

Fibra Celulose S.A.

ISIN CODE: BRFIBRACNOR9

Overall score 36/100

Sector: Forest Products & Paper Emerging Market

Companies in sector panel: 9

Information rate: 76% (Sector average: 67%)
Company cooperation level: Not responsive *

General information

Based in Sao Paulo, Fibria Celulose S.A. (Fibria) is a Brazilian Company producing eucalyptus pulp. Fibria focuses its operation on forest plantations in the states of Bahia, Espírito Santo, Mato Grosso do Sul, Minas Gerais, Rio de Janeiro, Rio Grande do Sul, and São Paulo. With over 846,000 hectares of forests, Fibria has a production capacity of 5.3 million tons of pulp per year. Besides its own forests, the Company uses wood supplied by 2,148 contracts, corresponding to 71,272 hectares of eucalyptus plantations. Its industrial mills are strategically located in Três Lagoas, Aracruz, Jacareí, and Eunápolis. The Company exports to over 40 countries through distribution, commercial and representative offices.

Main Economic Segment**	Turnover 2015
Pulp	100 %

CORPORATE GOVERNANCE		
	2014	2016
Score		36
Allegations		No
Rating		=
Risk management		Limited

■ Sector performance
■ Company performance
 Rating: min -- / max ++

Key issues

Corporate governance is critical to ensuring that a well functioning system of checks and balances protects the interests of all of the company's stakeholders. The effectiveness of the Board of Directors (CGV1.1) is a key issue to be addressed: this can be gleaned from information on Board composition (independence and competencies) and its way of functioning (regularity of Board meetings, evaluation of performance). Other important corporate governance factors include the effectiveness of the Audit and Internal controls system (CGV2.1), the protection of Shareholders' Rights (CGV3.1) and the establishment of Executive Remunerations (CGV4.1) which align executives' and company's interests.

Company performance

- The Company's performance in the Corporate Governance domain is limited in absolute terms.
- The domain's score has been stable compared to the previous review.
- The rate of independence of Fibria's Board of Directors is less than the recommended level. Also, regular evaluation of Board's performance is held by a third party. In addition, Fibria has a Sustainability Committee that is a part of its Board of Directors. Moreover, non-audit fees represented 4.4% of total fees. Similarly, all major items are voted upon by shareholders during the AGM. On the other hand, no information was disclosed regarding the membership of the Company's Remuneration and Audit Committees. Besides, there is no information disclosure on the rules guiding the Company in allocating short term and long term incentives to its senior executives.

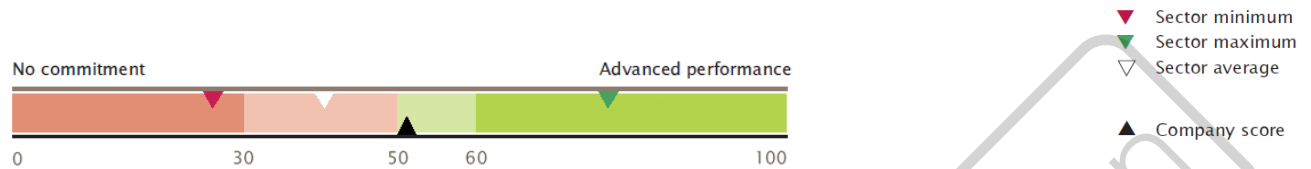
* On a 4-level scale: proactive, responsive, partially responsive, not responsive
 ** See detailed economic indicators in Selected financial data section
 *** Based on the most recent Index at the date of publication

Corporate Governance

Score : 36

CGV1.1 Board of Directors

(score: 51, weight: 3)



Existence and independence of Nomination Committee

Information disclosed on this subject is insufficient.

Independence of board Chairman

The roles of Chairman and CEO are separated, but the Chairman is not considered independent.

Total % of independent shareholder-elected board members

The board is between 21 and 33% independent, which is less than the recommended level.
Two members of the 9-member Board are considered independent.

Skills and backgrounds of non-executive board members

Non-executive board members have complementary and relevant skills and backgrounds.

Training and expertise provided to board members

Training is provided through regular updates (site visits, updates on legislation, etc.), but it does not cover CSR issues.
All members of the Board of Directors undergo a continuing education process, which includes an annual visit to operations, semi-annual lectures about scenarios, markets, and corporate governance, as well as workshops on strategy.

Regularity of and attendance at board meetings

Regular meetings are held, and attendance rates are above 90%
Seven Board meetings were held during 2015, and the attendance rate stood at 98.4%.

Regular election of board members

Board members are elected at least every 3 years, and these elections are not staggered.
Board members are eligible for re-election following 2-year terms.

Evaluation of board functioning and performance

Performance is evaluated regularly, by a third party.
Independent consultants evaluate the performance of the Board members annually, pursuant to pre-established parameters, to determine their degree of efficiency and establish the goals for their activity in the following year.

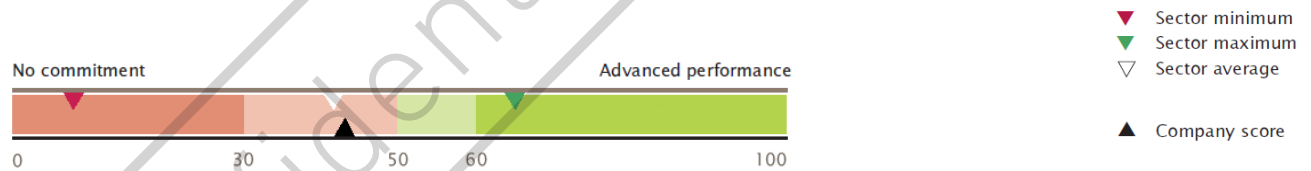
Review of CSR issues at board meetings

One or more non-executive directors is responsible for oversight of CSR issues within the board.

