmental prevention measures	24,840				16,560				2,597				3,990
Total investment in environmental maintenance measures	23,748				28,488				25,081				22,704
Total investment in environmental compensation measures	0				0				210				434
Number of environmental, administrative and court cases brought against the entity	8				4				5				3
Amount of fines and compensation payment of an environmental nature, determined by administrative and/or court proceedings	259,046				21,170				241,280				49,762
With respect to the establishment of annual targets to minimise residues, consumption in general in the production/operational process and increasing efficiency of the use of natural resources, the Company	() has no targets				() has no targets				() has no targets				() has no targets
	() fulfils 51% to 75%				() fulfils 51% to 75%				(x) fulfils 51% to 75%				(x) fulfils 51% to 75%
	() fulfils 0% to 50%				(x) fulfils 0% to 50%				() fulfils 0% to 50%				() fulfils 0% to 50%
	(x) fulfils 76% to 100%				() fulfils 76% to 100%				() fulfils 76% to 100%				() fulfils 76% to 100%
5 – Workforce indicators													
	2014 (units)				2013 (units)				2012 (units)				2011 (units)
No. of employees at the end of the period	11,131				11,057				10,353				10,390
No. of employees joining during the period	2,085				2,923				2,220				2,647
No. of employees leaving during the period	2,827				2,218				2,399				2,128
No. of outsourced employees	3,237				1,641				1,822				1,929
NO. of student trainees	69				78				87				107
No. of employees over 45 years of age	1,915				1,603				1,460				1,387
No. of employees by age bracket	2014				2013				2012				2011
Less than 18 years of age	179				213				115				99
Between 18 and 35	6,385				6,467				6,192				6,362
Between 36 and 45	2,864				2,774				2,586				2,542
Between 46 and 60	1,623				1,544				1,140				1,334
Over 60 years of age	80				59				50				53
No. of employees by educational level	2014				2013				2012				2011
Illiterate	12				11				7				0
Elementary education	3,874				3,886				2,891				3,017
High school/technical education	5,777				5,682				5,716				5,631
Higher education	1,122				1,120				1,467				1,491
Postgraduates	346				358				272				251

No. of women working at the company	1,446	1,239	1,117	1,109
% of management posts occupied by women	16.67%	10.30%	9.60%	8.4%
No. of men working at the company	9,685	9,818	9,236	9,281
% of management posts occupied by men	83.33%	89.70%	90.40%	91.6%
No. of negroes working at the company	3,205	3,288	2,988	2,978
% of management posts occupied by negroes	3.95%	10.60%	10.40%	10.9%
Number of handicapped employees	356	344	302	283
Gross remuneration broken down by:	2014	2013	2012	2011
Employees	385,539	372,480	331,761	315,498
Managers	13,480	14,534	12,837	13,581
Difference between the highest-paid salary paid by the company and minimum salary (national or regional) *	2014	2013	2012	2011
Difference between the lowest salary paid by the company and the minimum salary	6.11%	24.90%	2.90%	0%
6 -Relevant information with respect to the exercising of corporate citizenship	2014	2013	2012	2011
Ratio between the highest and lowest paid remuneration in the company	63.77	63.94	99.13	89.76
Total number of accidents in the workplace	248	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 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 checked="" type="checkbox"/> directors and management
Standards of safety and cleanliness in the working environment are defined by:	<input type="checkbox"/> All employees	<input type="checkbox"/> All employees	<input type="checkbox"/> All employees	<input type="checkbox"/> All employees
	<input type="checkbox"/> directors and management	<input type="checkbox"/> directors and management	<input type="checkbox"/> directors and management	<input type="checkbox"/> directors and management
With respect to freedom to join a union, the right to collective bargaining and internal representation of employees, the company:	<input type="checkbox"/> All employees	<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	<input checked="" type="checkbox"/> Everyone + Cipa
The private pension scheme includes:	<input type="checkbox"/> Had no involvement	<input type="checkbox"/> Had no involvement	<input type="checkbox"/> Had no involvement	<input type="checkbox"/> Had no involvement
	<input checked="" type="checkbox"/> follow the norms of the WTO	<input checked="" type="checkbox"/> follow the norms of the WTO	<input checked="" type="checkbox"/> follow the norms of the WTO	<input checked="" type="checkbox"/> follow the norms of the WTO
Profit-sharing includes:	<input type="checkbox"/> incentivates and follow the norms of the WTO	<input type="checkbox"/> incentivates and follow the norms of the WTO	<input type="checkbox"/> incentivates and follow the norms of the WTO	<input type="checkbox"/> incentivates and follow the norms of the WTO
	<input type="checkbox"/> Directors	<input type="checkbox"/> Directors	<input type="checkbox"/> Directors	<input type="checkbox"/> Directors
In the selection of suppliers, the same standards of ethics and socio-environmental responsibility adopted by the company:	<input type="checkbox"/> Directors and management	<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	<input checked="" type="checkbox"/> All employees
With respect to the participation by employees in voluntary work, the company:	<input type="checkbox"/> Directors	<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 type="checkbox"/> Directors and management
In the selection of suppliers, the same standards of ethics and socio-environmental responsibility 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 not considered
	<input checked="" type="checkbox"/> are suggested	<input type="checkbox"/> are suggested	<input type="checkbox"/> are suggested	<input type="checkbox"/> are suggested
With respect to the participation by employees in voluntary work, the company:	<input type="checkbox"/> are required	<input checked="" type="checkbox"/> are required	<input checked="" type="checkbox"/> are required	<input checked="" type="checkbox"/> are required
	<input type="checkbox"/> Has no involvement	<input type="checkbox"/> Has no involvement	<input type="checkbox"/> Has no involvement	<input type="checkbox"/> Has no involvement
With respect to the participation by employees in voluntary work, the company:	<input type="checkbox"/> Support	<input type="checkbox"/> Support	<input type="checkbox"/> Support	<input type="checkbox"/> Support
	<input checked="" type="checkbox"/> organises and incentivises	<input checked="" type="checkbox"/> organises and incentivises	<input checked="" type="checkbox"/> organises and incentivises	<input checked="" type="checkbox"/> organises and incentivises

Total number of consumer complaints and criticisms	At the company - 71,045		At the company - 40,991		At the company - 39,022		At the company - 51,515	
	At Procon - 31		At Procon - 43		At Procon - 54		At Procon - 42	
	In court - 67		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 the company - 100%	
	At Procon - 100%		At Procon - 100%		At Procon - 100%		At Procon - 42%	
	In court - 36.36%		In court - 22.60%		In court - 13%		In court - 18%	
Amount of fines and compensation payments to customers determined by consumer defence and protection bodies or in the courts	At Procon - 0		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 minimise the causes of complaints	2014		2013		2012		2011	
Number of labour related court cases	907		833		-		-	
Brought against the entity	617		540		375		341	
Ruled as having a case to answer	165		149		156		128	
Ruled as groundless	92		78		37		53	
Total number of fines paid and compensation is paid as determined by the courts	9,732,363		7,223,669		4,500,955		2,894,529	
Distribution of value-added	2014 (R\$'000)	% of total	2013 (R\$'000)	% of total	2012 (R\$'000)	% of total	2011 (R\$'000)	
Total value added for distribution (R\$' 000)	2,106,557		2,155,494		1,841,928		1,694,756	
Government	665,353	30.9%	752,542	34.9%	618,393	33.6%	566,449	
Employees	731,746	33.9%	662,731	30.7%	559,077	30.4%	536,658	
Shareholders	175,984	8.2%	222,893	10.3%	157,951	8.6%	128,848	
Third parties	315,898	14.7%	220,079	10.2%	204,747	11.1%	216,789	
Retained	217,576	10.1%	297,249	13.8%	301,760	16.4%	246,012	

Note: item 4.2 - preservation and/or revitalisation of degraded environments - amounts refer to the fulfilment of Terms of Adjustment to Conduct (TACs).

*Source: payroll.

EXECUTIVE BOARD MEETING MINUTES SUMMARY

HELD ON FEBRUARY 04, 2015

DATE, TIME AND PLACE: on February , 04 2014, at 1 p.m. at Avenida Paulista, 1938 - 5º andar, em São Paulo (SP).

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

QUORUM: Most of the elected members of the Executive Board.

DECISIONS TAKEN UNANIMOUSLY: Having examined the financial statements referring to the financial year ending December 31, 2014, and the report from PricewaterhouseCoopers Ernest & Young Auditores Independentes S/S, 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 Ernest & Young Auditores Independentes S/S; and,

b) it has revised, discussed and agreed with the financial statements, referring to the financial year ending December 31, 2014.

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 4, 2015. Signed: Antonio Joaquim de Oliveira - Chief Executive Officer; Raul Penteado de Oliveira Neto - Director Vice-President of the Deca Business Unit; Alexandre Coelho Neto do Nascimento, Bruno Basile Antonaccio, Flavio Marassi Donatelli, Marco Antonio Milileo, Maria Julieta Pinto Rodrigues Nogueira, Paulo Cesar Maróstica and Roney Rotenberg - Directors.

FLAVIO MARASSI DONATELLI
Investor Relations Director

REPORT FROM THE AUDIT AND RISK MANAGEMENT COMMITTEE

INTRODUCTION

Duratex S.A.'s Audit and Risk Management Committee, 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 preparing 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 consistent with the size and structure of the Company. It also Management's responsibility to establish procedures guaranteeing the quality of the processes that generate financial information.

The Internal Auditing Unit has the task of evaluating the risks of main processes and controls used in the mitigation of these risks, as well as verifying the fulfillment of the policies and procedures determined by the Management, including those focused on the preparation of financial statements.

Ernest & Young Auditores Independentes S/S is responsible for auditing of the financial statements and must assure that they satisfactorily represent, in all relevant aspects, the equity and financial position of Duratex S.A. and its subsidiaries, and that they were prepared in accordance with the Brazilian current accounting

practices, as determined by the CVM - The Brazilian Securities and Exchange Commission.

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

ACTIVITIES OF THE COMMITTEE

During the course of the year 2014, the Audit and Risk Management and Committee met on 11 occasions, with the following objectives:

- To carry out a review of the Indebtdness, Financial Application, Inventory and Biological Asset Valuation and Recognition of Revenues Policies.
- To analyze financial, operational and environmental risks, and main internal control risk mitigations, in meetings with the Management.
- To discuss and analyze main accounting practices used to prepare quarterly financial statements and yearly balance.

- Knowledge of the Company's main contingencies.
- To analyze aspects of the Reference Form, mainly the ones regarding risks, before it is filed with the CVM - The Brazilian Securities Exchange Commission.
- To discuss and approval of the External Auditor's work planning for the year 2014.
- Knowledge of the Internal Controls Report prepared by External Auditors, dated of 31.12.2013.
- To discuss of points that require attention or improvement observed during the work carried out by External Auditors regarding internal controls and accounting aspects.
- To approve the Work Plan for the Internal Audit Unit for 2015.
- To analyze the results of the work carried out by the Internal Audit Unit.
- To monitore the action plans resulting from the recommendations of the Internal Audit Unit, in meetings with the Company's directors.

- To acquaint itself with and monitor the activities of the Ombudsman Department.
- To evaluate the external and internal audits, and conduct the self-evaluation of the Committee.

In meeting held in February 04, 2015 the financial statements of 31.12.2014 were discussed and analyzed.

CONCLUSION

The Audit and Risk Management Committee, based on the information received and the activities carried out during the period, consider-

ing appropriately its responsibilities and limitations from its performance scope, understands that the individual and consolidated financial statements of 31.12.2014 have been prepared 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 its approval by the Board of Directors.

São Paulo, February 4, 2015.

Audit and Risk Management Committee

Tereza Cristina Grossi Togni – President

Henri Penchas

Raul Calfat (from May/2014)

Ricardo Egydio Setúbal

Rodolfo Villela Marino

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Shareholders, Board of Directors and Officers of
Duratex S.A.
São Paulo - SP

We have audited the accompanying individual and consolidated financial statements of Duratex S.A. ("Company"), identified as Company and Consolidated, respectively, which comprise the balance sheet as of December 31, 2014, and the related statement of income, statement of comprehensive income, statement of changes in equity and cash flows statement for the year then ended, and a summary of significant accounting practices and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil, and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), 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 these 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 Company's preparation and fair presentation of the Company's 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by management, as well as eva-

luating 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 opinion.

OPINION

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Duratex S.A. as of December 31, 2014, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

OTHER MATTERS

Statements of value added

We have also audited the individual and consolidated statements of value added for the year ended December 31, 2014, prepared under the responsibility of the Company's management, and which presentation is required by Brazilian Corporation Law for publicly-held companies, and as supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been subject to the same audit procedures previously described and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements as a whole.

Audit of the financial statements for previous year

The accompanying individual and consolidated financial statements of Duratex S.A. identified as Company and Consolidated, respectively, which comprise the balance sheet as of December 31, 2013, and the related statement of income, statement of comprehensive income, statement of changes in equity, cash flows statement and statements of value added for the year then ended, presented for comparative purposes, were audited by other auditors who issued an unqualified audit opinion dated February 17, 2014.

São Paulo, February 04, 2015.

ERNST & YOUNG

Auditores Independentes S.S.
CRC - 2SP015199/O-6

Drayton Teixeira de Melo

Accountant CRC - 1SP236947/O-3

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MANAGEMENT REPORT 2014

SCENARIO AND MARKET

The year 2014 was characterised by events that exercised a negative influence on the business environment. Firstly, the World Cup influenced the rhythm of sales in the retail chain, due to the large number of holidays. In order to get through the period in question, retail commerce anticipated this by carrying out a sharp adjustment in stock levels, impacting the general level of demand right from the first quarter of the year. Another important and disruptive event was the general election and its repercussion in the economic agents' expectations.

In parallel with these events, we also saw the following: high inflation hovering around the target ceiling, a fall in international commodity prices and Brazil GDP growth of close to zero.

In this scenario, the wood panel segment experienced a YoY drop in shipment volume

in the domestic market of 2%, according to data released by the IBA (Brazilian Tree Industry - www.iba.org). The MDF panel segment has shown better performance, with a 3% increase in shipment volume in the domestic market, while the MDP panel segment, over the same period, experienced a retraction of 8%.

The indicator from ABRAMAT, which measures sales performance of construction materials, in the domestic market, showed a drop of 6.6% during the year, compared with the performance in 2013 with a consumer more resistant to its income commitment, in a great uncertain environment linked to the labour market's future conditions.

The year 2014 ended with inflation close to the ceiling of the target range band, with continuing pressure from items with controlled prices, such as electric power and fuel.

STRATEGIC MANAGEMENT

2014 saw the conclusion of the strategic planning program, known internally within the Company as Duratex 2020. This plan introduces targets for the next 6 years based on organic and inorganic growth, as well as in the diversification of the company's product portfolio in co-related sectors, as in the case of the acquisition of Thermosystem (electric showers) and Mipel (industrial valves).

On the organic growth front, of particular note is the focus on taking up capacity in manufacturing plants that have been the subject of substantial investment, concluded back in 2013. These are the new MDF unit in Itapetinga (SP), de-bottlenecking of the MDP unit in Taquari (RS) and the new vitreous chinaware unit in Queimados (RJ). As a result of the deterioration in the economic scenario, another important investment of approximately R\$1.3 billion, for the construction of two new panel plants, in Minas Gerais, is under revision. This is because the Company believes, for the moment, that it has sufficient capacity to meet short-term demand.

Through inorganic way, Duratex made some important moves in 2014. The first of these was to increase its equity stake in Tablemac

from 37.0% to 80.7% (an investment of R\$152.1 million) while the second, was the acquisition of the forestry assets of Caxuana (with investment of R\$ 150 million, paid for in large part part, with 5,600 hectares of land owned by Duratex in São Paulo, which was subsequently re-leased by the Company for a period of 39 years, at market value). Finally, in the fourth quarter, the Company announced a joint venture with Usina Caeté with the object of creating eucalyptus forests in the Northeast of Brazil, in the state of Alagoas. With a planted area of 13,500 hectares, a total of R\$ 12 million will be invested per year, paid out by the two partners over the next six years. This forest is being created to support, in the future, production at a new MDF plant to cater to the growth in the consumption of wood panels in the region. This move is in keeping with the vision of creating sustainable operations to generate long-term value for the Company's shareholders.

Seeking to balance supply with demand and attain a higher capacity utilisation rates in its more profitable plants, in December 2014 Duratex ceased activities in Jundiá II vitreous chinaware factory, the Company's oldest plant redirecting its production to the recently inaugurated plant in Queimados, which operates more efficiently at a lower cost.

A total of R\$607.9 million was invested during the year, which included the acquisitions mentioned above. For 2015, this figure is likely to converge towards the amount needed

only for maintenance of the Company's manufacturing plants and forestry of around R\$400 million, of which R\$ 177 million refer to planting and maintenance of forest areas.

CONSOLIDATED FINANCIAL SUMMARY

(IN R\$ '000)	4Q14	3Q14	%	4Q13	%	2014	2013	%
DESTAQUES								
Volume shipped Deca ('000 items)	5.927	6.917	-14,3%	6.486	-8,6%	26.577	27.983	-5,0%
Volume shipped Wood (m ³)	744.254	763.725	-2,5%	718.526	3,6%	2.787.597	2.668.228	4,5%
Consolidated net revenue	1.040.033	1.057.291	-1,6%	1.008.148	3,2%	3.984.507	3.872.705	2,9%
Gross profit ⁽¹⁾	273.110	329.161	-17,0%	348.886	-21,7%	1.217.189	1.443.667	-15,7%
Gross margin	26,3%	31,1%		34,6%		30,5%	37,3%	
Ebitda according to CVM No. 527/12 ⁽²⁾	302.227	304.324	-0,7%	352.420	-14,2%	1.227.667	1.433.259	-14,3%
Ebitda Margin CVM No. 527/12	29,1%	28,8%		35,0%		30,8%	37,0%	
Adjustments for non-cash events	(35.408)	(66.993)	-47,1%	(42.169)	-16,0%	(230.445)	(207.463)	-
Non-recurring events ⁽³⁾	433	-		(5.739)		(45.081)	(25.699)	-
Recurring adjusted Ebitda ⁽⁴⁾	267.252	237.331	12,6%	304.512	-12,2%	952.141	1.200.097	-20,7%
Recurring adjusted Ebitda margin	25,7%	22,4%		30,2%		23,9%	31,0%	
Net income	90.189	83.528	8,0%	70.289	28,3%	393.560	520.142	-24,3%
Recurring net income	85.716	83.528	2,6%	118.124	-27,4%	359.048	561.638	-36,1%
Recurring net margin	8,2%	7,9%		11,7%		9,0%	14,5%	
INDICATORS								
Current ratio ⁽⁵⁾	1,79	1,95	-7,9%	1,98	-9,7%	1,79	1,98	-9,7%
Net debt ⁽⁶⁾	1.726.754	1.849.946	-6,7%	1.453.998	18,8%	1.726.754	1.453.998	18,8%
Net debt/Ebitda LTM ⁽⁷⁾	1,81	1,87	-3,0%	1,17	55,0%	1,81	1,17	55,0%

>> CONTINUAÇÃO

(IN R\$ '000)	4Q14	3Q14	%	4Q13	%	2014	2013	%
Average net equity	4.605.516	4.552.960	1,2%	4.371.198	5,4%	4.517.896	4.225.728	6,9%
ROE ⁽⁸⁾	7,8%	7,3%	-	6,4%	-	8,7%	12,3%	-
Recurring ROE	7,4%	7,3%	-	10,8%	-	7,9%	13,3%	-
SHARES								
Basic net earning per share (R\$) ⁽⁹⁾	0,1339	0,1224	9,4%	0,1132	18,3%	0,6023	0,8809	-31,6%
Closing share price (R\$)	8,03	9,04	-11,2%	11,95	-32,8%	8,03	11,95	-32,8%
Net equity per share (R\$)	6,95	6,94	0,1%	6,57	5,8%	6,95	6,57	5,8%
Shares held in treasury (shares)	2.485.759	2.485.759	-	1.405.054	-	2.485.759	1.405.054	-
Market Value (R\$1.000)	5.324.530	5.994.240	-11,2%	7.939.735	-32,9%	5.324.530	7.939.735	-32,9%

(1) Gross Profit: disregarded the Non-recurring events described at item (4) below, that affect the Sold Product Cost we would have a recurrent Gross Profit of R\$ 304,518,000 and Gross Margin of 29.3% on the quarter, and R\$ 1,248,597,000 and of 31.3% respectively for 2014 (2) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): Measure of operational performance in accordance with CVM Instruction 527/12. (3) EBITDA adjusted for non-cash events due to variation in the fair value of biological assets and combination of businesses, in addition to extraordinary, non-recurring, events. (4) Events of an extraordinary nature, namely: **4Q14**: Reversion/Booking of contingency provision, the principal reversion being of the Plano Verão (Summer Plan) provision (+) R\$ 48,220,000; write-off of the Thermosystem brand name and other adjustments (-) R\$ 27,339,000; Provision for the closure of activities at Louças Ideal LJI(-) R\$ 21,314,000; **1Q14**: results from the sale of 5600 hectares given in part payment for the acquisition of the forests of Caxuana S.A. (Material Event notice of March 13) (+) R\$ 45,514,000; **in 2013**: referring to the reversion of surplus reserves in the Company's closed defined benefit pension plan - *Fundação Itaúsa* (+) R\$ 42,318,000; discontinuation of the operations of Deca Piazza (-) R\$ 14,362,000; other adjustments (-) R\$ 2,257,000 (5) Current liquidity: Current Assets Divided by Current Liabilities. Indicates the amount available in R\$ to cover each R\$ of short-term obligations (6) Total indebtedness: Total Financial Debt (-) Cash Balance held. (7) Financial gearing calculated on recurring EBITDA over the last 12 months, adjusted by events of a purely accounting and non-cash nature. (8) ROE (Return on Equity): measure of performance obtained by taking Net Earnings over the period, annualized, and dividing by Average Net Equity. (9) Net Earnings Per Share is calculated by dividing the profit attributable to the Company's shareholders, by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares held in treasury. Note that for periods prior to April 2014 an adjustment has been made to this indicator to reflect the 10% bonus share issue distributed in that month.

