

# ANNUAL REPORT

# 2015



**Éternit**

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# ABOUT THIS REPORT



**PREPARED BASED  
ON THE GRI-G4  
INDICATORS,  
THIS REPORT IS  
ALIGNED WITH THE  
PRINCIPLES OF THE  
UN GLOBAL COMPACT,  
TO WHICH ETERNIT IS A  
SIGNATORY SINCE 2007**

**04** About this report

**05** Materiality matrix

**06** Message from Management

**08** Key indicators

**09** Awards and recognition in 2015

**10** Certifications

Eternit has published its Annual Sustainability Report in accordance with the guidelines of the Global Reporting Initiative (GRI) since 2006, when it joined the Novo Mercado special listing segment of the São Paulo Stock Exchange (BM&FBOVESPA), effectively reaffirming its commitment to the transparency and sustainability of its business.

## ABOUT THIS REPORT

This report covers the economic, environmental and social performance of Eternit S.A. and its three subsidiaries (SAMA S.A. Minerações Associadas, Precon Goiás Industrial Ltda. and Tégula Soluções para Telhados Ltda.) in the period from January 1 to December 31, 2015. The result of Companhia Sulamericana de Cerâmica (CSC), a joint venture between Eternit and Companhia Colombiana de Cerâmica S.A., was considered in the consolidated financial information based on the equity pickup method, as established by CPC 19R2 (IFRS 11) on joint arrangements, due to the fact that the shareholders (Eternit S.A. and Companhia Colombiana de Cerâmica S.A.) exercise joint control. This report also does not consider the result of the unit for the research, development and production of construction material inputs, Eternit da Amazônia Indústria de Fibrocimento Ltda., located in Manaus, Amazonas, given that it was under implementation during 2015. It also provides details

on the operational dynamics in the areas of corporate governance, capital markets and strategic and operating areas, such as risk management and compliance.

This material was prepared in accordance with version GRI-G4, under the comprehensive option, and is aligned with the principles of the Global Compact and the Millennium Goals of the United Nations (UN), to which Eternit is a signatory since 2007. The social and environmental data was not subjected to external verification. The report's preparation also considered the recommendations of the Brazilian Association of Publicly Traded Companies (ABRASCA), Brazilian Institute of Social and Economic Analyses (IBASE), Brazilian Accounting Standard NBCT 15 and International Financial Reporting Standards (IFRS). When applicable, the indicators can be compared with those for 2014, that were reported in the previous edition of this report.

**MATERIALITY MATRIX**

The preparation of this Report is based on the sustainability topics of importance to the Company in its interactions with stakeholders, as identified in the materiality matrix conducted in 2015 for the 2014 report, as part of its strategic planning. The same matrix was used for the 2015 report.

**IF YOU HAVE ANY QUESTIONS OR WANT MORE INFORMATION, PLEASE CONTACT: RI@ETERNIT.COM.BR.**

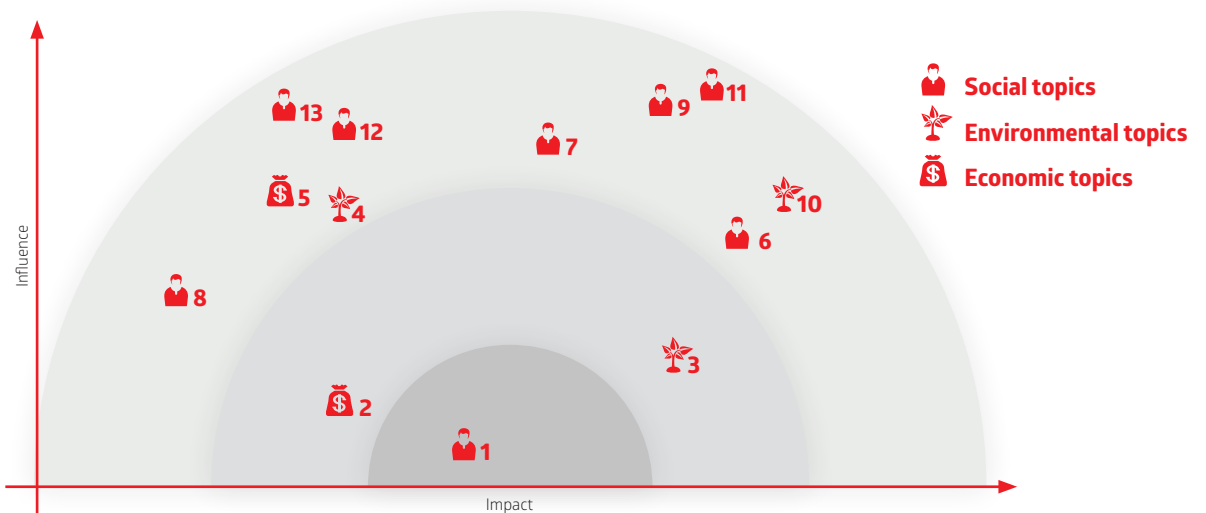
Internal and external stakeholders participated in the survey: members of Eternit's senior management, employees, capital market investors and analysts, clients, suppliers and trade associations and unions. All contacts involved groups selected based on the importance of their relationship with the Company, which supported the high level and high quality response to the survey. The senior management, which includes Officers and the Chief Executive Officer, contributed to the process by participating in all phases and by validating the final result.

The Company also maintains information targeting various stakeholders on its corporate website ([www.etermit.com.br](http://www.etermit.com.br)) and Investor Relations website ([www.etermit.com.br/ir](http://www.etermit.com.br/ir)).

- 01. Occupational health and safety
- 02. Economic performance
- 03. Management of emissions, wastewater and solid waste
- 04. Management of materials consumption and optimization of resources

- 05. Investments
- 06. Consumer health and safety
- 07. Employment and labor relations
- 08. Customer satisfaction and labeling
- 09. Impacts on people's lives
- 10. Biodiversity management and impact

- 11. Public policy, combatting corruption and unfair competition
- 12. Freedom of association and collective bargaining
- 13. Training, talent development and diversity



## MESSAGE FROM MANAGEMENT

By Nelson Pazikas, Chief Executive  
and Investor Relations Officer

G4-1 | G4-2

## MESSAGE FROM MANAGEMENT



*By Nelson Pazikas, Chief Executive  
and Investor Relations Officer*

If there is one concept deeply rooted at Eternit, given its history spanning over 75 years, it is that you must always be prepared to maximize results when opportunities arise and to prioritize prudence and solidity when times become more challenging.

This has been our posture over these past two years, especially in 2015, when we faced the effects from the recession and political uncertainties in Brazil and from global economic dynamics that have affected businesses throughout the construction industry. Even though the year has been difficult, this posture supported advances at the Company, including the strengthening of the portfolio-diversification strategy. Eternit is well founded on solid pillars that allow us to continue building, always.

Our business activities are intently focused on attaining the highest level of efficiency to overcome the recession and its effects. That is why we were even more meticulous with regard to the inefficiency, optimizing processes at plants, adjusting demand to production and inventories, capturing greater synergies across units by creating the Shared Services Center and enhancing our governance and risk management. After the investments made in previous years, 2015 was a year in which we continued to consolidate these investments by improving our processes to capture operating efficiency gains and strengthen our organizational culture.

The low cycle in the Brazilian economy has affected the construction materials industry, in which the Company operates. The weaker domestic sales of chrysotile mineral, fiber-cement and concrete roofing tiles were primarily due to the slowdown in the industry, higher unemployment rates, lower household income, tighter credit and the slower pace of renovations. In the export market, chrysotile sales suffered from the increased competitiveness of international players and from weaker sales to India given the increased competitiveness of steel roofing panels due to the availability of iron ore at low prices.



**THE RESULTS  
DELIVERED IN 2015  
ARE DUE TO THE  
TRANSFORMATIONAL  
SPIRIT OF OUR 2,300  
EMPLOYEES**

We revisited processes in the continuous pursuit of efficiency and synergy gains that leave us better prepared for times of weaker demand.

In 2016, in the fiber-cement segment, Eternit will draw on the strength of its brand and its network of over 15,000 resellers to minimize the effects of the crisis and operate its plants at maximum capacity utilization rates. For the other segments, chrysotile mining and concrete roofing tiles, capacity utilization will accompany market demand.

In the bathroom chinaware segment – in which we operate with third-party capacity and, since 2014, through the joint venture Companhia Sulamericana de Cerâmica – certain factors affected the results for 2015, such as imports of lower-value items to complement production and meet demand, the delay by the public utility in concluding the natural gas line to supply the production site, and the progressive evolution in production indicators. However, these bottlenecks have already been resolved. In 2016, this business segment should gain a more diversified portfolio to enhance the profitability of the business.

With regard to the unit for the research, development and production of construction material inputs in Manaus, Amazonas, during the second half of 2015, the Company began testing equipment and produced and sold trial batches of polypropylene yarns for testing their application in fiber-cement on an industrial scale. In view of the aforementioned, we ended 2015 with net revenue of R\$974.9 million, virtually in line with 2014. The Group's performance in 2015 is the result of the transformational spirit of our more than 2,300 employees, supported by the strength of our brand and their ethical conduct and professionalism.

In 2016, we will continue to work with a strong focus on ensuring our financial solidity and the sustainability of our businesses to consolidate Eternit as a leading supplier of raw materials, products and solutions to the construction industry.

Eternit takes this opportunity to reaffirm its commitment to the ten principles of the Global Compact, to which it is a signatory since 2007, and to express its deep appreciation to its shareholders, employees, clients, suppliers, regulatory agencies, partners, as well as anyone who contributed to its performance in 2015. Their support, confidence in the future and unwavering commitment and dedication, always in keeping with the principles of sustainable development, are the foundation and strength that support all that we do.

## KEY INDICATORS

	2015	2014	2013	2012	2011
<b>FINANCIAL (CONSOLIDATED INFORMATION - IN THOUSANDS OF REAIS, EXCEPT WHERE STATED OTHERWISE)</b>					
Gross revenue	1,221,417	1,235,017	1,219,671	1,159,627	1,071,780
Net revenue	974,872	978,154	957,301	906,317	820,238
Domestic market (%)	80	82	85	81	88
Export market (%)	20	18	15	19	12
Gross income	376,757	384,275	381,424	396,714	323,783
<i>Gross margin (%)</i>	39	39	40	44	39
EBITDA	131,544	165,500	178,036	184,326	140,107
<i>EBITDA margin (%)</i>	13	17	19	20	17
Adjusted EBITDA / Equity pickup	159,205	179,176	184,259	184,857	140,107
<i>Adjusted EBITDA margin (%)</i>	16	18	19	20	17
Net income	29,421	85,160	102,256	113,004	97,193
<i>Net margin (%)</i>	3	9	11	12	12
Gross debt	167,261	127,924	82,680	79,946	48,444
Net debt	144,949	79,534	33,724	(15,640)	(20,477)
Investments <sup>A</sup>	37,944	104,217	64,348	69,354	46,356
Total assets	933,194	897,864	833,632	810,120	691,935
Shareholders' equity	500,116	514,808	506,129	479,534	438,106
<b>OPERATIONAL (SALES)</b>					
Chrysotile asbestos ('000 tons)	246	284	287	304	297
Fiber-cement ('000 t)	807	865	828	786	859
Concrete roofing tiles ('000 units)	32,670	41,477	47,307	50,530	54,928
<b>CAPITAL MARKETS</b>					
Number of shares traded ('000) <sup>B</sup>	178,941	178,941	89,471	89,471	89,471
Financial trading volume (R\$ '000) <sup>C</sup>	466.7	489.3	882.0	1,401.5	793.8
Earnings per share (R\$)	0.16	0.48	1.14	1.26	1.09
Number of shareholders	11,025	9,357	8,240	7,144	6,633
<i>Dividend yield<sup>D</sup> (%)</i>	9.0	9.2	9.9	9.0	7.5
Market capitalization (R\$ Million)	374.1	581.8	782.0	724.7	796.32
Stock price <sup>E</sup> (R\$)	2.09	3.25	4.37	4.05	4.45
<b>SOCIAL AND ENVIRONMENTAL</b>					
Training (hours)	58,207	103,800	110,670	58,079	112,072
Lost-time injury frequency rate <sup>F</sup>	6.82	8.34	10.48	8.14	13.00
Investments in environmental protection (R\$ '000)	7,988	7,803	7,130	6,261	6,004

<sup>A</sup> Investments in the joint venture (CSC) in the amounts of (R\$ '000): 18,105 (2015), 11,982 (2014) and 29,226 (2013).

<sup>B</sup> The stock split was approved on September 29, 2014.

<sup>C</sup> Daily average.

<sup>D</sup> Dividend yield: share-based payments (dividends + interest on equity) per share distributed during the year (base: payment date) divided by the stock price at the end of the previous year.

<sup>E</sup> The quotes for 2011 to 2013 were adjusted for the stock split in 2014.

<sup>F</sup> Frequency rate = accidents with lost time x 1,000,000, divided by man-hours worked.



## **ETERNIT**

### **19<sup>TH</sup> BEST PRODUCT OF THE YEAR**

Grupo Revenda

Fiber-cement roofing panels - 1<sup>st</sup> place

### **21<sup>ST</sup> PINI AWARDS**

Editora PINI

"Preferred Supplier" and "Brand most used by your insulated metal roofing panel company" - 1<sup>st</sup> place

### **ÉPOCA RECLAME AQUI AWARDS 2015**

Reclame Aqui

Home and Construction - 1<sup>st</sup> place

### **150 BEST COMPANIES TO WORK FOR**

Você S.A. magazine

Construction industry - 3<sup>rd</sup> place

### **TOP OF MIND**

Construction Reselling

Fiber-cement roofing panels

### **ANAMACO AWARDS**

Anamaco

Master - Fiber-cement roofing panels

Fiber-cement roofing panels (asbestos-free). Dispersion and Large Clients - 2<sup>nd</sup> place

### **OHDI AWARDS 2015**

Grupo Gestão RH

Top 100 companies in the Organizational Human Development Index

### **MOST ADMIRED HR DEPARTMENTS IN BRAZIL 2015**

Gestão RH magazine

Personality - Flávio Grisi

## **PRECON GOIÁS**

### **BEST COMPANIES TO WORK FOR – MIDWEST 2015**

Great Place to Work and O Popular newspaper

One of the 35 Best Companies to Work For

## **SAMA**

### **150 BEST COMPANIES TO WORK FOR**

Você S.A. magazine

Mining Industry - 1<sup>st</sup> place

### **BEST COMPANIES TO WORK FOR IN BRAZIL**

Great Place To Work and Época magazine

Small and mid-sized companies - 1<sup>st</sup> place - Highlight in the "Commemorate" management practice

### **BEST COMPANIES TO WORK FOR – MIDWEST 2015**

Great Place to Work and O Popular newspaper

1<sup>st</sup> place

### **BEST COMPANIES TO WORK FOR IN LATIN AMERICA 2015**

Great Place to Work

Companies with over 600 employees - 6<sup>th</sup> place

### **17<sup>TH</sup> EXCELLENCE AWARDS OF THE BRAZILIAN MINING AND STEEL INDUSTRY 2015**

Minérios Minerales magazine

Project to reduce industrial water use by 5%

### **OHDI AWARDS 2015**

Grupo Gestão RH

10 Best Companies in OHDI

Top 100 companies in the Organizational Human Development Index

### **MOST ADMIRED HR DEPARTMENTS IN BRAZIL 2015**

Gestão RH magazine

Personality - Moacyr de Melo Junior

### **TÉGULA**

#### **21<sup>ST</sup> PINI AWARDS**

Editora Pini

"Preferred Supplier" and "Brand most used by your concrete roofing panel company" - 1<sup>st</sup> place

#### **TOP OF MIND CASA E MERCADO**

Casa e Mercado

Concrete roofing tiles

#### **ENVIRONMENTAL HIGHLIGHT – GREEN SEAL**

Jornal do Meio Ambiente do Estado de São Paulo

Environment

## **CERTIFICATIONS**



**ISO 9001:** Quality management – Strengthen the effort and commitment to continuous improvement in the quality of the products and services provided by Eternit, in the opinion of clients, producing in accordance with specifications, identifying and storing products correctly, etc.

**ISO 14001:** Environmental management – Strengthen the effort and commitment to environmental protection, reducing pollution, recycling industrial waste, conscientiously consuming resources, maintaining the organization and cleanliness of work areas, etc.

**OHSAS 18001:** Workplace health and safety management – Strengthen the effort and commitment to providing a healthy and safe workplace through actions to prevent, eliminate and mitigate the risk of occupational illnesses and accidents, such as keeping the area always clean and organized, using personal protective equipment (PPE), following work rules and instructions, etc.

# THE BRAND ON A STRONG FOUNDATION



**BRAZIL'S LARGEST  
AND MOST DIVERSIFIED  
PRODUCER OF ROOFING  
SOLUTIONS**

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specializing in construction

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## ETERNIT

Eternit, founded in 1940 and known for its owl brand, is engaged in supplying raw material, products and solutions to the construction industry. It is the largest and most diversified manufacturer of roofing solutions in the Brazilian market. A public corporation since 1948, Eternit's stock has been traded on the Novo Mercado, a special listing segment of the São Paulo Stock Exchange (BM&FBOVESPA) composed of companies that voluntarily commit to the highest corporate governance practices, since 2006. Eternit is a corporation with highly dispersed stock ownership (no controlling group).

Eternit's strategy is focused on structured expansion and on diversification. Eternit's portfolio of products and solutions currently encompasses the following segments: roofing materials, bathroom chinaware, metal bathroom fixtures, water tanks, construction solutions and roofing accessories. Its business activities also include mining and selling chrysotile mineral, which is obtained through the sustainable management of SAMA S.A. Minerações

Associadas, a subsidiary of the Group. Chrysotile is one of the raw materials used to make fiber-cement.

The Group's continuous growth is driven by the transformational spirit of its more than 2,300 employees, supported by the strength of the Eternit brand and their ethical conduct and professionalism. Eternit's products are manufactured using advanced technologies and can be found in Brazil's main consumer centers, with over 15,000 resellers nationwide.

With headquarters in São Paulo City, the Eternit Group has a national footprint, with production facilities located in all regions of the country. It also has branch sales offices and four subsidiaries: SAMA Minerações Associadas, Precon Goiás Industrial, Tégula Soluções para Telhados, and Eternit da Amazônia; in addition to the joint venture Companhia Sulamericana de Cerâmica.



*Eternit Plant in Colombo, Paraná*

# Mission G4-56

Eternit's mission is to develop, manufacture and market raw materials, products and solutions of excellence for the construction industry, while ensuring the competitiveness, profitability and longevity of the business and acting with social responsibility and respect for the environment.

# Vision of the future

To be a diversified and profitable supplier of raw materials, products and solutions to the construction industry. To maintain our leadership in the roofing industry, as well as relevant market shares in other industries, while remaining one of the five most recognized brands in the construction materials industry.