The company has a Sustainability Committee that is a part of its Board of Directors. The Sustainability Committee meets three times a year to assess the company's sustainability strategy and its implementation. Of note, linked to the Executive Officers, the Internal Sustainability Commission, comprised of managers from various areas within the Company, seeks to implement the strategy defined by the Sustainability Committee and embed sustainability into the company's culture.

Non-independent board members (excl. employee representatives)	Role	Current or Former Executive	More than 9 years on board	Stock options or warrants	Paid >1/2 executive salary	Owns or represents >3% company's shares	Other
José Luciano Penido	Chairman Former Executive	X				X	Appointed by Votorantim Industrial
Raul Calfat	Former Executive	X				X	Appointed by Votorantim Industrial
Carlos Augusto Lira Aguiar	Former Executive	X				X	Appointed by Votorantim Industrial
João Carvalho Miranda						X	Appointed by Votorantim Industrial
João Schmidt						X	Appointed by Votorantim Industrial
Julio Cesar Maciel Ramundo						X	Appointed by BNDES
Eduardo Rath Fingerl						X	Appointed by BNDES

CGV2.1 Audit & Internal Controls
(score: 43, weight: 2)



Existence and independence of Audit Committee

Information disclosed on this subject is insufficient. A specific Audit Committee is in place, but no information were disclosed concerning its membership.

Skills and backgrounds of Audit Committee members

Information disclosed on this subject is insufficient.

Operational and CSR risks covered by the company's internal controls system

The system covers financial, operational, and legal risks, plus CSR risks. The company takes into consideration reputational and sustainability risks in its general risk mapping.

Role of the Audit Committee in overseeing internal and external controls

The Audit Committee does not oversee CSR risks but has a comprehensive role that includes:

- Oversee internal audit and internal controls
- Review accounting policies and be responsible for updates
- Nominate the statutory auditor
- Oversee the work of the external auditor
- Approve the type of audit and non-audit services provided and fees paid to the external auditor

Independence of the firm's external auditors

In 2012, non-audit fees represented 4.4% of total fees paid to PricewaterhouseCoopers Auditores Independentes. Data for 2014 was not disclosed.

Inclusion of CSR issues in company reporting

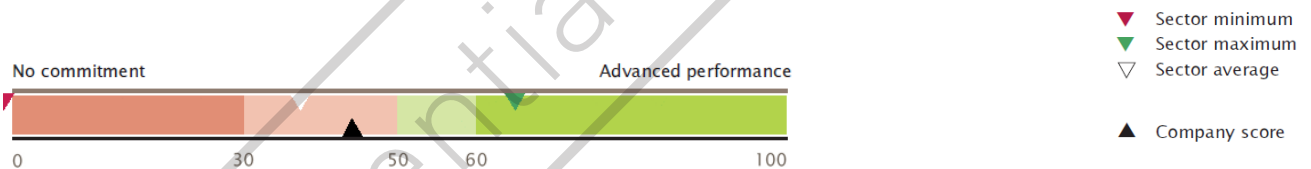
The company publishes significant social and environmental reporting, with quantitative indicators, that is audited by The Bureau Veritas Certification - Brasil.

Reliability of the company's internal controls system

A review of stakeholder sources did not reveal any allegations for internal control failures against the company during the period under review: stakeholders' feedback is neutral.

CGV3.1 Shareholders

(score: 44, weight: 2)



Voting rights restrictions

The company respects the "one share - one vote" principle.

Existence of anti-takeover devices

There is no reference to anti-takeover devices in the company's reporting.

Ability to add items to the agenda of the AGM and to convene an EGM.

Information obtained from the company and public sources, regarding the ability to add items to the agenda of the AGM and to convene an EGM, is insufficient.

Access to voting at General Meetings

There are no major restrictions on shareholders' ability to vote, however there is no possibility of voting through online services.

Governance and CSR items put to a vote at General Meetings

All major items, including executive remuneration, are voted upon, however all issues are not voted upon in separate resolutions.

Voting results of the latest AGM

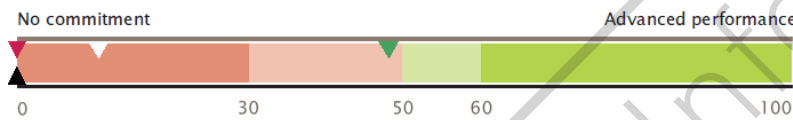
Information obtained from the company and public sources regarding voting results of the latest AGM is insufficient.

Feedback from shareholders and other stakeholders on the company's corporate governance performance

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

CGV4.1 Executive Remuneration

(score: 0, weight: 2)



- ▼ Sector minimum
- ▼ Sector maximum
- ▽ Sector average
- ▲ Company score

Existence and independence of Remuneration Committee

Information disclosed on this subject is insufficient. A specific Remuneration Committee is in place, but no information were disclosed concerning its membership.

Disclosure of senior executives' individual remuneration

Disclosure of individual executive remuneration data for senior executives is insufficient.

Link between Short Term Incentive Plans and the economic and CSR performance of the company

There is no disclosure on what rules guide the company in allocating bonuses and other short-term incentives to senior executives.

Link between the main Long Term Incentive Plan and the economic performance of the company

There is no disclosure on what rules guide the company in allocating stock options and other long-term incentives to senior executives, and what performance conditions are attached to the right to exercise these incentives.

Severance pay for senior executives

Information obtained from the company and public sources regarding severance pay for senior executives is insufficient.

Voting results on executive remuneration at the AGM

Information obtained from the company and public sources regarding voting results on executive remuneration at the AGM is insufficient.

Contacts

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