

Green CRA Annual Report

2017



SUZANO
PAPEL E CELULOSE

Introduction

At 93 years of age, Suzano Papel e Celulose continues to constantly seek out growth, to build a better and more sustainable future, and to innovate in all areas of business. As a result, in 2016 we were the first company in Latin America to issue green bonds in dollars and concluded the first round of funding through the issuance of green bonds in the Brazilian market (Green CRA). These two operations allowed us to raise US\$500 million and R\$1 billion, respectively, resources that will be invested in projects that generate environmental and financial gains at our forest and industrial operations.

With the conceived financing strategy, joining sustainability and long-term business development, we reassured our commitment of being transparent in our accountability and in publishing information related to the projects selected to receive these investments. As a result, we present our first annual monitoring report for Green CRA.

We hope investors and shareholders use this publication as a decision-making tool, understanding the economic and environmental value generated through these initiatives. We also seek to contribute to the growth of the market of green bonds in Brazil, and to stimulate the channeling of resources toward sustainable development and the mitigation of climate change.

Enjoy your reading.

RECOGNIZED LEADERSHIP

In the 2017 edition of the Green Bond Pioneer Awards, we received the certificate of Country Pioneer New Entrant in the Structured Operation category for the operation

involving Agribusiness Receivables Certificates (Green CRA) issued by securitizer EcoAgro. The award for our pioneering in the Brazilian market of green bonds was given by Climate Bonds, an initiative that brings together international organizations to promote investments that drive the transition to a low-carbon economy, resilient to climate change.

In 2016, we also received the Golden Tombstone award – Debt category – from the IBEF (Brazilian Institute of Financial Executives) for the first issue of dollar-denominated green bonds in Latin America.



Part of the team involved in issuing the green bonds.

Our company

A publicly traded company with shares listed on the BM&FBovespa's corporate governance Level 1, Suzano Papel e Celulose is a forest-based company that produces pulp, fluff, printing and writing paper, and paperboard. We are the second-largest producer of eucalyptus-based pulp in the world and leaders in the paperboard and printing and writing paper in Brazil.

Our forests, with elevated levels of productivity, cover 1.2 million hectares, of which 500,000 hectares are natural preservation areas or areas in restoration process. In the remaining areas, we plant eucalyptus in an integrated way with conserving natural resources through the proper forestry management, certified by independent international entities, the mosaic planting that ensures protection of biodiversity, and the constant quest to reduce the consumption of raw materials, such as water and fertilizer.

We have 5 industrial units, 20 distribution centers (regional and local), and 6 international offices. We employ approximately 8,000 employees and another 11,000 working at partner companies, and, in addition to serve the local market, our products are sold to more than 60 countries.

SUZB5
SHARES
LISTED ON
LEVEL 1
OF CORPORATE
GOVERNANCE

3.5
MILLION
TONNES
OF PULP
PRODUCED*

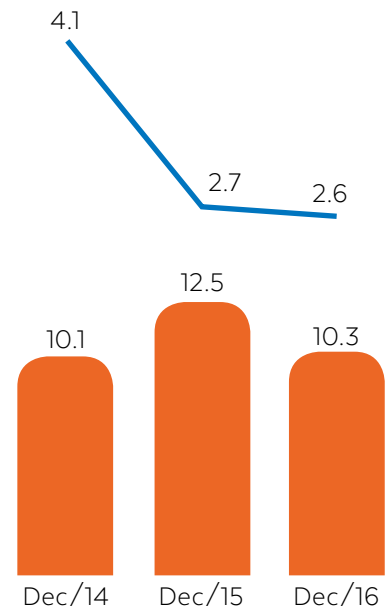
R\$ 9.9
BILLION
IN NET
REVENUE*

R\$ 3.9
BILLION
OF ADJUSTED
EBITDA*

1.2
MILLION
TONNES
OF PAPER
MANUFACTURED*

*In 2016

COMPANY'S DEBT (X)

