



SUZANO
PAPEL E CELULOSE

Green CRA
Annual Report
2018



Introduction

In 2017, Suzano Papel e Celulose unveiled its Purpose: Pioneers Cultivating Life. That is how we define our role on the planet, and the way that we contribute to society's sustainable development.

We are pioneers because we have the courage and daring to discover the unknown, to take on and blaze new paths forward in order to create the foundation of the future. At the same time, we cultivate respect and care in our human interactions and our relationship with the environment, so that we can plant, harvest, produce, and transform in a sustainable way. With our Strong-and-Kind way, we go beyond simply manufacturing pulp and paper. We help billions of people in Brazil and abroad to gain access to more education, comfort, compassion and care in their lives.

The raising of funds through the sale of green bonds and investing in constant improvements at our operations serves as one more example of how our capacity to pioneer and cultivate life is generating value for all stakeholders. We were the first company in Brazil to issue dollar-denominated green bonds, and we were pioneers in carrying out the first local Green CRA operation in Brazil. As a result, we developed important projects that allow us to: align productivity gains with the reduction of our environmental footprint; continually improve our practices for the management of eucalyptus; and preserve native ecosystems and our rich biodiversity.

In the pages that follow, we present the main advances that occurred in these initiatives during 2017. We hope that this document can support investors and shareholders in making future decisions, demonstrating the generation of economic and environmental value at our operations.

Enjoy your reading.

At Suzano, we now hyphenate Strong-and-Kind.

Our strength comes with care.

We cultivate as we pioneer.

The sum of strength and kindness makes us evolve in our relationships with people and the environment.

We believe that balance is at the heart of life and that strength multiplies when there is support, affection, and kindness.



Our company

We produce pulp and paper by means of a renewable primary resource that is planted and harvested using sustainable management practices. That is how Suzano Papel e Celulose - founded in 1924 and controlled by the Suzano Group - builds a healthier relationship with natural ecosystems.

Our eucalyptus cultivation areas are split into three units: UNF Bahia (in the states of Bahia, Minas Gerais, and Espírito Santo), UNF Maranhão (in Maranhão, Pará, Piauí, and Tocantins), and UNF São Paulo (restricted to the state of São Paulo). These areas total 1.2 million hectares, about half of which (536,500 hectares) is set aside for preservation. We are, therefore, one of the leading managers of protected areas in the global pulp and paper industry.

Through our products, we are present in the daily lives of billions of consumers in Brazil and in the countries where we ship our exports. Last year, we also entered a new market segment, with the beginning of tissue paper production. Following that, we began manufacturing finished products - with two plants in Mucuri, Bahia, and Imperatriz, Maranhão - as well as purchasing the operations of Facepa (Fábrica de Papel da Amazônia S.A.), bolstering our presence in the North and Northeast markets.



2017 Highlights

**3.6
million**
tonnes of pulp sold

**R\$ 3.5
billion**
in operating cash

**1.2
million**
tonnes of paper sold



In 2017, we improved our corporate governance by listing our stocks in the Novo Mercado (New Market), the highest governance level in the Brazilian Stock Exchange (B3). As a result, the liquidity of the company's stock increases, as does its attractiveness to the capital market, and bolsters the company's investment and growth potential. Thanks to the earnings posted in

recent years, we received an investment grade rating from Fitch Ratings.

Our business model is based on our capacity to generate earnings and share gains with all stakeholders. In order for our business's growth and the legacy of our activities to continue to coexist in a sustainable way, we have created a strategy based on three pillars.



1 Structural competitiveness

Operate with the greatest efficiency and lowest production costs.

2 Adjacent businesses

Open new fronts of activity, investing in innovation and developing businesses that are scalable and allow for diversification and the creation of value, such as fluff pulp, tissue, and lignin.

3 Reshaping the industry

Seek out proactive way to consolidate or verticalize, with a focus on greater value generation.

The Green CRA

We were the first company to issue green bonds in the Brazilian market. In 2016, we completed a transaction totaling R\$ 1 billion, which was recognized in the 2017 edition of the Green Bond Pioneer Awards – Climate Bonds’ New Participant Structured Transaction category. The sale involved the issue of Agribusiness Receivables Certificates (CRA) by Eco Securitizadora de Direitos Creditórios do Agronegócio S.A. (EcoAgro) and backed by an Export Credit Note (NCE) issued by Suzano Papel e Celulose. The bonds have a maturity of eight years, with a renegotiation option in the fourth year and interest payout equal to 96% of the CDI interbank rate.

The funds will be used for expenses related to sustainable forest management – either seeking to maintain the current areas’ certifications or to expand the certified forest base, in compliance with norms and standards established by the national and international certifiers.