# Values

- ▲ Agility
- ▲ Commitment to Results
- ▲ Ethics
- ▲ Excellence
- ▲ Focus on the customer
- ▲ Respect for the environment
- ▲ Transparency
- ▲ Valuing employees

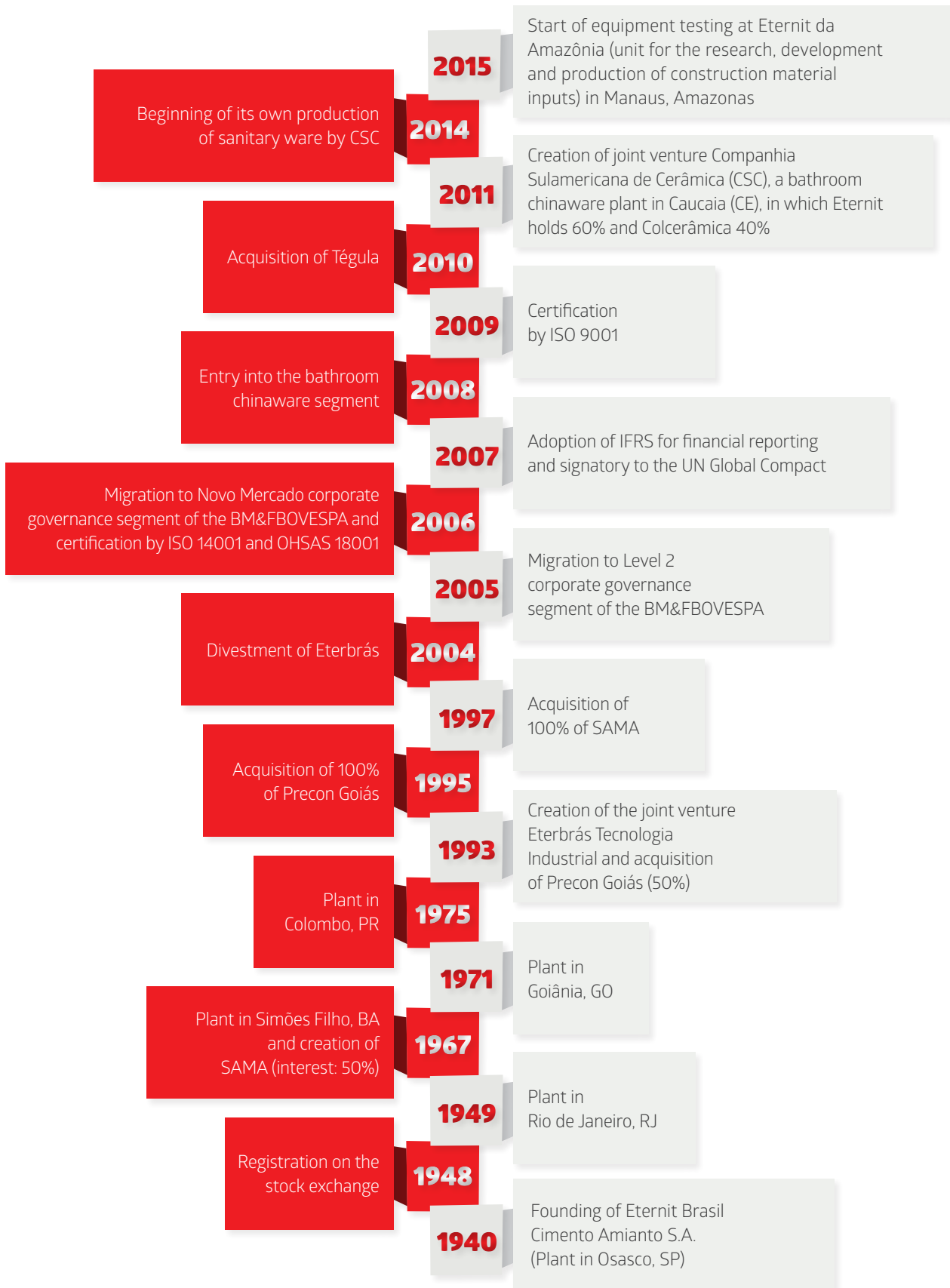
# Slogan



**Eternit**  
a marca da coruja  
the brand of the owl

## TIMELINE

One of the great secrets of long-standing companies is a constant concern with product quality and expanding this focus to their relationships to ensure their longevity. In the case of Eternit, its history spanning over 75 years attests to the priority it attributes to this concept to ensure the perpetuity of its business.



## OUR BUSINESS

With operations in the construction industry, which is one of the country's largest, Eternit's growth strategy is based on diversifying its business. Supported by the strength of its brand and by its guarantee of quality products and respect for others, today Eternit focuses on consolidating the investments made over the last few years and offering a broad portfolio of products and solutions to its many different stakeholders in all regions of Brazil.



**OVER 15,000**  
**RESELLERS SERVED**  
**BY ETERNIT**

### OPERATING STRUCTURE AND MARKET PRESENCE

Eternit's products are sold nationwide through large resellers, home centers and small stores, ensuring broad coverage of Brazil's main consumer centers. The Company's rapid product delivery helps to support this strategy, since its average delivery time of 72 hours (after issue of invoice) works to attract small storeowners. In 2015, the number of resellers remained at over 15,000, and the Company continued to work on developing new resellers.

### MARKET MONITORING

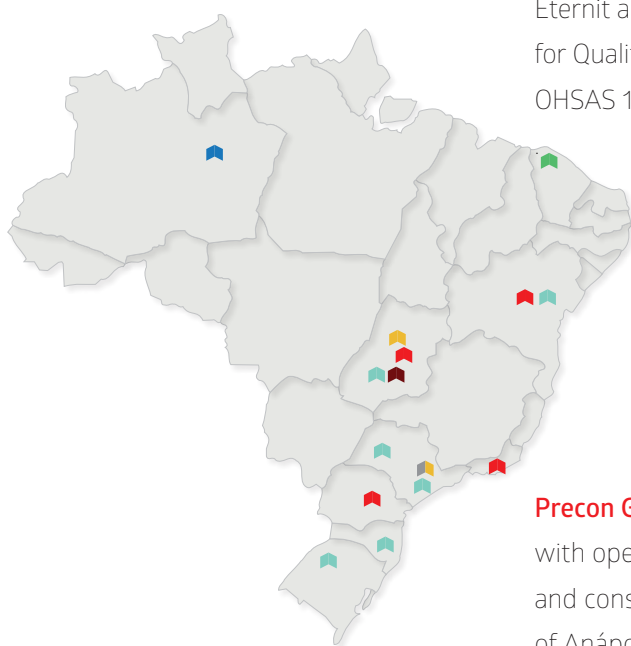
Eternit uses technological geographic intelligence tools to analyze product demand and market trends, such as GDP growth by region, social and demographic growth, consumption potential and other indicators that could boost its sales, as well as regular field monitoring by the sales team.

### ITINERANT SHOWROOM

Eternit has a fleet that travels nationwide to introduce its latest offerings in the bathroom chinaware and metal bathroom fixture segments. This represents an important and functional tool for showcasing products to commercial partners.

## OPERATING UNITS AND SEGMENTS

**Eternit:** market leader in fiber-cement roofing panels, with operations also in the segments of bathroom chinaware, metal bathroom fixtures, water tanks and construction-solution components. Eternit, known as the brand of the owl, is Brazil's largest and most diversified producer of roofing solutions. Its headquarters is located in São Paulo, SP and four of its plants are located strategically in the Northeast, Southeast, South and Midwest regions. The location of its plants, its efficient logistics operations and its distribution channel comprising over 15,000 resellers ensure fast service to clients anywhere in Brazil. Eternit adopts best management practices and holds the certifications ISO 9001 for Quality Management, ISO 14001 for Environmental Management and OHSAS 18001 for Occupational Health and Safety.



- Eternit - Plant
- SAMA - Mining company
- Tégula - Plant
- Companhia Sulamericana de Cerâmica - Plant
- Eternit da Amazônia - Plant
- Precon Goiás - Plant
- Eternit Headquarters and SAMA Office

**Precon Goiás:** a pioneer in the manufacture of fiber-cement roofing panels, with operations also in the segments of bathroom chinaware, water tanks and construction-solution components. Located in the Agroindustrial District of Anápolis, Goiás, the company ended 2015 with around 100 employees. The products of Precon Goiás feature excellent strength and durability and can be found in thousands of homes across Brazil.

**SAMA:** operating for over 50 years in Minaçu, Goiás on the border with Tocantins, it is Brazil's only chrysotile mining company and one of the world's three largest producers. With its activities firmly grounded in operational safety, SAMA uses last-generation information and processing technologies and is a reference in sustainable development in the Brazilian and global mining industry. The mining company is certified by ISO 9001 for Quality Management, ISO 14001 for Environmental Management and OHSAS 18001 for Occupational Health And Safety.



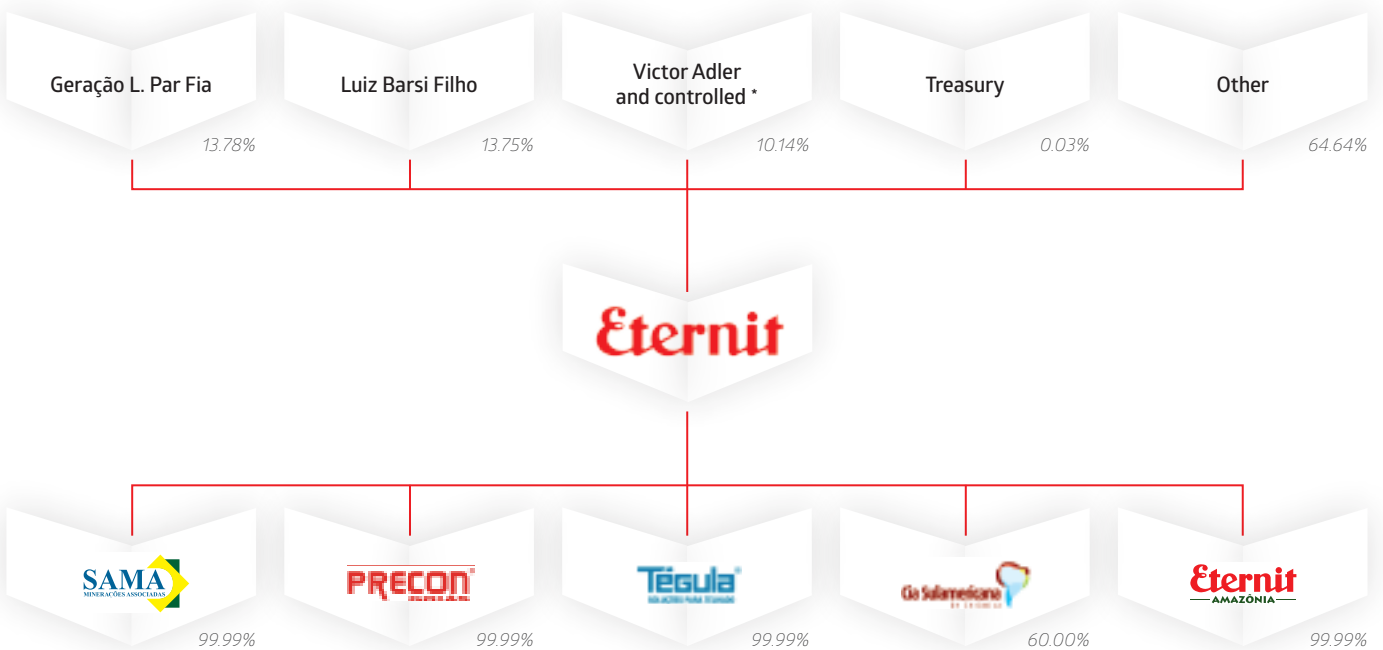
**Tégula:** Brazil's largest concrete roofing tile producer, with operations also in roofing accessories. To offer a broad range of architectural styles, the company works with five different tile profiles and has a complete set of essential roofing products (e.g., flashings, water tanks, membranes, etc.) and solar water heating systems. The headquarters in Atibaia, São Paulo features an advanced training center for salespeople, students, roofers and installers of solar heating systems. Certified by the Green Seal, Tégula is a pioneer and industry reference in sustainability.

**Companhia Sulamericana de Cerâmica (CSC):** a joint venture between Eternit and Companhia Colombiana de Cerâmica S.A., a company of the Corona Group, a Colombian multinational that is one of the world's largest producers of bathroom chinaware, with over 130 years of experience. This is a strategic alliance for the Company in the production and sale of bathroom chinaware.

**Eternit da Amazônia:** located in Manaus, Amazonas, this unit is dedicated to the research,

development and production of construction material inputs. With approximately 45 employees, in the second half of 2015, the plant began testing equipment and launched production and sales of the first test batches of polypropylene yarns for testing applications in fiber-cement on an industrial scale.

**OWNERSHIP STRUCTURE ON 05/31/2016**



\* The participation of shareholders Victor Adler and controlled companies VIC DTVM S/A and Rabo de Peixe Rabo de Peixe Transportes, Serviços Marítimos e Empreendimentos Turísticos Ltda - ME are reported together

## THE BRAND ON A STRONG FOUNDATION

Diversified businesses  
specializing in construction  
Raw materials

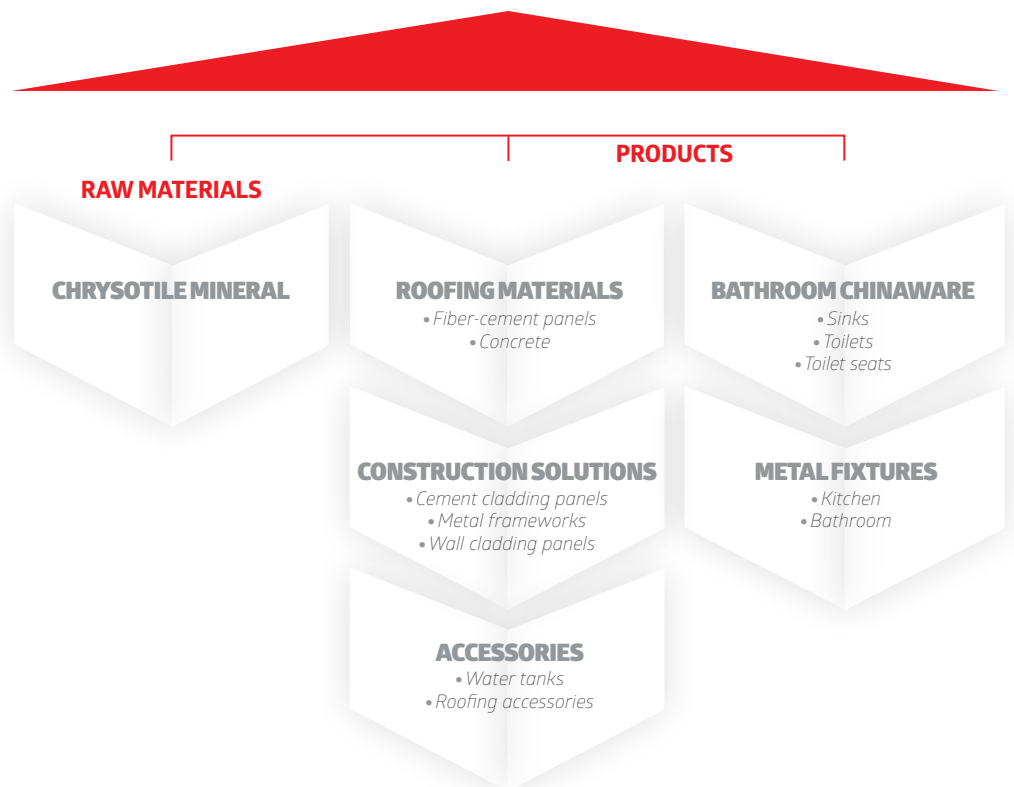
With a strong focus on diversification, Eternit supplies raw materials, products and solutions to the construction industry, in accordance with the following segmentation.

## DIVERSIFIED BUSINESSES SPECIALIZING

### RAW MATERIALS

Eternit is engaged in the manufacture of products and solutions for the construction industry, including the mining of chrysotile mineral, a raw material used to make fiber-cement. Through its subsidiary SAMA, Eternit actively participates in this stage of the process by adding value to its product with quality assurance, operational safety and respect for the environment.

The Group's activities involving the raw material include the mining, processing and sale of chrysotile and the production of fiber-cement roofing panels using the mineral. Found in the soil and water, this mineral fiber is extracted and processed under rigorous safety standards and using world-class technology, which has made SAMA's operations a reference in Brazil and the world. SAMA is one of the world's three largest chrysotile producers, together with Russia and China



### About chrysotile

The mineral's advantageous characteristics, such as non-combustibility, strength, insulation capacity, durability and flexibility, ensure an excellent cost-benefit trade-off, making it an excellent option for end consumers.



*Eternit Plant in Goiânia, GO*



*Companhia Sulamericana de Cerâmica Plant in Ceará*

### A model to be followed

Considered the Best Company to Work For in Brazil (category: Mining) for the fifth straight year in the ranking compiled by the magazine *Você S/A*, the mining company SAMA, located in Minaçu, Goiás, has been in operation since 1967. The residential complex Vila da Sama houses approximately 705 people, including employees, former employees and private homeowners. The Residential Village has a complete infrastructure that includes a gym, public squares, bike paths, commercial establishments, a bank branch and accommodation options. It also has a hospital open 24/7, a dental clinic, a physical therapy center and a school offering kindergarten through high school to youth and adults. SAMA is also recognized for its management excellence in quality (ISO 9001), the environment (ISO 14001) and health and safety (OHSAS 18001). The mining company has 4,500 hectares, of which 20% is used for mining activities, 10% is reforestation areas and 70% is a natural reserve with native vegetation.

## PRODUCTS

A key competitive advantage of the Eternit Group is its offering of durable, high-quality products in a broad portfolio that meets the needs of various customer profiles.

Eternit is always closely accompanying best production practices in the industry with a view to ensuring the satisfaction of its consumers and the efficiency of its operations. In 2015, there were no incidents of nonconformity related to packaging or labeling problems or to the health and safety of customers caused by use of its products, as established by regulations.



### Fiber-cement roofing panels

Fiber-cement is made primarily from cement, as well as from other raw materials, such as chrysotile mineral, pulp and water. According to studies conducted by the Polytechnic School at the University of São Paulo (USP), fiber-cement made from chrysotile can last over 70 years without deterioration. In Brazil, Eternit is the market leader. With theoretical annual production capacity of one million tons, the Company manufactures the product at its four own units and also at its subsidiary Precon Goiás.



### Concrete roofing tiles

Manufactured and sold for residential, commercial and industrial construction projects, concrete roofing tiles offer excellent strength and durability. Other advantages include easy installation and cost savings, which assure excellent aesthetic, technical and financial results for construction projects. In Brazil, Tégula is a leading producer of concrete roofing tiles, with theoretical annual production capacity of 105 million units.



### **Bathroom chinaware**

At the end of 2008, Eternit incorporated bathroom chinaware into its portfolio, which includes toilets, toilet seats and sinks. Eternit's product lines feature contemporary designs and the same quality and durability for which all its products are known. In 2014, bathroom chinaware began to be produced through the joint venture CSC, with certain items imported to complement the portfolio.



### **Metal bathroom and kitchen fixtures**

Eternit features unique designs in its complete lines of metal bathroom and kitchen fixtures, double and single mixer taps, faucets, showerheads and other accessories. Their advantages include quality, innovation and comfort. Eternit's showerheads have six options of water stream so that consumers can adjust them to their needs or preference. Metal bathroom and kitchen fixtures are produced using the capacity of third parties.

## CONSTRUCTION SOLUTIONS

Supported by its strategy of meeting the industry's needs through diversification and innovation, Eternit has a broad variety of solutions for the construction industry:



### Cement cladding panels

Versatility is the main characteristic of Eternit's cement cladding panels. Their composition makes cutting easier and ensures a better finish. The product's durability and stability complement the unique and custom offering for customers seeking quality, agility and innovation



### Wall cladding panels

Solution for projects that demand rapid construction and the rational use of materials. Quality is a result of the special manufacturing process that uses high temperatures during pressing. The panels are made with a plywood or blockwood core reinforced on both sides by wood laminates and covered by compressed fiber-cement panels.



### Metal frameworks

A sustainable solution that replaces wood in roofing structures, which ensures gains in quality, cost, durability and environmental preservation.

## ROOFING ACCESSORIES



Tégula has a portfolio of over 30 product lines, with highlights including Sunmax, an evacuated tube solar collector that is easy to install and has greater capacity to absorb solar irradiation, and the Tégula Prime roofing tile, a premium product with a unique finish that prevents the formation of fungus and lends greater durability to roofs. Tégula is constantly investing in the research and development of new technologies to offer its customers complete solutions.

## POLYTHENE WATER TANKS



The polythene water tanks of Eternit and Precon Goiás have capacities from 310 to 2,000 liters. They are lightweight and resistant to handling and transportation. Their lids have pressure locks, which eliminates the need for accessories like screws. They also feature a smooth surface, which makes them easy to clean and install.

**MINING AND PRODUCTION PROCESS**

Mining, processing and distribution of chrysotile

- 1 Production and mine plan
- 2 Drilling and blasting
- 3 Loading and transportation
- 4 Treatment and classification
- 5 Dry ore silo
- 6 Crushing, concentration and drying:
- 7 Packaging
- 8 Distribution logistics



Exports to all continents



Exports to South America



\*PORT OF SANTOS, SP



Sales volume of **246,100** tons in 2015

- 1 - **Production and mine plan:** define the locations of activities in the mine and analyze market demand, production scale, equipment fleet and the region's geological and weather conditions.
- 2 - **Drilling and blasting:** holes 15-meters-deep are drilled by machines, into which is released an ammonium nitrate-based emulsion prepared on site. Boosters activate the explosives.
- 3 - **Loading and transportation:** the ore and overburden are loaded by excavators and/or mechanical diggers onto trucks with individual capacities from 25 to 32 tons. From there, they are sent to the primary crusher, tailings piles or the circulating load.