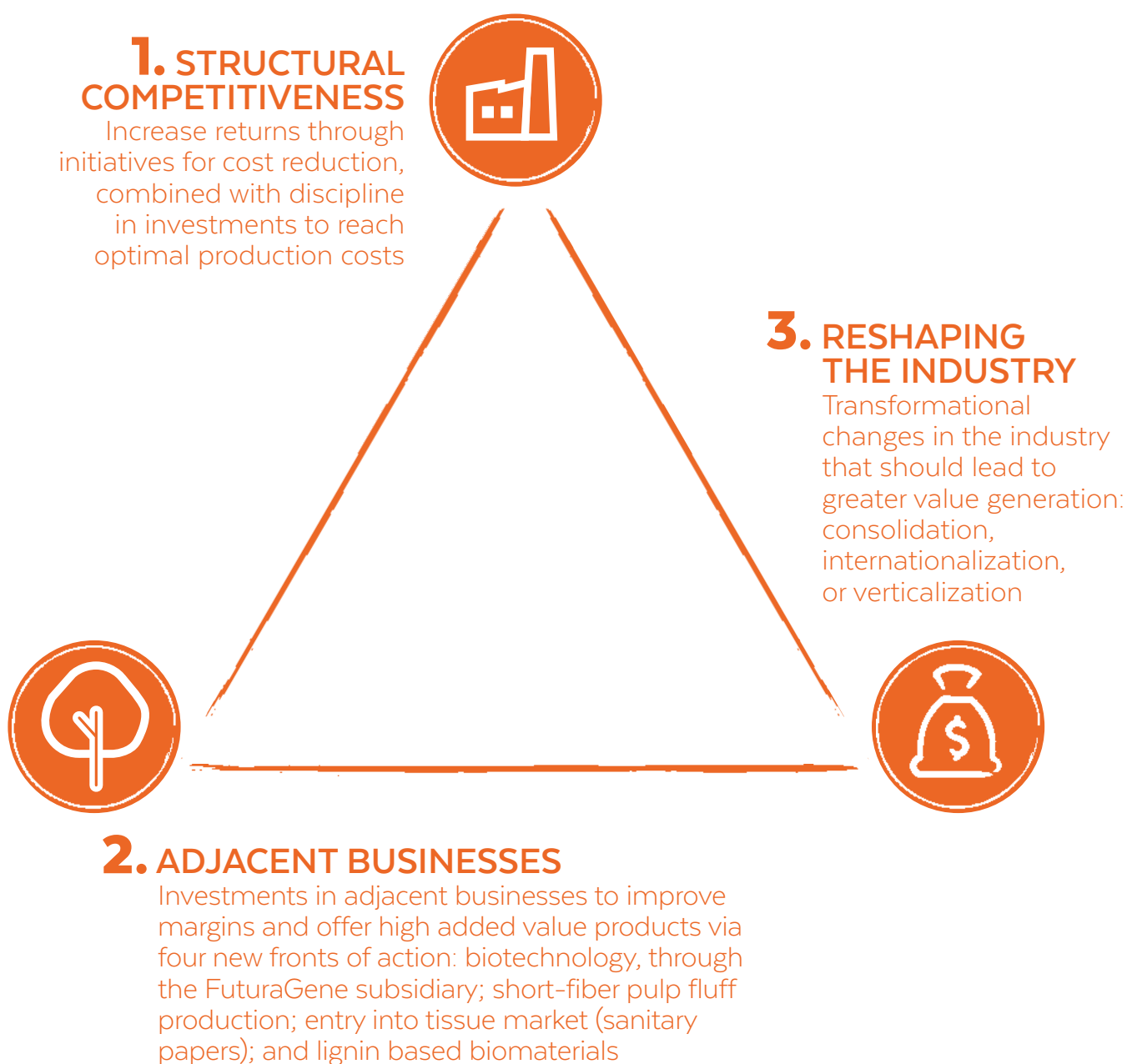


■ Net debt (R\$ billion)
— Leverage - Net debt /
Adjusted Ebitda

STRATEGY AND SUSTAINABILITY

We have established three strategic pillars to support the growth of our business in a sustainable way and to maximize invested capital.