DIVIDENDS/ INTEREST-ON-EQUITY

Shareholders are statutorily guaranteed with a minimum obligatory dividend of 30 % of adjusted net profit for the period. For the year as a whole, total gross remuneration to shareholders amounted to R\$172.8 million, equivalent to an adjusted net value of R\$146.9 million, or approximately R\$0.221 per share. This figure is equivalent to 40 % of adjusted net earnings for the

period, and thus 33 % higher than the minimum dividends requirement.

A net distribution was previously paid out on August 15, 2014, in the form of interest-on-equity, in the sum of R\$61.8 million. Therefore the balance, with a net value of R\$85.0 million, or approximately R\$0.128 per share, will be distributed to shareholders until April 30, 2015 onwards.

VALUE ADDED

Value Added in the quarter totalled R\$ 530.2 million (R\$ 2,106.5 million in the year). Of this total, R\$153.6 million, equivalent to 29,0% of total Value Added, went to Federal, State and Municipal governments in the form of taxes and contributions.

OPERATIONS

Wood Division

HIGHLIGHTS 4Q14 3Q14 % 4Q13 % 2014 2013 %	4° tri/14	3° tri/14	%	4° tri/13	%	2014	2013	%
SHIPMENTS (IN M³)								
STANDARD	423.794	429.222	-1,3%	416.449	1,8%	1.580.654	1.543.240	2,4%
COATED	320.460	334.503	-4,2%	302.077	6,1%	1.206.943	1.124.988	7,3%
TOTAL	744.254	763.725	-2,5%	718.526	3,6%	2.787.597	2.668.228	4,5%
FINANCIAL HIGHLIGHTS (R\$1.000)								
Net revenue	731.657	706.288	3,6%	675.351	8,3%	2.641.893	2.505.914	5,4%
Domestic market	636.523	610.709	4,2%	646.140	-1,5%	2.266.749	2.382.404	-4,9%
Export market	95.134	95.579	-0,5%	29.211	225,7%	375.144	123.510	203,7%
Net unit revenue (in R\$/m³ shipped)	983,07	924,79	6,3%	939,91	4,6%	947,73	939,17	0,9%
Unit cash cost (1) (em R\$/m³ expedido)	(543,48)	(561,86)	-3,3%	(500,82)	8,5%	(559,55)	(490,40)	14,1%
Gross profit	218.705	214.864	1,8%	226.128	-3,3%	806.231	914.068	-11,8%
Gross margin	29,9%	30,4%	-	33,5%	-	30,5%	36,5%	-
Sales expenses	(77.732)	(87.308)	-11,0%	(64.580)	20,4%	(303.636)	(244.693)	24,1%
General and administrative expenses	(19.175)	(19.163)	0,1%	(15.402)	24,5%	(71.582)	(63.273)	13,1%
Operating profit before financial results	145.286	107.599	35,0%	84.526	71,9%	496.392	540.039	-8,1%
Depreciation, amortization and depletion	99.098	90.820	9,1%	133.960	-26,0%	343.997	337.980	1,8%
Depletion tranche of biological assets	48.974	43.113	13,6%	57.071	-14,2%	180.604	218.088	-17,2%
EBITDA according to CVM N° 527/12 ⁽¹⁾	293.358	241.532	21,5%	275.557	6,5%	1.020.993	1.096.107	-6,9%
EBITDA margin according to CVM N° 527/12	40,1%	34,2%	-	40,8%	-	38,6%	43,7%	-
Variation in fair value of biological assets	(32.770)	(64.608)	-49,3%	(40.863)	-19,8%	(221.135)	(191.519)	15,5%
Employee benefits	(3.093)	(376)	-	(1.008)	206,8%	(2.502)	(7.797)	-67,9%
Others	0	0	-	(192)	-100,0%	(3.163)	(357)	786,0%
Extraordinary event ⁽²⁾	(24.151)	-	-	-	-	(69.665)	(15.803)	340,8%
Recurring adjusted Ebitda	233.344	176.548	32,2%	233.494	-0,1%	724.528	880.631	-17,7%
Recurring adjusted Ebitda margin	31,9%	25,0%	-	34,6%	-	27,4%	35,1%	-

(1) Refers to EBITDA, in accordance with the system outlined under CVM instruction 527/12. Based on this result, and as a way of better expressing the Company's operational cash generation, two adjustments have been made: the stripping out of events of an accounting and non-cash nature from EBITDA and the disregarding of extraordinary items. Thus, in line with the best practices, there follows the calculation of the indicator which best reflects the Company's cash generation. (2) Extraordinary items, namely: **4Q14**: Reversal/book- ing of contingency provision, the main reversion being of the *Plano Verão* (summer plan) provision (+) R\$ 24,151,000 **1Q14**: referring to the real-estate gain from the sale of 5600 hectares of land given in payment for the acquisition of the forests of Caxuana S.A.. **1Q13**: (+) R\$18,060,000, referring to the return of the excess in the closed defined benefit pension program of Fundação Itaúsa and (-) R\$2,257,000, referring to other adjustments.

From the first quarter of 2014 onwards, the results of Colombian subsidiary Tablemac began to be consolidated in Duratex's financial statements. Being a foreign subsidiary, and covered by CVM Deliberation 698 of 20/12/2012, CPC 36 R3, which in its items B92 and B93 deals with the consolidation of financial statements with different dates, the information from this subsidiary will have a time-lag of 1 (one) month from the usual reported in Brazil. As the transaction took place at the end of January, only eleven

months of Tablemac's operations have been consolidated, namely January to November, for the year as a whole. In the fourth quarter, the months of September to November has been consolidated. With the improvement in demand in the third and fourth quarters, associated with the recovery in MDF prices, the Wood Division achieved a recurring EBITDA margin of 31.9% in the fourth quarter, well above that reported in previous quarters, and more in line with the Division's long-term sustainable margin levels.

The pickup in prices led to an increase of 6.3% in unit net revenue, on a quarterly comparison, showing an increase of 0.9% YoY. Additionally, adjusted recurring EBITDA margin widened from 25% to 31.9% in this quarter, but still showing a drop compared to the previous year, from 35.1% 2013 to 27.4% in 2014. Thus both revenue and margin in the fourth quarter are higher than the results in the previous quarter, despite the drop in volume.

This quarter, the Wood Division held an event, entitled "A Meeting of Friends", a customer relations initiative which brings together the Company's main clients in five different furniture centres - Bento Gonçalves, Araçuaia, Mirassol, Ubá and Linhares - with attendance by more than 1000 people from this important sales segment, which represents approximately 45% of all sales in the Wood Segment. This event was combined with a social initiative in local communities.

Deca Division

As a result of the discontinuation of Deca Pizazza's operations in Argentina, and the consequent application of, CPC 31 (IFRS), the

figures for 2013, below, are shown net of the results from the Argentinian operation, which are consolidated under the heading of "Discontinued Operations".

HIGHLIGHTS	4º tri/14	3º tri/14	%	4º tri/13	%	2014	2013	%
PRODUCT SHIPPED (IN '000 ITEMS)								
BASIC PRODUCTS	2.084	2.380	-12,4%	2.142	-2,7%	9.210	9.429	-2,3%
FINISHING PRODUCTS	3.843	4.537	-15,3%	4.344	-11,5%	17.367	18.554	-6,4%
TOTAL	5.927	6.917	-14,3%	6.486	-8,6%	26.577	27.983	-5,0%
FINANCIAL HIGHLIGHTS (R\$1.000)								
NET REVENUE	308.376	351.003	-12,1%	332.797	-7,3%	1.342.614	1.366.791	-1,8%
DOMESTIC MARKET	300.612	343.132	-12,4%	325.472	-7,6%	1.310.995	1.335.962	-1,9%
EXPORT MARKET	7.764	7.871	-1,4%	7.325	6,0%	31.619	30.829	2,6%
Net unit revenue (in R\$ per item shipped)	52,03	50,74	2,5%	51,31	1,4%	50,52	48,84	3,4%

>> CONTINUAÇÃO

HIGHLIGHTS	4º tri/14	3º tri/14	%	4º tri/13	%	2014	2013	%
Unit cash cost (in R\$ per item shipped)	(39,49)	(31,44)	25,6%	(29,93)	31,9%	(32,30)	(27,83)	16,1%
GROSS PROFIT ⁽¹⁾	54.405	114.297	-52,4%	122.758	-55,7%	410.958	529.599	-22,4%
Gross margin	17,6%	32,6%	-	36,9%	-	30,6%	38,7%	-
Sales expenses	(57.459)	(54.820)	4,8%	(50.232)	14,4%	(220.582)	(201.123)	9,7%
General and administrative expenses	(14.882)	(15.986)	-6,9%	(16.892)	-11,9%	(64.452)	(64.625)	-0,3%
Operating profit before financial results	(13.300)	41.088	-132,4%	53.143	-125,0%	123.827	281.940	-56,1%
Depreciation and amortization	22.169	21.704	2,1%	17.981	23,3%	82.847	69.574	19,1%
Discontinued operations	-	-	-	5.739	-100,0%	-	(14.362)	-100,0%
EBITDA according to CVM 527/12 ⁽²⁾	8.869	62.792	-85,9%	76.863	-88,5%	206.674	337.152	-38,7%
EBITDA margin according to CVM 527/12	2,9%	17,9%	-	23,1%	-	15,4%	24,7%	-
Employee benefits	455	(2.009)	-122,6%	(106)	-529,2%	(3.645)	(7.790)	-53,2%
Discontinued operations	-	-	-	(5.739)	-	-	14.362	-100,0%
Extraordinary event ⁽³⁾	24.584	-	-	-	-	24.584	(24.258)	-201,3%
Recurring adjusted EBITDA	33.908	60.783	-44,2%	71.018	-52,3%	227.613	319.466	-28,8%
Recurring adjusted EBITDA margin	11,0%	17,3%	-	21,3%	-	17,0%	23,4%	-

(1) Gross Profit: disregarding the Non-recurring events of (-) R\$31,408,000 mainly linked to the closure of operations of Sanitary Ware Jundiaí II, we would have a recurrent Gross Profit of R\$ 85,813,000 and Gross Margin of 27.8%, on the quarter, and R\$ 442,366,000 and 32.9% respectively for 2014 (2) Includes discontinued operations (Deca Piazza, Argentina). (3) 2014: **4Q14**: reversal/booking of contingency provisions, the main items being the reversion of the *Plano Verão* (summer plan) provision (+) R\$ 24,06,000; the write-off of the Thermosystem brand name and other adjustments (-) R\$ 27,339,000; a provision for the closure of Louças Jundiaí Ideal: (-) R\$ 21,314,000. In 2013: (+) R\$24,258,000 referring to the return of the excess in the Private closed defined benefit pension plan for Duratex employees.

With the aim of adjusting its capacity to the level of demand and increasing the capacity utilization rates in its more efficient plants, at the end of December Deca ceased operations at its Louças Jundiaí II unit, transferring production to its plant in Queimados. This decision, as part of the Company's long-term plans, was guided by two main aspects: the uncertain economic scenario that has

caused demand levels to be unstable, and the wish to increase the capacity utilization rate in its more modern plants. This change will result in better industrial productivity, lower labour costs.

In this way, the ceasing of operations at Jundiaí II and the relocation of production will reduce nominal vitreous chinaware

production capacity from 12,250,000 to 11,500,000 pieces a year, capacity enough to supply the projected market for the next years. The closure costs of this unit were recognised in the fourth quarter, and are considered as non-recurring.

Deca's results for the year show a 5.0% drop in shipment levels compared to the previous

year, with a negative impact on Net Revenue of 1.8%. During the quarter shipment volumes were down 14.3%, with a 12.1% drop in net revenue. We attribute this situation to the more challenging macro-economic scenario, with the significant reduction in activity in the furniture industry, particularly with regard to the launching of new units. This fact is evidenced by the weak performance

in primary and secondary property sales in the period, affecting direct sales to construction firms, and the refurbishment segment.

Net Unit Revenue in the quarter showed an increase of 2.5% on a quarterly comparison, and of 3.4% in the year. However, the Cash Unit Cost showed increase of 25.6%, compared to the third quarter, and 16.1% compared to 2013. This increase in the fourth quarter is explained by the costs related to the readjustment in the metal and sanitary ware lines in its different locations and smaller dilution of fixed costs due to decreased volume of production and sales. For the year as a whole there was also an increase in promotion and 7 advertising expenses as a result of the rebranding of the Thermosystem brand to the Hydra brand. These items contributed to a decline in adjusted recurring EBITDA margin from 17.3% in the third quarter to 11.0%, and from 23.4% in 2013, to 17.0% in 2014. With these changes we understand that Deca starts the year of 2015 prepared to the markets needs.

Deca is continuing with its policy of constantly carrying out innovations in its product portfolio. During the quarter seven new lines were launched, including vitreous chinaware

and metal bathroom fittings. Among the various market recognitions received, we cite the prize for best product of the year awarded by the magazine *Revenda*, ranking in first place in the vitreous chinaware, metal bathroom fittings and metal bathroom fittings water economy segments. Deca was also ranked in first place at the design awards of the *Museu da Casa Brasileira*, in addition to the Top of Mind prize in the category of showers, vitreous chinaware and metal bathroom fittings.

CAPITAL MARKETS AND CORPORATE GOVERNANCE

At the end of the third quarter 2014, Duratex had a market capitalization equivalent to R\$ 5,324.5 million, taking a closing share price of R\$ 8.03.

During the final quarter of the year, there were 1,458,800 trades in the shares of Duratex, on the spot market of da BM&FBovespa, with 228.1 million shares changing hands, representing a trading volume equivalent to R\$ 4,721.0 million, an average daily trading volume of R\$ 19.0 million. This liquidity level guaranteed the inclusion of the Company's shares in the Ibovespa index, which consists of approximately 60 shares, the main

criteria for which include aspects related to share liquidity.

Duratex's shares are listed on the Novo Mercado section of BM&FBovespa, which brings together companies with the highest standards of corporate governance. The Company also has a differentiated dividend policy, with the distribution of 30% of adjusted net earnings to shareholders, while also adhering to the Abrasca Code for Self-Regulation and Good Practices for Listed Companies.

It is important to note that in 2014 Duratex was selected, for the third year running, to be part of the Dow Jones Sustainability Emerging Markets Index (DJSI), one of the most rigorous and demanding indices that evaluates the economic and socio-environmental performance of listed companies. The Company was classified in the industrial materials group, under the Paper & Forestry Products segment. In all, 86 companies were selected for this index, of which only 17 are Brazilian. Duratex was included as part of the 2015 Sustainability Yearbook, and also received the bronze prize in recognition as an Industry Award to companies that have made significant improvements in terms of sustainability performance compared to the previous year.

Additionally, the shares of Duratex remained included in the new 2014/2015 version of the BM&FBovespa Corporate Sustainability Index (ISE), which came into force on January 5, 2015 and runs to January 2, 2016. Duratex's shares have featured in this index since its 2008/2009 edition.

Duratex's 2013 Annual Sustainability Report was highlighted at the 16th Abrasca Awards, promoted by the Brazilian Listed Company Association. Duratex was awarded fourth place in the journal rankings and received an honourable mention on the question of Strategy.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

At the end of the period, the Company had a total of 11,742 employees, who received remuneration of R\$104 million in the quarter, and a total of R\$408.9 million for the year as

a whole. The fourth quarter saw a 4% drop in the number of employees, but the consolidated figure for the year as a whole remained unchanged compared to the previous year.

(R\$ '000)	4° tri/14	3° tri/14	%	4°tri/13	%	2014	2013	%
EMPLOYEES (QUANTITY)	11.742	12.235	-4,0%	11.733	0,1%	11.742	11.733	0,1%
Remuneration	104.037	102.071	1,9%	99.055	5,0%	408.928	378.095	8,2%
Obligatory legal charges	54.613	51.997	5,0%	53.053	2,9%	215.010	207.687	3,5%
Differentiated benefits	25.735	23.450	9,7%	23.936	7,5%	94.057	83.736	12,3%

Duratex improved its performance and transparency with respect to its reporting on the management of climate change, according to an analysis by CDP (Carbon Disclosure Project), an organisation which operates a system of global disclosure on climate data on behalf of 767 institutional investors. By means of a questionnaire, CDP aims to gain an understanding of how companies are seeking to minimise the environmental impacts of their businesses in the face of climate changes. In 2014, Duratex's scores exceeded the average scores in the construction materials sector, and the sub-sector of paper and forestry products, in which it is classified.

Duratex also received the Sustainable Forestry Certificate awarded by the Government of the State of São Paulo to companies who carried out good environmental practices in their forestry production, in the business year 2013. This certificate is part of the Agro-environmental Forestry Sector Protocol, signed by the Secretary of the Environment, the Secretary of Agriculture and Supply and the São Paulo Planted Forest Association - Florestar São Paulo. To reaffirm its commitment to the sustainability of its operations, Duratex signed its adherence to this protocol for the next few years.

The Company also received the Época Green Company Award promoted by Época

magazine and the consultancy firm PriceWaterhouseCoopers (PwC) in the industrial category, with recognition for Duratex's programs for the reuse of residues. The Company was also highlighted in the 2014 edition of Guia EXAME for sustainability in the construction materials segment, principally for its good supplier management practices.

Duratex held its third edition of its Meeting of Suppliers - GFD (Management of Duratex Suppliers) which brought together representatives of 68 companies that provide services to the Company. Introduced in 2012, GFD has the aim of reflecting Duratex's Mission, Vision and Values with its suppliers, through

a process of management, defined by socio-environmental, economic and quality criteria, as well as level of service offered. In 2014, 130 companies were analysed by the program. Of these, 84 responded to questionnaires, and 31 received visits from the company.

In the socio-cultural sphere, Duratex continues to invest in various projects with the aim of establishing a closer relationship with the communities close to its industrial and forestry units.

In the months of October and November 2014, Duratex sponsored the "Water, Art and Sustainability" project, which received

over 5000 visitors. The project involves the participation of the municipal authorities of Jundiaí and São Paulo, for the project's implementation. Also in October, the town of Uberaba hosted two shows featuring the singer and composer Milton Nascimento and the theatre group Ponto de Partida, in a spectacle inspired by the works of Carlos Drummond de Andrade: "*Ser Minas Tão Gerais*". In the same month the town of Tubarão/SC was host to the cultural project *Casinha de Livros* (little house of books) with a collection of 500 books for each school. With a view to stimulating the reading of books, in the towns of João Pessoa and Queimados we inaugurated "*Ler É Preciso*" (the need to read) community libraries. We also took the "Cineco" project to Tubarão to two municipal schools. Also in the months of October and November, the Company held a number of presentations namely, the cultural project *Atitude, Diversão e Arte* (attitude, entertainment and art) in São Miguel Arcanjo, Itapetininga, Botucatu, Itatinga, Agudos, Lençóis Paulista and Jacaréí, in the interior of São Paulo.

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 9 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 No. 381, dated January 14, 2003, and Circular Letter CVM/SNC/SEP No. 002/2006 of December 28, 2006, Duratex and its subsidiaries reported that in the period from January to December 2014 did not contract other services that are not related to external audit, of Ernst & Young Independent Auditors SS, responsible for external audit of the Company.