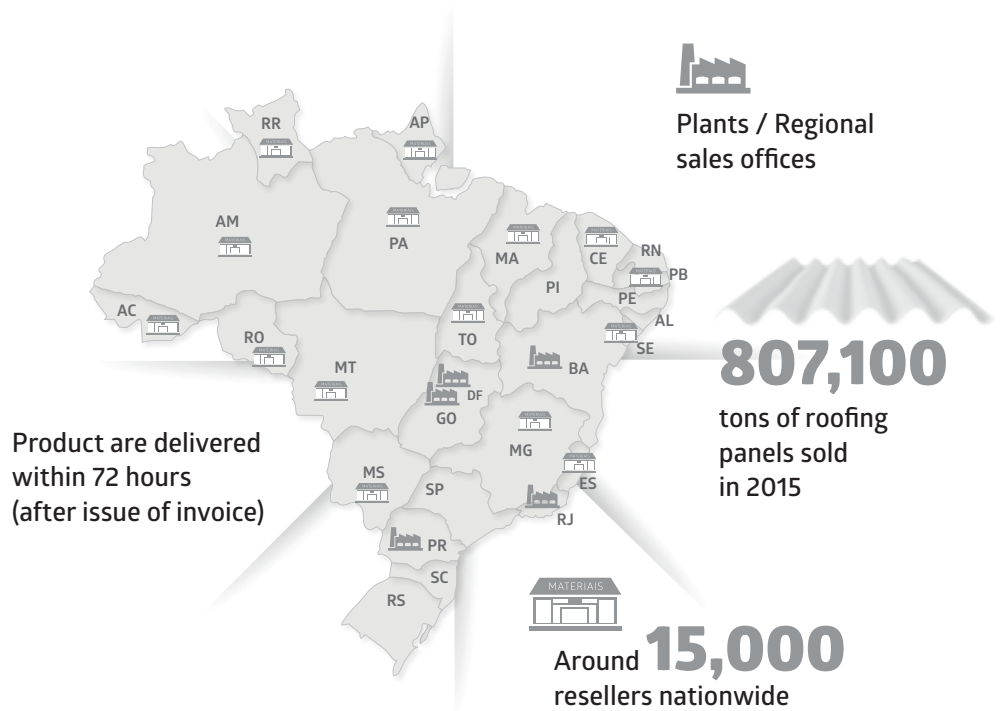
- 4 - **Treatment and classification:** the ore and overburden are loaded by excavators and/or mechanical diggers onto trucks with individual capacities from 25 to 32 tons. From there, they are sent to the primary crusher, tailings piles or the circulating load.
- 5 - **Dry ore silo:** here the concentrated dry ore is stored safely until it is sent to the treatment plant.
- 6 - **Crushing, concentration and drying:** all the material is fragmented, sieved and separated. At this stage, the mineral is separated from the overburden. The former is enriched, becoming mineral in a concentrate form that is dried in furnaces to reach humidity of less than 5%. Meanwhile the overburden is separated and transported by truck to the tailing piles for subsequent recovery.

- 7 - **Packaging:** the compacted fiber is packed into 50-kg bags made of polypropylene and polyethylene. Completely waterproof, the bags are sealed to prevent the escape of fibers and the humidification of the mineral. After identification, the bags are stacked onto pallets and covered with shrink film. The entire process is automated to ensure the safety of employees.
- 8 - **Distribution logistics:** every day, trucks with individual capacity of 38 metric tons drive out of the mine. Shipments to customers in Latin America are made mainly by highway. Exports to other continents are shipped from the ports of Santos, SP and of Rio de Janeiro, RJ.



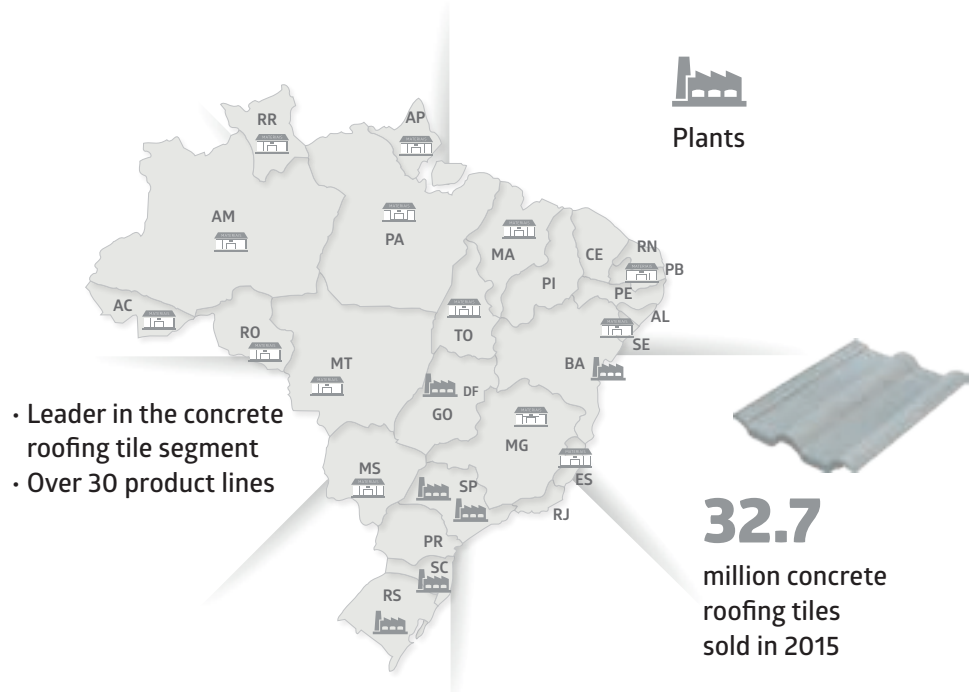
## Production and distribution of fiber-cement roofing panels

- 1 Raw material stocking:  
cement, sand, water, pigments, etc.
- 2 Preparation of raw materials
- 3 Forming of membrane
- 4 Leveling and pressing
- 5 Curing
- 6 Demolding



## Production and distribution of concrete roofing tiles

- 1 Raw material stocking:  
cement, sand, water, pigments, etc.
- 2 Preparation of raw materials
- 3 Forming of membrane
- 4 Leveling and pressing
- 5 Curing
- 6 Demolding



## INTANGIBLE ASSETS

**Brand strength:** with a history spanning over 75 years, today Eternit is a well-known brand in Brazil, especially for its slogan, "the Brand of the Owl." To give it even greater visibility, the mascot was modernized and broadly adopted in advertising campaigns. In 2015, with the investments in sports sponsorships, such as the Brazilian Cup (learn more in the section "Campaigns and sponsorships in 2015"), the repercussion was even greater. Precon Goiás, which adopted in 2014 the Toucan as its mascot, since it is a traditional bird in its region, has also been solidifying its own independent identity.



*Fiber-cement roofing tiles application*

**Value for money of fiber-cement:** Fiber-cement made with chrysotile offers an excellent cost-benefit tradeoff. The roofing segment is one of the largest markets in Brazil's construction industry, and fiber-cement roofing panels generate annual demand of nearly 260 million square meters, which represented around 45% of Brazil's roofing market in 2015. Eternit's products are leaders in this segment and combine quality and durability at an affordable price, which promotes their acquisition by lower-income classes.



*Fiber-cement roofing tiles inventory and polyethylene water tanks*

**Logistics efficiency:** 72 hours is Eternit's average product delivery term to any reseller nationwide (after issue of invoice). Today, the Company's logistics efficiency represents a significant competitive advantage for the more than 15,000 sales channels (learn more in the section "Operating Structure and Market Presence").

**Diversification:** the Group's diversification strategy confers greater sustainability to the business and better aligns its product lines with consumers' needs and the changes arising from natural market trends, innovations and changes.

## **CUSTOMER SATISFACTION**

Based on constant dialogue and sustainable and lasting relationships, Eternit conducts surveys annually to measure the satisfaction of its customers. Based on the Net Promoter Score (NPS) methodology and basically targeting storeowners, procurement managers and buyers, the survey is conducted by a third-party company. In 2015, the result was 54.1 points, down 18.9 points from the prior year.

At SAMA, the survey is conducted every two years. In 2015, SAMA's result was 62.8% very satisfied, 36.4% satisfied and 0.8% not satisfied. SAMA conducts a customer satisfaction survey for both its domestic and export markets.



Meanwhile, Tégula surveys a sample of its customers every month and of its distributors and representatives every six months in order to monitor and enhance its products and services. The surveys are conducted in all regions in which the company operates. The results are analyzed by the marketing department and reported to all departments involved (sales, industrial, quality assurance, etc.). The company also makes available a toll free number and special e-mail address through which customers can contact the Company when most convenient for them.

All suggestions and/or complaints received are duly analyzed and clients receive the Company's comments accompanied by an explanation of the preventive and/or corrective actions adopted.

# THE ETERNIT WAY OF BUILDING



**ETERNIT'S CORPORATE  
GOVERNANCE MODEL IS  
BASED ON BEST  
MARKET PRACTICES**

**29** Corporate governance

**29** Governance structure

**36** Ethical conduct and  
business transparency

**40** Risk management

**45** Commercial culture

**48** Strategy and investments

**50** Operating, economic  
and financial performance

**61** Outlook

**63** Environmental performance

**71** Social performance

Constantly pursuing transparency in its relations with all stakeholders.

## CORPORATE GOVERNANCE

Constantly evolving, enhancing its management model and strengthening its business are all part of Eternit's story. Over its history stretching back 75 years, Eternit has always pursued best industry practices, especially with regard to ethics and transparency, which it considers core values. The company's position, recognition and solidity in the Brazilian market attest to its growth trajectory underpinned by sustainable operations and transparency in its accountability to society.

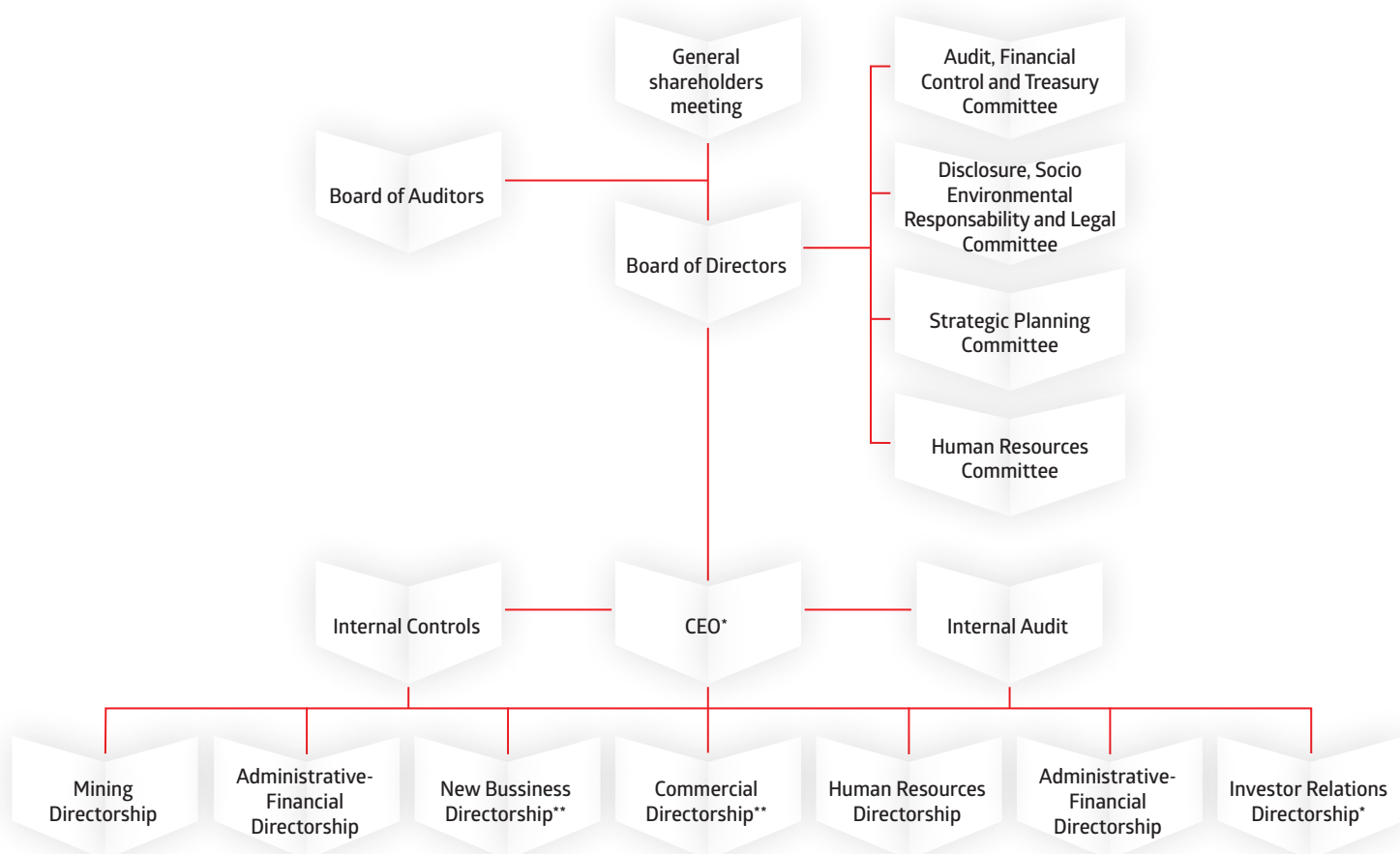
## GOVERNANCE STRUCTURE

Listed on the Novo Mercado special listing segment of the BM&FBOVESPA since 2006, Eternit strives to adopt practices that exceed the requirements of Brazilian Corporation Law, the Novo Mercado Listing Regulations and the Securities and Exchange Commission of Brazil (CVM). As part of its continuous maturation and evolution, Eternit's governance structure provides a transparent account of its activities to ensure the company's perpetuity and respect for the environment and to create value for all of society. The guidelines established in Eternit's bylaws are transparent, solid and constantly evolving to guarantee its prospects over the long term. Eternit was also a pioneer in the

country for adopting, already in 2007, the International Financial Reporting Standards (IFRS).

In 2015, the governance structure comprised the Board of Auditors, the Board of Directors and their Advisory Committees: Audit, Controllershship and Treasury Committee; Reporting, Social and Environmental Responsibility and Legal Committee; Strategic Planning Committee; and Human Resources Committee, in addition to the Executive Board and the Internal Controls and Internal Audit departments.

GOVERNANCE STRUCTURE ON 12/31/2015



\*Gathers function

\*\*Gathers function

For more information on the Corporate Governance structure, go to [www.eternit.com.br/ir](http://www.eternit.com.br/ir) in the section Corporate Governance/Management.

FUNCTIONAL CATEGORIES OF GOVERNANCE MEMBERS BY GENDER AND AGE BRACKET IN 2015

Number by category	Under 30 years old		31 to 50 years old		Over 51 years old	
	Male	Female	Male	Female	Male	Female
Board of Directors	1	-	3	-	3	-
Board of Auditors*	-	-	8	-	2	-
Officers	-	-	2	-	4	-
Committees	1	-	6	-	8	1

\*The Board of Auditors is formed by five (5) members and five (5) alternate members..

## BOARD OF DIRECTORS

The Board of Directors, which is elected by the Annual Shareholders' Meeting, is an independent, collective body that, among other functions, determines the Company's strategic guidelines. Its activities, responsibilities and relationship with the Executive Board and other corporate bodies are defined in the Company's Bylaws and in its Charter. In 2015, the term of office of the Board of Directors and Executive Board changed from one to two years, taking effect as of the 2016 elections.

Formed by up to seven members, on December 31, 2015, the Board consisted 100% of independent directors, in accordance with the concept adopted by the Novo Mercado regulations of the BM&FBOVESPA. The Board holds at least six meetings every year and extraordinary meetings are held whenever necessary or called by one of the directors. Six meetings were held in 2015 and the main topics discussed included strategy, investments, legal issues related to chrysotile, exiting the American Depositary Receipts (ADR) program, the share repurchase program, etc.

To ensure the integrity of the decisions and comply with Brazilian Corporation Law, directors refrain from voting or acting on matters in which they have a potential conflict of interest with the Company.

**Board Evaluation:** Every year, the Board of Directors assesses its performance with a view to enhancing its functions based on pre-established criteria. The performance evaluation also contemplates each director's individual performance to ensure alignment with the short and long term interests of the Company and its shareholders.

**Board Compensation:** Directors are entitled to fixed and/or variable compensation. The fixed compensation is linked to their effective participation in Board meetings, i.e., directors who fail to attend meetings to consider and vote on matters are not entitled to payment for the corresponding month. Variable compensation can reach an aggregate amount of up to 1% of net income for the previous fiscal year and is paid after approval of the balance sheet by the Annual Shareholders' Meeting.

For detailed information on director compensation, please refer to the Reference Form 2016 available on the website of the Securities and Exchange Commission of Brazil (CVM) ([www.cvm.gov.br](http://www.cvm.gov.br)) and on the Investor Relations website of the Company ([www.eternit.com.br/ir](http://www.eternit.com.br/ir)).

## BUILDING RELATIONSHIPS

Talk to the Board: Eternit has a dedicated channel for communicating with the Board of Directors. Through the corporate website (<http://www.eternit.com.br/fale-com-o-conselho>), shareholders and anyone interested can get answers to questions and submit criticisms, compliments or suggestions.

## MEMBERS OF THE BOARD OF DIRECTORS ON DEC. 31, 2015

NAME	POSITION	MEMBER SINCE
Luís Terepins	Chairman – Independent*	2011
Lírio Albino Parisotto	Independent director*	2004
Marcelo Munhoz Auricchio	Independent director*	2011
Leonardo Deeke Boguszewski	Independent director*	2014
Marcelo Gasparino da Silva	Independent director*	2014
Luiz Barsi Filho	Independent director*	2015
Raphael Manhães Martins	Independent director*	2015

\* In accordance with the Novo Mercado regulations of the BM&FBOVESPA.

Short bios of each Director are available on the Company's Investor Relations website ([www.eternit.com.br/ir](http://www.eternit.com.br/ir)).

## ADVISORY COMMITTEES

The Board of Directors has four advisory committees established in accordance with its Charter: Audit, Controllership and Treasury; Reporting, Social and Environmental Responsibility and Legal; Strategic Planning; and Human Resources. The committees meet prior to the meetings of the Board of Directors and extraordinary meetings may be called and scheduled

by any member of the Committee. The committees are formed by Directors, Officers and other professionals, and their purpose is to assist the Board of Directors on relevant matters, as per the predetermined agenda. After each meeting, a report is prepared by the committee's secretary.



**Audit, Controllership and Treasury Committee:** is charged with examining and approving matters related to the areas of Controllership, Financial, Accounting, Internal Controls and Audit, both internal and external, originating from the Executive Board, to submit them for consideration and vote by the Board of Directors, whenever necessary, in addition to proposing strategic guidelines for such areas.





**Reporting, Social and Environmental Responsibility and Legal Committee:** is charged with examining and approving matters related to the areas of Social and Environmental Responsibility, Investor Relations, Corporate Governance, Communication, Corporate Image and Legal originating from the Executive Board, to submit them for consideration and vote by the Board of Directors, whenever necessary, in addition to proposing strategic topics for such areas, with a special focus on the issue of chrysotile mineral.



**Strategic Planning Committee:** is charged with examining and handling topics related the areas of Development and New Business, including Strategic Planning, originating from the Executive Board, to submit them for consideration and vote by the Board of Directors, whenever necessary, in addition to proposing strategic guidelines for the growth of the Eternit Group.



**Human Resources Committee:** is charged with analyzing and handling topics related to the areas of compensation, succession, performance assessment and others related to the area of Human Resources, originating from the Executive Board, to submit them for consideration and vote by the Board of Directors, whenever necessary. It is also responsible for implementing the Share Repurchase Plan for the Executive Board.

## AUDIT BOARD

Since 2013, shareholders convened in the Annual Shareholders' Meeting have considered installing the Board of Auditors, whose main responsibility is to supervise the Company's financial and accounting situation. Due to its installation, the Advisory Board, a body charged with advising the Board of Directors, remained vacant during 2015.