The sound management of our natural capital together with active and transparent relationships with all stakeholders sustains our strategic pillars. Our culture of sustainability is ensured by governance mechanisms that guide corporate decisions and ensure that socio-environmental aspects are taken into consideration when deciding on investments, managing risks, and forming partnerships.



OUR SUSTAINABILITY GOVERNANCE IS GUIDED BY:



Policies

They guide the ongoing construction of a company of excellence, able to harmonize the creation of value with respect for the human being and the environment.

- Social Responsibility, Health and Safety Policy
- Quality
- Environment



Volunteer commitments

Fronts of corporate action that reinforce the commitment to sustainability.

- Global Compact
- Business Pact for Integrity and Against Corruption
- Brazilian Pact to Eradicate Slave Labor
- Platform for an Inclusive, Green and Responsible Economy
- Atlantic Forest Restoration Pact
- Amcham Strategic Sustainability Committee
- Business Charter for Conservation and Sustainable Use of Biodiversity
- Brazilian Coalition on Climate, Forests and Agriculture



Partnerships

Relations with recognized organizations that promote active and transparent dialogue on sustainability issues.

- WWF
- NGP (New Generation Plantations)
- Brazilian Tree Industry (IBÁ)
- TNC (The Nature Conservancy)
- CI (Conservation International)
- The Forest Dialogue
- The Forest Dialogue Brazil
- Forestry Forum
- GVCes (Center for Sustainability Studies of FGV)
- Ethos Institute
- Itapoty Institute
- Mabuia Institute
- Peabiru Institute
- Ecofuturo Institute
- Mata Branca Nursery / Caatinga Ecological Institute
- CEBDS (Brazilian Business Council for Sustainable Development)



Certifications

They ensure good forest management and traceability of certified materials.

- FSC® (Forest Stewardship Council®) – FSC – C010014
- Cerflor (Brazilian Forest Certification Program)
- ISO 9001
- ISO 14001
- OHSAS 18001

The Green CRA

Green bonds are instruments that allow the finance of projects or refinance of on-going projects and assets that generate positive impacts and value in terms of environmental aspects or mitigation of climate change.

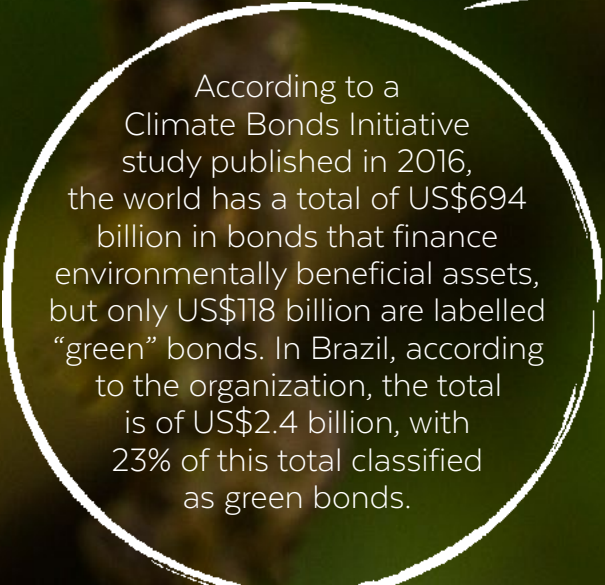
In 2016, issued the first green bonds in the Brazilian market, raising a total value of R\$ 1 billion. The net amount, after discounting the operation's financial costs, was of R\$ 987.5 million. Of this amount, R\$690.0 million had already been allocated to the selected project as of December 31, 2016.