ACKNOWLEDGES

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 ASSETS	
		12/31/2014	12/31/2013	12/31/2014	12/31/2013
CURRENT		2.096.453	2.009.732	2.795.554	2.588.905
Cash and equivalents	5	518.497	511.239	1.081.089	996.843
Clients accounts receivable	6	792.644	787.303	864.435	873.956
Inventory	7	588.632	508.949	650.694	546.948
Ammounts receivable	8	29.133	36.120	40.843	42.377
Accounts receivable from related parties	11	119.139	106.636	53.895	39.406
Recoverable taxes and contributions	9	41.377	53.767	96.184	80.572
Other assets		7.031	5.718	8.414	6.733
Assets of discontinued operations		-	-	-	2.070
NON-CURRENT		5.665.155	5.343.871	6.001.553	5.589.422
Partes relacionadas	11	6	13.597	-	-
Linked deposits		26.094	25.366	40.066	28.290
Amounts receivable	8	24.974	35.378	47.127	62.691
Pension plans credit	30	104.581	99.245	113.666	107.927
Recoverable taxes and contributions	9	34.550	49.256	35.224	50.544
Deffered income tax and contributions	10	127.436	48.060	139.244	61.530
Investments in subsidiaries and addiliates	12	1.965.995	1.678.474	-	121.446
Other investments		1.002	298	1.514	772
Fixed assets	13	2.842.395	2.856.325	3.715.882	3.456.787
Biological assets	14	-	-	1.354.693	1.125.616
Intangible assets	15	538.122	537.872	554.137	573.819
TOTAL ASSETS		7.761.608	7.353.603	8.797.107	8.178.327

BALANÇO PATRIMONIAL

In thousands of reais

LIABILITIES AND STOCKHOLDERS EQUITY	Note	PARENT COMPANY		CONSOLIDATED (IFRS)	
		12/31/2014	12/31/2013	12/31/2014	12/31/2013
CURRENT		1.239.778	1.087.568	1.560.728	1.305.132
Loans and financing	17	751.867	569.505	1.008.909	710.075
Charge of debentures	18	6.701	6.298	6.701	6.298
Suppliers		143.077	163.225	166.832	180.167
Partes relacionadas	11	26.660	25.774	-	-
Staff obligations		136.475	125.970	149.659	138.462
Accounts payable	19	79.692	70.708	113.484	110.822
Taxes and contribution		37.962	47.391	57.758	79.426
Dividends and equity-on-interest payable		57.344	78.697	57.385	78.697
Liabilities of discontinued operations		-	-	-	1.185
NON-CURRENT		1.978.731	1.901.030	2.627.479	2.508.190
Loans and financing	17	1.432.311	1.397.866	1.675.906	1.625.525
Charge of debentures	18	116.327	108.943	116.327	108.943
Contingency provisions	20	76.150	84.591	87.254	123.808
Deffered income tax and social contribution	10	326.126	279.624	610.706	505.593
Other accounts payable	19	27.817	30.006	137.286	144.321
SHAREHOLDERS'S EQUITY	22	4.543.099	4.365.005	4.608.900	4.365.005
Equity		1.875.800	1.705.272	1.875.800	1.705.272
Cost of share issued		-7.823	-7.823	-7.823	-7.823
Capital reserves		331.616	323.342	331.616	323.342
Re-evaluation reserves		70.207	74.993	70.207	74.993
Profit reserves		1.896.384	1.860.195	1.896.384	1.860.195
Adjusts in equity valuation		-27.931	-18.344	-27.931	-18.344
Shares held in treasury		404.846	427.370	404.846	427.370
Patrimônio Líquido atribuído aos acionistas da controladora		4.543.099	4.365.005	4.543.099	4.365.005
Participation of non-controlling shareholders		-	-	65.801	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		7.761.608	7.353.603	8.797.107	8.178.327

STATEMENT OF INCOME

In thousands of reais

CONTINUING OPERATIONS	Note	PARENT COMPANY		CONSOLIDATED (IFRS)	
		12/31/2014	12/31/2013	12/31/2014	12/31/2013
NET SALES REVENUE	24	3,526.209	3,610.721	3,984.507	3,872.705
Variations in the fair value of biological assets	14	-	-	221.135	191.519
Cost of products sold		(2.687.670)	(2.450.386)	(2.988.453)	(2.620.557)
GROSS PROFIT		838.539	1.160.335	1.217.189	1.443.667
Selling expenses		(461.886)	(420.465)	(524.218)	(445.816)
General and administrative expenses		(107.994)	(110.259)	(136.034)	(127.898)
Management expenses		(16.804)	(14.432)	(16.868)	(14.433)
Other operating income (expenses), net	27	(16.102)	19.263	79.484	(36.284)
Equity in the results of investees		275.561	111.263	666	2.743
OPERATING PROFIT BEFORE FINANCIAL RESULT AND TAXES		511.314	745.705	620.219	821.979
Financial income	26	63.645	59.432	142.644	102.656
Financial expenses	26	(222.797)	(166.339)	(317.786)	(219.621)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		352.162	638.798	445.077	705.014
Income tax and social contribution - current	28	-	(89.848)	(73.331)	(155.797)
Income tax and social contribution - deferred	28	38.187	(29.030)	21.814	(14.713)
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS		390.349	519.920	393.560	534.504
DISCONTINUED OPERATIONS					
NET INCOME FOR THE YEAR FROM DISCONTINUED OPERATIONS		-	-	-	(14.362)
NET INCOME FOR THE YEAR		390.349	519.920	393.560	520.142
Net income attributable to:					
Owners of the company					
From continuing operations		-	-	390.349	534.282
From discontinued operations		-	-	-	(14.362)
Noncontrolling interests					
From continuing operations		-	-	3.211	222
Net income per share (R\$):					
Basic:	31	0,6023	0,8809	0,6023	0,8809
Diluted:	31	0,5838	0,8553	0,5838	0,8553

STATEMENT OF COMPREHENSIVE INCOME

In thousands of reais

	PARENT COMPANY		CONSOLIDATED	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
NET INCOME FOR THE YEAR	390.349	519.920	393.560	520.142
Other components of comprehensive income				
Participation in the comprehensive income (loss) of subsidiaries	(22.524)	3.947	(22.524)	3.947
COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	367.825	523.867	371.036	524.089
Attributable to:				
Owners of the company	367.825	523.867	367.825	523.867
Noncontrolling interests	-	-	3.211	222

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		-	-	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		-	-	-	-	-	-	-	(95.184)	(95.184)	-	(95.184)
Interest on capital 2nd half-year		-	-	-	-	-	-	-	(73.817)	(73.817)	-	(73.817)
Dividends 2nd half-year		-	-	-	-	-	-	-	(4.340)	(4.340)	-	(4.340)
Proposed additional dividend		-	-	-	-	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
COMPREHENSIVE INCOME FOR THE YEAR												
Net Income for the year		-	-	-	-	-	-	-	390.349	390.349	3.211	393.560
Participation in the comprehensive income of subsidiaries		-	-	-	-	-	(22.524)	-	-	(22.524)	-	(22.524)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-	-	-	-	(22.524)	-	390.349	367.825	3.211	371.036
Share options granted	29	-	-	8.274	-	-	-	-	-	8.274	-	8.274
Acquisition of treasury shares		-	-	-	-	-	-	(9.753)	-	(9.753)	-	(9.753)

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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
Sales of treasury shares								166	(29)	137	-	137
Capital increase using revenue reserves		170.528	-	-	-	(170.528)	-	-	-	-	-	-
Interest on capital - 2013 complement		-	-	-	-	(58.800)	-	-	-	(58.800)	-	(58.800)
Realization of revaluation reserve		-	-	-	(4.786)	-	-	-	4.786	-	-	-
Consolidation of Tablemac S.A. after acquisition of the control		-	-	-	-	-	-	-	-	-	62.590	62.590
APPROPRIATION OF NET INCOME FOR THE YEAR												
Allocated to the legal reserve		-	-	-	-	19.517	-	-	(19.517)	-	-	-
Interest on capital 1st half-year	22 d	-	-	-	-	-	-	-	(72.743)	(72.743)	-	(72.743)
Interest on capital 2nd half-year	22 d	-	-	-	-	-	-	-	(56.846)	(56.846)	-	(56.846)
Complementary interest on capital (exceed minimum mandatory dividend)	22 d	-	-	-	-	43.184	-	-	(43.184)	-	-	-
Appropriation to tax incentives (Article 195 - Law no. 6.404/76)		-	-	-	-	8.473	-	-	(8.473)	-	-	-
Appropriation to reserves		-	-	-	-	194.343	-	-	(194.343)	-	-	-
BALANCES AS AT DECEMBER 31, 2014		1.875.800	(7.823)	331.616	70.207	1.896.384	404.846	(27.931)	-	4.543.099	65.801	4.608.900

STATEMENT OF CASH FLOWS

In thousands of Reais

	PARENT COMPANY		CONSOLIDATED	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
OPERATING ACTIVITIES:				
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	352.162	638.798	445.077	705.014
ADJUSTMENTS:				
Depreciation, amortization and depletion	294.132	256.084	607.448	625.666
Variations in the fair value of biological assets	-	-	(221.135)	(191.519)
Interest, foreign exchange and monetary variations, net	200.957	146.552	251.983	177.125
Equity in the results of investees	(275.561)	(111.263)	(666)	(2.743)
Allowance for doubtful accounts	7.448	6.548	9.185	6.721
Provisions, disposal of assets	26.622	33.369	(62.389)	47.931
(Increase)/Decrease in Assets				
Trade accounts receivable	23.540	(91.098)	(24.119)	(125.014)
Inventory	(55.486)	(123.181)	(37.172)	(132.676)
Other assets	44.750	(14.921)	52.538	(20.207)
Increase (Decrease) in Liabilities				
Suppliers	(25.389)	(17.481)	(27.873)	(31.423)
Personnel liabilities	5.731	24.234	9.617	27.460
Accounts payable	11.878	465	(14.243)	11.464
Taxes and contributions	(12.172)	(43.383)	(28.960)	(52.863)
Other liabilities	(39.192)	4.565	(13.919)	(16.529)
Cash provided by operations	559.420	709.288	945.372	1.028.407
Income tax and social contribution paid	(1.831)	(73.828)	(71.903)	(121.714)
Interest paid	(177.926)	(116.073)	(195.426)	(138.308)
CASH PROVIDED BY OPERATING ACTIVITIES	379.663	519.387	678.043	768.385

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STATEMENT OF CASH FLOWS

In thousands of Reais

	PARENT COMPANY		CONSOLIDATED	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
INVESTMENT ACTIVITIES:				
Investments in biological, fixed and intangible assets	(234.001)	(376.594)	(459.645)	(567.621)
Acquisition of subsidiary	-	(56.402)	(148.241)	(33.855)
Dividends received from subsidiary	42.509	31.273	-	-
Payment of subscribed capital in investees	(153.094)	(18)	-	-
Net cash received on the merger of subsidiary	659	-	-	-
CASH USED IN INVESTMENT ACTIVITIES	(343.927)	(401.741)	(607.886)	(601.476)
FINANCING ACTIVITIES:				
Financing	745.046	544.804	875.023	577.248
Debentures	(6.737)	(6.320)	(6.737)	(6.320)
Amortization of financing	(541.405)	(549.144)	(634.762)	(571.489)
Interest on capital/Dividends	(209.534)	(191.427)	(209.600)	(191.638)
Loans from subsidiaries	(6.233)	(13.602)	-	-
Treasury shares and others	(9.615)	(8.025)	(9.615)	(11.871)
NET CASH FLOW FROM FINANCING ACTIVITIES	(28.478)	(223.714)	14.309	(204.070)
Exchange variations on cash and cash equivalents	-	-	(220)	1.927
INCREASE (DECREASE) IN CASH FOR THE YEAR	7.258	(106.068)	84.246	(35.234)
OPENING BALANCE	511.239	617.307	996.843	1.032.077
FINAL BALANCE	518.497	511.239	1.081.089	996.843

STATEMENT OF VALUE ADDED

(Required by accounting practices adopted in Brazil and supplementary information under IFRS)

In thousands of Reais

	PARENT COMPANY		CONSOLIDATED	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
REVENUE	4.551.536	4.665.632	5.205.323	4.976.560
Gross sales revenue	4.505.124	4.599.471	5.063.836	4.911.231
Other revenue	53.860	72.709	150.672	72.050
Allowance for doubtful accounts	-7.448	-6.548	-9.185	-6.721
Inputs acquired from third parties	-2.838.015	-2.659.521	-2.634.628	-2.289.842
Cost of sales	-2.400.788	-2.283.756	-2.136.957	-1.889.520
Materials, energy, outsourced services and others	-437.227	-375.765	-497.671	-400.322
Gross value added	1.713.521	2.006.111	2.570.695	2.686.718
Depreciation, amortization and depletion	-294.132	-256.084	-607.448	-625.597
Net value added	1.419.389	1.750.027	1.963.247	2.061.121
Value added received through transfer	339.206	170.695	143.310	94.373
Financial income	63.645	59.432	142.644	102.656
Equity in the results of investees	275.561	111.263	666	2.743
Discontinued operations	-	-	-	(11.026)
Value added to be distributed	1.758.595	1.920.722	2.106.557	2.155.494
DISTRIBUTION OF VALUE ADDED				
Personnel compensation	630.891	578.113	731.746	662.731
Direct compensation	518.559	477.238	598.481	542.322
Benefits	77.267	68.197	94.055	83.736
Severance indemnity fund (FGTS)	33.036	30.768	36.966	34.663
Other	2.029	1.910	2.244	2.010
Government taxes	515.345	657.989	665.353	752.542

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STATEMENT OF VALUE ADDED

(Required by accounting practices adopted in Brazil and supplementary information under IFRS)

In thousands of Reais

	PARENT COMPANY		CONSOLIDATED	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Federal	291.165	414.433	462.200	504.484
State	221.321	240.848	198.244	243.740
Municipal	2.859	2.708	4.909	4.318
Financing remuneration (interest)	222.010	164.700	315.898	220.079
Stockholders' remuneration	390.349	519.920	393.560	520.142
Interest on capital	172.773	222.671	172.773	222.671
Retained earnings	217.576	297.249	217.576	297.249
Noncontrolling interests	-	-	3.211	222
Total value added distributed	1.758.595	1.920.722	2.106.557	2.155.494

NOTES TO THE FINANCIAL INFORMATION

(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 4 industrial plants in Colombia, and maintains branches in the main Brazilian cities. Duratex also has commercial subsidiar-

ies in the United States and Europe. The Wood Division operates five industrial plants in Brazil, and four industrial plants in Colombia, 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.

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

b) Approval of financial statements

The financial statements of Duratex S.A. and subsidiaries (Parent company and Consolidated) was approved by the Board of Directors of Duratex S.A. on February 4, 2015.

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.

The non-financial data included in these financial statements, such as number of planted area and number of units, and others, have not been audited by the independent auditors.

For better presentation and comparability some balances of the prior year have been reclassified.

(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, comprising the requirements of Brazilian corporate legislation, in accordance with the law 6.404/76 with altera-

tions in the law 11.638/07 and law 11.941/09, and the accounting pronouncements, interpretations issued by the Brazilian Accounting Pronouncements Committee (“CPC”), approved by the Brazilian Securities and Exchange Commission (“CVM”). Until December 31, 2013, these practices were different from 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.

With the issuance the pronouncement IAS 27 (Separate Financial Statements) reviewed by the IASB in 2014, the separate financial statements in accordance with IFRS have allowed the use of the equity method for valuation of investments in subsidiaries, associates and jointly controlled subsidiaries. In December 2014, the CVM issued the resolution no. 733/2014, which approved the Standards Review Technical Document No. 07 regarding the CPC Pronouncements 18, CPC 35 and CPC 37 issued by the Accounting Pronouncements Committee, receiving the said revision of IAS 27, and allowing its adoption from the years ended December 31, 2014. Therefore, the individual financial statements of the parent began to be in accordance with IFRS from that statement.

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., Bale Comércio de Produtos para Construção S.A., Pescara Administração e Participações S.A., Trento Administração e Participações S.A., and its indirect subsidiaries: Duratex North America Inc., Duratex Europe NV., Duratex Belgium NV., Tablemac S.A. and Tablemac MDF S.A.S.

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 trans-

ferred, 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 as gain.

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.

2.2.2 - New accounting standards, amendments and interpretations

Were issued by the International Accounting Standards Board (IASB) but were not effective until the date of issue of this financial statements and not early adopted by the Company.

IFRS 9 - Financial Instruments - in July 2014, the IASB issued the final version of IFRS 9 - Financial Instruments, which reflects all stages of the financial instruments project and replaces IAS 39 - Financial Instruments: Recognition and Measurement and all versions previous IFRS 9. This standard introduces new requirements on classification and measurement, loss on impair-

ment and hedge accounting. IFRS 9 is effective for annual periods beginning on January 1, 2018 or after that date, early application is not allowed. Retrospective application is required, it is not mandatory, however, the presentation of comparative information. Early adoption of earlier versions of IFRS 9 (2009, 2010 and 2013) is allowed if the initial application date is earlier than February 1, 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of financial assets of the Group not causing, however, no impact on the classification and measurement of financial liabilities of the Group.

IFRS 15 - Revenue from Contracts with Customers, issued in May 2014, establishes a new model with five steps that will be applied to revenues originated from contracts with customers. According to the IFRS 15, revenues are recognized in an amount that reflects the consideration to which an entity expects to be entitled in exchange for the transfer of goods or services to a customer. The principles in IFRS 15 include a more structured approach to measure and recognize revenue.

The standard of the new revenue is applicable to all entities and will replace all current revenue recognition requirements under IFRS. A full or amended retrospective appli-

cation is required for annual periods beginning as of January 1, 2017 or after that date, with earlier application permitted, under discussion in Brazil. Management is evaluating the impacts of this adoption.

There are no other standards and interpretations issued and not yet adopted that, in management's opinion, have a significant impact on the results or equity disclosed by the Company.

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 mea-

sured 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 Reais, 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

Reais), 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 year 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 year, 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 impair-

ment 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 foreign 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 con-

sidered 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

The account group that comprise the intangible assets are as follows:

Goodwill for future profitability

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.

Softwares

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 assets that require some time to get done, 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, competi-

tion 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 year 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 year 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 in the year. 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 con-

sideration 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, detailed below, 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.

The portion of dividends exceeding mandatory minimum declared by management after the accounting period to which they refer to the financial statements, but before the date of authorization for issuance of these statements is recorded under “interest on capital complementary (exceeding the mandatory minimum dividend)” in the equity, and its effects are disclosed in note 22 (d).

As provided in the bylaws, the Company may pay interest on capital, attributing the amounts as dividends, for purposes of calculating taxes. The tax benefit of the interest on capital is recognized in the statement of income.

NOTE 3 – CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

During the preparation of the financial statements, 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 on the date when the financial information was prepared, based on experience of past events and forecasts of future events. The financial statements includes 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 provision for contingencies and impairment losses, and others.

The following are the main estimates and assumptions that entail a substantial risk of re-

quiring 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\$ 44,333, 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\$ 9,642, net of tax effects.

b) Estimated impairment of goodwill

The Company and its subsidiaries test the goodwill on an annual basis or if there is an indication that the goodwill may be impaired, 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.

c) Pension plan benefits

The current value of assets related to pen-

sion 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, 2014 were as follow:

a - US\$ vs. Interbank deposit certificate (CDI) swap agreements

The Company had seven agreements of this nature, with an aggregate notional amount of US\$ 306,300,000, 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 four agreements with an aggregate amount of R\$ 95,170, 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\$ 211,998, maturing on November 17, 2016, being an asset position at a fixed rate and a liability position at a percentage of the CDI.

c - Calculation of the fair value of positions

The fair value of the financial instruments was calculated by utilizing the estimated present

	Quadro Demonstrativo					
	Reference Value (notional)		Valor Justo		Efeito Acumulado em 2014	
	31/12/15	31/12/14	31/12/15	31/12/14	Amount receivable/ received	Amount payable/ paid
I. SWAP CONTRACTS						
Asset position						
Foreign currency (USD)	681.364	436.876	809.277	486.864	114.408	-
Fixed rate	307.168	308.442	342.738	334.283	1.531	-
Liability position						
CDI	(988.532)	(745.318)	(1.036.076)	(774.385)	-	-

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.

Sensitivity analysis table

Amounts in thousands of R\$

Risk	Instrumento/Operação	Description	Probable Scenario	Possible Scenario	Remote Scenario
Interest rate risk	Instrument/Operation		(7.103)	(19.771)	(32.602)
	SWAP - FIXED / CDI	Increase CDI	7.103	19.771	32.602
	Subject to hedge: fixed rate loans.		-	-	-
Foreign exchange	SWAP - US\$ / CDI (Res. 4131)		9.717	(244.247)	(498.211)
	Subject to hedge: foreign currency debt (US\$)	Decrease US\$ (increase US\$)	(9.717)	244.247	498.211
	Net Effect		-	-	-
		Total	-	-	-

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 in the maturity dates of the financial instruments exposed to foreign exchange and interest rates. The average dollar of R\$ 3.1107 and the average CDI of 13.26% was used.