*For detailed information on director compensation, please refer to the **Reference Form** available on the website of the Securities and Exchange Commission of Brazil (CVM) ([www.cvm.gov.br](http://www.cvm.gov.br)) and on the **Investor Relations** website of the Company ([www.eternit.com.br/ir](http://www.eternit.com.br/ir)).*

## MEMBERS OF THE BOARD OF AUDITORS ON DEC. 31, 2015

Name	Position	Member since
André Eduardo Dantas	Member (Coordinator)	2013
Geraldo Vinícius dos Santos	Alternate member	2015
Paulo Henrique Zukanovich Funchal	Member	2013
Daniel Cupponi	Alternate member	2013
Robert Juenemann	Member	2015
Felipe Luckmann Fabro	Alternate member	2015
Benedito Carlos Dias da Silva	Member	2015
Pedro Paulo de Souza	Alternate member	2015
Luciano Luiz Barsi	Member	2015
Daniel Vinícius Alberini Schrickte	Alternate member	2015

## EXECUTIVE BOARD

The Executive Board is responsible for establishing the management policies in accordance with the guidelines of the Board of Directors, while acting in conformity with the Bylaws and the Charter. The Executive Board meets whenever necessary to align and make decisions related to matters involving execution of the strategic plan, while monitoring the Group's results and promoting synergies across its areas and companies.

### MEMBERS OF THE EXECUTIVE BOARD ON DEC. 31, 2015

NAME	POSITION	ELECTED ON
Nelson Pazikas	Chief Executive Officer and Investor Relations Officer	2013
Flávio Grisi	Human Resources Officer	2004
Marcelo Ferreira Vinhola	Chief Sales Officer	2004
Rubens Rela Filho	Chief Mining Officer	2004
Rodrigo Lopes da Luz	Chief Financial Officer	2014
Welney de Souza Paiva	Chief Industrial Officer	2014

For detailed information on officer compensation, please refer to the **Reference Form** available on the website of the Securities and Exchange Commission of Brazil (CVM) ([www.cvm.gov.br](http://www.cvm.gov.br)) and on the **Investor Relations** website of the Company ([www.eternit.com.br/ir](http://www.eternit.com.br/ir)).

## INTERNAL CONTROLS

The Corporate Internal Controls department reports to the Chief Executive Officer and is responsible for protecting the Company's assets by adopting administrative standards and the proper execution of the procedures determined for each activity of the Group's companies to ensure internal alignment with the particularities of each business. In 2015, the Internal Controls department adopted Control Self-Assessment (CSA) in its process for maintaining mandatory operational documentation at Eternit and Precon units to help them enhance their internal controls management.

## INTERNAL AUDIT

Eternit has an independent Corporate Internal Audit department that reports to the Chief Executive Officer and conducts the verifications established in the annual calendar for validating compliance with its policies, procedures, code of ethics and legal requirements. It also receives solicitations from the Executive Board, the Audit, Controllershship and Treasury Committee, the Board of Directors and/or the Board of Auditors for adaptations to the practices and activities of Eternit and its subsidiaries and jointly controlled company.

In 2015, 100% of the Group's companies were audited, a process through which the consistency of the information generated is meticulously assessed. The audit identifies all points of non-compliance and opportunities for improvement in processes, including those that do not generate financial losses.

## EXTERNAL AUDIT

The external audit services related to the annual financial statements and conducted in accordance with the requirements of the Securities and Exchange Commission of Brazil (CVM) have been rendered by Ernst & Young since March 2012.

## POLICY AND GUIDELINES

Eternit understands that to build lasting relationships, it must establish clear guidelines for its business to support interaction between it and its various stakeholders. In 2006, Eternit and Precon Goiás established the Management Excellence Program, which, in 2012, was reformulated to become the Integrated System Policy

The Integrated System Policy (ISP) is based on the following guidelines:



**Offering quality products and services** to ensure customer satisfaction.



**Preserving the environment** and mitigating the environmental impacts of its activities.



**Guaranteeing the health and physical integrity** of its employees and service providers in their activities, including the safe use of chrysotile asbestos.



**Undertaking a public commitment** to uphold and protect Human Rights, Children's Rights and Basic Labor Rights, to combat Corruption and to foster the best practice of Corporate Governance, in conformity with all requirements applicable to the Company's activities.



**Valuing human capital**, complying with international instruments regarding labor practices and the prevention of occupational accidents and illnesses, and understanding that employees are vital to its success.



**Building ethical relations** with society, shareholders, suppliers and clients to ensure the sustainability of its business.

## ETHICAL CONDUCT AND BUSINESS TRANSPARENCY

Eternit's history spanning more than 75 years was built on solid ethical conduct and the full transparency of its business, as demonstrated by the strength of its brand and its nationwide recognition. Reaffirming the Company's commitment to building ethical relationships

and its efforts to disseminate a culture of transparency, in 2015, there were no incidents of anti-competitive behavior, corruption, trust practices or monopoly by the Company. There were also no incidents of discrimination

### CODE OF ETHICS AND CONDUCT



**76%**

**WAS THE SCORE ON THE ITEM "PRIDE IN BELONGING" IN THE WORKPLACE CLIMATE SURVEY, WHICH WAS HIGHEST OF THE STUDY**

Created in 2004, the Code of Ethics sets forth the rules of conduct established by the Company and 100% of employees have become familiarized with its contents, whether through the new employee integration program, the Employee Manual, the Intranet, regular training programs or constant internal communications.

Striving to forge solid relationships with all of its stakeholders, Eternit has divided the chapters of its Code of Conduct into pillars that establish the principles for interacting with each one of them. The main guidelines expressed include repudiation of any form of discrimination or corruption.

Deviations from the rules established in the Code of Ethics are subject to disciplinary action and, depending on the severity, could lead to the professional's termination. The guide also establishes mechanisms for protecting employees in cases of whistleblowing.

In 2015, an Ethics Workshop was held at all units of Eternit and Precon Goiás, which engaged employees in the posture and conduct guidelines established in the Code of Ethics. The purpose was to link the individual's value to the exercise of their functions and Eternit's pillars with a view to strengthening the culture of transparency in the organization. The result can be measured by the sense of pride that employees have in the Company. In the last climate survey, this was the best performing item, with a score of 76%.

The Code of Ethics is based on the principle of equal work opportunities for all employees regardless of race, social class, nationality, religion, disability, gender, sexual orientation or any other form of diversity. Like all guidelines, those related to diversity must be fully understood, complied with and respected.

In addition to its continuous oversight, the Group maintains the following channels for reporting any deviations of conduct

In addition to constant monitoring, the Group maintains channels below for reporting any misconduct:



- Talk to HR
- Talk to the CEO
- Talk to the Board



- Talk to the CEO Program



- Talk to the CEO

Learn more in the section Code of Ethics and Business Transparency or access the other policies on the IR website ([www.eternit.com.br/ir](http://www.eternit.com.br/ir)) in the section Corporate Governance/Policies and Codes.

## COMPLIANCE

Eternit makes an intense effort to ensure ethical conduct and conformity with all laws, regulations and policies in the execution of its activities. Corruption, as with all values involving ethics, was the

subject of constant debate at all units of the Company and was supported by the hiring of experts. In 2015, the Group did not register any incidents of corruption by its employees at any of its companies



Precon Goiás Plant in Goiás

**To strengthen its employees' compliance with laws and regulations and emphasize the importance of being increasingly concerned with ethical conduct for creating a positive organizational environment and responsible relationships, Eternit invited instructors and experts to discuss the topic and its importance in all of the Company's interactions.**

**THE HOME OF ETHICS**



At SAMA, the action was developed through the ongoing Transparency campaign, which was created to ensure that inadequate practices involving corruption do not occur in its management. All of the company's processes were subjected to an audit conducted by the parent company Eternit and to an audit conducted by a third party. In addition, efforts to raise awareness among all employees, third-party service providers and partners were made

during the integration process and in Daily Safety Dialogues (DSD). To more actively engage employees in issues involving compliance, SAMA installed ballot boxes through which employees throughout the company can submit messages and participate anonymously.

In 2015, no donations or contributions to politicians or political parties were made.

## HUMAN RIGHTS

Total training on human rights administered by all companies of the Eternit Group corresponded to 3,271 hours.

As a Group that values relationships and respect, Eternit invests in propagating the rights and freedoms that are basic to all human beings. In the case of the companies Eternit and Precon, employees become familiarized with the standards and procedures related to human rights through the Employee Manual, training programs and internal communications. All new hires undergo training during their Integration Program. In 2015, 1,843 hours of training were administered on policies and procedures related to the aspects of human rights relevant to the operations. At SAMA, training on the Code of Ethical Conduct, which involved 100% of new employees, third-party service providers (suppliers and property security) and interns hired in Minaçu or São Paulo in 2015, covered the relationship between individuals and organizations and provided guidance and information on violations of human rights. A total of 1,420 hours of training were administered.



*SAMA Mining Company in Goiás*

Mitigation, monitoring and corrective actions in risk management are an integral part of corporate governance practices.

## RISK MANAGEMENT

The Group's risk management is fully integrated with its governance, which confers competitive advantages and creates value for shareholders, while mitigating known risks. The process focuses on identifying, assessing and mitigating any internal and external factors capable of adversely affecting the results, reputation, strategy and operations of each of its businesses.

Corporate programs and projects constantly monitor key consumption levels, indicators, targets and goals involving the Group's operations. Risk management is conducted

primarily through Eternit's corporate governance structure (learn more in the section "Corporate Governance").

The main risks, among others, are listed below: regulation in the Company's industries – the legal issue of chrysotile in Brazil; the Company; social and environmental issues; financial risks, segmented by: market risk, credit risk, liquidity risk, etc.; and operational risks.

### RISKS RELATED TO REGULATION IN THE COMPANY'S INDUSTRIES – THE LEGAL ISSUE OF CHRYSOTILE IN BRAZIL



Eternit and other companies in the fiber-cement industry that use chrysotile as a raw material must be mindful of the risks posed by this activity in Brazil, whose legal situation is regulated by Federal Law 9,055/95, Decree 2,350/97 and the Regulatory Standards of the Ministry of Labor and Employment.



The federal government is responsible for establishing legislation on chrysotile, in accordance with the constitution. The mining, processing, use, sale and transportation of chrysotile ore in Brazil is regulated by Federal Law 9,055/95, Decree 2,350/97, Administrative Rule 3,124/78 – NR 15 – Attachment 12, which are available at [www.brasil.gov.br](http://www.brasil.gov.br). This legislation exclusively regulates the use of chrysotile asbestos and prohibits all other types of asbestos.

*For more information, please see the Reference Form 2016 on the Investor Relations website of the Company ([www.etermit.com.br/ir](http://www.etermit.com.br/ir)).*

## **RISKS POSED TO THE COMPANY**



### **1) Public-Interest Civil Action in São Paulo**

On Aug. 9, 2013, the Labor Prosecution Office (MPT) of the State of São Paulo filed a Public-Interest Civil Action (case no. 0002106-72.2013.5.02.0009) against the Company involving substantially the same facts and subject-matters of the Public Interest Civil Action filed in 2004, with a ruling in favor of the Company that was deemed final and unappealable in 2013. However, this current action includes certain distinct claims from the previous action, such as the payment by the Company of R\$1 billion for collective personal injury to be deposited in the Workers' Support Fund (FAT).

This action also addresses matters related to the workplace and occupational health at the industrial unit whose activities were shut down in the early 1990s. In parallel to this action, another Public-Interest Civil Action was filed by the Brazilian Association of Persons Exposed to Asbestos (ABREA), also in the Labor Court, for which reason the two actions were merged by court order. The actions claim payment of compensation for collective and individual pain and suffering, among other things.

On Mar. 1, 2016, both actions received partially favorable decisions for plaintiff in the lower court.

*For more information, please see the Reference Form 2016 on the Investor Relations website of the Company ([www.etermit.com.br/ir](http://www.etermit.com.br/ir)).*

### **2) Public-Interest Civil Action in Rio de Janeiro**

On Aug. 21, 2014, the Labor Prosecution Office of the State of Rio de Janeiro filed Public-Interest Civil Lawsuit (case no. 0011104-96.2014.5.01.0049) against the Company on issues related to working conditions and occupational illness. The final claims include payment of R\$1 billion for collective pain and suffering, to be

paid to entities or projects recommended by the Labor Prosecution Office or the Workers' Support Fund (FAT).

The parties signed a partial settlement already approved by Court. The claims that were not included in the settlement were challenged. The action is currently in the discovery phase.

In parallel, on Sept. 3, 2014, the Brazilian Association of People Exposed to Asbestos (ABREA/RJ) also filed a Public-Interest Civil Action (case no. 0011169-91.2014.5.01.0049) that was forwarded to the Labor Court of Rio de Janeiro, since it addresses the same facts claimed in the aforementioned actions. The action was dismissed without adjudication of the merits, with the ABREA filing an appeal against the dismissal of the action. The court overturned the decision and ABREA became a plaintiff in the action together with the MPT. The company will challenge the allegations of the ABREA at an opportune time.

*For more information, please see the Reference Form 2016 on the Investor Relations website of the Company ([www.etsnit.com.br/ir](http://www.etsnit.com.br/ir)).*

### **3) Risks of implementing the Structured Expansion and Diversification Program**

The Company plans to expand its business through the Structured Expansion and Diversification Program to become a supplier of products and solutions to the construction industry supported by the drivers of Organic Growth, Diversified Organic Growth and Inorganic Growth.

The Company and its subsidiaries are exposed to market risks related to their activities and business. The competitiveness and implementation of the Company's growth strategy could be affected by the following factors recognized as risks, which are described in item "4.1 - h" of the Reference Form 2016.

*For more information, please see the Reference Form 2016 on the Investor Relations website of the Company ([www.etsnit.com.br/ir](http://www.etsnit.com.br/ir)).*



*Eternit Simões Filho Plant in Bahia*

## **RISKS RELATED TO SOCIAL AND ENVIRONMENTAL ISSUES**



Eternit's operating segments are subject to social and environmental risks inherent to its activities, such as accidents, fires, equipment faults, explosions, non-compliance with the regulations of the Ministry of Labor and Employment, toxic gas emissions, spills of pollutants or other hazardous materials, as well as the risks related to mining activities.

The occurrence of the aforementioned events could lead, among other effects, to the shutdown of the production unit, severe damage to the Company's assets, financial losses as well as damage to the environment.

## **FINANCIAL RISKS**



### **1. Market risks**

- Currency risk: the Company's exposure is related to variations in exchange rates and refers primarily to the Group's operating activities (when revenues and expenses are denominated in a currency other than the Group's functional currency).
- Interest risk: the Company's exposure is related to the risk of fluctuations in the fair value of future cash flows from financial instruments due to changes in market interest rates.

### **2. Credit risk**

- Accounts receivable: the Company's exposure to credit risk is associated with receiving payment for its sales, which are made to a high number of clients.
- Demand deposits and financial investments: the Company is also subject to credit risks related to financial instruments contracted in the management of its business.

### 3. Liquidity risk

Consists of the possibility that the Company may not have sufficient funds to meet its commitments due to the different currencies and terms for the maturity/settlement of its rights and obligations.

*For more information on the aforementioned financial risks, please see the Reference Form 2016 on the Investor Relations website of the Company ([www.eternit.com.br/ir](http://www.eternit.com.br/ir)).*

## OPERATIONAL RISK



Circumstances that could affect any phase of the Company's operational process, such as losses arising from faults, deficiencies or the inadequacy of internal processes, people, equipment and systems, or from external events.

Among the principles of the Eternit Group, safeguarding the health and safety of its employees and respect for the environment hold prominent positions in its guidelines and objectives. To prevent incidents and mitigate impacts, the Company conducts training programs and campaigns and uses adopts the Integrated Management System (ISO 9000, ISO 14000 and OHSAS 18000) in its plants and the mining company. In 2015, the fiber-cement plants of Eternit and Precon Goiás had their environmental and occupational health certifications renewed, effectively reinforcing their commitment to quality (ISO 9001), environmental preservation (ISO 14001) and ensuring a safe and healthy workplace (OHSAS 18001) and attesting to the Eternit Group's commitment and efforts for sustainable practices. All units have plant commissions, which are formed by elected and/or volunteer employees and strive to ensure a healthy and safe workplace; Internal Accident Prevention Commissions (CIPA); Emergency Brigades; Safety Godfathers; and Health, Environment and Safety Committees (HES).

The preventive efforts and safety measures adopted have enjoyed excellent results. Learn more in the section "Health and Safety".

Eternit understands that building lasting relationships demands a commitment to excellence, agility and putting the customer first, which is why it has an operation that fully guarantees these attributes.

## COMMERCIAL CULTURE

**Excellence:** over the past few years, Eternit has invested in technology to offer its consumers innovative and durable products with characteristics that provide convenience, comfort and an appealing design. As a result, the Company is a market leader in the roofing segment. Excellence is also part of the chrysotile mining operations of SAMA, which is recognized as the best mining

company to work for in Brazil by the magazine *Você S/A*.

**Agility:** with industrial units located in all of Brazil's regions and most operating as distribution centers, Eternit has a very competitive logistics system. Orders are delivered within 72 hours after the invoice is issued.

**Focus on customer:** serving demand with products optimized to the needs of consumers or the region is the Company's primary concern. Eternit invests in manufacturing a wide range of construction materials, from the more economical to the most sophisticated, while always ensuring the quality and durability of its products.



*Bathroom chinaware application using the models Darus and Labasa*

## **SALES TEAM**

With a broad network of resellers and partners in Brazil, it takes a lot of dedication to maintain an up-to-date and well-trained sales team to ensure we offer our customers the best experience in Eternit products.

Eternit believes that one part of quality consists of providing complete product information to customers – in some cases even in the form of consulting services. That is why it constantly invests in training, especially for its resellers. In 2015, the Company administered training to more than 5,000 professionals in all regions of Brazil.

Eternit has over 20 technical consultants who are responsible for product specification, customer service, project consulting and employee training and who administer courses to workers. The on-site and personalized actions are organized primarily for engineers, architects and contractors, but also extend to resellers, building loyalty among existing consumers and winning over new customers.

### **Campaigns and sponsorships in 2015**

In 2015, Eternit intensified its investments in sports sponsorship to strengthen its relationship with society and to promote its brand recognition and product portfolio. As an official sponsor of the Brazil Cup, the Company also enjoys visibility in the soccer championships of the states of São Paulo, Rio de Janeiro, Minas Gerais and Rio Grande do Sul. The returns have surpassed expectations, strengthened consumers' relationship with the brand and generated considerable exposure in conventional media vehicles. During the ten months of sponsorship, more than 150 million people were reached.

### **Customer relations**

Eternit's relationship with customers goes far beyond the moment of purchase and draws on its knowledge of the construction industry to add value to the brand. In 2015, the Company offered 300 training programs to resellers at no charge and 80 vocational training courses. Another form of communication used extensively in 2015 was marketing newsletters sent by e-mail with useful tips on products, installation and interior design.

## **INNOVATION**

To Eternit, innovation has always been intrinsically connected to its goal of creating products and solutions that make customers' lives easier and draw on technology to incorporate greater quality and value into its products. It is through innovation that the Company created construction solutions products such as the Eterplac tool and the Paineel Wall, as well as metal frameworks that replace wood in roofing structures.

Eternit understands that innovation is a key pillar of the diversification of its business, which is the strategy adopted by the Group for its sustainable growth, with a focus on segments that encompass a portion of the construction value chain (raw materials, products and solutions). Today, Eternit has a product development and new business department as well as a unit for the research, development and production of construction material inputs in Manaus, Amazonas.

**Calculating construction:** Etercalc, Eternit's exclusive tool for calculating fiber-cement roofing projects, is the only software in the market that, based on little information, can determine which type of fiber-cement panel is best suited to your project and quantify the material required for the project.



*Administrative area at the Eternit Simões Filho plant in Bahia*

Sustainable growth is possible only with planning, investment and execution excellence. 2015 Was a year for consolidating our investments.

