

Letter from
the CEO | WALTER SCHALKA

Eyes on the future

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Suzano went through one of the most emblematic periods in its history in 2019. Everything we lived and built in the year since the merger, on January 14, will help enable the company's operations in the long term. In this period, we defined and worked on some fundamental aspects: capturing synergies, integrating processes and systems and, not least important, disseminating our Culture Drivers and our strategic vision, which help us build the future we want for ourselves and the world.

Another priority for Suzano in 2019 was to raise the level of corporate governance by aligning our practices with SOX Certification (Sarbanes-Oxley Act), since we started to trade our shares on the New York Stock Exchange. To this end, we carried out a thorough review of processes and activities in order to adjust to these standards, considering the enforcement of a culture focused on management and internal control across the company.

Externally, we were caught by surprise by the sharp drop in pulp price. It is true that, at first, we underestimated the effects of the uncertainties generated by the trade war between the United States and China. The drop in the pulp price and the destocking process that took place in the sector throughout the year impacted our business. We had to take measures, such as reducing production, which implied some changes in logistics, forestry and industrial operations.

On the one hand, the turbulence in the market resulted in loss of profitability and multiple negotiations with suppliers in the various stages of our chain, on the other, our team rallied together to find solutions to overcome these challenges. We transformed difficulties into daily opportunities to exercise our Culture Drivers, which are non-negotiable: we are people who inspire and transform, we create and share value and we believe it is only good for us if it's good for the world.



Photo: Sérgio Zacchi

Throughout 2019, we had a series of relevant events, which required Brazilian companies to adopt a different attitude, and Suzano made its positioning clear. We are aware of our relevance as an agent of transformation and, therefore, we understand the need to be proactive in relation to these issues. Thus, we went public to present our point of view.

We also worked on the long-term strategic vision, analyzing megatrends and opportunities for our business. We prepared our sustainability strategy and understood that we are part of the solution to society's challenges. We develop renewable, recyclable and biodegradable tree-based products tree and we have the strategic vision of expanding the market for our biomass, the most competitive in the world.

We have set ambitious goals to be achieved by 2030: we want to be **even more climate positive**, removing an additional 40 million tons of carbon from the atmosphere; **to mitigate the problem of income inequality**, enabling 200,000 people to rise above the poverty threshold in our area of influence; and **to replace plastics and oil derivatives**, by offering 10 million tons of products from renewable sources.

None of us ended 2019 as we started it. All employees and key partners contributed to building a new future for the company. This journey is just beginning and 2020 will undoubtedly be another year of many challenges and achievements for Suzano.

Walter Schalka
CEO of Suzano S.A.