(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 Company’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 one year	2016 and 2017	From 2018 to 2022	After 2023	Less than one year	2016 and 2017	From 2018 to 2022	After 2023
31/12/15								
Loans/ Debentures	758.568	882.642	657.785	8.211	1.015.610	1.043.723	739.973	8.537
Suppliers	143.077				166.832			
Total	901.645	882.642	657.785	8.211	1.182.442	1.043.723	739.973	8.537

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		Parent company	
	31/12/15	31/12/14	31/12/15	31/12/14
A -Loans, financing and debentures	2.307.206	2.082.612	2.807.843	2.450.841
Short - term	758.568	575.803	1.015.610	716.373
Long - term	1.548.638	1.506.809	1.792.233	1.734.468
B-(-) Cash and cash equivalents	518.497	511.239	1.081.089	996.843
C=(A-B) Net debt	1.788.709	1.571.373	1.726.754	1.453.998
D- Stockholders' equity	4.543.099	4.365.005	4.608.900	4.365.005
C/D=Financial leverage index	39%	36%	37%	33%

The increase in financial leverage was due mainly for the use of cash spent on the investment in Tablemac S.A. in a total R\$ 151.7 million, for the extraordinary dividends paid as interest on capital of R\$ 58.8 million and

for the acquisition of forests of Caxuana Reflorestamento Ltda. in the amount of R\$ 40.0 million and disbursements made during the first semester of 2014.

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 Company and its subsidiaries apply CPC 40-R1/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:

- 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		Financial liabilities designated at fair value		Total	
	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13
ASSETS								
Cash equivalents	1,040.795	946.393	-	-	-	-	1,040.795	946.393
Trade accounts receivable	864.435	873.956	-	-	-	-	864.435	873.956
Related parties	53.895	39.406	-	-	-	-	53.895	39.406
Restricted deposits	40.066	28.290	-	-	-	-	40.066	28.290
Total	1,999.191	1,888.045	-	-	-	-	1,999.191	1,888.045
LIABILITIES								
Loans/ debentures	-	-	1,771.767	1,672.944	1,036.076	777.897	2,807.843	2,450.841
Suppliers	-	-	166.832	180.167	-	-	166.832	180.167
Dividends/ Interest on capital	-	-	57.385	78.697	-	-	57.385	78.697
Derivative financial instruments (*)	-	-	-	-	-	(4.034)	-	(4.034)
Total	-	-	1,995.984	1,931.808	1,036.076	773.863	3,032.060	2,705.671

(*) 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	
	03/31/2014	12/31/2013	03/31/2014	12/31/2013
Cash and banks	25.069	35.023	40.294	50.450
Fixed income securities	343	163	2.726	1.539
Bank deposit certificates	493.085	476.053	1.038.069	945.160
Reclassification to discontinued operations	-	-		(306)
TOTAL	518.497	511.239	1.081.089	996.843

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.

The bank deposit certificates (CDB) are remunerated at rates higher than the CDI rates. 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	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Domestic customers	797.888	790.707	831.751	866.363
Foreign customers	30.743	29.616	70.510	41.467
<i>Allowance for doubtful accounts</i>	(35.987)	(33.020)	(37.826)	(33.815)
Reclassification to discontinued operations	-	-	-	(59)
TOTAL	792.644	787.303	864.435	873.956

The balances of accounts receivable by maturity are as follow:

	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Not yet due	775.480	769.785	842.319	856.728
Past-due up to 30 days	9.574	10.655	13.642	10.750
From 31 to 60 days	2.826	1.166	3.263	1.166
From 61 to 90 days	1.268	545	1.536	586
From 91 to 180 days	5.876	3.527	5.967	3.527
More than 180 days	33.607	34.645	35.534	35.073
TOTAL	828.631	820.323	902.261	907.830

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 stockholders' 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	
			12/31/2014	12/31/2013
A	over 5 years	Current	60%	63%
B	over 3 years	Up to 1 day late, on average	6%	6%
C	below 3 years	Over 1 day late, on average	30%	27%
D		Overdue	4%	4%

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 allowance for doubtful accounts is recorded based on the trade notes overdue

more than 180 days and as individual analysis of the relevant overdue amounts (note 2.8).

Below the changes in the allowance for doubtful accounts for the year ended December 31, 2014.

	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Opening Balance	(33.020)	(28.168)	(33.815)	(28.852)
Constitution of provision	(9.248)	(7.122)	(10.984)	(7.295)
Reversal (income statement)	1.800	574	1.800	574
Write-offs	4.600	1.696	5.292	1.758
Merger of Thermosystem	(119)	-	(119)	-
Closing Balance	(35.987)	(33.020)	(37.826)	(33.815)

NOTE 7 - INVENTORY

	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Finished goods	180.134	125.428	211.279	144.709
Raw materials	225.475	206.279	240.795	209.664
Work in progress	91.553	92.104	104.724	103.156
General warehouse	82.695	81.991	84.691	83.717
Advances to suppliers	8.775	3.147	9.205	5.702
Total	588.632	508.949	650.694	546.948

NOTE 8 - OTHER RECEIVABLES

	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
CURRENT				
Fundação Itaúsa Industrial (pension plan) ⁽¹⁾	15.745	14.037	15.745	14.037
Sale of farms/ properties	5.741	13.488	15.732	19.506
Acquisitions Escrow	4.623	2.592	4.623	2.592
Others	3.024	6.003	4.743	6.242
Total Current	29.133	36.120	40.843	42.377
NON-CURRENT				
Fundação Itaúsa Industrial (pension plan) ⁽¹⁾	2.624	16.377	2.624	16.377
Sale of farms/ properties	11.966	8.238	11.966	10.371
Forest incentives ⁽²⁾	-	-	21.162	26.012
Acquisitions Escrow	6.777	8.315	6.777	8.315
Others	3.607	2.448	4.598	1.616
Total Non-Current	24.974	35.378	47.127	62.691

(1) Credits from the review of defined benefit plan of Fundação Itaúsa Industrial.

(2) Forest planting modality in which the company provides incentives, raw materials and technical assistance and maintenance as established in the contract.

NOTE 9 - RECOVERABLE TAXES AND CONTRIBUTIONS

The Company and its subsidiaries have recoverable federal and state tax credits, the composition of which is as follows:

	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
CURRENT				
Income tax and social contribution to be offset	10.165	16.244	25.013	25.429
ICMS, PIS and COFINS on the acquisition of property, plant and equipment ^(*)	24.594	26.859	25.265	28.078
PIS and COFINS to be offset	1.731	2.679	14.759	10.553
ICMS and IPI recoverable	4.543	7.333	30.326	15.350
Others	344	652	821	1.162
Total	41.377	53.767	96.184	80.572
NON-CURRENT				
ICMS, PIS and COFINS on the acquisition of property, plant and equipment ^(*)	34.550	49.256	35.224	50.544
Total	34.550	49.256	35.224	50.544

(*)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	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
DEFERRED TAX ASSETS TO BE RECOVERED WITHIN 12 MONTHS				
Income tax and social contribution losses	98.362	26.330	104.391	32.402
Temporarily non-deductible provisions:				
Provision for sundry labor charges	18.991	16.257	20.966	17.729
Provisions for losses on inventory	2.405	692	2.457	742
Provision for adjustment of assets to market value	2.961	2.307	2.963	2.309
Provision for commission payable	1.401	1.735	1.401	1.735
Sundry provisions	11.682	5.339	15.682	9.873
Swap result (cash vs. accrual basis)	-	-	-	14
Deferred tax asset to be recovered after 12 months	29.074	21.730	34.853	29.128
Provision for sundry labor charges	12.751	9.683	14.530	11.281
Tax provisions	11.712	8.893	14.408	14.679
Allowance for doubtful accounts	4.142	2.363	4.142	2.377

>> CONTINUAÇÃO

	Parent company		Consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Provision for losses on investments	469	469	469	469
Sundry provisions	-	192	-	192
Effect of business combination - CPCs / IFRS	-	130	1.304	130
Total deferred tax assets	127.436	48.060	139.244	61.530
NON-CURRENT LIABILITIES				
Revaluation reserve	(27.292)	(29.912)	(53.505)	(56.211)
Present value adjustment of loans	(5.730)	(7.748)	(5.730)	(7.748)
Swap result (cash vs. accruals basis)	(43.527)	(17.285)	(43.697)	(17.285)
Depreciation (25% credit of social contribution)	-	-	(9.045)	(8.005)
Fiscal depreciation	(96.204)	(74.526)	(96.204)	(74.526)
Sale of real estate	(3.008)	(4.097)	(3.341)	(5.278)
CPC/IFRS adjustments	(129.916)	(128.626)	(376.169)	(315.528)
Other fiscal obligations	(20.449)	(17.430)	(23.015)	(21.012)
Total deferred tax liabilities	(326.126)	(279.624)	(610.706)	(505.593)

The Company's management, based on projections of future taxable income, estimates that the recorded credits will be realized until 2018, as follows the presentation:

	Parent company and Consolidated
2015	8.173
2016	21.928
2017	26.431
2018	4.390
Total	60.922

Changes in the deferred income tax and social contribution

	Parent company	Consolidated
BALANCE AS AT DECEMBER 31, 2013	(231.564)	(444.063)
(Expenses) and revenues of deferred tax	38.187	21.814
Merger of subsidiary Thermosystem	(1.925)	-
Income tax and social contribution under identifiable assets on the acquisition of Thermosystem	(3.582)	-
Adjustment of Income tax and social contribution until the date of the disposal of identifiable assets	194	-
Business combination Tablemac	-	(49.213)
BALANCE AS AT DECEMBER 31, 2014	(198.690)	(471.462)

NOTE 11 – RELATED PARTIES

a) Balances and transactions with subsidiaries

	Controlled company				
	Duratex Florestal		Duratex Empreendimentos		Thermosystem
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2013
ASSETS					
Trade accounts receivable	8	33	-	-	4
Dividends receivable ⁽¹⁾	51.288	42.509	-	-	-
Accounts receivable	24	41	-	-	-
Subsidiaries ⁽²⁾	4	-	2	-	13.597
LIABILITIES					
Suppliers ⁽³⁾	26.660	25.774	-	-	-
Subsidiaries ⁽²⁾	-	4	-	-	-
RESULTS					
Sales	3	28	-	-	13
Purchases ⁽⁴⁾	(310.046)	(295.751)	-	-	-
Financial	6	2	-	-	-
Others	2	6	-	-	-

(1) Dividends receivable, provisioned by the subsidiary Duratex Florestal Ltda. (2) Intercompany operations at market conditions in order to the centralization of cash. (3) Accounts payable for the acquisition of raw material listed in item (4). (4) Regular acquisition of timber harvested, pine and eucalyptus, at market prices for production of wood panels.

DESCRIPTION	Indirect subsidiaries							
	TCI Trading		Duratex N. America		Deca Piazza		Tablemac	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013
ASSETS								
Trade accounts receivable ⁽¹⁾	-	-	9.088	11.056	-	7.929	4.837	5.636
Accounts receivable	-	22	-	-	-	-	-	-
RESULTS								
Sales ⁽²⁾	-	-	28.908	29.620	-	655	13.254	10.979
Purchases ⁽³⁾	-	(37.808)	-	-	-	-	-	-
Financial	-	-	1.098	783	(310)	1.039	445	123

(1) Trade accounts receivables about sales listed in item (2). (2) Supplies of products for sales in the United States, Canada and Colombia. (3) Importation of raw materials and property, plant and equipment.

b) Transactions with other related parties

DESCRIPTION	Leo Madeiras Maqs.& Fer. Ltda		Leroy Merlin Cia Bras Bricolagem		Ligna Florestal Ltda.		Elekeiroz S.A.	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013
ASSETS								
Trade accounts receivable ⁽¹⁾	22.777	12.601	31.118	26.805	-	-	-	-
Acquisition of property, plant and equipment	-	-	-	-	-	2.500	-	-
LIABILITIES								
Suppliers	-	-	-	-	-	-	215	556
RESULTADO								
Sales ⁽²⁾	100.686	82.354	95.326	110.356	-	-	1	785
Purchases ⁽³⁾	-	-	-	-	-	-	(15.420)	(29.368)
Other purchases	-	(29)	-	(7.132)	-	-	-	-
Lease costs ⁽⁴⁾	-	-	-	-	(18.668)	(22.079)	-	-

(1) Trade accounts receivables about sales listed in item (2). (2) Supplies of products for domestic market. (3) Acquisition of raw material for production of resin destined for production of wood panels. (4) 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\$ 1,622. 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).

DESCRIPTION	Itautec S.A.		Itaúsa Empreendimentos S.A.		Itaúsa Investimentos S.A.		Itaú Unibanco		Itaú Seguros	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013
ASSETS										
Financial investments ⁽¹⁾		-		-		-	106.434	199.104		-
Trade accounts receivable		-		-		27		-		-
LIABILITIES										
Suppliers		-		-		-		-	86	492
SUPPLIERS										
Sales		37		-		3	36		428	-
Rent expenses ⁽²⁾		-		-		(4.281)	(2.841)		-	-
Insurance expenses ⁽³⁾		-		-		-	-		-	(2.645)
Remuneration on financial investments ⁽⁴⁾		-		-		-	11.301	29.056		-
Financial expenses ⁽⁵⁾		-		-		-	(180)	(133)		-
Equipment maintenance ⁽⁶⁾		(2.471)		-		-	-	-		-
Other operating income (expenses), net ⁽⁷⁾		-	(308)	(1.250)		-	-	-		-

(1) Financial investments at Itaú Unibanco, done under the conditions agreed between the parties and within the limits established by Company management. (2) Rent expenses rooms at building of the Company's headquarters. (3) Contract operational risk insurance, covering the Company's plants and machinery and forestry equipment of the subsidiary Duratex Florestal during the year of 2013. For the year 2014, the Group contracted unrelated company to cover its assets. (4) Gains from financial investments listed in item (1). (5) Expenses with demands for payment. (6) Expenses with maintenance of computers. (7) Services contracted of analysis, economic and corporate planning.

The transactions with related parties are realized in the course of the Company's business, under agreement between the parties.

As at December 31, 2014 it was not necessary to make provision for allowance for doubtful accounts involving transactions with related parties.

c) Management remuneration

A remuneração paga ou a pagar aos executivos da Companhia e suas subsidiárias até dezembro 31, 2014 foi de R\$ 16,868 em honorários (R\$ 14,433 - dezembro 31, 2013), R\$ 7,199 na forma de compartilhamento de lucros (R\$ 13,934 - dezembro 31, 2013), e R\$ 6,522 na forma de remuneração de longo prazo baseada em opções de ações (R\$ 6,736 - dezembro 31, 2013).

NOTE 12 - INVESTMENTS IN SUBSIDIARIES AND ASSOCIATE

a) Change in investments

	Direct subsidiaries										Total
	Duratex Coml. Exp.	Duratex Florestal	Estrela do Sul	Duratex Empreend.	Thermosystem Eletro Eletron.	Bale Com. Prod.	Pescara Admin. Part.	Trento Admin. Part.	Mykonos Admin. Part.	Duratex Europe	
Number of shares/quotas held (Thousand)	33	234	12	2.874	-	-	-	-	-	-	-
Interest %	100,00	99,99	99,99	99,99		99,99	90,00	90,00		0,02	
Capital	342.400	701.541	12	2.874		10	1	1		345.510	
Equity	327.307	1.629.936	6.251	7.323		10	1	1		285.165	
Net income for the year	53.662	215.772	674	501		-	-	-		25.962	
Changes in investments											
AS AT DECEMBER 31, 2012	209.160	1.329.539	5.397	6.469	-	-	-	-	-	-	1.550.565
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)
Other	-	(64)	-	-	(1.342)	-	-	-	-	-	(1.406)
AS AT DECEMBER 31, 2013	143.975	1.460.625	5.576	6.822	61.458	9	-	-	9	-	1.678.474
Equity in results of investees	53.662	215.762	674	501	4.961	-	-	-	-	1	275.561
Capital increase	152.200	-	-	-	21.500	-	-	-	-	-	173.700
Exchange variations on equity	(22.530)	-	-	-	-	-	-	-	-	4	(22.526)
Sale of shares to Duratex Empreendimentos	-	-	-	-	-	-	-	-	(9)	-	(9)
Merger of subsidiary on 08.29.2014	-	-	-	-	(55.406)	-	-	-	-	-	(55.406)
Acquisition of Pescara Admin.and Participações S.A.	-	-	-	-	-	-	1	-	-	-	1
Acquisition of Trento Admin. and Participações S.A.	-	-	-	-	-	-	-	1	-	-	1
Reclassification of Trademark to intangible assets	-	-	-	-	(9.660)	-	-	-	-	-	(9.660)
Reclassification of assets from business combination to property, plant and equipment	-	-	-	-	(880)	-	-	-	-	-	(880)
Reclassification of Income tax and social contribution on adjustments	-	-	-	-	3.583	-	-	-	-	-	3.583
Reclassification of goodwill to intangible assets	-	-	-	-	(25.577)	-	-	-	-	-	(25.577)
Dividends	-	(51.288)	-	-	-	-	-	-	-	-	(51.288)
Other	-	-	-	-	21	-	-	-	-	-	21
AS AT DECEMBER 31, 2014	327.307	1.625.099	6.250	7.323	-	9	1	1	-	5	1.965.995

	Indirect subsidiaries						
	Deca Piazza	North America	Duratex Europe	Duratex Belgium	TCI Trading	Tablemac	Mykonos Admin. Part.
Number of shares/quotas held (Thousand)	32.545	500	42	1.880		27.301.840	
Interest %	100,00	100,00	99,998	100,00		80,62	
Capital	426	885	345.510	46.762		54.332	
Equity	(414)	9.309	285.165	35.848		324.000	
Net income for the year	4.836	517	25.962	4.506		22.632	
Changes in investments							
AS AT DECEMBER 31, 2012	6.144	6.737	194.179	47.903	16.510	173.704	-
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)	-
Other						118	-
AS AT DECEMBER 31, 2013	(6.956)	7.709	133.049	34.205	20.147	121.446	1
Equity in results of investees	4.836	517	25.961	4.506	(403)	18.912	-
Dividends	-	-	-	-	(671)	-	-
Acquisition of shares by OPA as at January 22, 2014	-	-	-	-	-	141.629	-
Capital increase	-	-	148.698	-	-	-	-
Capital decrease	-	-	-	-	(16.000)	-	-
Acquisition of 90 shares	-	-	-	-	-	-	9
Sale of shares of TCI Trading as at October 30, 2014	-	-	-	-	(3.083)	-	-
Capital increase through the merger of a subsidiary on 09.30.2014	-	-	-	-	10	-	(10)
Exchange variations on equity	1.706	1.083	(22.549)	(2.863)	-	(20.778)	-
Provision to cover the negative net equity	414	-	-	-	-	-	-
AS AT DECEMBER 31, 2014	-	9.309	285.159	35.848	-	261.209	-

b) Acquisition of subsidiary

As at January 22, 2014, Duratex, through its subsidiary Duratex Europe, 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. The number of shares acquired was 14,772,002,647 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. The total amount transferred was R\$ 151,722.

Duratex thus now holds 80.62% of the equity capital of Tablemac S.A. In compliance with to CPC 15 - R1 - Business Combinations, in case of step acquisitions, the Company should recognize gains or losses and remeasure the previously held equity interest at its acquisition-date fair value. In advance the Company evaluated the necessity of impairment of goodwill recorded at the initial acquisition of Tablemac in 2012, in a total of R\$ 53.6 million (R\$ 66.3 million of goodwill and R\$ 12.7 million of exchange variation previously recorded in the equity) and recognized this amount in the results of 2013.

At the date of acquisition of the control the Company recalculated the fair value of 37% of the previously held interest, which value compared to book value resulted in a positive adjustment of R\$ 8,512, recorded under the caption “ Other operating income (expenses), net”.

Tablemac S.A. is a publicly traded company which was established in 1988. It has shares listed on Colombia’s stock market, has four plants located in the center of Colombia, with a production capacity of 110,000 m³/year for MDP and started up the first continuous MDF production line in the country, with a capacity of 132,000 m³/year. The Tablemac owns 8,544 hectares of land, of which 5,907 hectares are planted. Tablemac’s panel market share is about 33% in Colombia.

The deal allows for diversification of the panel making business in a country with stable political and economic environment, with growth rate above the Brazilian average, besides favorable characteristics of population and income in favor of the furniture segment, the main destination of the panels sold.

Duratex with this deal advances further in its strategic growth plan abroad with initial focus in Latin America, always aiming at the creation of value to its shareholders.

The nominal value of receivables acquired on the acquisition date, considered by the fair value is R\$ 30,769 of short-term, and has no expectation of loss.

Since January 22, 2014, the date of its acquisition, Tablemac contributed to the Group with a net sales revenue of R\$ 240,085 and net income of R\$ 22,632, including noncontrolling interest.

If the acquisition had occurred at the beginning of the year, the Tablemac had contributed to the Group with a net sales revenue of R\$ 259,478 and net income of R\$ 24,431 including noncontrolling interests (non audited).