## STRATEGY AND INVESTMENTS

Eternit's sustainable growth strategy is centered on expanding and diversifying its businesses through organic, diversified organic and inorganic growth. Now, the Company is working to consolidate the investments it has made in recent years that are essential for ensuring the achievement of its long-term goals, such as the creation of the companies Companhia Sulamericana de Cerâmica (CSC) and Eternit da Amazônia. These investments are in various phases of their development cycle and are experiencing adjustments and advances in areas such as breaking down entry barriers in the case of bathroom chinaware, and adjusting capacity and demand to leverage competitiveness.

### EXPANSION & DIVERSIFICATION STRUCTURED PLAN

Organic growth	Diversified organic growth	Inorganic growth
Expanding the current capacity of operating segments	Diversifying the portfolio by developing and launching new products and entering new business segments, using own infrastructure or the idle capacity of third parties	Acquisition of companies in the construction materials industry

The Company has also been striving to attain excellence in its efficiency and productivity indicators, especially in its industrial operations. In 2015, the continuous improvement corporate program identified more than 40 projects, as mentioned in the section "Innovation." Proving fundamental to this effort were the investments made in the programs to train and qualify leaders, such as GoLeader, which disseminated the Group's strategic goals throughout the entire organization to reach even the purely operational teams.



Quality means respect for and a firm commitment to customers. Production chain management strives to continually improve processes and products.

Eternit's greatest strength is its brand, but its growth is supported by the strategic location of its plants, which imparts greater efficiency in its logistics operations, and by its broad distribution channel, which makes Eternit products available at 15,000 points of sale. In 2015, the commercial team worked very hard to maintain a qualified base of distributors to ensure highly disperse and nationwide coverage. Deliveries, including to small stores, are made on average within 72 hours (after issue of invoice), which represents a significant competitive advantage.



*Eternit Plant in Rio de Janeiro (RJ)*

Competitive intelligence tools also play an important role in the Company's agility, since they use geographic data and analyze it together with information on product demand and market trends to ensure the right product is available in the right amount. Other data is also evaluated, such as market monitoring, GDP, social and demographic growth, consumption potential, market profile and other indicators.

Since quality is one of the Company's key values — and given that it must permeate all processes — Eternit implemented management processes in its production chain and constantly works to develop and expand processes to ensure efficient management and continuous improvement.

**THE ETERNIT WAY OF BUILDING**

Operating, economic  
and financial performance  
Operating performance

In 2015, the company operated in line with market demand in both its chrysotile mining operation and in its line of finished products and production of fiber-cement roofing panels and concrete roofing tiles.

**OPERATING, ECONOMIC AND FINANCIAL PERFORMANCE**

**OPERATING  
PERFORMANCE**

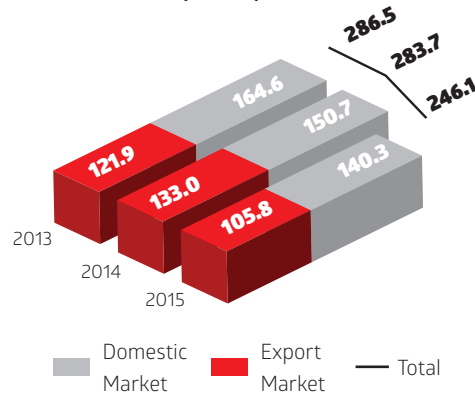
**Chrysotile Mineral**

In 2015, chrysotile mineral sales volume came to 246,100 tons, down 13.3% from 2014. In the same comparison period, domestic sales contracted 7.0%, mainly due to the lower demand for construction materials. Meanwhile export sales fell 20.5%, which is explained by stiffer competition (Russia and Kazakhstan) following the sharp drop in export prices on the strong appreciation

in the U.S. dollar in these countries, and by the lower sales to India due to higher competition in steel roofing panels given low prices for iron ore.

SAMA maintained its position as one of the world's three largest chrysotile producers in 2015..

**Chrysotile Mineral Sales ('000 t)\***

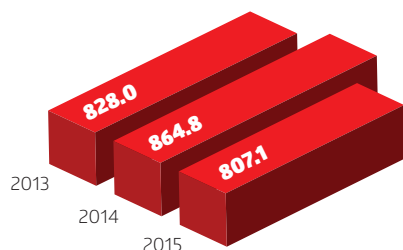


(\*) Chrysotile asbestos sales include intercompany sales, which accounted for 44.6% of domestic sales in 2015.

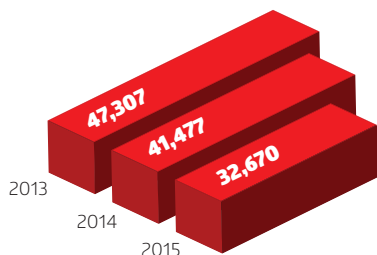
## THE ETERNIT WAY OF BUILDING

Operating, economic  
and financial performance  
Operating performance

### Fiber-Cement Sales ('000 t)



### Concrete Roofing Tile Sales ('000 t)



### Fiber-cement panels

In 2015, sales volume of fiber-cement, including construction solutions, amounted to 807,100 tons, decreasing 6.7% from 2014, mainly due to the slowdown in the construction materials industry, mounting unemployment, lower household income, credit restrictions and the slower pace of renovations.

Eternit maintained its leadership in Brazil's fiber-cement industry in 2015, with market share above 30%.

### Concrete Roofing Tiles

In 2015, concrete tile sales volume amounted to 32,670,000 units, down 21.2% from 2014, reflecting the weaker demand in the industry, as well as waning consumer confidence and a slowdown at contractors due to economic uncertainties.

Tégula maintained its leadership in Brazil's concrete roofing tile industry in 2015, with market share of 30%.



*Eterplac Stone application*



*Bathroom chinaware application - Alina model*

**THE ETERNIT WAY OF BUILDING**

Operating, economic and financial performance  
Economic and financial performance

**ECONOMIC AND FINANCIAL PERFORMANCE**

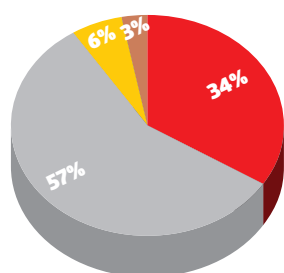
**Consolidated Net Revenue**

In 2015, consolidated net revenue amounted to R\$974.9 million, virtually stable (down 0.3%) compared to 2014. Exports amounted to R\$195.1 million, an increase of 11.6% from 2014, driven by the 41.6% appreciation in the U.S.

dollar against the Brazilian real (based on the average PTAX rate in the period), which completely neutralized the lower sales volume. Meanwhile, the domestic market contracted 2.9%, reflecting the slowdown in the construction materials industry.

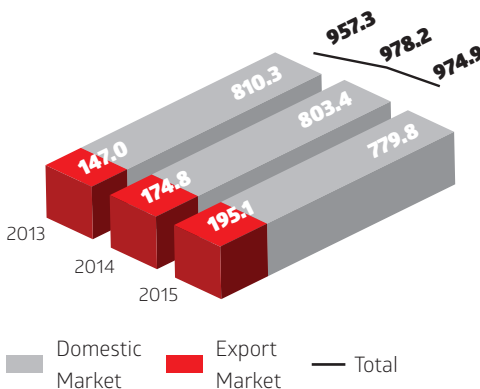
**Breakdown of Consolidated Net Revenue (2015)**

- Chrysotile Mineral
- Fiber-cement
- Concrete Tiles & Accessories
- Other \*



(\*) Other: metal bathroom fixtures, metal roofing panels, polythene water tanks, construction solutions and other products.

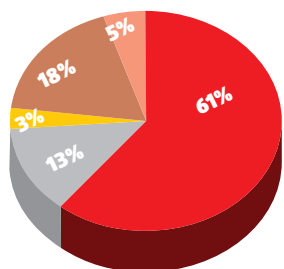
**Consolidated Net Revenue (R\$ million)**



**Breakdown of Costs (2015)**

**Fiber-cement**

- Raw Materials(\*)
- Labor
- Depreciation
- Other Costs
- Energy



Raw materials: cement (43%), chrysotile mineral (42%) and other (15%).

**Cost of Goods Sold**

In 2015, consolidated cost of mining, production and goods amounted to R\$598.1 million, virtually stable

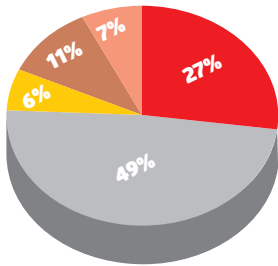
(up 0.7%) in relation to 2014. Consequently, gross margin remained stable in the comparison period to end the year at 39%.

## THE ETERNIT WAY OF BUILDING

Operating, economic  
and financial performance  
Economic and financial performance

### Chrysotile Mineral

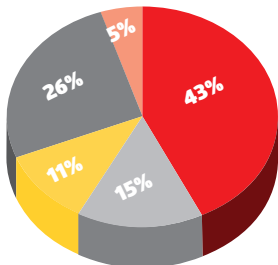
Materials(\*\*)  
Labor  
Depreciation  
Other Costs  
Energy



(\*\*) Materials: fuel, explosives, packaging and other

### Concrete Roofing Tiles

Raw Materials(\*\*\*)  
Labor  
Depreciation  
Other Costs  
Energy



(\*\*\*) Raw materials: cement (53%), sand (30%) and other (17%).

The main variations in the operating segments were:

- **Chrysotile mineral:** increase of 4%, explained by the adjustment to capacity utilization to balance inventory levels and the ensuing increase in fixed costs due to production volume, as well as by higher material costs (mainly fuel) and higher electricity rates.
- **Fiber-cement:** increase of 3%, due to the hikes in electricity rates and the higher costs with materials, equipment and services for plant maintenance.
- **Concrete roofing tiles:** despite the 9% decrease in cost of goods sold due to the lower sales volume, unit costs increased owing to the higher electricity rates, increased consumption of materials and accessories and lower productivity levels.



Aerial view of SAMA mining

### Operating Expenses

In 2015, operating expenses amounted to R\$257.0 million, up 5.8% on 2014, due to the non-recurring provision for labor contingencies involving Public-Interest Civil Actions in São Paulo filed by the Labor Prosecution Office and by the Brazilian Association of Persons Exposed to Asbestos (ABREA). The claims are deemed as probable by the Company's legal counsel and their effect was neutralized partially by the reduction in direct operating expenses on the lower sales volume (selling expenses), by the decrease in the provision for profit sharing explained by the lower profit for the year, and by deferred social security and PIS/COFINS tax credits recorded in other items under operating expenses.

In R\$ '000	2013	2014	2015	Var %
Selling expenses	(116,734)	(116,528)	(114,704)	(1.6)
General and administrative expenses	(113,349)	(122,465)	(118,405)	(3.3)
Other operating (expenses) revenue	(1,871)	(3,810)	(23,844)	525.8
<b>Total operating expenses</b>	<b>(231,954)</b>	<b>(242,803)</b>	<b>(256,953)</b>	<b>5.8</b>
<i>Percentage of Net Revenue</i>	<i>24%</i>	<i>25%</i>	<i>26%</i>	<i>1 p.p.</i>

### Equity Pickup

Equity pickup refers to the proportional gain or loss from the bathroom chinaware plant in the state of Ceará, the joint venture Companhia Sulamericana de Cerâmica (CSC). In 2015, equity pickup was negative R\$27.7 million, compared to negative R\$13.7 million in 2014. The increase is primarily related to the low capacity utilization and negative exchange variation.

### Net Financial Result

In 2015, the net financial result was an expense of R\$23.5 million, compared to the income of R\$2.3 million in 2014, which is mainly explained by the effects from the exchange variation loss on the Company's foreign-denominated debt, as well as by the higher interest on borrowings and the lower gain from financial investments.

In R\$ '000	2013	2014	2015	Var %
Financial expense	(48,553)	(52,674)	(108,735)	106.4
Financial income	47,535	54,962	85,209	55.0
<b>Net financial result</b>	<b>(1,018)</b>	<b>2,288</b>	<b>(23,526)</b>	<b>-</b>

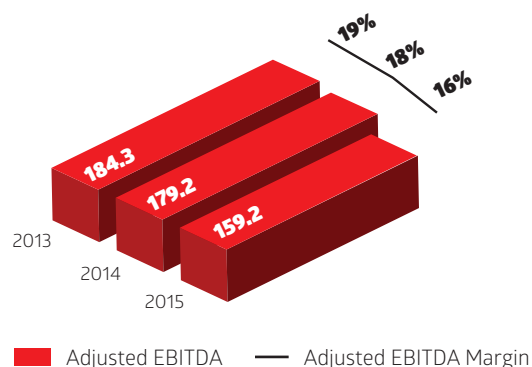
## THE ETERNIT WAY OF BUILDING

Operating, economic  
and financial performance  
Economic and financial performance

### Adjusted EBITDA

Adjusted EBITDA was R\$159.2 million in 2015, down 11.1% from 2014, with margin of 16%, which is mainly explained by the 2% drop in gross operating income (net effect from the lower sales volume and higher chrysotile exports on the weaker Brazilian real) and by the higher operating expenses, as mentioned above.

Adjusted EBITDA (R\$ million)  
and Adjusted EBITDA Margin (%)



### Reconciliation of consolidated EBITDA

Reconciliation of consolidated EBITDA (R\$ '000)

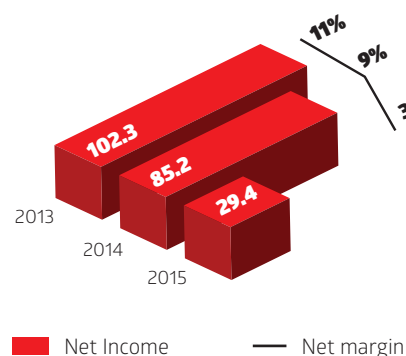
	2013	2014	2015
Net income	102,256	85,160	29,421
Income tax and social contribution	39,973	44,924	39,196
Net financial result	1,018	(2,288)	23,526
Depreciation and amortization	34,789	37,704	39,401
<b>EBITDA<sup>1</sup></b>	<b>178,036</b>	<b>165,500</b>	<b>131,544</b>
Equity pickup	6,223	13,676	27,661
<b>Adjusted EBITDA on equity pickup<sup>2</sup></b>	<b>184,259</b>	<b>179,176</b>	<b>159,205</b>

<sup>1</sup> With the operational startup of the joint venture Companhia Sulamericana de Cerâmica (CSC), its results are included in consolidated EBITDA in accordance with the equity pickup method, in conformity with Instruction 527 of October 4, 2012, issued by the Securities and Exchange Commission of Brazil (CVM). Adjusted EBITDA<sup>2</sup> is an indicator used by the Company's Management to analyze the operational and economic performance of its consolidated business, excluding equity pickup due to the fact that CSC is a joint venture and its information is not consolidated.

### Net Income

Eternit posted net income of R\$29.4 million in 2015, down 65.5% from 2014. Net margin contracted 6 percentage points to end the year at 3%, reflecting the same factors affecting adjusted EBITDA, as well as the higher financial expenses arising from the effects from exchange variation on debt.

Net Income (R\$ million)  
and Net Margin (%)



## THE ETERNIT WAY OF BUILDING

Operating, economic  
and financial performance  
Economic and financial performance

### Debt

The Company ended 2015 with net debt of R\$144.9 million, equivalent to 0.91 times adjusted EBITDA in the last 12 months. In 2015, the gross debt of Eternit and its subsidiaries amounted to R\$167.3 million, mainly reflecting: (i) the Bank Credit Notes (CCB) and Export Credit Notes (NCE) contracted to meet working capital

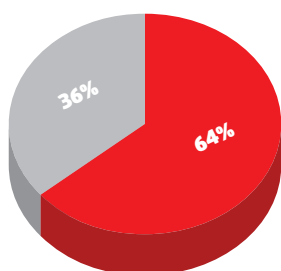
needs; and (ii) the financing facilities for the acquisition of machinery and equipment.

Cash, cash equivalents and short-term investments came to R\$22.3 million, with investments remunerated at average rates corresponding to: (i) 94.1% of the variation in the overnight rate (CDI) for short-term investments (repo operations); and (ii) 100.9% of the variation in the CDI for long-term investments (investment funds), resulting in a weighted average rate of 95.8% of the variation in the CDI.

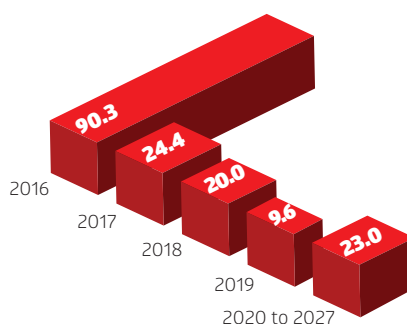
Foreign-denominated debt on December 31, 2015 was 100% naturally hedged by accounts receivable in foreign currency from chrysotile exports

### Debt by currency (%)

Foreign Currency  
Domestic Currency



### Amortization flow (R\$ million)



### Debt

Debt – R\$ '000

Net debt – short term

Net debt – long term

Cash and cash equivalents

Short-term financial investments

**Net debt**

EBITDA (in last 12 months)

**Net Debt / EBITDA (x)**

Adjusted EBITDA on equity pick-up (in last 12 months)

**Net Debt / Adjusted EBITDA (x)**

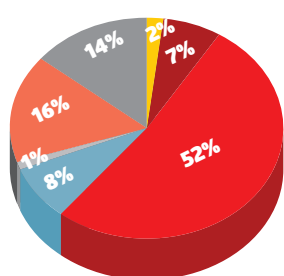
**Net Debt / Equity**

	2013	2014	2015
Net debt – short term	56,881	88,946	90,307
Net debt – long term	25,799	38,978	76,954
Cash and cash equivalents	(13,295)	(13,367)	(5,578)
Short-term financial investments	(35,661)	(35,023)	(16,734)
<b>Net debt</b>	<b>33,724</b>	<b>79,534</b>	<b>144,949</b>
EBITDA (in last 12 months)	178,036	165,500	131,544
<b>Net Debt / EBITDA (x)</b>	<b>0.19</b>	<b>0.48</b>	<b>1.10</b>
Adjusted EBITDA on equity pick-up (in last 12 months)	184,259	179,176	159,205
<b>Net Debt / Adjusted EBITDA (x)</b>	<b>0.18</b>	<b>0.44</b>	<b>0.91</b>
<b>Net Debt / Equity</b>	<b>6.7%</b>	<b>15.4%</b>	<b>29.0%</b>



**CAPEX Distribution (%)**

- Administrative
- IT
- Maintenance
- Safety & Health
- Quality & Development
- Capacity / Productivity
- Eternit da Amazônia



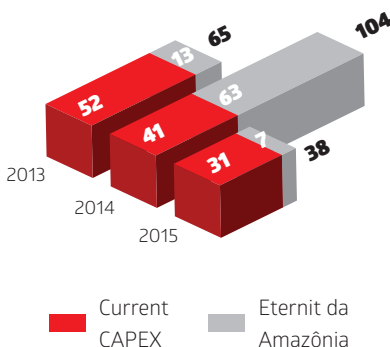
**CAPEX**

In 2015, CAPEX amounted to R\$37.9 million, decreasing 63.6% from the prior year, allocated as follows: (i) R\$ 31.4 million to maintaining and modernizing the Group's industrial facilities; and (ii) R\$6.5 million to

the construction of the research, development and production unit for construction material inputs in Manaus, Amazonas.

In addition to the CAPEX in 2015, the Company made capital contributions to the joint venture CSC in the amount of R\$18.1 million. In 2013 and 2014, these contributions amounted to R\$29.2 million and R\$12.0 million, respectively.

**Consolidated CAPEX (R\$ million)**



CAPEX for 2016 is projected at approximately R\$21 million, for allocation to the maintenance and modernization of industrial facilities, however, this amount does not include any capital injections at subsidiaries.

**Value Added**

Value added in the year amounted to R\$497.9 million, down 8.9% from 2014. Of this amount, 37.9% was distributed to employees and 30.2% to the federal, state and municipal governments in the form of taxes and contributions. Shareholders received 5.9% of the value added generated, while 26.0% went to the payment of interest on loan capital.