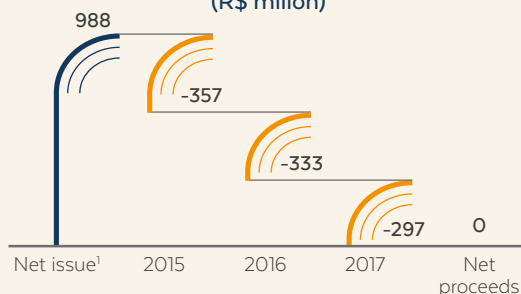
The Green CRA complies with Green Bond Principles provided by the International Capital Markets Association (ICMA). Adherence to the Green Bond Principles signals to investors and other market players that we follow high standards in terms of sustainability and transparency.

Investment in the selected projects, following the criteria established in the bond prospectus, was verified and approved by the Sustainalytics international consultancy. Since all funds raised by the Green CRA have already been allocated (see chart), this is the last year that the monitoring report will be published.

[CLICK HERE](#)
to access the Use of
Proceeds Report.



Raising and investment
of Green CRA funds
(R\$ million)



1. Converted to reais on 7/14/16. The green bond sale totaled \$ 500 million. The net amount, minus the operation's financial costs, was equivalent to R\$ 1.61 billion.

In addition to the Green CRA, we also carried out the first issue of dollar-denominated green bonds in Latin American.

[CLICK HERE](#)
to access the
Green Bond Annual Report.

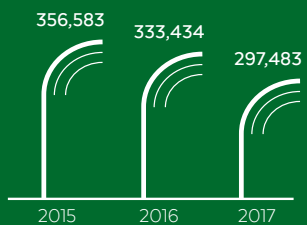


Sustainable forestry

Eucalyptus cultivation is the core of our business model and provides the renewable material we use to manufacture products that provide consumers an improved quality of life and wellbeing. We do not conduct the conversion of natural vegetation into eucalyptus plantations, since our plantations occupy areas previously used by humand for other purposes.

TECHNICAL DETAILS

Allocation of proceeds (R\$ thousand)



Our plantations adopt the best techniques and technologies. These include minimal cultivation, which maintains leaves, tree bark, and other natural elements in the soil, which is a way to avoid soil exhausting and reduce the use of agrochemicals. We also do not use burns during our eucalyptus cutting and harvesting processes, reducing the carbon footprint of our forestry activities and any other negative impacts of this practice.

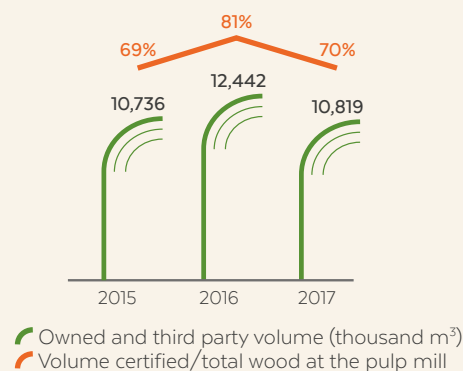
Reflecting our prominent forestry role at our owned and leased areas, our certified cultivation areas serve as practical tools for showing our clients and other stakeholders how our policies and procedures promote a balance between value creation and innovation. The FSC® (Forest Stewardship Council®) FSC C010014 certificate, and the PEFC/Cerflor (Brazilian Forest Certification Program) certificate attest to the responsible origin of the wood we use in our production.



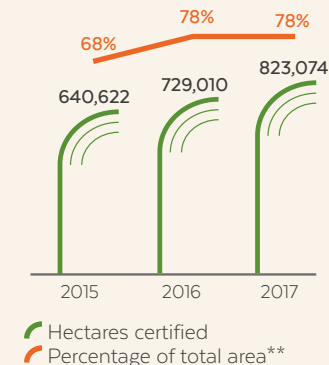
TECHNICAL DETAILS

94,100 hectares of owned and third-party areas were certified in 2017 (compared with 88,400 hectares in 2016*), which represents 9% of the total area planted for industrial supply.

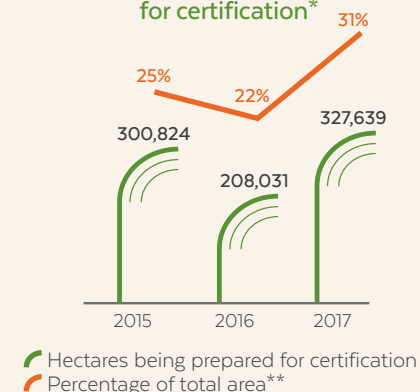
Total volume of certified wood at the pulp mill



Total owned and third party areas with forest management certification*



Total owned and third party areas being prepared for certification*



*Historic data re-submitted.
 **Includes total owned and third-party areas as a ratio of the total planted areas meant for industrial supply.



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