The fair value of identifiable assets and liabilities of Tablemac S.A. on the acquisition date is as follow:

		Fair Value on acquisition	Book value
Cash and cash equivalents		3.481	3.481
Trade accounts receivable		30.769	30.870
Inventories		57.269	48.595
Recoverable taxes and contributions		5.153	5.153
Other credits		2.338	2.338
Deferred income tax and social contribution		718	684
Other investments		41	41
Property, plant and equipment		359.803	309.321
Biological assets		23.885	23.885
Intangible - Customer portfolio		17.817	630
Loans and financing - current		(14.999)	(14.999)
Suppliers		(14.207)	(14.207)
Personnel		(1.656)	(1.656)
Accounts payable		(14.160)	(14.160)
Taxes and contributions		(6.369)	(6.369)
Dividends		(62)	(62)
Loans and financing - non current		(48.685)	(48.685)
Deferred income tax and social contribution		(53.394)	-
Total net assets		347.742	324.860
Noncontrolling interest	19,38%	(67.392)	
Previously held interest	37,00%	(128.665)	
Consideration transferred	43,62%	151.721	
Cash flow on acquisition		(36)	
Cash and cash equivalent balances acquired			
Cash consideration		3.481	
Net cash outflow on acquisition		(151.721)	
Fluxo de saída de caixa, líquido		(148.240)	-

c) Merger of subsidiary

As at August 29, 2014, the Extraordinary General Meeting approved the merger by Duratex S.A. of its subsidiary Thermosystem Indústria Eletro Eletrônica Ltda., aiming to optimize and rationalize the number of subsidiaries, as well as the reduction of administrative activities and annual accessory obligations.

Mergered Balance Sheet at August 29, 2014

Thermosystem Indústria Eletro Eletrônica Ltda.

ASSETS	
CURRENT ASSETS	67.788
Cash and cash equivalents	659
Trade accounts receivable	37.719
Inventories	24.195
Other receivables	1.501
Recoverable taxes and contributions	3.566
Other credits	148
NON-CURRENT ASSETS	38.487
Recoverable taxes and contributions	398
Property, plant and equipment	27.778
Intangible assets	651
Trademark	9.660
Total Assets	106.275
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES	17.686
Loans and financing	976
Suppliers	5.194
Personnel	4.774
Accounts payable	1.843
Taxes and contributions	4.899
NON-CURRENT LIABILITIES	26.226
Loans and financing	2.900
Contingencies	198
Related parties	17.621
Deferred income tax and social contribution	5.507
Stockholders' Equity	43.912
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	62.363

Duratex has succeeded the Thermosystem on its rights and obligations, jointly answering for the obligations of Thermosystem in accordance to Articles 227 and 232 of the Brazilian Corporation Law. Thus the balance sheet of Duratex was affected by mergered balances presented in the table above.

NOTE 13 – PROPERTY, PLANT AND EQUIPMENT

a) Change

PARENT COMPANY	Land	Structures and improvements	Machinery, equipment and facilities	Assets in progress	Furniture and fixtures	Vehicles	Other assets	Total
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
AS AT 12/31/2014								
Opening balance	112.262	489.468	1.836.148	371.638	11.847	1.731	33.231	2.856.325
Acquisitions	7	598	46.812	169.562	3.411	1.222	4.861	226.473
Write-offs	(1.040)	-	(4.894)	(946)	(421)	(10)	(834)	(8.145)
Depreciation	-	(28.898)	(220.356)	-	(2.101)	(958)	(7.723)	(260.036)
Transfers	2.846	59.889	216.133	(293.381)	1.656	(3)	12.860	-
Merger of Thermosystem	1.599	2.512	11.002	10.527	599	128	1.411	27.778
Net book value	115.674	523.569	1.884.845	257.400	14.991	2.110	43.806	2.842.395
BALANCE AS AT 12/31/2014								
Cost	115.674	824.088	3.479.667	257.400	38.189	22.840	129.291	4.867.149
Accumulated depreciation	-	(300.519)	(1.594.822)	-	(23.198)	(20.730)	(85.485)	(2.024.754)
Net book value	115.674	523.569	1.884.845	257.400	14.991	2.110	43.806	2.842.395

CONSOLIDATED	Land	Structures and improvements	Machinery, equipment and facilities	Assets in progress	Furniture and fixtures	Vehicles	Other assets	Total
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)
Saldo contábil, líquido	607.631	391.708	1.543.455	659.998	10.129	10.055	34.107	3.257.083
NET BOOK VALUE								
As at 12/31/2013	607.631	391.708	1.543.455	659.998	10.129	10.055	34.107	3.257.083
Opening balance	27.050	845	42.932	348.523	3.811	453	4.329	427.943
Acquisitions	(511)	(1.274)	(5.999)	(44)	(265)	(2.112)	(60)	(10.265)
Write-offs	-	(24.695)	(195.644)	-	(1.887)	(3.739)	(7.808)	(233.773)
Depreciation	19.482	132.461	474.964	(633.456)	758	1.689	4.102	-
Transfers	361	1.704	11.308	551	511	138	705	15.278
Acquisition of Thermosystem	198	914	(1.489)	1.040	167	18	3	851
Goodwill Thermosystem	(82)	(150)	(57)	-	(1)	-	-	(290)
Exchange variations	-	(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
AS AT 12/31/2014								
Opening balance	654.129	501.473	1.869.470	376.612	13.223	6.502	35.378	3.456.787
Acquisitions	112	2.198	58.596	187.217	3.685	3.753	7.891	263.452
Write-offs	(46.246)	(634)	(5.425)	(947)	(621)	(65)	(853)	(54.791)
Depreciation	-	(31.362)	(242.148)	-	(2.336)	(3.604)	(8.676)	(288.126)
Transfers	2.846	54.143	224.287	(301.253)	1.656	1.283	17.038	-
Exchange variations	202	(2.296)	(3.002)	(155)	9	(11)	140	(5.113)
Goodwill Thermosystem	-	(26)	73	-	(18)	(2)	1	28
Acquisition of Tablemac	35.182	99.098	163.934	694	1.010	642	(5.540)	295.020
Assets from business combination Tablemac	48.625	-	-	-	-	-	-	48.625
Net book value	694.850	622.594	2.065.785	262.168	16.608	8.498	45.379	3.715.882
BALANCE AS AT 12/31/2014								
Cost	694.850	940.479	3.648.442	262.168	47.459	53.364	135.241	5.782.003
Accumulated depreciation	-	(317.885)	(1.582.657)	-	(30.851)	(44.866)	(89.862)	(2.066.121)
Net book value	694.850	622.594	2.065.785	262.168	16.608	8.498	45.379	3.715.882

b) Assets in progress

Assets in progress refer mostly to the expansion of: (i) Wood Division the industrial plants in Itapetininga-SP, Botucatu-SP, Uberaba-MG, for producing wood panels (ii) Deca Division the industrial plants of Louças Paraíba and Louças Queimados-RJ, for producing sanitary ceramic and in plants Metal-SP and Metal Planidil-SP for producing metal products. As at December 31, 2014 these formalized contracts for the expansion of industrial plants totaled approximately R\$ 170,1 million.

In the period ended December 31, 2014, no interest was capitalized in the Property, plant and equipment (R\$ 12,723 as at December 31, 2013).

c) Review of the useful life of the assets

As provided in the Pronouncement CPC 27 27 – Property, Plant and Equipment, the Company revised the estimated useful lives of the assets for the calculation of depreciation. The following methodology was adopted in the review of rates:

- **internal antecedents:** Investments in replacements, information about the survival of the assets, technical specifications;

- **external antecedents:** Economic environment in which the Company operates new technologies, benchmarking, recommendations and manufacturer’s literature;
- **conservation status and operations of the goods:** Maintenance, failures and efficiency of goods and other information used for determination of residual useful life;
- residual value of assets, maintenance history and use until destination for offscourings;
- alignment to the general planning of the Company.

ANNUAL DEPRECIATION RATES	12/31/2014
Structures and improvements	4,0%
Machinery, equipment and facilities	7,5%
Furniture and fixtures	10,0%
Vehicles	20% to 25%
Other assets	10% to 20%

d) Assets offered as guarantee

As at December 31, 2014, the Company had a land totaling R\$ 15,820, recorded in the fixed assets offered as guarantee in

lawsuits and machinery and equipment in an amount of R\$ 80 offered as guarantee of loans.

NOTE 14 – BIOLOGICAL ASSETS (FOREST RESERVES)

Through its subsidiaries Duratex Florestal Ltda. and Tablemac 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, 2014 the Group had roughly 164,600 hectares, of planted areas (December 31, 2013: 139,500 hectares), in the States of São Paulo, Minas Gerais, Rio Grande do Sul and in Colombia.

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) by the discount rate of 10.1% p.a. as at December 31, 2014 and December 31, 2013.

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:

	12/31/2014	12/31/2013
Cost of formation of biological assets	785.021	595.096
Difference between cost and fair value	569.672	530.520
Fair value of the biological assets	1.354.693	1.125.616

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 fiscal year:

	31/12/14	31/12/13
OPENING BALANCE	1.125.616	1.102.337
Variation in fair value		
Volume/price	221.135	191.519
Depletion	(180.604)	(218.088)
Variation in book value		
Formation	292.062	132.407
Depletion	(103.516)	(82.559)
FINAL BALANCE	1.354.693	1.125.616
Effect of the variation in fair value of biological assets in the Statement of Income		
Variation in fair value	221.135	191.519
Depletion at fair value	(180.604)	(218.088)

The adjustments related to the variations of the fair value are due the market price, productivity, harvested volume and acquisition of all the forests belonging to the company Caxuana Ltda in the first quarter of 2014.

The amount of depletion for the year is presented in the Statement of income under “Cost of products sold”.

NOTE 15 - INTANGIBLE ASSETS

PARENT COMPANY	Software	Trademarks and patents	Goodwill	Customer portfolio	Total
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
AS AT 12/31/2014					
Opening balance	14.345	4.129	229.221	290.177	537.872
Additions	7.136	1.013	-	-	8.149
Write-offs	-	(9.660)	-	-	(9.660)
Amortization	(7.235)	(424)	-	(26.468)	(34.127)
Merger of Thermosystem	651	9.660	25.577	-	35.888
Net book value	14.897	4.718	254.798	263.709	538.122
BALANCE AS AT 12/31/2014					
Cost	55.699	5.707	254.798	396.161	712.365
Accumulated amortization	(40.802)	(989)	-	(132.452)	(174.243)
Net book value	14.897	4.718	254.798	263.709	538.122
Average amortization rate	17,57%	4,10%	0%	6,67%	

CONSOLIDATED	Software	Trademarks and patents	Goodwill	Customer portfolio	Total
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
AS AT 12/31/2014					
Opening balance	15.051	13.793	254.798	290.177	573.819
Additions	8.189	1.013	-	-	9.202
Write-offs	-	(9.660)	-	-	(9.660)
Amortization	(7.402)	(424)	-	(27.404)	(35.230)
Customer portfolio - Acquisition of Tablemac	-	-	-	16.447	16.447
Foreign exchange variances	(47)	-	-	(394)	(441)
Net book value	15.791	4.722	254.798	278.826	554.137
BALANCE AS AT 12/31/2014					
Cost	57.200	5.711	254.798	412.214	729.923
Accumulated amortization	(41.409)	(989)	-	(133.388)	(175.786)
Net book value	15.791	4.722	254.798	278.826	554.137
Average amortization rate	17,57%	4,10%	0%	6,67%	

NOTE 16 - IMPAIRMENT TESTING OF GOODWILL

Goodwill on acquisition of the companies Cerâmica Monte Carlo, Elizabeth Louças, 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 13.36%, with no need for impairment, since the amounts are fully recoverable.

NOTE 17 - LOANS AND FINANCING

TYPE	CHARGES	AMORTIZATION	GUARANTEES	12/31/2014		12/31/2013	
				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.	76.462	69.166	59.869	145.184
BNDES	TJLP + 2.7% p.a.	Monthly	Guarantee - Cia Ligna de Investimentos	24.111	-	31.511	24.031
BNDES	TJLP + 2.8% p.a.	Monthly and Quarterly	Surety - 70% Itaúsa - 30% natural person	66.019	208.062	57.599	244.923
BNDES	4.6 % p.a.	Monthly and Quarterly	Surety - 70% Itaúsa - 30% natural person	4.919	10.543	4.334	13.556
BNDES	Selic + 2.16% p.a.	Monthly	Surety - 70% Itaúsa - 30% natural person	987	2.809	877	3.353
BNDES REVITALIZA with Swap	8 % p.a.	August 2014	-	-	-	50.583	-
BNDES PROGEREN	TJLP + 2.85% p.a.	December 2015	Promissory Note	27.027	-	29.042	25.000
BNDES PROGEREN	9 % p.a.	Monthly	Trade note	626	-	-	-
FINAME	TJLP + 2.3% p.a./ Fixed 4.4 % p.a.	Monthly and Quarterly	Chattel mortgage and PN	5.209	45.627	2.144	33.544
FINAME	3.5 % p.a.	Monthly	Chattel mortgage and guarantee	29	3.859	-	-
INDUSTRIAL CREDIT with Swap	12.7 % p.a.	Up to April 2015	Surety - Duratex Coml. Exportadora S.A.	58.227	-	6.653	52.543

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TYPE	CHARGES	AMORTIZATION	GUARANTEES	12/31/2014		12/31/2013	
				CURRENT	NON CURRENT	CURRENT	NON CURRENT
INDUSTRIAL CREDIT	103.3 % of CDI	Up to November 2015	Surety - Duratex Coml. Exportadora S.A.	205.144	-	273.905	184.483
EXPORT CREDIT with Swap	8 % p.a.	Up to November 2016	-	669	58.117	617	52.870
EXPORT CREDIT	104.8 % of CDI	Up to May 2020	-	6.472	406.549	-	-
FUNDIEST	30 % IGP-M per month	Up to December 2020	Guarantee - Companhia Ligna de Investimentos	20.092	111.243	17.370	123.574
FUNDOPEM	IPCA + 3% p.a.	Up to June 2025	Surety - 70% Itaúsa - 30% natural person	1.139	29.243	-	16.017
PROINVEST / PRO FLORESTA	IGP-M + 4% p.a. / IPCA + 6% p.a.	Up to January 2018	Guarantee - Ligna and Mortgage of assets	11.713	4.305	11.922	13.812
Discounted Rural Promissory Note	5.5 % p.a.		Promissory Note	-	-	7.720	-
LEASING	Fixed 1.3 % per month	Monthly	Machinery and equipments	80	-	-	-
Total Parent Company - Local currency				508.925	949.523	554.146	932.890
PARENT COMPANY - FOREIGN CURRENCY							
BNDES	Basket of currencies + 2.2 % p.a.	Monthly	Surety - Itaúsa - Invest. Itaú S.A.	11.284	10.254	6.744	18.889
BNDES	Basket of currencies + 2.4 % p.a.	Monthly	Guarantee - Cia Ligna de Investimentos	4.686	160	4.633	4.265
BNDES	US\$ + Libor + 1.6 % p.a.	Monthly	Surety - Itaúsa - Invest. Itaú S.A.	1.343	2.113	1.186	3.041
BNDES	US\$ + Libor + 2.1 % p.a.	Monthly	Surety - 70% Itaúsa - 30% natural person	397	624	351	898
RESOLUTION 2770 / Swap	US\$ + Libor + 1.7% p.a.	Up to April 2014	Surety - Ligna - Mortgage and trust	-	-	1.617	-
RESOLUTION 4131 / Swap	US\$ + Libor + 1.7% p.a.	August 2015	Promissory Note	104.204	-	-	-
RESOLUTION 4131 / Swap	US\$ + 1.5% p.a.	December 2015	Promissory Note	118.270	-	340	103.543
RESOLUTION 4131 / Swap	US\$ + Libor + 1.5% p.a.	May 2016	Promissory Note	162	50.945	63	118.159
RESOLUTION 4131 / Swap	US\$ + 2.1% p.a.	June 2018	Promissory Note	109	107.899	143	50.837
RESOLUTION 4131 / Swap	US\$ + Libor + 1.5% p.a.	July 2016	Promissory Note	216	57.657	91	107.851
RESOLUTION 4131 / Swap	US\$ + Libor + 2.27% p.a.	October 2017	Promissory Note	814	127.297	191	57.493
RESOLUTION 4131 / Swap	US\$ + 2.5% p.a.	January 2017	Promissory Note	1.457	125.839	-	-
Total Parent company - Foreign currency				242.942	482.788	15.359	464.976
TOTAL PARENT COMPANY				751.867	1.432.311	569.505	1.397.866

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TYPE	CHARGES	AMORTIZATION	GUARANTEES	12/31/2014		12/31/2013	
				CURRENT	NON CURRENT	CURRENT	NON CURRENT
SUBSIDIARIES - LOCAL CURRENCY							
RURAL CREDIT NOTE with SWAP	9.4 % p.a.	Setembro 2015	Aval - Duratex S.A.	112.813	-	68.129	102.140
RURAL CREDIT NOTE with SWAP	11.5 % p.a.	Novembro 2016	Aval - Duratex S.A.	-	110.954	-	-
EXPORT CREDIT NOTE	105.3% of CDI	Até Setembro 2015	Aval - Duratex S.A.	138.853	-	68.292	56.460
BNDES	TJLP + 2.8% p.a.	Mensal e Trimestral	Aval - 70% Itaúsa - Invest. Itaú S.A. e 30% Pessoa Física	1.978	76.085	2.629	66.645
BNDES	5.5 % p.a.	Mensal	Aval - 70% Itaúsa - Invest. Itaú S.A. e 30% Pessoa Física	790	1.243	-	-
BNDES PROGEREN	9 % p.a.	Mensal	Duplicatas e Máquinas	-	-	901	516
LEASING	Fixed 1.3 % per month	Mensal	Máquinas e Equipamentos	-	-	324	23
FINAME	Fixed 5.6 % p.a.	Mensal e Trimestral	Alienação Fiduciária e Nota promissória	502	3.521	-	-
FINAME	3.5 % p.a.	Mensal	Alienação Fiduciária e Fiança	-	-	263	1.875
FUNDAP	1 % p.a.	Mensal	Aval - Duratex Coml. Exportadora S.A.	-	-	32	-
Total Subsidiaries - Local currency				254.936	191.803	140.570	227.659
SUBSIDIARIES - FOREIGN CURRENCY							
LEASING BANCOLOMBIA	DTF + 2 %	Monthly	Promissory Note	10	779	-	-
DEG/CII	5.4 % p.a.	Semiannually	Pledge and mortgage of equipments	-	38.894	-	-
CII	Libor + 3.95 % p.a.	Semiannually	Pledge and mortgage of equipments	-	4.808	-	-
Santander Bank-Hermes	4.59 % p.a.	Semiannually	Insurance (95%)	2.096	7.311	-	-
Total Subsidiaries - Foreign currency				2.106	51.792	-	-
TOTAL SUBSIDIARIES				257.042	243.595	140.570	227.659
TOTAL CONSOLIDATED				1.008.909	1.675.906	710.075	1.625.525

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\$ 397,941 (R\$ 474,249 as at December 31, 2013), Companhia Ligna de Investimentos, amounting to R\$ 176,310 (R\$ 232,735 as at December 31, 2013), Duratex Comercial Exportadora S.A., totaling R\$ 263,371 (R\$ 517,584 as at December 31, 2013). In the case of loans and financing obtained by subsidiaries, sureties were granted by Itaúsa S.A., totaling R\$ 56,067 (R\$ 48,492 as at December 31, 2013), Duratex S.A., totaling R\$ 362,620 (R\$ 295,021 as at December 31, 2013) and Duratex Comercial Exportadora S.A., totaling R\$ 32 as at December 31, 2013.

b) Other guarantees

For the financing obtained by Bndes Progerem totaling R\$ 626 and Leasing totaling R\$ 80 were offered machinery, equipment and duplicates guarantees.

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 – presentation of operating licenses, adoption 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 fi-

ancing 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.

If these contractual obligations are not met, Duratex S.A. should provide additional guarantees.

The Company declares that contractual obligations, described above, for the year 2014 were met.

*EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)

d) Loans and financing from non-current liability by maturity.