R\$ '000

**VALUE ADDED TO DISTRIBUTE**

- Personnel
- Taxes and contributions
- Value distributed to providers of capital
- Value distributed to shareholders

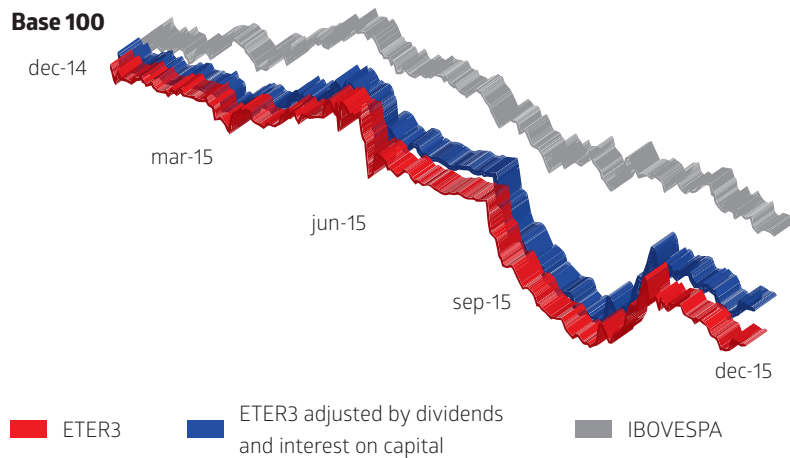
**DISTRIBUTION OF VALUE ADDED**

	2013	2014	2015
<b>VALUE ADDED TO DISTRIBUTE</b>	<b>531,730</b>	<b>546,448</b>	<b>497,859</b>
Personnel	184,431	191,345	188,694
Taxes and contributions	173,547	193,814	150,266
Value distributed to providers of capital	71,498	76,130	129,479
Value distributed to shareholders	102,254	85,159	29,420
<b>DISTRIBUTION OF VALUE ADDED</b>	<b>531,730</b>	<b>546,448</b>	<b>497,859</b>

**CAPITAL MARKETS**

Eternit has been listed on the stock exchange since 1948, and since 2006 its stock has been traded on the Novo Mercado, the segment of the São Paulo Stock Exchange (BM&FBOVESPA) with the highest corporate governance standards, under the stock ticker ETER3. The stock is a component of four stock indexes on the exchange, namely: Special Corporate Governance Index (IGCX), Corporate Governance Index - Novo Mercado (IGNM), Industrial Sector Index (INDX) and Special Tag-Along Stock Index (ITAG).

**Stock Performance ETER3 vs. IBOVESPA (quote R\$/share)**

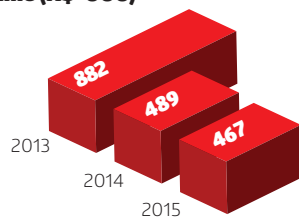


With highly disperse ownership and no shareholders' agreement or controlling group, the Company's shareholder base has a high concentration of individual investors, who accounted for 70.6% of the shareholder base on December 31, 2015, while foreign investors accounted for 7.9% and legal entities, clubs, investment funds and foundations accounted for 21.5%.

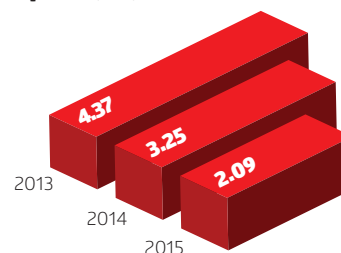
At the end of 2015, the company had 11,025 shareholders, an increase of 17.8% from the number of registered shareholders in 2014. The Company's free-float ended the quarter at 84.7%, excluding treasury shares and shares held by the Management, in accordance with the methodology of the Novo Mercado Regulations.

Eternit stock (ETER3) was quoted at R\$2.09 in December 2015, down 35.7% from the quote in December 2014. In the same period, the benchmark Bovespa Index (IBOVESPA) closed at 43,349 points, representing a decline of 13.3%. On December 30, 2015, Eternit's market capitalization stood at R\$374.1 million.

**Liquidity – average daily trading volume (R\$ '000)**



**Closing stock quote\* (R\$)**

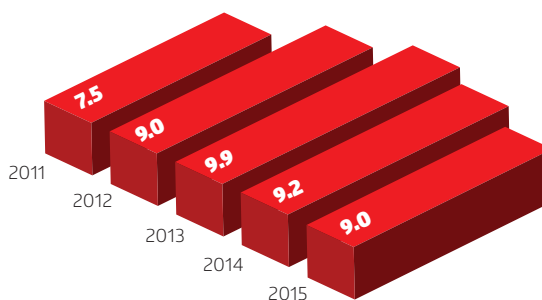


\* Closing price on the last day of the period. The stock quote for 2013 was adjusted for the stock split approved on September 24, 2014.

**Amount Distributed**

In 2015, the dividend yield<sup>1</sup> reached 9.0% and the dividends and interest on equity distributed by the Company amounted R\$52.6 million, which represents a R\$ 0.2940 per share.

**Dividend Yield Growth (%)**



*More information is available in the section Investor Information – Dividend Policy of the IR website ([www.eternit.com.br/ri](http://www.eternit.com.br/ri)).*

<sup>1</sup> Dividend yield: share-based payments (dividends + interest on equity) per share distributed during the year (base: payment date) divided by the closing stock price at the end of the prior year.

**Cancelation of Level 1 ADR Program**

In April 2015, Eternit announced the cancellation of its Level 1 American Depositary Receipts (ADRs) Program at the U.S. Securities and Exchange Commission (SEC) due to the low volume of ADRs traded. ADRs are receipts of shares issued by companies not listed on U.S. stock exchanges that are available for trade on the Over-the-Counter (OTC) market. Eternit’s ADRs began to be traded under the symbol ETNTY in 2012, after the program was approved by the Securities and Exchange Commission of Brazil (CVM) and implemented by the SEC in 2010.

**OWNERSHIP STRUCTURE**

On December 31, 2015, Eternit’s fully subscribed and paid-in capital stock amounted to R\$334.2 million and was represented by 179 million common shares without par value and with the right to vote in shareholders’ meetings.

With no shareholders’ agreement or controlling group, the Company’s share ownership is highly disperse. On December 31, 2015, its shareholder base was formed 70.6% by individuals; 1.8% by legal entities; 7.9% by foreign investors; and 19.7% by investment clubs, funds and foundations.

In 2015, only three shareholders held interests of over 5.0%, corresponding to 35.3% of the free-float, while the Officers held 1.0%.

In 2015, the shareholder base expanded by 17.8% compared to 2014, to 11,025 investors.

## Investor Relations

	2011		2012		2013		2014		2015	
	Number	%	Number	%	Number	%	Number	%	Number	%
Individuals	6,302	61.3	6,745	60.8	7,866	61.0	9,012	65.1	10,753	70.6
Legal entities	126	4.6	91	2.0	97	1.8	94	1.8	93	1.8
Clubs, funds and foundations	132	27.0	177	26.3	131	24.4	114	22.7	88	19.7
Foreign residents	73	7.1	131	10.9	146	12.8	137	10.4	91	7.9
<b>TOTAL</b>	<b>6,633</b>	<b>100.0</b>	<b>7,144</b>	<b>100.0</b>	<b>8,240</b>	<b>100.0</b>	<b>9,357</b>	<b>100.0</b>	<b>11,025</b>	<b>100.0</b>

## INVESTOR RELATIONS

In its constant pursuit of transparency and equitable treatment in its relations with all stakeholders, the corporate governance model adopted by Eternit is based on best market practices. Investors, analysts and other shareholders can communicate with the Company through the Investor Relations area, which has a team of professionals prepared to meet the demands of market participants in a timely and equitable manner. The Company also has other channels for communicating with the market, such as its IR website ([www.eternit.com.br/ri](http://www.eternit.com.br/ri)).

The IT department is also responsible for organizing the Shareholders' Meetings jointly with the Legal department, holding quarterly conference calls with webcasts and public meetings, publishing releases and fact sheets, organizing road shows and holding one-on-one meetings with investors.

Since 2010, Eternit gives shareholders the option of accessing Shareholders Meetings via an online platform, which allows them to participate from any place in Brazil or the world through an electronic proxy process.

In 2015, various contacts were made with investors, shareholders and analysts, and three public meetings were held jointly with the regional chapters of the Association of Investment and Capital Market Analysts and Professionals (APIMEC) in the cities of Belo Horizonte (MG), Porto Alegre (RG) and Rio de Janeiro (RJ).

Management continues to closely monitor the potential developments and impacts of the current scenario in the Brazil economy and its industry.

## OUTLOOK

In line with the economic scenario marked by uncertainties, waning consumer confidence and contracting industrial activity, the consensus forecast for GDP growth in 2016 is for contraction of 3.6%, according to the central bank's Market Readout of March 18, 2016. Meanwhile, Construction GDP is expected to contract by 5.0%, based on the central bank's Inflation Report for December 2015, which reflects the contraction in the homebuilding industry, which has been affected by credit restrictions and high inventories of finished units.

Brazil's housing deficit, which is estimated by the João Pinheiro Foundation at 5.4 million units (2011-2012), is formed by families excessively burdened by high rents and cohabitation of families, which represents over 75% of the country's housing shortage, followed by precarious living conditions and excessive density in rented homes. Although the federal government's housing program "My Home, My Life" has reduced this housing deficit, according to a study by the Fundação Getulio Vargas (FGV) in 2014, estimates indicate that in 2024, considering population growth, Brazil will have approximately 16.4 million new households, of which 10 million will have household income of up to three minimum wages.

Job creation, better income distribution, increased credit and higher investments in infrastructure and in the units built under My Home, My Life will help reduce the housing problem, which will have a positive impact on

the Company's business, given the stronger demand for the products in our portfolio, which primarily target self-managed construction projects.

For the construction materials industry, conditions such as fear of unemployment, lower household income and low business confidence should continue into early 2016, according to the Brazilian Construction Materials Industry Association (ABRAMAT), which should be aggravated in the months of January and February, when families tend to accumulate additional expenses, such as property tax (IPTU), vehicle tax (IPVA), etc. In view of this scenario, ABRAMAT believes that only as of April or May could



*Application of Olinda fiber-cement roofing panel*

the industry stage a recovery, since measures such as increasing credit supply, new infrastructure works and the resumption of My Home, My Life (Phase 3) are implemented. Accordingly, it forecasts a contraction of 4.5% in real sales for 2016 compared to 2015.

Also according to the association, the substitution of imports and higher exports, driven by the weaker local currency, could also contribute to a more positive scenario than in 2015. However, it notes that the situation is worrisome and calls for urgent measures to support a recovery in economic growth.

Eternit believes it is important to take into consideration the following challenges facing the country and its industry: the competitive conditions of Brazil's industrial sector, given the infrastructure bottlenecks, tax aspects and weaker local currency, maintenance of employment and income levels, sustainable economic policies and increase in business and consumer confidence. For the fiber-cement segment, Eternit will use the strength of its brand and network of more than 15,000 points-of-sale to minimize the effects of the crisis and operate its plants at maximum capacity utilization rates. For the other segments, chrysotile mining and concrete roofing tiles, capacity utilization will accompany market demand. The efforts will focus on reducing operating costs and expenses, optimizing distribution logistics and boosting competitiveness to meet the more intense competition during this moment marked by the low utilization of installed production capacity.

In the middle of the second half of 2015, in keeping with its strategy of diversified organic growth, the Company began testing equipment at its unit for the research, development and production of construction material inputs in the city of Manaus, Amazonas, and produced

and sold the first test batches of polypropylene yarns with applications in fiber-cement on an industrial scale.

Meanwhile, the bathroom chinaware unit in the state of Ceará surmounted important bottlenecks over the course of 2015, such as the reduction in lower-value imported goods to complement production and meet demand, the conclusion by the public utility of the natural gas line and the start of supply to its production site and the progressive improvement in production indicators. In 2016, this business segment should have a more diversified portfolio to enhance the profitability of the business.

With regard to legal aspects involving chrysotile mineral, the Company believes the courts will consider the technical and scientific evidence in the actions pending trial and, if necessary, it will take all applicable legal measures.

Management continues to closely monitor the developments and impacts of the current economic scenario in Brazil and its industry and to conduct its operations with financial discipline and a focus on business sustainability to consolidate Eternit's position as the leading supplier of raw materials, products and solutions for the construction industry.

Regardless of the aforementioned challenges, the Company believes in a recovery in the Brazilian economy and, especially, in its industry.

## ENVIRONMENTAL PERFORMANCE

One of the main concerns of the Eternit Group is the sustainable environmental development of its business, especially in its manufacturing and mining operations. In 2015, this commitment and effort were reflected in the recertification of the fiber-cement plants of Eternit and Precon Goiás, which effectively upholds the commitment to quality (ISO 9001), environmental preservation (ISO 14001) and occupational health and safety (OHSAS 18001). With rigid and specific controls based on the standards and legislation in force, the Company did not register during the year any incidents of significant fines or non-monetary sanctions for violations of its environmental requirements.

## ENVIRONMENTAL MANAGEMENT

Eternit, Precon Goiás and SAMA rigorously comply with all technical criteria and standards established by certifying bodies, are in conformity with governing law and operate in accordance with the guidelines of the Environmental Management System. To ensure high levels of efficiency, Eternit also adopts the technique Failure Mode and Effect Analysis (FMEA), which is a tool to prevent potential problems in the manufacturing process. Although the Company manages environmental risks preventively (learn more in the section "Risk Management"), the effects associated with climate change are not contemplated in this process.

In 2015, the units of Eternit, Precon Goiás and Tégula did not register any spills. However, SAMA did register incidents, but none occurred near bodies of water. Six oil spills, in a combined amount estimated at 1,362 liters, occurred in the mining area from trucks and auxiliary mining equipment. The oil spilled was covered using sawdust, collected, stored in drums and sent for co-processing. To prevent such events, the Company provides regular training to professionals working on the internal and external vehicle fleets and frequently conducts vehicle inspections.

With a firm commitment to enhance the efficiency of its production processes and its management of resources, Eternit strives to eliminate waste in its use of inputs and offer products with a minimal environmental impact. The main measures adopted by the Company include:



**Recycling:** reusing materials is a common practice at the industrial units of Eternit and Precon Goiás, such as reusing the wood chocks used to stock fiber-cement roofing panels to stock bathroom chinaware, polyethylene water tanks and covers and other products.



**Zero Waste:** 100% of chrysotile packaging materials are reused in the production of fiber-cement. Meanwhile, any waste material resulting from production problems, breakage or products that do not conform with standards are crushed and reused as raw material.

SAMA has two ways of reusing materials: it produces pallets from waste wood from sawmills and reallocates materials remaining from production (portions from lots that did not complete a pallet). In 2015, the savings corresponded to 19,760 raffia sacks.



**Waste separation:** Tégula has had a selective waste collection program for more than ten years, and at certain units, such as in Içara, Santa Catarina, the project also includes the transportation and proper disposal of 100% of waste. The tables with complete information on the waste generated and transported can be found in the Appendix - GRI Index.



## WATER RESOURCES

Although the topic of water gained greater attention in the past two years, given the water crisis in Brazil, Eternit always has been concerned with responsible consumption of the resource, from withdrawal to discharge. In 2015, all units operated in conformity with environmental legislation. Learn about Group's total water discharge process, broken down by quality and destination:

At the industrial units of Eternit and Precon Goiás, water derived from the production process is stored in decantation tanks and later used in a closed recycling circuit. As a result, water loss occurs only through evaporation. The water used in the administrative facilities is treated by the state's basic sanitation company.

At SAMA, the water from pits, which are emptied to allow mining to continue, is sent to decantation ponds (Tartarugas Lake and Jacaré Lake) and later discharged into water bodies (Caju Lake or Amianto Stream), with chemical analyses of these bodies conducted periodically. The water from pits can also be used to wet roads, industrial waste and blasting fronts in order to prevent the release of dust.

Industrial effluents from processing and the washing of waterproofed roads are directed to decantation ponds and later discharged into stabilization ponds near the pond of the Water Treatment Station.

Each industrial unit adequately treats wastewater, in accordance with the monitoring parameters established by the respective environmental agencies.

### TOTAL EFFLUENT DISCHARGE – M<sup>3</sup>/YEAR OF 2015 \*

Effluent discharge	Treated effluent	Water Reuse
150,643	152,561	19,911

\*Includes Eternit, Precon and SAMA units. At the production units of Tégula, effluent is discharged into the municipal sewage system and wasn't measured.

## ENERGY EFFICIENCY

Tégula plants adopt alternative measures to control energy consumption, such as using solar panels and translucent roofing to brighten internal spaces and improving gutters, as well as regularly conducting energy awareness campaigns.



*Tégula Atibaia Plant in São Paulo*



*Entrance to Tégula Atibaia Plant in São Paulo*

## EMISSIONS

### Greenhouse Gases (GHG)

In 2014 and 2015 Eternit and Precon Goiás did not make the lifting of greenhouse gases emissions and there is no forecast for the work to be done in 2016.

SAMA and Tégula measure the emission of greenhouse gases (GHGs) in scopes 1 and 2, as a measure to quantify potential impacts on biodiversity. As the accounting scope 3 is not required for the methodology of the Brazilian GHG Protocol Program, at the time, SAMA assesses whether there are indications of materiality to carry out this type of evaluation and what would be the most representative emission agents. In 2015, there was a reduction of CO<sub>2</sub>e emissions in scopes 1 and 2.

As a precaution, at its unit in Atibaia, São Paulo, Tégula monitors these gases in its diesel-powered fleet that operates throughout the unit by means of sampling using the Ringelmann scale. Meanwhile, at the unit in Içara, Santa Catarina, during the hottest months of the year, the company shuts down the LPG burning process in its drying houses to save fuel and reduce gas emissions into the environment.

In 2015, SAMA's GHG emissions intensity was 0.22 t produced/t CO<sub>2</sub>e emissions. The calculation considered total production in the year (in tons) in relation to total GHG gas emissions (scope 1 and 2) in the year (in tons). The identification process and calculation method considered the following gases: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>.

Tégula's GHG emissions intensity was 0.0000327 roofing tiles produced/t CO<sub>2</sub>e emissions (2014). The calculation considered total production in the year (in roofing tiles) in relation to total GHG emissions (scope 1 and 2) in the year (in tons). The identification process and calculation method considered the following gases: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>. The tables with historical data on GHG emissions are available for consultation in the Appendix – GRI Index.

### **Emissions of ozone-depleting substances (ODS)**

In 2015, Eternit, Precon Goiás and Tégula did not emit any ozone-depleting substances (ODS). SAMA consumed 120 kg of HCFC-141b during 2015, which came from emissions by vehicle air-conditioning systems due to the excessively hot weather in the year.

### **Emission of NOx, SOx and other significant air emissions**

The industrial units at Eternit and Precon Goiás and the mining company SAMA rigorously control suspended fibers by using a sleeve filter system that filters particulates. They regularly conduct monitoring actions to measure the amount of suspended particulates. In 2015, all particulates measured in the plants presented results within acceptable parameters under the legislation in force.

At SAMA, all chimines, vacuum cleaners and swaping machines has its own sleeve filter and cartridge system monitored on a daily basis at every shift change. Inspections are also conducted periodically in various points throughout the company and the surrounding area.

## **PRESERVATION AND MANAGEMENT OF IMPACTS ON BIODIVERSITY**

Eternit is certified by the standard ISO 14001 – Environmental Management System, which is essential for ratifying the mitigation of significant environmental impacts on biodiversity (air emissions, effluents and solid waste). Under the guidelines of the Environmental Management System, specific controls are defined based on governing laws and regulations. The Company's strategy includes preventive actions to avoid incidents that impact the environment. In the event of any undesirable impacts, the Company follows the Emergency Plan formulated at the corporate level. All applicable legal requirements are controlled to ensure full compliance.



*Aerial view of the mining company SAMA*



*Wildlife protection area at the mining company SAMA*

## **BIODIVERSITY**

The Company's main initiatives include the preservation of its four forest reserves: Colombo (PR), Simões Filho (BA), Atibaia (SP) and Minaçu (GO); the Chelonia Project; and the use of energy from solar panels (learn more in the section "Energy Efficiency").

The flora and fauna in the Group's reserves include one extinct species, one critically endangered species, two endangered species and 11 vulnerable species.

The group's main initiatives include the preservation of four forest reserves.

**Colombo Reserve in Paraná:** the plant in Colombo, Paraná occupies 58,377 square meters of the Iraí Environmental Preservation Area (APA), a conservation unit created by the government that covers 115 square kilometers in five municipalities. Encrusted in the Serra do Mar mountain range, this APA has flat regions that represent transition areas between the Moist Ombrophilous Forests, also known as Araucaria Forests, and the Dense Ombrophilous Forests, and includes one of the last remaining areas of floodplain.