Debt with financial institutions - Maturities

Year	12/31/2014					
	Parent company			Consolidated		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
2016	221.677	119.984	341.661	335.222	153.377	488.599
2017	103.344	321.310	424.654	105.221	333.576	438.797
2018	160.019	41.494	201.513	177.851	47.627	225.478
2019	126.906	-	126.906	162.525	-	162.525
2020	309.320	-	309.320	329.651	-	329.651
2021	12.228	-	12.228	14.330	-	14.330
2022	7.818	-	7.818	7.989	-	7.989
Other	8.211	-	8.211	8.537	-	8.537
Total	949.523	482.788	1.432.311	1.141.326	534.580	1.675.906

Year	12/31/2013					
	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

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, 2014		
								Short term	Long term	Total
1 st Issue	01/15/2012	private convertible into shares	01/15/2017	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, 2014				775.125				6.701	116.327	123.028

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	
	12/31/2014	12/31/2013	31/12/2014	31/12/2013
CURRENT				
Advances from customers	4.934	4.364	6.724	24.253
Statutory share	8.555	13.292	8.555	13.292
Freight and insurance	10.397	13.094	14.390	13.094
Acquisition of companies	10.316	8.988	10.316	8.988
Distributed earnings (from SCP's) to shareholders (*)	-	-	10.387	10.301
Commission payable	8.854	7.687	8.854	8.541
Product warranty, technical support and maintenance	7.407	7.816	9.509	7.816
License technology	2.058	1.239	2.058	1.239
Acquisition of land used for reforestation	-	-	7.264	3.207
Indemnities for judicial decisions	2.274	2.390	2.474	2.390
Renegotiation of healthcare	1.493	1.256	1.493	1.256
Consigned loans	1.270	953	1.386	1.042
Future delivery sales	6.937	8.423	6.937	8.423
Provision for restructuring of vitreous chinaware unit	10.869	-	10.869	-
Others	4.328	1.206	12.268	7.577
Reclassification to liabilities from discontinued operations	-	-	-	(597)
Total Current	79.692	70.708	113.484	110.822
NON-CURRENT				
Partnerships in which some partners are passive (**)	-	-	97.939	97.939
Acquisition of companies	24.017	29.644	24.017	29.644
Acquisition of land used for reforestation	-	-	523	4.752
Product warranty and technical support	3.041	-	3.041	-
Others	759	362	11.766	11.986
Total Non-Current	27.817	30.006	137.286	144.321

(*) SCPs: Partnerships in which some partners are passive

(**) Refers to the value of the participation of third parties in reforestation projects at the Group, which the subsidiary Duratex Florestal has contributed with forest assets, basically forest reserves and equity holders has contributed in kind.

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. As contingências tributárias envolvem, principalmente, discussões judiciais sobre:

PARENT COMPANY	Tax	Labor	Civil	Total
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
BALANCE AS AT DECEMBER 31, 2013	64.028	27.499	981	92.508
Monetary variance and interest	3.694	16.490	219	20.403
Constitution	21.744	13.620	844	36.208
Reversal	(42.219)	(14.922)	-	(57.141)
Payments	(387)	(7.027)	-	(7.414)
Closing balance as at December 31, 2014	46.860	35.660	2.044	84.564
Judicial deposits	(1.145)	(7.160)	(109)	(8.414)
Balance as at December 31, 2014 after offsetting of judicial deposits	45.715	28.500	1.935	76.150

CONSOLIDATED	Tax	Labor	Civil	Total
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
BALANCE AS AT DECEMBER 31, 2013	111.387	32.529	1.076	144.992
Monetary variance and interest	5.120	18.244	219	23.583
Constitution	22.617	15.055	844	38.516
Reversal	(81.581)	(16.179)	(95)	(97.855)
Payments	(1.305)	(8.459)	-	(9.764)
Closing balance as at December 31, 2014	56.238	41.190	2.044	99.472
Judicial deposits	(4.232)	(7.877)	(109)	(12.218)
Balance as at December 31, 2014 after offsetting of judicial deposits	52.006	33.313	1.935	87.254

Tax contingencies mainly relate to legal discussions regarding:

1-) PIS - six-monthly - refers to the appeal intended to acknowledge the right of paying PIS pursuant to Complementary Law No. 7/70, six months after the revenue recognition. The discussion is only in respect of the portion of disallowed credits for a different interpretation from Secretariat of the Federal Revenue of Brazil about updating indexes. As

at December 31, 2014 for this discussion the amount provisioned is R\$ 12,272 (R\$ 11,209 as at December 31, 2013).

2-) ICMS - Disallowance of ICMS credits on wood purchases made with a supplier that having been declared an ineligible company, being credits have been disallowed retroactively by the State. As at December 31, 2014 the amount provisioned to this discussion is R\$ 15,423.

3-) Plano Verão (Government economic plan) – The legal advisers of the Group have reclassified the probably loss to potential loss in view of the procedural stage of the action.

b) Potential losses

Plano Verão (Government economic plan) – refers to the 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, 2014 the total

amount is R\$ 53,916 (R\$ 52,595 as at December 31, 2013).

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\$ 227,608 related to the taxation of the revaluation reserve in the corporate operations of demerger constituted by the subsidiary Estrela do Sul Participações Ltda. between the years 2006 and 2009, and R\$ 23,981 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:

	12/31/2014	12/31/2014
IPI credit premium from 1960 to 1985	122.387	111.030
Monetary Restatement of Federal Power Company (Eletrobás) credits	11.659	10.577
Refund of withholding Tax on Net Income (ILL) paid on dividend distributions from 1989 to 1992	12.471	11.314
INSS (Social Security) - Accident Insurance (SAT), alteration of rural tax rate, transport benefits (fares and passes) and health insurance plan	18.507	4.694
PIS - calculation basis	1.376	945
PIS and COFINS - Manaus Free-Trade Zone	422	383
PIS and COFINS - remittance of commission on overseas sales	2.266	2.055
Other	1.577	2.705
Total	170.665	143.703

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\$ 1,622. Duratex Florestal Ltda. Will pay until 2038 R\$ 19,464 per year.

In compliance with CPC 06 – R1 – “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\$ 1,875,800, represented by 665,565,438 registered common shares with no par value.

According to the Ordinary and Extraordinary General Meeting held on April 22, 2014 the capital increased from R\$ 1,705,272 to R\$ 1,875,800 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, 2014.

b) Treasury shares

	n° of shares	Amount
Balance as at December 31, 2013	1,405,054	18,344
Acquisitions	870,000	9,753
Sale of treasury shares	(14,800)	(166)
Bonus share issue	225,505	
Balance as at December 31, 2014	2,485,759	27,931

Prices			
Minimum	Maximum	Weighted Average	Lastest Quotation
2,86	15,67	11,24	8,03

Based on the most recent market quotation as at December 30, 2014, the value of the Company's treasury shares was R\$ 19,961 (R\$ 18,476 as at December 30, 2013).

c) Equity reserves

	Parent company and Consolidated	
	12/31/2014	12/31/2013
CAPITAL RESERVES	331.616	323.342
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	93.447	84.934
Options granted to be recognized (Note 29)	(12.682)	(12.443)
OTHER COMPREHENSIVE INCOME	475.053	502.363
Revaluation Reserves	70.207	74.993
Carrying Value Adjustments	404.846	427.370
REVENUE RESERVES	1.896.384	1.860.195
Legal	164.529	145.012
Statutory	1.653.588	1.639.243
Additional proposed dividend	43.184	49.330
Tax incentives (Article 195 - Law no. 6.404/76)	35.083	26.610
Treasury shares	(27.931)	(18.344)

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.

Reserve for Dividend Equalization. Will be limited to 40% (forty percent) of the capital and its purpose will be the payment of dividends, including as interest on capital (Article 29,2) or its advances, to maintain the payment to shareholders, with resources:

(a) the equivalent of 50% (fifty percent) of net income, adjusted in accordance with Article 202 of Brazilian Corporation Law;

(b) equivalent to 100% (one hundred percent) of the portion of the Revaluation Reserves, recorded as retained earnings;

(c) equivalent to 100% (one hundred percent) of prior year adjustments, recorded as retained earnings; and

(d) resulting from the credit to interim dividend payments (Article 29,1 of the bylaws)

The Reserve for Increasing Working Capital. Will be limited to 30% (thirty percent) of the capital and its purpose is to guarantee funds for the company’s operations, comprising resources equivalent to up to 20% (twenty percent) of net income, adjusted accordance with article 202 of Brazilian Corporation Law.

The Reserve for Capital Increases in Investees. Will be limited to 30% (thirty percent) of registered capital and its purpose will be of exercising preemptive subscription right in capital increases of such companies, being made resources equivalent of to up to 50% (fifty percent) of the net income, adjusted in accordance with Article 202 of Brazilian Corporation Law.

Tax incentives refer to: R\$ 22,089 (R\$ 15,074 in 2013) of PRODEPE - Pernambuco State Development Program, R\$ 7,088 (R\$ 5,629 in 2013) of the FAIN - Paraíba Industrial Development Support Fund and R\$ 5,907 (R\$ 5,097 in 2013) 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. Present-

ed below is the dividend calculation, the amounts paid/credited and the balance payable.

Dividends as at December 31, 2014 were calculated as follows:

NET INCOME FOR THE YEAR				390.349
(-) Legal reserve				(19.517)
(-) Tax incentives				(8.473)
(-) Realization of revaluation reserve				4.786
Adjusted net income				367.145
Minimum compulsory dividend (30%)				110.143
DIVIDENDS DECLARED IN THE YEAR		Valor bruto	IRRF	Valor líquido
The Board of Directors at a meeting held on July 29, 2014 resolved to credit interest on capital, on account of the compulsory dividend for 2014, the amount of R\$ 0.1097046084 per share totaling R\$ 72,743, which payment was made by August 15, 2014.		72.743	(10.911)	61.832
The Board of Directors at meeting held on December 15, 2014, “ad referendum” of General Assembly, decided to credit interests on equity in December 30, 2014 due to 2014 mandatory dividends, the value of R\$ 0.08573141 for share that which amounts to R\$ 56,846 which payment will be made until December 30, 2015.		56.846	(8.527)	48.319
Stockholders remuneration		129.589	(19.438)	110.151
Complementary interest on capital (exceed minimum mandatory dividend)		43.184	(6.477)	36.707

As described in note 2.21 the portion of dividends exceeding mandatory minimum declared by management after the reporting period of the financial statements, but before the authorization date for issuance of these, are not recorded as liabilities and their effects disclosed in a note.

As at 31 December 2014 the amount of R \$ 43,184, exceeding the minimum mandatory dividend, under statute, in equity was recorded as “Interest on capital complement (exceeding the mandatory minimum dividend)”.

NOTE 23 - INSURANCE COVERAGE

As at December 31, 2014, 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\$ 3,444 million. The Group does not have insurance coverage for its forests. To minimize the risk to these, it main-

tains an internal fire brigade, fire trucks and motorized forest guards. The Group 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	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013 (*)
Gross sales revenue		4.599.471	5.063.836	4.911.231
Domestic market		4.447.195	4.601.911	4.756.892
Foreign market		152.276	461.925	154.339
Taxes and contributions on sales		(988.750)	(1.079.329)	(1.038.526)
Net sales revenue		3.610.721	3.984.507	3.872.705

(*) net from discontinued operations

NOTE 25 - EXPENSES, BY NATURE

	Parent company		Consolidated	
	12/31/2014	12/31/2013	31/12/2014	12/31/2013 (*)
Variation in fair value of biological assets		-	221.135	191.519
Variations in the inventories of finished products and work in process	592.831	527.305	401.871	483.008
Raw materials and consumption materials	(2.267.114)	(2.096.993)	(2.109.108)	(1.901.721)
Remuneration, charges and benefits to employees	(681.103)	(613.176)	(780.482)	(698.132)
Depreciation charges, amortization and depletion	(265.066)	(224.837)	(577.485)	(539.709)
Transport expenses	(240.282)	(221.901)	(263.209)	(227.503)
Advertising expenses	(78.906)	(67.456)	(94.082)	(74.597)
Other expenses	(317.910)	(284.052)	(226.210)	(235.617)
Total	(3.257.550)	(2.981.110)	(3.427.570)	(3.002.752)

The expenses by nature described above represent the following captions of the statement of income.

	Parent company		Consolidated	
	12/31/2014	12/31/2013	31/12/2014	12/31/2013 (*)
Variation in the fair value of the biological assets	-	-	221.135	191.519
Cost of goods sold	(2.687.670)	(2.450.386)	(2.988.453)	(2.620.557)
Selling expenses	(461.886)	(420.465)	(524.218)	(445.816)
Administrative and general expenses	(107.994)	(110.259)	(136.034)	(127.898)
Total	(3.257.550)	(2.981.110)	(3.427.570)	(3.002.752)

(*) net from discontinued operations

NOTE 26 - FINANCIAL INCOME AND EXPENSES

	Parent company		Consolidated	
	12/31/2014	12/31/2013	31/12/2014	12/31/2013 (*)
FINANCIAL INCOME				
Remuneration on financial investments	38.525	31.473	89.995	68.131
Foreign exchange variances	7.572	15.144	7.833	16.579
Indexation adjustment	8.271	6.609	10.626	9.076
Interest and discounts obtained	5.842	5.352	31.362	5.873
Fundap - Discount	2.649	-	2.649	2.755
Other	786	854	179	242
Total	63.645	59.432	142.644	102.656
FINANCIAL EXPENSES				
Charges on financing -Local currency	(142.617)	(112.926)	(179.760)	(144.227)
Charges on financing -Foreign currency	(103.099)	(65.819)	(103.441)	(65.819)
Foreign exchange variances	(1.949)	(8.179)	(17.945)	(10.193)
Indexation adjustment	(5.027)	(5.414)	(7.350)	(7.386)
Derivatives	34.428	33.251	33.836	36.447
Bank charges	(3.262)	(4.132)	(5.780)	(4.495)
Tax on financial operations	(787)	(1.640)	(1.889)	(2.203)
Other	(484)	(1.480)	(35.457)	(21.745)
Total	(222.797)	(166.339)	(317.786)	(219.621)
Total financial result	(159.152)	(106.907)	(175.142)	(116.965)

(*) net from discontinued operations

NOTE 27 - OTHER OPERATING INCOME (EXPENSES), NET

	Parent company		Consolidated	
	12/31/2014	12/31/2013	31/12/2014	12/31/2013 (*)
Amortization of customer portfolio	(26.467)	(26.467)	(27.404)	(27.567)
Profit sharing and Stock Options	(15.473)	(22.292)	(15.473)	(22.292)
Pension plan credits	5.743	56.696	6.146	58.013
Result from the reamesurement of previously held equity of Tablemac	-	-	8.512	-
Result from the sale of the farm of the company Caxuana Ltda.	-	-	45.514 (**)	-
Result on sale of excess electricity	18.130	-	18.130	-
Reversal of Goodwill - Tablemac	-	-	-	(53.574)
Reversal of provision for tax contingencies - Plano Verão (Government economic plan) and others	20.191	-	48.219	-
Gain (Loss) on disposal of assets and other operating income and expenses	(18.226)	11.326	(4.160)	9.136
Total	(16.102)	19.263	79.484	(36.284)

(*) net from discontinued operations

(**) Result from the sale of 5,600 hectares of land given as part of the payment for the acquisition of forests from the company Caxuana Ltda (see note 14, item c).

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	
	12/31/2014	12/31/2013	31/12/2014	12/31/2013 (*)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	352.162	638.798	445.077	705.014
Income Tax and Social Contribution at the rates of 25% and 9%, respectively	(119.735)	(217.191)	(151.326)	(239.705)
Income tax and social contribution on additions and deductions from the result	157.922	98.313	99.809	69.195
Income from foreign investments	-	-	6.550	(31.978)
Interest on capital	65.529	59.661	65.529	59.661
Equity in results of investees	93.691	37.829	226	933
Other additions and exclusions	(1.298)	823	27.504	40.579
Income tax and social contribution on profit for the year	38.187	(118.878)	(51.517)	(170.510)
IN THE RESULTS:				
Current income tax and social contribution		(89.848)	(73.331)	(155.797)
Deferred income tax and social contribution		(29.030)	21.814	(14.713)
Effective rate %	11%	-19%	-12%	-24%

(*) net from discontinued operations

b) Provisional Measure No. 627 converted into Law

In May 2014, this Provisional Measure was converted into the Law No. 12,973, with adjustments on some measures, particularly related to the treatment of dividends, interest on capital and evaluate investment by equity value. Differently from the Provisional Measure No. 627, the Law No. 12,973 have not require the anticipated option of its application for the year of 2014 as a condition for eliminating tax effects related to differences resulting from the application of current methods and accounting criteria and those existing in 31 December 2007 for the above items, providing to the companies the possibility to anticipate the effects of the standard according to the interests of each taxpayer.

The Company's management has analyzed the main impacts of the Law 12.973 and has concluded that the anticipation of its effects for 2014 would not bring impacts on individual and consolidated financial statements and it was decided not to anticipate its application for 2014 as this Law provides.

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 People, Governance and Appointing 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 quan-

tity 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 People, Governance and Appointing 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 established 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	2014
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	1.966.869
Exercise price on the grant date	11,16	11,82	15,34	9,86	16,33	13,02	10,21	14,45	11,44
Fair value on the grant date	9,79	8,88	7,26	3,98	7,04	5,11	5,69	6,54	4,48
Deadline to exercise	10 anos	10 anos	10 anos	8 anos	8 anos	8,5 anos	8,8 anos	8,9 anos	8,10
Vesting period	1,5 ano	1,5 ano	1,5 ano	3 anos	3 anos	3,5 anos	3,8 anos	3,9 anos	3,10 anos

THE FOLLOWING ECONOMIC ASSUMPTIONS WERE UTILIZED TO DETERMINE THESE AMOUNTS:

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Volatility of share price	34,80%	36,60%	36,60%	46,20%	38,50%	32,81%	37,91%	34,13%	28,41%
Dividend yield	2,00%	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%	6,39%
Actual exercise rate	96,63%	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/13 *	dez/14			from 2007 to 2011	2012	2013	2014	
03/30/2006	2.659.180	from 06/30/2007	to 12/31/2016	11,16	53.740	59.113	9,79	586	586	-	-	-	-
01/31/2007	2.787.050	from 06/30/2008	to 12/31/2017	11,82	1.445.154	1.506.527	8,88	24.758	24.758	-	-	-	-
02/13/2008	2.678.901	from 06/30/2009	to 12/31/2018	15,34	1.512.330	1.580.420	7,26	19.456	19.456	-	-	-	-
06/30/2009	2.517.951	from 06/30/2012	to 12/31/2017	9,86	830.467	898.639	3,98	9.194	8.447	747	-	-	-
04/14/2010	1.333.914	from 12/31/2013	to 12/31/2018	16,33	1.420.779	1.483.850	7,04	8.716	4.451	2.250	2.015	-	-
06/29/2011	1.875.322	from 12/31/2014	to 12/31/2019	13,02	1.859.377	2.045.299	5,11	9.208	1.374	2.809	2.609	2.416	-
04/09/2012	1.315.360	from 12/31/2015	to 12/31/2020	10,21	1.287.309	1.411.122	5,69	6.997	-	1.492	1.917	1.794	1.794
04/17/2013	1.561.061	from 12/31/2016	to 12/31/2021	14,45	1.498.804	1.648.699	6,54	8.981	-	-	2.109	2.290	4.582
02/11/2014	1.966.869	from 12/31/2017	to 12/31/2022	11,44	-	2.163.532	4,48	8.812	-	-	-	2.062	6.750
Total	18.695.608				9.907.960	12.797.201		96.708	59.072	7.298	8.650	8.562	13.126
Effective exercise rate								96,63%	96,63%	96,63%	96,63%	96,63%	96,63%
Value established								93.448	57.081 ⁽¹⁾	7.052 ⁽²⁾	8.358 ⁽³⁾	8.274 ⁽⁴⁾	12.682 ⁽⁵⁾

(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 recorded against income for 2014 (5) Amount to be recorded against income for next results (*) Includes bonus share issue of 10% as provided in the Ordinary and Extraordinary General Meeting held on April 22, 2014

As at December 31, 2014, the Company had 2,485,759 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 Industrial, 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, 2014 had 6,727 participants (6,613 as at December 31, 2013).

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 inde-

ASSETS AND LIABILITIES RELATING TO THE DB PLAN	12/31/2014	12/31/2013
Present value of the actuarial obligations	(717.767)	(658.130)
Fair value of assets	990.807	898.189
Assets calculated based on item 54 of CPC 33/IAS 19	273.040	240.059
Restriction on assets due to limit (item 58 of CPC 33/IAS 19)	(159.374)	(132.132)
Assets relating to DB Plan	113.666	107.927

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 re-

pendent actuary, according to the projected unit credit method, was recognized in the December 31, 2014 financial statements under “Pension Plan Credits” in the amount of R\$ 113,666 (R\$ 107,927 as at December 31, 2013).

tirement 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

The increase of R\$ 5,739 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:

balance of the plan. The Company recognized this asset, which will be received in 36 installments, beginning on February 2013, a total of R\$ 42,318, related to the special reserve in the **stockholders’ equity**. As at December 31, 2014 the total receivable amount is R\$ 18,369, see note 8.

Presented below is the DB plan position as at December 31, 2014:

ASSETS AND LIABILITIES RELATING TO THE DB PLAN	12/31/2014	12/31/2013
Present value of the actuarial obligations	(65.468)	(65.969)
Fair value of assets	121.033	133.114
(Liabilities) / Assets calculated based on item 54 of CPC 33/IAS 19	55.565	67.145
Restriction on assets due to limit (item 58 of CPC 33/IAS 19)	(35.882)	(35.561)
Net assets from defined benefit (Liability)	19.683	31.584

Actuarial assumptions

ECONOMIC ASSUMPTIONS	03/31/2014	03/31/2013
Discount rate	11,66%	12,73%
Future salary increases	7,59%	9,18%
Growth of benefits	5,20%	6,00%
Inflation	5,20%	6,00%
Capacity factor		
Salaries	100%	100%
Benefits	100%	100%
ECONOMIC ASSUMPTIONS	03/31/2014	03/31/2013
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	Esposas são 4 anos mais jovens que maridos
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 av-

erage number of common shares outstanding during the period, excluding common shares purchased by the Company as treasury shares.

	12/31/2014	12/31/2014
Earnings attributable to the Company's stockholders	390.349	519.920
Weighted average number of common shares issued (In thousands)	650.439	591.308
Weighted average of treasury shares (In thousands)	(2.363)	(1.104)
Weighted average number of common shares outstanding (In thousands)	648.076	590.204
Lucro básico por ação	0,6023	0,8809

(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:

	12/31/2014	12/31/2014
Earnings attributable to the Company's stockholders	390.349	519.920
Weighted average number of common shares issued (In thousands)	650.439	591.308
Call options for shares/ debentures convertible into shares	20.548	17.659
Weighted average of treasury shares (In thousands)	(2.363)	(1.104)
Weighted average number of diluted common shares outstanding and call options for shares plus debentures (In thousands)	668.625	607.863
Diluted earnings per share	0,5838	0,8553

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 busi-

ness 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.

The Company has a customer portfolio sprayed with no revenue concentration.

	12/31/2014			12/31/2015		
	Wood	Deca	Consolidated	Wood	Deca (*)	Consolidated (*)
NET SALES REVENUE	2.641.893	1.342.614	3.984.507	2.505.914	1.366.791	3.872.705
Domestic market	2.266.749	1.310.995	3.577.744	2.382.404	1.335.962	3.718.366
Foreign market	375.144	31.619	406.763	123.510	30.829	154.339
Variation in the fair value of the biological assets	221.135	-	221.135	191.519	-	191.519
Cost of goods sold	(1.559.791)	(858.451)	(2.418.242)	(1.308.496)	(778.655)	(2.087.151)
Depreciation, amortization and depletion	(316.402)	(73.205)	(389.607)	(256.781)	(58.537)	(315.318)
Depletion of adjustment in the biological assets	(180.604)	-	(180.604)	(218.088)	-	(218.088)
GROSS PROFIT	806.231	410.958	1.217.189	914.068	529.599	1.443.667
Selling expenses	(303.636)	(220.582)	(524.218)	(244.693)	(201.123)	(445.816)
Administrative and general expenses	(71.582)	(64.452)	(136.034)	(63.273)	(64.625)	(127.898)
Management expenses	(10.806)	(6.062)	(16.868)	(9.321)	(5.112)	(14.433)
Other operating income (expenses)	75.519	3.965	79.484	(59.485)	23.201	(36.284)
Equity in the results of investees	666	-	666	2.743	-	2.743
OPERATING INCOME BEFORE FINANCIAL RESULT	496.392	123.827	620.219	540.039	281.940	821.979

(*) net from discontinued operations

ASSURANCE REPORT

INDEPENDENT ASSURANCE STATEMENT BUREAU VERITAS CERTIFICATION



INTRODUCTION

Bureau Veritas Certification Brazil (Bureau Veritas) was engaged by Duratex S.A. (Duratex), to conduct an independent assessment of its Annual Sustainability Report (hereinafter referred to as the Report), encompassing assessment of the content, quality, and boundaries of same with regard to the year 2014.

The information published in the Report is the sole responsibility of Duratex management. Our responsibility was to provide independent verification, in accordance with the scope of work defined below.

SCOPE OF WORK

A limited level of assurance (ISAE 3000¹) was provided and conducted according to the Guidelines and Principles² of the Global Reporting Initiative GRI-G4 (2013).

The main objective of a Limited assurance is to assess the ability of the organization to prepare a Report that adheres to the Principles of the GRI and does not prioritize the assessment of internal control mechanisms.

¹ ISAE 3000: International Standard on Assurance Engagements

² Materiality, Stakeholder Inclusiveness, Sustainability Context, Completeness, Balance, Comparability, Accuracy, Periodicity, Clarity, and Reliability

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

- Activities outside the defined assessment period;
- Statements of position (expressions of opinion, beliefs, goals, or future intentions) on the part of Duratex;
- Economic and financial information contained in this Report which has been taken from financial statements verified by independent financial auditors.

METHODOLOGY

The Assurance covered the following activities:

1. Interviews with the personnel responsible for material issues and Report content;
2. Analysis of documentary evidence provided by Duratex in relation to the reporting period (2014);
3. Verification of performance data relating to the principles that ensure the quality of the information, pursuant to the GRI-G4;
4. Review of Duratex internal systems for data aggregation;
5. Visits to the following sites: Louças Jundiaí I e Metais Jundiaí - Jundiaí/SP, Painéis Agudos - Agudos/SP and Head Office - São Paulo/SP.

6. Desk review of Duratex stakeholder engagement activities.

OUR FINDINGS

- Duratex elaborated the Report pursuant to the GRI-G4 Principles;
- The boundaries of the Report were clearly defined by Duratex;
- Duratex conducted analyses of Materiality in the period from 2010 to 2013, organizing panels and meetings with different internal and external stakeholders, which resulted in a Materiality Matrix. These studies and their results adhere to the methodology described in the GRI-G4 Guidelines;
- Duratex uses a system of spreadsheets for collecting data and information from its operational units. In the course of our visits in the field we evidenced the existence of systems for the management of information that generate reliable data for the elaboration of the Report;
- The Report presents information about the evaluation of the impacts of Duratex's finished products on health and safety (PR1 indicator). However, we did not evidence the percentage of products (or their categories) for which these evaluations are applied;
- The Report provides information about the labeling of products in the light of the legal requirements applicable to the company (PR3 indicator). The percentage of products

(or their categories) to which Duratex's labeling procedures were applied encompassing the following information were not presented: outsourcing of product's components, content (mainly content associated with hazardous substances), safe use and final disposition of end products;

- With regard to Duratex's remuneration policies, we evidenced limited information regarding the highest governance body and the executives of the organization, in light of the General Standard Content G4-51;
- In the course of our verification the inconsistencies identified in the Report regarding one or more principles of the GRI-G4 were satisfactorily revised

OPPORTUNITIES OF IMPROVEMENT FOR THE NEX REPORTING CYCLE

- Intensify the internal analyses concerning the assessment of health, safety and labeling of end products, in order to achieve more assertiveness about the percentage of products or their categories to which these evaluations apply, pursuant to the PR1 and PR3 indicators;
- Improve information regarding Duratex's remuneration policies applied to the highest governance body and the executives of the organization, as far as the General Standard Content G4-51 is concerned.

ASSURANCE REPORT

CONCLUSION

As a result of our Assurance nothing has come to our attention that would indicate that:

- The information presented in the Report is not balanced, consistent and reliable;
- Duratex has not established appropriate systems for the collection, aggregation and analysis of quantitative and qualitative data used in the Report;
- The Report is not in accordance to the GRI-G4 option Comprehensive.

DECLARATION OF INDEPENDENCE AND IMPARTIALITY

Bureau Veritas Certification is an independent professional services firm specializing in Quality, Health, Safety, Social and Environmental Management, with more than 180 years' experience in independent assessment.

No member of the assessment team has any commercial links with Duratex. We performed this assessment independently and understand that there was no conflict of interest.

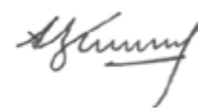
Bureau Veritas has implemented a Code of Ethics throughout its business, in order to preserve high ethical standards among its staff in the performing of their activities.

At the end of the assessment, a detailed report was drawn up, showing all the topics verified, any deviations found, corrective action taken and opportunities for improvement. This Report ensures the traceability of the process and is kept as a Bureau Veritas management system record.

CONTACT

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

São Paulo, Brazil, April 2015.



Alexander Vervuurt
Lead Auditor; Assurance Sustainability Reports (ASR)

Bureau Veritas Certification - Brazil

ABOUT THE REPORT

For the eighth year running Duratex is publishing its *Annual and Sustainability Report* in accordance with the directives of the Global Reporting Initiative (GRI), under the Comprehensive option, with information from the period from January 1 to December 31, 2014, following the recommendations and principles of the G4 indicator version, launched globally 2013. This represents an advance on the model used by the Company, being the second year that the report is using the new methodology. **G4-28; G4-29; G4-30; G4-32**

The adoption of the G4 directives is in line with Duratex's strategy of considering aspects of sustainability in all its strategic decisions and maintaining its commitment to transparency and open dialogue with all its stakeholders

The compilation of this report involved consultation with the main executives and the Chairman of the Board, who provided their perspective on the content. The document represented an evolution in the Company's governance, with its content being validated by the Sustainability Committee, contributing to the adhesion to level G4 and the Integrated Report directives adopted in this report. **G4-48**

The financial data are presented in accordance with Financial Reporting Standards (IFRS) and the Brazilian accounting standards currently in force. Both the financial statements, as well as the GRI indicators, have had their content affirmed by the auditing firm Bureau Veritas. **G4-17; G4-33**

MATERIALITY

The content presented in *Duratex's Annual and Sustainability Report* is in line with the Sustainability Platform, the document that formalises the Company's strategic planning for the next few years. Revised

in 2014 to bring it in line with Duratex's 2020 strategic plan, the content of the platform is split into three basic key elements: dialogue and relationships; environmental management and performance; and transparency and responsibility within the businesses.

The programs and initiatives associated with each element are divided into seven priority themes, defined with the objective of concentrating efforts on projects assessed as being of the greatest importance for the integration of sustainability throughout the Company's management.

The focus is to act in a unified and transverse manner in all the business units in Brazil, so that all the results can be monitored in a more consistent and integrated form. **G4-18; G4-20; G4-21**

Duratex began the process of building its materiality matrix in 2010, following its First Stakeholder Meeting – the most recent meeting of the specialist panel took place in 2013, and with employees, in 2012 –, in addition to interviews with members of top management and strategic public audiences. **G4-24; G4-25; G4-26**

The themes defined as being material for Duratex in the construction of its Sustainability Platform are described below.

- Staff (internal public)
- Quality of relationships (with a focus on suppliers, customers, communities and specialists)
- Efficient use of natural and energy resources
- Product quality and impact
- Residue and emission management
- Conservation and biodiversity
- Integration of socio-environmental criteria as part of management and this report

In the cross-referencing of the strategic themes with aspects defined in the GRI G4 model, Duratex, as a function of the diversity of the Company's businesses and operations, and operations, it was identified that all the aspects were considered to be important, with the exception of: rights and traditions of indigenous

people (the units are not located in areas that are indigenous or have indigenous traditions), safety practices, unfair competition and customer privacy.

These aspects do not share any convergence with the material

Materiality **G4-19; G4-20; G4-21**

Fronts	Material themes	GRI Aspects	Stakeholders
Dialogue and relationships	Staff	Employment	Top management, employees and leaders
		Labour relations	
		Occupational health and safety	
		Training and education	
		Equality and diversity of opportunity	
		Equality of remuneration between men and women	
		Grievance and complaint mechanisms related to labour practices	
		Safety practices	
		Freedom of association and right to collective bargaining	
		Non-discrimination	
	Investment (category: Social; subcategory: Human Rights)		
	Grievance and complaints mechanisms related to human rights		
	The fight against corruption		
	Grievance and complaints mechanisms related to environmental impacts		
	Presence in the market		
	Assessment of suppliers in terms of labour practices	Customers, communities, specialists and suppliers	
	Child labour		
	Forced labour or labour equivalent to slavery		
	Assessment of suppliers in terms of human rights		
	Evaluation (category: Social; subcategory: Human Rights)		
Investment (category: Social; subcategory: Human Rights)			
Local communities			
Public policies			
Unfair competition			
Compliance			
Assessment of suppliers in terms of their impact on society			
Grievance and complaints mechanisms related to impacts on society			
Environmental assessment of suppliers			
Mechanisms for grievances and complaints			
Transport			
Customer health and safety			
Communication and marketing			
Client privacy			
Indirect economic impacts			
Buying practices			

themes defined within the scope of the Sustainability Platform. The materiality analysis considered the impacts and characteristics of the Company's business divisions, its units, its public audiences (internal and external) and products. In this way it was concluded that Duratex does not have any units located in indigenous or traditional areas or activities of priority critical risk associated with themes not included in the materiality matrix. **G4-19; G4-27**

Fronts	Material themes	GRI Aspects	Stakeholders
Environmental management and performance	Efficient use of resources and energy	Materials	Employees, suppliers, consumers, customers, the community, specialist, governance and regulatory bodies
		Energy	
		Water	
		General (category: environmental)	
		Compliance (category: environmental)	
	Management of residues and emissions	Effluents and residues	
		Emissions	
		General (category: environmental)	
		Transport	
		Compliance (category: environmental)	
Conservation and biodiversity	Economic performance		
	Biodiversity		
	General (category: environmental)		
	Compliance (category: environmental)		
Transparency and responsibility in the businesses	Quality and impact of products	Customer health and safety	Employees, suppliers, consumers, customers, specialists, governments and regulatory bodies
		Products and services	
		Communication and marketing	
		Client privacy	
		Compliance (category: Social; subcategory: responsibility for the product)	
	Social and environmental inclusion criteria in management and in this report	Labelling of products and services	
		Compliance (category: environmental)	
		Economic performance	
		Presence in the market	
		Indirect economic impacts	
The fight against corruption			
Buying practices			

GEOGRAPHICAL LOCATION OF MATERIAL ASPECTS

A description of the geographical location of the material GRI aspects and their relationship with the principal public audiences is presented below. The majority of the GRI aspects that converge with Duratex's material themes are geographically related to the locations where the Company has its operations and units. The geographical location of Duratex's units is shown in the Profile chapter of this report, and the relationship of the material aspects and the Company's stakeholders is contained in the "Materiality" table, on page 161.

However, the evaluation of the impacts of the Company's activities is a continuous process, which will be perfected from 2015 with the implementation of the Company's new Social Responsibility Policy, reviewed in 2015, which defines criteria and directives for the engagement of interested parties (the policy may be accessed on the following electronic address: [\(for Policy, Access here\)](#))

In general, the material aspects related to the People theme (which covers the internal public audiences – employees, top management and leaders), such as employment, occupational health and safety, training and education, diversity and equality of opportunity, equality of remuneration between men and women and labour relations, freedom of association and collective bargaining, grievance and complaints mechanisms referring to labour practices, safety practices, among others (the relationship of all these aspects is described in the "materiality" table on page 161), are geographically related to Duratex's operational units and its central offices, in São Paulo. Duratex has around 11,000 employees in 15 industrial units, located in the states of São Paulo, Minas Gerais, Pernambuco, Paraíba, Rio Grande do Sul, Rio de Janeiro and Santa Catarina (see location map of the Company's units in the Profile chapter). The Company also has four plants in Colombia. Furthermore, it has commercial and sales operations through its offices in the United States and Europe – the subsidiaries Duratex North America and Duratex Europe N.V.

In the same way, environmental aspects, the impact of which is local, related to the themes - Efficient use of resources and energy, Management of residues and emissions and Biodiversity conservation - are also largely related to the municipalities in which the Company's plants and forests are located. The aspects are: Compliance (category: Environmental); General (category: Environmental); Materials; Energy; Water; Emissions; Transport; Residues; and Effluents.

The bio-diversity aspect has a strong correlation with the presence of the forestry areas, amounting to around 272,000 hectares, including land owned, leased and incentivised, and forests and in conservation areas, distributed across the states of São Paulo, Minas Gerais and Rio Grande do Sul, 87% carrying certification from the Forest Stewardship Council® (FSC®).

The Emissions aspect, in addition to the local impact, related to production units and transport routes for products and materials (including the transport aspect), are related to the question of global warming, with the effects on society and the planet as a whole, in a wide-reaching manner. As an organisation, Duratex's carries out an inventory of its greenhouse gas emissions and for direct emissions (Scope 1), it sets itself absolute reduction targets.

The Water aspect, in addition to the direct relationship with the operation units and their locations (see map with the location of the Company's units, in the Profile chapter) and with the Central Offices - located in the municipality of São Paulo, a region that is suffering from a water supply crisis - is related to its hydro-graphic basins, listed below: the Jundiaí River hydro-graphic basin; Penha-Pinheiros hydro-graphic basin; Baixo Itapetinga hydro-graphic basin; Pardo River hydro-graphic basin; Bauru River hydro-graphic basin; Uberaba River hydro-graphic basin; Rio Gramame hydro-graphic basin; Bacia the hydro-graphic basin of the Group of Small Coastal Rivers 2 (GL2); the Sinos River hydro-graphic basin; Taquari-Antas hydro-graphic basin; and the Paraíba do Sul River hydro-graphic basin-compartment CP3-PS-A.

Aspects related to the Company's suppliers, which converge on the Quality of Relationships and Inclusion of social and environmental criteria in management and reporting (see *details in the "Materiality" table on page 161*), such as the evaluation of suppliers' labour practices, with respect to child labour force or labour equivalent to slavery, evaluation of suppliers on human rights, evaluation of suppliers' impacts on society, environmental evaluation of suppliers, indirect economic impacts, economic performance and buying practices, are related, geographically - in addition to the areas where the operational and central office units are located - to municipalities where the Company's main suppliers are located, in the states of São Paulo, Minas Gerais, Paraná, Rio Grande do Sul, Goiás, Pernambuco, Rio de Janeiro, Bahia, Santa Catarina, Sergipe and Paraíba. In addition to a national presence, these aspects also relate to suppliers located in Germany, Italy, Spain, China and Chile.

The surrounding communities also relate geographically to locations where the Company has a presence (see *map with location of the Company's units, in the profile chapter*). Material aspects related to this public audience include Local Communities, Public Policies and Investment (category: Social; subcategory: human rights). Also, aspects such as indirect economic impacts, economic performance, market presence (related to themes such as quality of relationships, people, and inclusion of social and environmental criteria in management and reporting) are also related geographically through the presence of Duratex's operational units, as described above.

Aspects related to the Government and Society public audiences, such as the Fight against Corruption, Indirect Economic Impacts, Market Presence, Economic Performance, Compliance, Evaluation and Investment (category: Social; subcategory: human rights), Public Policies, Mechanisms for Dealing with Grievances and Complaints with Respect to Impact on Society and Environmental Impacts and Unfair Competition are related, geographically, to the respective public spheres in the municipalities and states where the Company has its operations (see map of the location of the Company's units, in the Profile chapter), and the Federal Capital.

Duratex's products are sold throughout Brazilian national territory, and in more than 35 countries, located in Europe, Latin America and North America, and relate to aspects such as Customer Health and Safety, Communication and Marketing, Customer Privacy, Compliance, Products and Services, and Labelling of Products and Services. In the Wood Division, the majority of the volume sold is concentrated in the furniture centres of Arapongas (PR), Bento Gonçalves (RS), Ubá (MG) and the Greater São Paulo Region (SP).

GRI SUMMARY

gri icon

GENERAL CONTENT

Standard General content	Page/response	Omissions	External verification
Strategy and analysis			
G4-1 Message from the President	4; 5; 6; 7		No, 159
G4-2 Description of principal impacts, risks and opportunities	4; 5; 6; 7; 24		Yes, 159
Organizational Profile			
G4-3 Name of organisation	9		Yes, 159
G4-4 Principal brand names, products and/or services	9; 11		Yes, 159
G4-5 Location of the organisation's headquarters	9		Yes, 159
G4-6 Countries in which are located the principal operating units, or the most significant in terms of sustainability aspects for this report	6; 11		Yes, 159
G4-7 Type and legal nature of ownership	9		Yes, 159
G4-8 Markets in which the organisation operates	9		Yes, 159
G4-9 Size of the organisation	2; 9		Yes, 159
G4-10 Employee profile*	9; 56; 57; 77		Yes, 159
G4-11 Percentage of employees covered by collective wage bargaining agreements*	100% of the employees are covered by collective wage bargaining agreements. The Company manages and controls, through its payroll, union, federal and assistance contributions, whether they be to the most predominating or that of the particular work category. Duratex, in its Code of Ethics and Conduct (PG13) Duratex's expresses its respect for political and labour rights of employees, including the right to collective bargaining and Freedom Association with political parties and unions.		Yes, 159
G4-12 Description of the supply chain of the organisation	66		Yes, 159
G4-13 Significant changes in relation to size, structure, shareholder participation and chain of suppliers	There were no alterations in the current units or acquisitions of companies during the period which could generate a significant impact on the supply chain. More information on page 10.		Yes, 159
G4-14 Description of how the organisation approaches the subject of principal of precaution	23		Yes, 159
G4-15 Letters, principles or other initiatives developed externally	22; 40; 55		Yes, 159
G4-16 Participation in associations and organisations	27		Yes, 159
Material aspects identified and limits			
G4-17 Entities included in the consolidated financial statements and entities not covered by this report	9; 161		Yes, 159
G4-18 Process of defining the report content	161		Yes, 159
G4-19 List of material themes	161		Yes, 159
G4-20 Limit, within the organisation, of each material aspect	161		Yes, 159
G4-21 Limit, outside the organisation, of each material aspect	161		Yes, 159
G4-22 Reformulation of information provided in previous reports	For sustainability aspects, there has been no significant reformulation.		Yes, 159
G4-23 Significant alterations to scope and limits of material aspects, in relation to previous reports	For sustainability aspects, there has been no significant reformulation.		Yes, 159
Engagement of stakeholders			
G4-24 List of stakeholder groups engaged by the organisation	161		Yes, 159
G4-25 Base used for the identification and selection of stakeholders for engagement	161		Yes, 159
G4-26 Approach used to involve stakeholders	161		Yes, 159
G4-27 Principal topics and concerns raised during engagement, by stakeholder group	161		Yes, 159
Report profile			
G4-28 Period covered by the report	161		Yes, 159
G4-29 Date of the most recent previous report	161		Yes, 159
G4-30 Report publishing cycle	161		Yes, 159

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Obs.: In 2014, there were no omissions in the responses to any indicators .