**Simões Filho Reserve in Bahia:** this is a key protected area in the Recôncavo region of northern Bahia state, which is characterized by a hot and humid climate and beautiful beaches with dunes and restinga vegetation. There are also mangrove forests rich in biodiversity in the estuary of the Joanes River and remaining tracts of Atlantic Forest with a wide diversity of avifauna. The plant area has 801,000 square meters of preserved environmental reserve.

**Atibaia Reserve in São Paulo:** the Tégula unit in Atibaia, São Paulo has built-up area of 1,507,487 square meters on a property with total area of 11,273,824 square meters. The total area includes a Permanent Preservation Area (APP)

measuring 488,105 square meters. Approximately 20% of the APP harbors native plant species (guava, jerivá, aroeira, pimenteira, sibipiruna and others) and the remaining area features low vegetation and grassland, which is classified as Atlantic Forest. The APP is part of the Piracicaba, Capivari and Jundiá River Basin. The climate is temperate/dry with an average annual temperature of 19° and relative humidity of 80%.

**Minaçu Reserve in Goiás:** SAMA's concession area is 45 square kilometers, but approximately 80% is protected by a Forest Reserve and Legal Reserve located adjacent to the remaining 20% of area that is used for open-pit mining activities, such as ore extraction and processing and overburden and tailings piles. The Forest Reserve is located in the Serra da Cana Brava mountain range, which is formed by typical cerrado biome and is part of the Alto Tocantins River Basin. The predominant climate is humid tropical, with two seasons: a rainy summer followed by a very dry winter.

The many types of vegetation present in the Forest Reserve include: cerrado brush land, typical savanna, large savannas, seasonal forest, rupestrian fields and gallery forests.



*Chelonia Project of the mining company SAMA in Goiás*



**869**  
**CHELONIAN**  
**TURTLES ARE**  
**PROTECTED BY**  
**THE PROGRAM**

The biodiversity is protected by a native vegetation corridor that allows wildlife to move about without coming into contact with employees. The natural corridor bypasses the pits where mining activities are conducted with the constant traffic of trucks and auxiliary machinery.

**Chelonia Project:** implemented in 1995, is a partnership with the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) for the conservation of native chelonian species, such as Amazon turtles, tracajás (river turtles), cágado (chelidae family of turtles), black-bellied sliders and tortoises. The objective is to raise the community's awareness on environment protection measures. Today, 869 chelonian turtles are

under the protection of the program, which includes two complementary activities: management of turtle reproduction in the Amazon forest and environmental education. With an area of 36,000 square kilometers, the Chelonia Project is the only Conservationist Vivarium for Chelonia situated within a company in Brazil and is considered a benchmark for initiatives of this kind. In addition to chelonians, the Project receives from environmental protection agencies (State Environmental Police, Fauna/IBAMA) other wildlife species, such as macaws, parrots and monkeys, which are treated and then returned to the wild.

The different dimensions of sustainability are incorporated into Eternit's management and serve as the basis for corporate decisions aimed at mitigating potential impacts and maximizing value for society.

## SOCIAL PERFORMANCE

The Company has a series of initiatives to contribute to the sustainable development of surrounding communities, which includes investments in education, culture, health and sports projects, among others.

In 2015, the Eternit Group received tax incentives for social programs and other social investments. A table detailing the amounts received by each company can be found in the Appendix - GRI Index.



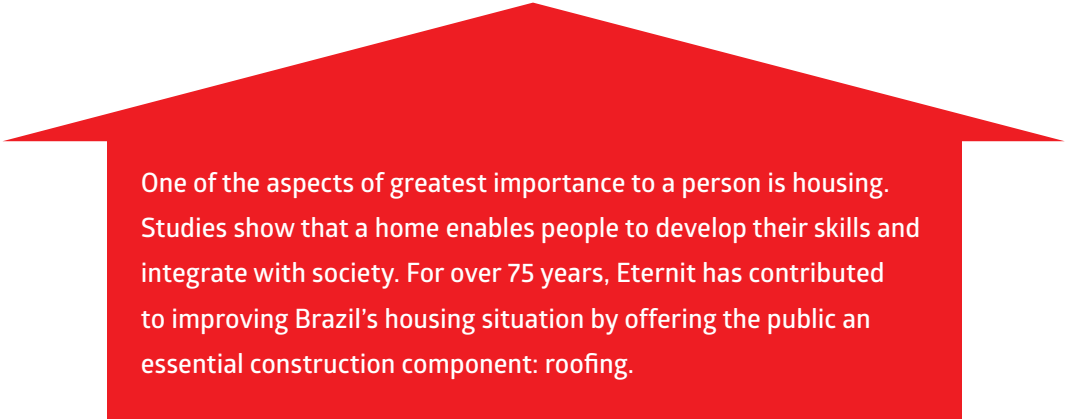
**R\$ 3.4  
million  
INVESTED IN  
INITIATIVES FOR LOCAL  
COMMUNITIES**

### ETERNIT'S SOCIAL AND ECONOMIC INITIATIVES INVOLVING LOCAL COMMUNITIES

Education	R\$ 273,105.84
Culture	R\$ 1,090,900.00
Health and basic sanitation	R\$ 244,902.63
Sports	R\$ 1,105,672.20
Combating hunger and food security	R\$ 364,105.73
Other	R\$ 319,511.63
<b>Total</b>	<b>R\$ 3,398,198.03</b>

### Relationship with Society

Eternit's close relationship with local communities includes offering its highly resistant and durable fiber-cement roofing panels to low-income groups at accessible prices.



One of the aspects of greatest importance to a person is housing. Studies show that a home enables people to develop their skills and integrate with society. For over 75 years, Eternit has contributed to improving Brazil's housing situation by offering the public an essential construction component: roofing.

Drawing on its vast knowledge of construction materials, the Company provides support in the form of exclusive and free tools, such as Etercalc (available on the Eternit website at [www.eternit.com.br](http://www.eternit.com.br)). Eternit also offers courses, such as in Metallic Carpentry, Roofing and Eterplac Installer. In 2015, Eternit offered 14 vocational training courses.

### Impacts

Eternit's activities contribute to regional development in the communities surrounding its industrial facilities by expanding the offering of jobs, training and knowledge. Eternit also makes an important indirect economic contribution to these communities by paying taxes, which is transformed into benefits, such as health, transportation and education. In 2015, Eternit paid ICMS tax of R\$109,969,892 and contributed R\$798,616,623 to Municipality Interest Funds (FPM). A table with the amounts divided by unit is available in the Appendix - GRI Index.

The Company develops a series of actions to minimize the impacts resulting from its activities. In 2015, none of the operations registered any incidents of significant negative impacts on local communities.



The Eternit Group encourages its employees and partners to participate on internal and external commissions, such as the Internal Accident Prevention Commission (CIPA) and the Internal Mining Accident Prevention Commission (CIPAMIN).

### **Sambaíba Project**

Developed by SAMA in Minaçu, Goiás, the Sambaíba Project works to promote the hiring of youth in social risk situations by providing, in partnership with the National Industrial Training Service (SENAI), training courses on the production of handicrafts made from the waste rock extracted from the mine, recycled paper and banana tree fibers.

### **Dialogue**

Believing that constant dialogue is part of its business and upholds transparency, the Company has a series of communication tools and channels to facilitate this type of interaction, such as its activities through social networks (via Facebook), websites or e-mails. These channels allow Eternit to maintain dialogue with society and to take advantage of the moment to obtain perceptions and suggestions and to answer any questions. Other channels include the channels Talk to IR, Talk to the CEO and Talk to the Board, as well as the Annual Reports.

### **Global pacts and initiatives**

Eternit has been a signatory to the United Nations Global Compact since 2007 and consequently its business practices incorporate the initiative's Ten Principles. Examples of this relationship between practices and principles are highlighted throughout this report. The Company also supports the Millennium Development Goals, another UN initiative.

### **Eternit also participates in a series of industry associations dedicated to disseminating best corporate and sustainability practices:**

- Brazilian Association of Publicly Traded Companies (**ABRASCA**)
- Brazilian Construction Materials Industry Association (**Abramat**)
- National Association of Construction Material Dealers (**Anamaco**)
- Goiás State Industry Federation (**Fieg**)
- Brazilian Chrysotile Institute (**IBC**)
- Brazilian Investor Relations Institute (**IBRI**)
- International Chrysotile Association (**ICA**)
- Latin American Chrysotile Institute (**ILAC**)
- Business Leadership Group (**LIDE**)
- Business Movement for Biodiversity (**MEBB**)
- National Cement Products Industry Union (**Sinaprocim**)
- São Paulo State Cement Products Industry Union (**Sinprocim**)

In 2015, more than 5 thousand companies composed Eternit Group supply chain



*Application of the fiber-cement cladding panel Eterplac Wood*

### **Freedom of association**

In 2015, the Company did not identify in its operations or in its supply chain any significant risk to the right to exercise freedom of association or collective bargaining.

Every two years, SAMA audits its suppliers through questionnaires based on the UN Global Compact and Millennium Development Goals. The process contains questions with GRI indicators to enable the Company to identify any potential

significant risks related to the right to exercise freedom of association and collective bargaining.

### **Suppliers**

In 2015, Eternit's supply chain was formed by more than 5,000 companies divided into six categories: raw materials, services in general, transportation, miscellaneous inputs, imported goods and equipment. All contracts entered into with partners and suppliers are

analyzed meticulously by the legal department to avoid relationships with third parties that adopt illegal practices, such as forced labor, child labor or any other practice that infringes human rights. In 2015, there were no contracts involving significant investments that included such clauses.

# PURSUIT OF EXCELLENCE



**WE ARE MORE THAN  
2,300 EMPLOYEES  
COMMITTED TO QUALITY**

**76** Human Resources

**82** GoLeader – Leader succession plan

At Eternit, employees are assets of strategic importance to ensuring operations based on sustainable practices.

## HUMAN RESOURCES

Eternit employees play a key role in the success it has attained in terms of the efficiency of its processes and day-to-day routines. Employee's willingness to support initiatives to promote continuous improvement – suggesting alternatives, creating new mechanisms and other ways of dealing with the current situation in the Brazilian economy and in our industry – is due to the confidence conveyed by Eternit, which strives to reward and retain its talent.

Unlike other companies in the industry, which were marked during the year by high layoffs (416,000 people, according to the General Registry of the Employed and Unemployed Population – Caged), Eternit seeks alternatives, such as shortening the work week and controlling overtime, which generates a positive attitude within the organization. The effectiveness of this effort is corroborated by Eternit winning, for the fourth straight year, the award Best Companies to Work for in Brazil granted by the magazine *Você S/A*. SAMA was also considered, for the eighth straight year, the Best Mining Company in the survey conducted by the same magazine.

### Employees

Eternit also believes that valuing employees involves offering them the conditions to support their full development, linking their performance to the direct results generated for the business and expanding their systemic vision.

The programs Eternit Group Career Plan (PLACAR) and GoLeader (learn more in the section "GoLeader") play key roles in fostering such a culture.

Employees manage their careers using the integrated management system, which is a reference in the industry and was created three years ago to unify all processes.

Through the software YourLife, employees can update their résumés, knowledge and skills and also consult all of their assessment and development processes. To complement employees' vision of their future, Eternit created PLACAR,

a career program that maps and identifies employees for future positions within the Eternit Group in a clear and transparent manner. The main goal is to allow the employees to seek out new challenges in their area or in another area of the Company and to create their own professional development plan.

PLACAR, which covers 100% of employees, from the most basic positions to senior executives, is recognized for its highly complex assessments, positions mapped based on qualifications and the development plan. During the evaluation analysis, the Human Resources department provides guidance to employees on specific development actions for their careers based on the results.

Newly hired employees can also access PLACAR and learn about their growth opportunities. The idea is to provide greater transparency and to integrate the performance

assessments with the target plan established by the employee and the feedback they receive. In this way, everyone knows what it takes to advance in their careers. Approximately 13% of employees who joined PLACAR received a promotion in the last three years.

Eternit values employees who are protagonists of change, promote transformation, are dedicated and contribute to society. This set of competencies is essential for ensuring the effective execution of the diversification strategy outlined by the Group.

Eternit's commitment to sustainability is also markedly visible in the decisions and strategies of the Human Resources department. In addition to the competencies cited above, the Company believes that leaders must have a strong affinity with the culture and routine of their teams, which is why it prioritizes hiring employees from the local community at its industrial units.

### Employee functional category by gender and age bracket in 2015\*

Number by category	Under 30 years old		31 to 50 years old		Over 51 years old	
	Male	Female	Male	Female	Male	Female
Employees	601	101	1165	161	215	17
Apprentices	47	30	-	-	-	-
Interns	19	16	-	-	-	-

\* Excludes data for outsourced employees

### Proportion of senior executives\* hired from local community (%)

Officers	2013	2014	2015
Managers at Eternit + Precon Goiás	60%	83%	83%
Managers at SAMA	64%	77%	67%
Managers at Tégula	17%	17%	20%
TOTAL (Managers + Officers)	38%	50%	67%
<b>TOTAL (Gerência + Diretoria)</b>	<b>52%</b>	<b>67%</b>	<b>63%</b>

\*As per the Company's definitions, senior executives mean: management-level employees and employees on the executive board; local community means: born in the same state where the unit is located; and important operating unit means: headquarters and industrial units.

The high return rate after maternity-paternity leave shows the support provided by Eternit during this process.

**Return to work and retention rate after maternity/paternity leave**

amount by category	2013		2014		2015	
	Female	Male	Female	Male	Female	Male
Were entitled to leave	12	67	29	61	16	87
Took leave	12	67	29	61	16	87
Returned to work after leave	10	67	28	61	15	87
Were still employed 12 months after their returning to work	10	63	28	57	13	85
Returned to work after leave (%)	83%	100%	97%	100%	94%	100%
12-month retention after leave (%)	100%	94%	100%	93%	87%	98%

**COMPENSATION AND BENEFITS**

Eternit’s salaries are competitive in the industry, but, in many cases, the competitive advantage lies in the many benefits offered.

The compensation policy is based on the Hay Market Methodology, which considers the sum of all amounts paid by the Company to the employee, considering the fixed portion (base or nominal salary), the variable portion (profit sharing) and benefits applicable at all levels. The Company’s position is to ensure compensation remains within the industry median based on comparisons with peers conducted through regular salary surveys. The profit sharing program, which covers 100% of employees, is a formal tool for recognizing performance based on the results attained in relation to the targets agreed upon between the company and its employees.

Eternit employees often receive job offers from the market, but the attractive package of benefits they receive helps keep them from leaving the Company. In addition to traditional benefits, such as a health plan and private pension plan, Eternit offers incentives, such as a newborn kit for expecting fathers and mothers, a wedding gift and health and well-being actions. Meanwhile, profit sharing is based on the achievement of the general targets.

The Group also offers a complementary pension plan from a duly authorized private pension institution. Contributions are made for all employees and managers to a Free Benefit Generating Plan (PGBL).

#### Contributions to pay for benefits plans (R\$ '000)

2013	2014	2015
3,864	4,081	3,846

## RECRUITING AND RETAINING TALENT

G4-LA10



**ETERNIT GROUP  
EMPLOYEE  
TURNOVER RATE IS  
13.9%, COMPARED  
TO 88.1% IN THE  
CONSTRUCTION  
INDUSTRY AND 21.1%  
IN MINING INDUSTRY**

With one of the lowest employee turnover rates in the industry, of approximately 13.9% (vs. the average of 88.1% in the Construction industry and 21.1% in the Mining industry, according to the Ministry Labor and Employment), Eternit focuses on hiring the right employees, carefully analyzing candidates' profiles and seeing if they are aligned with the Company's culture, which helps to ensure employee longevity.

Despite having an organizational structure formed by employees with long careers at the organization, Eternit takes regular "temperature readings" of productivity and complacency in specific areas. If necessary, the Company reallocates employees or hires a new professional who fits the job profile and the organization's needs. The action aims to maintain and ensure high levels of productivity.

Another initiative is to give preference to in-house talent when a new opportunity opens at the Company. Employees are the first candidates to be evaluated and professionals from the market are hired only if there is nobody with the profile and competencies required for the job.

There is no formal repositioning policy, but, if necessary, Eternit hires a consulting firm to provide assistance. In 2015, 100% of employees who left the Group were assisted by a repositioning program that was fully paid for by the Company.

## PURSUIT OF EXCELLENCE

Relations with unions, free association and collective bargaining  
Education and competencies development

G4-DMA-Labor Relations | G4-DMA-Training and Education |  
G4-11 | G4-LA4 | G4-LA9 | G4-LA11

## RELATIONS WITH UNIONS, FREE ASSOCIATION AND COLLECTIVE BARGAINING

As in the case in all of the Group's relations, transparency and ethics are the principles guiding its interaction with trade unions. Collective bargaining agreements cover 100% of employees.

Eternit and Tégula adopt the practice of formally notifying all employees in advance through their formal communication means. At SAMA, in the case of the transfer of a professional to another unit, the employee is notified at least 30 days in advance, in accordance with the collective bargaining agreement.

## EDUCATION AND COMPETENCIES DEVELOPMENT

Each employee is an agent of change of vital importance to the longevity of Eternit's business and to the successful execution of its sustainable growth strategy. For this reason, the Company offers a training plan based on the needs required by current and future positions, as indicated by the performance assessment and the tool PLACAR (learn more in the section "Employees"). The program is updated every year and covers 100% of employees in all levels and at all the Group's units.

Leaders can take advantage of a special program called GoLeader (learn more in the section "GoLeader"). With the program, which has been in place for three years, the Company expects to increase leaders' capacity to communicate and improve the competencies required for delivering results. It is essential that leaders know how to divide the Group's strategic targets among its team so that all employees, regardless of their function, know exactly what are their role and contribution to the Company's results. In the last Organizational Climate survey, the score of leaders improved by 2 p.p., which shows program's effective approach.

### Total hours of training per employee, in 2015\*

	2013	2014	2015*
Hours of training	90,053	92,068	58,207
Investment in training (R\$)	1,530,818	1,156,593	1,164,418
Hours/employee	46	39	24
Investment/employee (R\$)	642	485	515

\* The information does not include data from Tégula



The Company has an integrated system for schedule training courses based on each employee's needs.

Eternit, SAMA and Tégula conduct the Training Needs Survey to support employees in the performance of their activities. The survey is conducted annually through the Integrated Human Resources System and its purpose is to formulate a schedule for each employee of the training programs they need to effectively perform their job.

**Performance assessment and career plan**

At Eternit, 100% of employees participate in the performance analysis and career development process. Employees in leadership positions are assessed using 360° tools and the PLACAR tool. Meanwhile, other employees are assessed quantitatively based on the department's goals and the performance assessment known as "Caring for My Progress." These processes and information are controlled on an integrated basis and in digital form by the Human Resources department, together with a record of the professional's entire career.

At SAMA, formal performance assessments are conducted once a year. Employees conduct a self-evaluation and are assessed by their immediate superior on aspects such as credibility and confidence, sharing of activities, team work, availability, commitment, flexibility and focus on activity. Leaders are evaluated using a 360° model by their immediate

superior, selected peers and all subordinates on various behavioral aspects, such as communication, cooperation, ethics, favoritism, flexibility and team management. In 2015, 100% of active employees participated in performance assessments.

At SAMA, the employees themselves plan their own careers. The mining company offers complete support for this process through a computerized system that provides all possibilities for career advancement and the requirements of each position sought.

At Tégula, managers and supervisors undergo annual performance analyses, with this group corresponding to 5% of the total workforce. Of this total, 19% (4) are women and 81% (17) are men.

## **GOLEADER - LEADER SUCCESSION PLAN**

Permanent dedication to disseminating the Company's strategic goals and values is required to support the organization's continuous development. Focused on ensuring its plan for the structured growth and diversification of the business, two years ago, the Company created the leadership development program called GoLeader. The Leadership Development Program works primarily to develop and improve the technical and behavioral competencies required for attaining the company's goals, by focusing on training current leaders and preparing potential employees for future leadership positions in the Eternit Group, as identified by PLACAR (career plan).

For this, the Human Resources department creates a personalized competency profile for each leader to help them overcome difficulties and to encourage them to divide the strategic goals among their team members. As a result, Eternit has enhanced the strategic orientation

of its employees, i.e., each one knows exactly what they must contribute to the Company's results. The program for three-sided meetings (leaders, team and human resources, with the latter acting merely as facilitator) was the main drivers of this improvement. In 2015, there were six leadership training modules addressing topics such as Systemic Vision and Development High Performance Teams. All leaders, foremen, coordinators, supervisors, heads and managers at the units of Eternit, Precon Goiás, Tégula and CSC participate in GoLeader.



## **BUILDING KNOWLEDGE**

Learn about the programs offered by the Group to support the development of its employees and their family members.



### **Internship Program**

Encourages the development of the skills and competencies required to work for the intern to assume a formal position at the Company. Note that all of the Group's companies offer the possibility for interns to fill the openings available.



### Apprentice Program

This program works to foster social and professional inclusion by offering technical and vocational training to students ranging from 14 to 24 years of age, in accordance with governing legislation. Furthermore, the mining company SAMA, in partnership with Industrial Social Services (SESI), National Industrial Training Service (SENAI), has a unit located on its premises to offer training courses to employees, as well as to partners and members of the community of Minaçu and surrounding region.



### Synergy

Eternit Group's National Technical Convention: During three business days, the teams were able to sign commitments for the capture of more synergies among the products and solutions offered by all companies in the Group, with the outlining of actions to emphasize the differentials in the service provided to partners and clients.

## HEALTH AND SAFETY

Recognized for its good practices in the areas of health and safety, as corroborated by its OHSAS 18001 certification, the Group is committed to providing a healthy and safe workplace through actions to prevent, eliminate and mitigate the risk of occupational illnesses and accidents.

In addition to regular training and campaigns, all units have an Internal Accident Prevention Commission (CIPA), Safety Committees and Emergency Brigades formed by employees from all hierarchical levels, and the recording of workplace accidents complies with all technical and legal requirements.

Total employees in committees* - G4-LA5	Total employees in 2015	%
416	2,260**	18.4%

\* Emergency brigade, CIPA and Safety Committee + Golden Hand (Tégula)  
\*\* Considering only the full-time employees.

## PURSUIT OF EXCELLENCE

Health and safety  
Excellence in process

### Quality of life

Eternit and Precon periodically map the health of their professionals to support the development of the Quality of Life Program with a view to improving their health and physical and mental integrity. The program includes workplace gymnastics at units and encouraging exercise at gyms maintained by the Company. In São Paulo, employees receive financial assistance for joining a gym. Other activities, such as sporting competitions and dance classes, are also offered at the gyms, drawing on the financial support from the Eternit Employee Recreational Association (ARCE).

The Company is also concerned with the nutrition of its employees and works to encourage healthy eating habits. Units with cafeterias offer special menus design to ensure a balanced diet at meals, including breakfast. In São Paulo, the company offers the Health Cart, which delivers fruits and healthy snacks twice a day.

Eternit also organizes an annual Health Week and regularly provides information on health and well-being to employees by e-mail or posted on notification boards. All industrial units have outpatient clinics staffed with physicians that conduct regular exams and monitor employee health.

SAMA is also recognized for organizing a number of campaigns and actions during the year, such as lectures on the proper disposal of solid healthcare waste, on drug abuse for truck drivers transporting asbestos and on the controlled use of chrysotile asbestos. It also conducts hygiene and health inspections of the Company's work areas and other initiatives.



**27%**  
**DECREASE IN LOST-TIME  
INJURY FREQUENCY  
RATE IN 2015**

## EXCELLENCE IN PROCESS

In 2015, the lost-time injury frequency rate decreased by 27% compared to 2014. Meanwhile, the severity rate was 127.82, compared to 105.99 in 2014. In 2015, there were no incidents of workplace fatalities at the companies of the Group. The Eternit Group did not incur significant fines in terms of monetary value or the total number of non-monetary sanctions applied due to failure to comply with laws and regulations.

## Types and rates of injury, occupational disease, lost days and absenteeism and total number of work-related fatalities, by region and gender

### Lost-time injury frequency and severity rates, by unit - 2015

	Lost-time injury frequency rate	Severity rate
Eternit	6.33	159.72
SAMA	2.55	69.62
Tégula	12.54	69.87
Consolidated	6.13	127.82

#### Employee health

The practices adopted and planned include regular training, the proper use of Personal Protective Equipment (PPE) and regular maintenance to keep environments clean and organized.

#### Customer health

Eternit's concern with health and safety includes the labeling of products, which are constantly tested for strength, durability and handling at the laboratories located at industrial units. The Integrated Management System of Eternit and Precon Goiás contemplates the life cycle of all products, analyzing risks in the various stages. At Tégula, this analysis is conducted in all stages but the use and service stage.

In 2015, there were no incidents of non-compliance with customer privacy or with regulations related to the impacts caused by products and services on the health and safety of consumers.

# APPENDICES



**THE REPORT COMPLIES  
WITH THE GRI-G4  
VERSION, UNDER THE  
COMPREHENSIVE OPTION**

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**103** Credits

Total employees – 2015 **G4-10**

		Female	Male	Total
Contract	Formally employed workers	280	1,980	2,260
	Third-party workers	143	509	652
	Apprentices	30	47	77
	Interns	16	19	35
Region	Osasco (SP)	3	1	4
	Colombo (PR)	37	372	409
	Rio de Janeiro (RJ)	35	190	225
	São Paulo (SP)	80	95	175
	Simões Filho (BA)	39	213	252
	Goiânia (GO)	33	356	389
	Minaçu (GO)	134	935	1,069
	Atibaia (SP)	49	115	164
	Içara (SC)	6	42	48
	Camaçari (BA)	8	27	35
	Frederico Westphalen (RS)	5	27	32
	Anápolis (GO)	36	156	192
		4	26	30
<b>Total</b>		<b>469</b>	<b>2,555</b>	<b>3,024</b>

## Materials used by weight and volume / percentage recycled—consolidated G4-EN1

Fiber-cement roofing and construction solutions	2015	2014	2013	Unit	Direct	Non-renewable	Recycled
Chrysotile ore	59,844.24	61,629.77	59,467.35	t	X	X	
Lime	127,050.38	125,149.41	130,529.01	t	X	X	
Recycled pulp (newspaper)	9,100.45	9,990.58	9,634.84	t	X		X
Bleached pulp	2.50	28.68	-	t	X	X	
Non-bleached pulp	4,970.47	3,474.60	2,733.00	t	X	X	
PVA	1,988.82	1,763.80	1,477.00	t	X	X	
Cement	444,766.47	446,887.20	435,839.09	t	X	X	
Filler	13,883.43	13,769.93	13,772.13	t	X		X
Polyethylene resin	490.30	648.15	534.30	t	X	X	
Aluminum paint	4,323.60	5,448.00	4,967.50	L	X	X	
Ceramic paint	-	172.85	-	L	X	X	
Wood laths	-	-	2,649.00	t	X		X
Pine sheets	1,550.30	1,962.38	2,498.00	t	X		X
Wood (pallets)	767,360.31	310,399.77	20,523.57	m <sup>3</sup>	X		X
Other liquid materials	1,305,111.91	1,327,259.64	1,686,836.20	L		X	
Others	2,942.28	2,828.83	2,204.91		X		X
Concrete tiles and accessories	2015	2014	2013	Unit	Direct	Non-renewable	Recycled
Cement	31,800.66	42,913.31	47,404.03	t	X	X	
Sand	143,941.17	185,043.54	206,813.56	t	X	X	
Filler	160.00	330.00	460.00	t	X	X	
Pigment	204.10	469.42	414.84	t	X	X	
Varnish	151.86	195.77	201.49	t	X	X	
Soy lecithin	23.06	3.93	28.87	t		X	
Pine strips	6.99	13.17	9.60	t		X	
Pine framework	6.15	37.36	137.53	t		X	
Stretch film	47.40	22.16	48.00	t		X	
Other liquid materials	430,662.85	480,593.34	491,121.08	L		X	



Chrysotile mining	2015	2014	2013	Unit	Direct	Non-renewable	Recycled
Ore	4,084,708.00	5,451,253.00	4,948,802.42	t	X	X	
Overburden	11,705,677.00	16,085,642.00	15,522,930.00	t	X	X	
Plastic	223.01	292.37	262.34	t	X		X
Wood (pallets)	2,575.36	3,437.35	3,468.08	t			X
Sundry	14,262.87	17,165.97	16,527.09	t		X	
Gusseted sacks for packaging	470.39	629.72	587.07	t			
Acetylene	0.50	-	-	t	X		X

Recycled materials used **G4-EN2**

	2015	2014	2013	Unit
Total inputs used by Eternit Group	16,668,062.33	22,475,577.18	21,428,165.56	t
	1,740,098.36	1,813,473.83	1,736,835.73	L
	767,360.31	310,399.77	20,016.45	m <sup>3</sup>
Total non-renewable materials	16,630,825.70	22,420,232.98	21,372,352.10	t
	1,740,098.36	1,813,473.83	2,182,924.78	L
Total direct materials	16,648,342.55	22,456,181.25	21,409,926.60	t
	4,323.60	5,620.85	15,420.84	L
	767,360.31	310,399.77	20,016.45	m <sup>3</sup>
Percentage recycled	0.17%	0.14%	0.28%	t
	100%	100.00%	100.00%	m <sup>3</sup>

**Direct GHG emissions – Scope 1<sup>1</sup> G4-EN15**

(in tCO <sub>2</sub> e)	2013	2014	2015
Eternit	9,727.16	- <sup>2</sup>	- <sup>2</sup>
SAMA	53,067.45	53,119.70	43,428.51
Tégula	677.95	788.91	- <sup>3</sup>

<sup>1</sup> Gases included in the calculation: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFC, PFC, SF<sub>6</sub> and NF<sub>3</sub>.  
Methodologies adopted and source of the emission factors: ISO 14064-1 Standard, GHG Protocol

<sup>2</sup> For the years 2014 and 2015 Eternit not conducted GHG inventory.

<sup>3</sup> Tégula's GHG emissions inventory 2015 was not concluded as of the date of this publication.

**Indirect GHG emissions – Scope 2 G4-EN16**

(in tCO <sub>2</sub> e)	2013	2014	2015
SAMA	6,812.96	10,499.10	7,462.85
Tégula	179.58	211.40	- <sup>2</sup>

<sup>1</sup> Gases included in the calculation: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFC, PFC, SF<sub>6</sub> and NF<sub>3</sub>.  
Methodologies adopted and source of the emission factors: ISO 14064-1 Standard, GHG Protocol

<sup>2</sup> Tégula's GHG emissions inventory 2015 was not concluded as of the date of this publication.

**Indirect GHG emissions (Scope 3)<sup>1</sup> G4-EN17**

(in tCO <sub>2</sub> e)	2013	2014	2015
Tégula	20,346,793	21,737,046	- <sup>2</sup>

<sup>1</sup> Gases included in the calculation: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFC, PFC, SF<sub>6</sub> and NF<sub>3</sub>.  
Methodologies adopted and source of the emission factors: ISO 14064-1 Standard, GHG Protocol

<sup>2</sup> Tégula's GHG emissions inventory 2015 was not concluded as of the date of this publication.

Total weight of waste by type and disposal method (in kg) **G4-EN23**

Disposal method	Type of waste	2015
Reuse	Hazardous	13,979,110.26
Recycling	Non-hazardous	1,302,505.83
	Hazardous	19,150.50
Recovery	Non-hazardous	74,418.00
Incineration	Hazardous	22,715.74
	Non-hazardous	791,133.00
Landfill	Hazardous	0.80
	Hazardous	413,028.01
Co-processing	Hazardous	299,480.00
Other	Hazardous	43,260.00
	Non-hazardous	201,596.11
<b>Total</b>		<b>17,146,398.25</b>

Total weight of hazardous waste transported by disposal method (in kg) **G4-EN25**

Disposal method	2015
Reuse	13,979,110.26
Recycling	19,150.50
Incineration	22,715.74
Landfill	0.80
Co-processing	299,480.00
Other	43,260.00
<b>TOTAL</b>	<b>14,363,717.30</b>

Total environmental protection expenditures and investments (R\$) **G4-EN31**

Cost breakdown	2015	2014	2013	
Costs with solid waste disposal, treating air emissions and expenses with mitigating the following items:	Treatment and disposal of solid waste	2,187,668.69	1,837,481.26	1,865,318.61
	Treatment of air emissions	631,688.13	839,434.44	403,997.12
	Emissions certificates	57,087.37	42,356.96	2,398.96
	Depreciation, materials and maintenance	749,196.20	953,261.47	922,744.27
	Environmental liability insurance	33,941.72	29,266.98	29,545.38
	Total cleaning costs	1,367,400.08	1,456,123.35	1,389,527.97
	<b>Total</b>	<b>5,026,982.19</b>	<b>5,157,924.46</b>	<b>4,613,532.31</b>
Costs for prevention and environmental management based on expenses related to the following items:	Education and training	337,558.93	346,355.61	80,879.96
	Third-party environmental management services	422,940.11	531,595.09	417,687.06
	Third-party certification	121,016.06	96,906.36	96,533.81
	General environmental management activities	382,491.28	385,790.31	54,446.76
	Research and development	-	-	791.58
	Expenses with installation of clean technologies	-	-	3,840.00
	Other costs with environmental management	1,697,403.01	1,470,421.61	1,862,307.95
<b>Total</b>	<b>2,961,409.39</b>	<b>2,831,068.98</b>	<b>2,516,487.12</b>	
<b>Overall Total</b>	<b>7,988,391.58</b>	<b>7,988,993.44</b>	<b>7,130,019.43</b>	

Significant indirect economic impact on local communities – 2015 **G4-EC8**

(In R\$ '000, except where stated otherwise)

Units of the Eternit Group	State	Payment of ICMS tax	Value of the Fund for Municipal Governments (FPM)	Contribution to the municipality's tax receipts **
Goiânia Plant	Goiás	17,602,597	207,969,869	8.5%
Simões Filho Plant	Bahia	11,441,369	37,110,826	30.8%
Rio de Janeiro Plant	Rio de Janeiro	18,908,587	202,192,928	9.4%
Colombo Plant	Paraná	22,230,842	53,444,578	41.6%
Anapolis Plant	Goiás	7,801,168	52,024,677	15.0%
Tégula Atibaia Plant	São Paulo	3,523,339	34,023,488	10.4%
Tégula Içara Plant	Santa Catarina	397,580	18,483,909	2.2%
Tégula Camaçari Plant	Bahia	682,570	67,188,015	1.0%
Tégula Frederico Westphalen Plant	Rio Grande do Sul	409,121	12,684,995	3.2%
Tégula São José do Rio Preto Plant	São Paulo	462,191	46,887,693	1.0%
Tégula Anápolis Plant	Goiás	717,105	52,024,678	1.4%
Mining company SAMA	Goiás	25,793,423	14,580,968	176.9%

## Ratio of lowest salary paid compared to the local minimum wage (%) \* G4-EC5

	2013		2014		2015	
	Men	Women	Men	Women	Men	Women
<b>Eternit</b>						
Headquarters (SP)	187.3%	121.7%	82.8%	82.8%	81.3%	81.3%
Osasco Office (SP)	-	442.1%	-	443.2%	-	474.2%
Simões Filho Plant (BA)	41.8%	41.8%	42.8%	42.8%	40.7%	40.7%
Goiânia Plant (GO)	30.8%	4.6%	6.4%	12.1%	44.0%	19.4%
Colombo Plant (PR)	77.5%	41.9%	77.8%	42.2%	77.6%	51.3%
Rio de Janeiro Plant (RJ)	0.4%	0.4%	40.4%	75.1%	53.8%	54.0%
Precon Goiás Plant (GO)	-	-	39.3%	39.3%	39.8%	39.8%
<b>Tégula</b>						
Anápolis Plant (GO)	74.3%	74.3%	24.7%	24.7%	32.3%	32.3%
Camaçari Plant (BA)	24.3%	24.3%	36.7%	36.7%	25.6%	37.1%
Frederico Westphalen Plant (RS)	1.9%	1.9%	9.6%	9.6%	2.7%	5.1%
Içara Plant (SC)	59.4%	25.7%	29.3%	29.9%	32.3%	43.2%
Atibaia Plant (SP)	56.5%	56.5%	56.8%	56.8%	51.7%	51.7%
São José do Rio Preto Plant (SP)	63.2%	63.2%	56.8%	29.9%	51.7%	40.4%

\*SAMA data by gender is not available. The difference between the ratio of the lowest salary paid compared to the local minimum wage in 2015 was 57.02%.

## New hires, terminations and turnover – 2015 G4-LA1

	Breakdown	New hires	Terminations	Turnover
Gender	Male	364	485	16.9%
	Female	79	109	3.4%
Age bracket	Under 25 years old	189	172	7.4%
	26 to 30 years old	93	121	4.1%
	31 to 40 years old	127	187	6.0%
	41 to 50 years old	29	80	2.2%
	Over 50 years old	5	34	0.9%
Location	Osasco (SP)	1	1	0.1%
	Colombo (PR)	78	75	5.3%
	Rio de Janeiro (RJ)	57	54	3.9%
	São Paulo (SP)	33	25	2.0%
	Simões Filho (BA)	32	25	2.0%
	Goiânia (GO)	78	76	5.4%
	Minaçu (GO)	27	145	14.8%
	Atibaia (SP)	24	66	11.4%
	Içara (SC)	17	22	4.9%
	Camaçari (BA)	13	19	4.1%
	Frederico Westphalen (RS)	8	13	2.7%
Anápolis (GO)	67	65	10.5%	
São José do Rio Preto (SP)	8	8	2.0%	
<b>Total</b>		<b>443</b>	<b>594</b>	<b>13.9%</b>

Employee benefits **G4-LA2**

Items offered	Eternit and Precon		SAMA		Tégula	
	Employees	Outsourced workers	full and part-time employees	Outsourced workers	full and part-time employees	Outsourced workers
Health plan	X	X	X		X	
Dental plan	X		X		X	
Tuition Aid/Assistance	X		X		X	
Pharmacy Aid/plan	X		X		X	
Vision Benefit/plan	X		X		X	
Language course aid	X		X		X	
Meal vouchers/Cafeteria/Restaurant	X	X	X		X	
Day care benefit	X		X			
Funeral Assistance			X			
Orthopedic/Podiatrist benefit	X		X			
Complement illness assistance/ occupational accident	X					
Get-togethers	X		X		X	X
Floral arrangement	X		X		X	
Payroll loans	X		X		X	
Emergency loan	X		X			
Loan for school supplies			X			
Birth kit	X		X		X	
Stock option plan for Officers*	X					
Wedding gift	X		X		X	
Private pension fund	X		X		X	
Quality of Life Program	X		X			
Reimbursement of emergency medical expenses	X		X			
Group life insurance	X		X		X	
Food vouchers/ Food staple basket	X		X		X	
Transportation allowance/Charter bus/ Parking lot refund**	X	X	X		X	

\* For more information on the Stock Option Plan for Officers, go to: <http://ri.eternit.com.br>

\*\* Applies to the headquarters in Sao Paulo (SP)

Product labeling **G4-PR3**

Required label information		Yes	No
Chrysotile mineral	Outsourcing of components		X
	Content (substances)	X	
	Safe use	X	
	Disposal of the product		X
	Percentage of products subjected		100%
Fiber-cement roofing panels and molded parts	Outsourcing of components		X
	Content (substances)	X	
	Safe use	X	
	Disposal of the product		X
	Percentage of products subjected		100%
Polyethylene water tanks	Outsourcing of components		X
	Content (substances)	X	
	Safe use	X	
	Disposal of the product		X
	Percentage of products subjected (percentage of volume sold)		100%
Components for Construction Solutions	Outsourcing of components		X
	Content (substances)		X
	Safe use	X	
	Disposal of the product		X
	Percentage of products subjected		100%
Bathroom chinaware	Outsourcing of components	X	
	Content (substances)		X
	Safe use	X	
	Disposal of the product		X
	Percentage of products subjected		100%
Concrete roofing tiles	Outsourcing of components		X
	Content (substances)		X
	Safe use	X	
	Disposal of the product		X
	Percentage of products subjected		100%
Metal bathroom and kitchen fixtures	Outsourcing of components	X	
	Content (substances)		X
	Safe use	X	
	Disposal of the product		X
	Percentage of products subjected		100%

**G4-EC4**

Significant financial assistance received from the government (R\$ '000)	2013	2014	2015
	24,028	27,482	24,292



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