Standard	General content	Page/response	Omissions	External verification
G4-31	Contact for questions with respect to the report or its content	1		Yes, 159
G4-32	Option for the application of directives and location of the GRI table	161		Yes, 159
Governance				
G4-33	Current policy and practice with respect to external verification of the report	161		Yes, 159
G4-34	Structure of the organisation's governance	19		Yes, 159
G4-35	Delegation process of the highest body of governance for economic, environmental and social topics	21		Yes, 159
G4-36	Executive posts and functions responsible for economic, environmental and social topics	21; 33		Yes, 159
G4-37	Consultation processes between stakeholders and the highest governance body of the organisation with respect economic, environmental and social topics	33		Yes, 159
G4-38	Make-up of the highest body of governance and its committees	19; 20		Yes, 159
G4-39	President of the highest governance body	20		Yes, 159
G4-40	Selection criteria and nomination processes for the highest governance body and its committees	19		Yes, 159
G4-41	Processes for the prevention and management of conflicts of interest	22; 26		Yes, 159
G4-42	Role of the highest governance body and executives in the definition of policies and targets or the management of impacts	21		Yes, 159
G4-43	Measures taken to improve the knowledge of the highest governance body with respect economic, environmental and social topics	21		Yes, 159
G4-44	Processes for performance self-evaluation of the highest governance body	20; 26		Yes, 159
G4-45	Responsibilities for the implementation of economic, environmental and social policies	23; 33		Yes, 159
G4-46	Role of governance in the analysis of the efficiency of the organisation's risk management processes, for economic, environmental and social themes	23		Yes, 159
G4-47	Frequency with which the highest governance body analyses impacts, risks and opportunities	23		Yes, 159
G4-48	The highest governance body responsible for formal approval of the sustainability report, guaranteeing the coverage of all material aspects	161		Yes, 159
G4-49	Process adopted to communicate concerns and criticisms of the highest governance body	21; 26; 28		Yes, 159
G4-50	Nature and total number of concerns and criticisms communicated to the highest governance body and solutions adopted	28; 61; 62; 67		Yes, 159
G4-51	Relationship between remuneration and performance of the organisation, including social and environmental aspects	36		Yes, 159
G4-52	Participation of consultants (internal and independent), in the determination of remuneration	63		Yes, 159
G4-53	Consultations with stakeholders about remuneration and its application in the organization's policies	Not material. The subject of remuneration was identified as being of no significance in materiality tests carried out at public stakeholder meetings (link to RAS 2010 -Materiality Matrix: http://www.duratex.com.br/RAO/2010/port/download/Duratex_2010.pdf , p. 3 e 4). Additionally, the remuneration amounts proposed for managers and Board Members, and which are annually brought to the knowledge of, and subject to deliberation at, the Shareholders Meeting (link to summary of Board of Directors meeting minutes, held on March 21, 2013- http://www.duratex.com.br/ri/pt/Download/1424_DUR_2013-03-21_RCA_(FOR).pdf).		Yes, 159
G4-54	Proportional relationship between the highest salary and the general average salary of the organisation, by country	62		Yes, 159
G4-55	Proportional relationship between the salary increase of the highest paid and the average salary increase of the organisation, by country	64		Yes, 159
Ethics and integrity				
G4-56	Values, principles, standards and norms of the organisation's behaviour	1; 22; 58		Yes, 159
G4-57	Internal and external mechanisms for providing guidelines on ethics and compliance	22; 28		Yes, 159
G4-58	Internal and external mechanisms for the communication of concerns with regard to non-ethical behaviour	21; 28		Yes, 159

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SPECIFIC CONTENT

Economic category				
Material aspects	DMAs and indicators	Page/response	Omissions	External verification
Economic performance	G4-DMA Form of management	24; 26		No
	G4-EC1 Direct economic value generated and distributed	30; 72		Yes, 159
	G4-EC2 Financial implications and other risks and opportunities arising as a result of climate change	24; 26		Yes, 159
	G4-EC3 Coverage of obligations within the Company pension plan	63		Yes, 159
	G4-EC4 Significant financial assistance received from government	30		No
Presence in the market	G4-DMA Form of management	62		No
	G4-EC5 Proportion between the lowest salary of the organisation and the local salary, by gender	64		Yes, 159
	G4-EC6 Local hiring	63		Yes, 159
Indirect economic impacts	G4-DMA Form of management	68; 69		No
	G4-EC7 Impact of investments in infrastructure offered for the public benefit	69		No
	G4-EC8 Description of significant indirect economic impacts	In 2014, The Company did not register any indirect economic impact.		No
Buying practices	G4-DMA Form of management	67		No
	G4-EC9 Policies, practices and proportion of expenditure with local suppliers	67		Yes, 159
Environmental category				
Material aspects	DMAs and indicators	Page/response	Omissions	External verification
Materials	G4-DMA Form of management	36		No
	G4-EN1 Materials used, broken down by weight or volume *	52; 76		No
	G4-EN2 Percentage of materials used that come from recycling *	52		No
Energy	G4-DMA Form of management	36; 37; 42; 48		No
	G4-EN3 Energy consumption within the organisation*	48; 49; 75		Yes, 159
	G4-EN4 Energy consumption outside the organisation*	48		No
	G4-EN5 Energy intensity*	49		No
	G4-EN6 Reduction in energy consumption *	48		Yes, 159
	G4-EN7 Reduction in the energy requirements of products and services *	37		Yes, 159
Water	G4-DMA Form of management	42; 46; 47; 73		No
	G4-EN8 Total water drawn off, by by source*	47; 73		Yes, 159
	G4-EN9 Water sources significantly affected by the drawing off of water *	46; 47; 73		No
	G4-EN10 Percentage and total volume of water recycled and reused *	47; 74		Yes, 159
Bio-diversity	G4-DMA Form of management	40; 43; 44; 45		No
	G4-EN11 Location and size of area owned*	44; 74		Yes, 159
	G4-EN12 Significant impacts on biodiversity from activities, products and services *	Duratex identified among its two main business areas, the Deca and Wood Divisions, that the potential for possible significant impacts on biodiversity would be concentrated in the forestry activities. For this area, a series of initiatives have been defined, the reports of which are covered on pages 40 and 43.		Yes, 159
	G4-EN13 Protected or restored habitats*	43; 45		Yes, 159
	G4-EN14 Total number of species included on the IUCN red list and and other conservation lists*	44; 75		Yes, 159

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Material aspects	DMAs and indicators	Page/response	Omissions	External verification
Emissions	G4-DMA Form of management	50		No
	G4-EN15 Direct greenhouse gas emissions *	Duratex carries out direct measurement of the fuel consumption of its activities. For moving sources, it considers equipment maintenance reports. For fertilisers, it uses direct measurement of synthetic fertiliser volume used and estimates for the quantity of nitrogen in residues from the forestry plantation, returned to the soil. More information on pages 51 and 75		No
	G4-EN16 Indirect greenhouse gas emissions resulting from the purchase of energy or electric power *	51		No
	G4-EN17 Other indirect greenhouse gas emissions *	Indirect emissions are based on fuel consumption estimates for transport carried out by third parties, based on kilometrage travelled. For the residues, weighing is carried out of volumes sent to treatment companies and end-destinations. For the fuel consumption of equipment operated by third parties, operational efficiency figures and equipment hours operated are used. For business travel, information is used from reports provided by travel agencies that work with Duratex. There has been an adjustment in methodology and data source collection for the transfer of production between plants. More information on pages 51 and 75.		No
	G4-EN18 Intensity of greenhouse gas emissions *	51		No
	G4-EN19 Reduction in greenhouse gas emissions*	50		Yes, 159
	G4-EN20 Emission of substances harmful to the ozone layer *	51		No
	G4-EN21 Emissions of NOx, SOx and other significant atmospheric emissions*	51		No
Effluents and residues	G4-DMA Form of management	42; 49		No
	G4-EN22 Total water disposed of, broken down by quality and destination *	48; 75		Yes, 159
	G4-EN23 Total weight of residues, broken down by type and method of disposal*	42; 49; 76		Yes, 159
Effluents and residues	G4-EN24 Total number and volume of significant spillages *	In 2012 there were no spillages. In 2013 there was a spillage, in the town of Itapetininga (SP), of 5 m ³ water used for washing wood, causing an impact on the water body, temporarily altering its colouration, but with low significant effect. In 2014, there was also a spillage in the same town, of 120 m ³ of water, from the industrial washing of wood, contained with in the Company's areas, in the retention galleries. This water did not contain additional chemical products. It is estimated that at least 1 m ³ reached the water body. The impact, in turn, was visual, with an alteration in water colouration in a small stretch of the watercourse. No fish died as a consequence.		No
	G4-EN25 Peso de resíduos transportados, importados, exportados ou tratados considerados perigosos nos termos da Convenção da Basileia, anexos I, II, III e VIII, e percentual de carregamentos de resíduos transportados internacionalmente	49		No
	G4-EN26 Identificação, tamanho, status de proteção e valor da biodiversidade de corpos d'água e habitats relacionados significativamente afetados por descargas e drenagem de água realizados pela organização	Forestry: there was no effluent discharge in water sources. In addition to this, techniques such as minimum cultivation ensure that forestry management activities have the lowest possible impact on water bodies. The Deca and Panel Divisions: fulfil all the legal requirements with respect to the discharge of water and the draining of their operations. There is no record of any discharge of water which has significantly affected any water body.		No
Products and services	G4-DMA Form of management	37		No
	G4-EN27 Initiatives to mitigate environmental impacts *	37		No
	G4-EN28 Percentage of products and packaging recovered, by product category *	38		No

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Material aspects	DMAs and indicators	Page/response	Omissions	External verification
Compliance	G4-DMA Form of management	167		No
	G4-EN29 Value of fines and total number of sanctions and penalties resulting from non-compliance with laws*	Duratex did not suffer from any administrative or judicial sanctions for failure to comply with laws or environmental regulations which have resulted in the application of sanctions or significant fines with respect to declarations, conventions, international treaties, and national, sub-national regional or local regulations, nor any voluntary environmental agreements with regulatory agencies or lawsuits brought against the organisation by international arbitration mechanisms, there are therefore having been no fines of significant monetary value. With respect to non-monetary sanctions, the company received two warnings, one to take remedial measures with respect to the emission of noise from the Company's unit located in São Paulo and the other, to take measures to reduce its atmospheric emissions from the Company's unit in Agudos. The company presented a response, demonstrating its reasons and the measures taken to conform with the legislation in force in both cases, and is awaiting a report from the environmental authority.		No
Transport	G4-DMA Form of management	53		No
	G4-EN30 Significant environmental impacts with respect to the transport of products and employees*	53		Yes, 159
General	G4-DMA Form of management	40		No
	G4-EN31 Total investment and expenditure on environmental protection *	40; 41		Yes, 159
Environmental evaluation of suppliers	G4-DMA Form of management	65		No
	G4-EN32 Percentage of new suppliers selected based on environmental criteria *	66		No
	G4-EN33 Significant negative environmental impacts, both real and potential, in the supply chain *	66		No
Mechanisms for dealing with grievances and complaints with respect to environmental impacts	G4-DMA Form of management	55		No
	G4-EN34 Number of complaints related to environmental impacts *	55		Yes, 159
Social category – labour practices and decent work				
Material aspects	DMAs and indicators	Page/response	Omissions	External verification
Employment	G4-DMA Form of management	63		No
	G4-LA1 Total number, rate of firing and employees	57; 77		No
	G4-LA2 Comparison between the benefits of full time and temporary employees	63		No
	G4-LA3 Rates of return to work, and retention of the maternity/paternity leave	64		No
Labour relations	G4-DMA Form of management	168		No
	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 procedures, though neither procedure nor any formal advance period form part of any collective employment agreement. Advance publication of information to employees is dealt with in each case, in isolation.		Yes, 159
Operational health and safety	G4-DMA Form of management	59		No
	G4-LA5 Percentage of employees represented on health and safety committees	In 2014, 94.48% of employees had representation on formal health and safety committees.		Yes, 159
	G4-LA6 Rate of lesions, occupational diseases, days lost	59		Yes, 159
Operational health and safety	G4-LA7 Employees with a high incidence or high risk of diseases related to their occupation	59		Yes, 159
	G4-LA8 Themes related to health and safety covered by the union agreements	61		No
Training and education	G4-DMA Form of management	58		No
	G4-LA9 Average hours of training, per year	58; 78		Yes, 159
	G4-LA10 Programs for skill management and continuous learning	58; 78		No
	G4-LA11 Percentage of employees that receive performance analysis	58; 66		Yes, 159

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Material aspects	DMAs and indicators	Page/response	Omissions	External verification
Diversity and equality of opportunity	G4-DMA Form of management	34; 62		No
	G4-LA12 Composition of groups responsible for governance and discrimination of employees, by work category	22; 78		Yes, 159
Equality of remuneration between men and women	G4-DMA Form of management	62		No
	G4-LA13 Proportion of salary base, between men and women, by functional category and significant operational unit	62; 64; 80		Yes, 159
Evaluation of suppliers with respect to labour practices	G4-DMA Form of management	65		No
	G4-LA14 Percentage of new suppliers selected based on criteria relating to labour practices *	66		No
	G4-LA15 Significant negative impact, real and potential, or labour practices in the supply chain *	66		No
Mechanisms for dealing with complaints related to labour practices	G4-DMA Form of management	61		No
	G4-LA16 Number of complaints related to labour practices reported through formal mechanisms	61		No
Social category – human rights				
Material aspects	DMAs and indicators	Page/response	Omissions	External verification
Investments	G4-DMA Form of management	22		No
	G4-HR1 Significant investment agreements and contracts that include clauses referring to human rights *	The investments financed by development banks contain human rights clauses, which means 100% of the contracts from these banks.		No
	G4-HR2 Total number of training hours for employees and human rights policies and percentage of employees trained *	22; 40		No
Non-discrimination	G4-DMA Form of management	66		No
	G4-HR3 Total number of cases of discrimination and corrective measures taken *	In 2014 there were no cases recorded related to this theme. More information on page 66.		No
Freedom of association and collective wage bargaining	G4-DMA Form of management	65		No
	G4-HR4 Degree of application of the right to freedom of association, and operations and suppliers identified as presenting a risk *	65		Yes, 159
Child labour	G4-DMA Form of management	65		No
	G4-HR5 Operations and suppliers that carry a risk of the occurrence of child labour and measures taken *	65		Yes, 159
Forced labour or labour analogous to slavery	G4-DMA Form of management	65		No
	G4-HR6 Operations and suppliers identified as presenting a risk of forced labour or labour analogous to slavery, and measures taken *	65		Yes, 159
Safety practices	G4-DMA Form of management	169		No
	G4-HR7 Percentage of safety staff trained in human rights policies or procedures	In 2014, 0.2% (nine men and one woman) of training was dedicated to human rights policies and procedures, considering that all the units of relevant relations. In 2014 Duratex offered training to 18 employees on joining the Company, with a presentation on the Code of Ethics and Conduct, which covers subjects related to human rights. This indicator is considering the number of staff that have been trained in human rights policies or procedures, as a proportion of total employees. However, 100% of safety staff hired (18 hired) in 2014 were trained. It is the responsibility of the outsourced company to ensure the training of outsourced staff.		No

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Material aspects	DMAs and indicators	Page/response	Omissions	External verification
Indigenous rights	G4-DMA Form of management	169		No
	G4-HR8 Total cases of violation of the rights of indigenous people and measures	Since the implementation of the Ombudsman Service in 2012, there has been no complaint received on this theme. Duratex has also not identified any case of violation of the rights of indigenous people among its own employees or in adjoining communities.		No
Evaluation	G4-DMA Form of management	22		No
	G4-HR9 Total number and percentage of operations subjected to human rights analysis	22; 40		Yes, 159
Evaluation of suppliers with respect human rights	G4-DMA Form of management	66		No
	G4-HR10 Percentage of new suppliers selected based on human rights criteria		These criteria are not used in the negotiation of contracts.	No
	G4-HR11 Significant negative impact, real and potential, with respect to human rights in the supplier chain and measures taken	65; 66		Yes, 159
Mechanisms for dealing with complaints related to human rights	G4-DMA Form of management	22; 28		No
	G4-HR12 Number of complaints related to human rights impacts recorded, processed and resolved	In 2012, 2013 and 2014, there were no grievances or complaints received on this theme.		No
Social category –Society				
Material aspects	DMAs and indicators	Page/response	Omissions	External verification
Local communities	G4-DMA Form of management	69; 70		No
	G4-SO1 Percentage of operations with engagement programs in the local community, evaluation of impacts and local development *	70		Yes, 159
	G4-SO2 Operations with significant negative impact, real and potential, in local communities *	70		No
Combating corruption	G4-DMA Form of management	26; 28		No
	G4-SO3 Units submitted to evaluation for risks of corruption *	Duratex carries out audits of all its business units and subsidiaries, with the objective of identifying, evaluating and minimising any risks related to the possibility of corruption cases occurring.		Yes, 159
	G4-SO4 Percentage of employees trained in anti-corruption procedures *	22; 26; 28; 61; 62		Yes, 159
	G4-SO5 Confirmed cases of corruption and measures taken *	26		Yes, 159
Public policies	G4-DMA Form of management	26		
	G4-SO6 Policies for financial contributions to political parties, politicians or institutions	26; 76		
Unfair competition	G4-DMA Form of management		Not material.	No
	G4-SO7 Total number of court cases as a result of unfair competition	There were no cases registered of unfair competition.		Yes, 159
Compliance	G4-DMA Form of management	170		No
	G4-SO8 Monetary value of significant fines and total number of non-monetary sanctions	There were no cases of non-compliance or monetary or non-monetary sanctions which resulted in significant fines or administrative or legal sanctions resulting from the non-fulfilment of laws or regulations.		Yes, 159

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Material aspects	DMAs and indicators	Page/response	Omissions	External verification
Evaluation of suppliers with respect to impacts on society	G4-DMA Form of management	66		No
	G4-SO9 Percentage of new suppliers selected based on impact on society		These criteria are not used in contract negotiations.	No
	G4-SO10 Significant negative impact, real and potential, of the supply chain on society and measures taken	65; 66		Yes, 159
Mechanisms for dealing with complaints related to impacts on society	G4-DMA Form of management	70		No
	G4-SO11 Complaints related to impacts on society registered, processed and resolved through formal mechanisms I	70		Yes, 159
Social category – responsibility for products				
Material aspects	DMAs and indicators	Page/response	Omissions	External verification
Customer health and safety	G4-DMA Form of management	36; 37; 67		No
	G4-PR1 Evaluation of impacts on health and safety during the life cycle of products and services	36		Yes, 159
	G4-PR2 Non-compliance related to impact caused by products and services	67		No
Labelling of products and services	G4-DMA Form of management	67		No
	G4-PR3 Type of information with respect to products and services required by labelling procedures	68		Yes, 159
	G4-PR4 Non-compliance related product and service labelling	67		No
	G4-PR5 Results of customer satisfaction research	67		Yes, 159
Marketing communications	G4-DMA Form of management	170		No
	G4-PR6 Sale of products that are either prohibited or contested	There are no products that are either contested, or for which sale is prohibited.		No
	G4-PR7 Cases of non-compliance related to communication with respect products and services	Duratex is not in the process of responding to any question of non-compliance with regulations which results in fines, penalties or warnings, or in respect to voluntary codes, either administratively or judicially, seeing that the publicising of its products is in agreement with the legislation in force.		No
Client privacy	G4-DMA Form of management	170		No
	G4-PR8 Total number of proven complaints related to violation of privacy or loss of client data	The Company declares for all legal purposes that there are no ongoing cases involving non-compliance as result of leakage, theft or loss of client data.		No
Compliance	G4-DMA Form of management	170		No
	G4-PR9 Fines for non-compliance relating to the supply and use of products and services	Duratex is not in the process of responding to any administrative or judicial case for non-compliance with laws and regulations referring to the supply and use of its products, seeing that the manufacture of its products is carried out in accordance with the legislation and standards in force, and their use does not represent any risk or harm to consumers		No

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