The issuance involved Agribusiness Receivables Certificates (CRA) issued by Eco Securitizadora de Direitos Creditórios do Agronegócio S.A. (EcoAgro) and was backed by Export Credit Note (NCE) issued by Suzano Papel e Celulose. The bonds have a maturity of eight years, with an option for repricing in the fourth year and interest rate of 96% of CDI.

The Green CRA is in accordance with the Green Bond Principles published by the International Capital Markets Association (ICMA). Adherence to the Green Bond Principles is a signal to investors and other market agents that we follow elevated performance standards in sustainability and transparency.

The proceeds will be directed to financing of expenditures related to sustainable forestry management, in order to maintain certifications in current areas or to expand the certified forestry base in accordance with national and international certification standards.

In addition to the Green CRA, we have also carried out our first dollar-denominated Green Bonds. To learn more about the projects, see the pertinent annual monitoring report.



According to a Climate Bonds Initiative study published in 2016, the world has a total of US\$694 billion in bonds that finance environmentally beneficial assets, but only US\$118 billion are labelled "green" bonds. In Brazil, according to the organization, the total is of US\$2.4 billion, with 23% of this total classified as green bonds.



Sustainable forestry

Forest management in our areas, in line with the strictest national and international standards, contributes to the maintenance of healthy ecosystems and, consequently, to the continuity of natural resources. Among the primary benefits of our activities are the capture and storage of atmospheric carbon, which aids in the mitigation of climate change, maintenance of soil quality, preservation of springs and bodies of water, and the supply of water tables. Additionally, our production ensures that wood from our forests is the result of good management practices, including the promotion of respect for human rights and the mitigation of potential impacts on biodiversity.

One of the primary procedures adopted is that of mosaic planting, where our planted forests are interspersed with areas of native vegetation, where there are located species of fauna and flora that are relevant for local ecosystems. Whenever possible, we also seek to interconnect, through the use of ecological corridors, the main fragments of natural areas. This allows a better flow of fauna, favoring their reproduction and feeding, and a better dispersion of flora.

The certification of responsible forest management is an important tool to ensure customers, shareholders, and other stakeholders in the value chain about the origin of the wood that we use in pulp production, adopting the best socio-environmental practices in our business. Our operation is certified in accordance with national and international standards.

Additionally, Suzano was the first company in Latin America to support the certification of customers. This way, we contribute to make Brazil a reference in forest certification, presenting a higher number of certified companies than countries such as France, the Netherlands, and Canada.

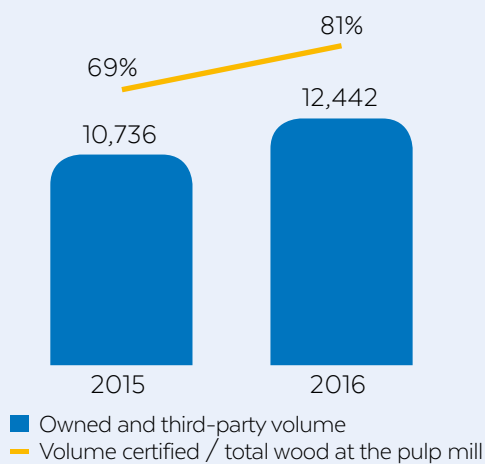


ALLOCATION OF PROCEEDS (R\$ THOUSAND)



Performance indicators


VOLUME OF CERTIFIED WOOD AT THE PULP MILL (THOUSAND M³)



Certification of forestry management in owned and third-party areas	Certified areas		Areas being prepared for certification	
	Thousand hectares	% over total area ¹	Thousand hectares	% over total area ¹
2015	640.1	68%	301.4	25%
2016	736.8	79%	200.2	17%

¹Considers the total area certified / planted area for industrial supply

- **96.8 thousand** hectares of owned and third-party areas were certified in 2016, which represents 9% of total planted forest for industrial supply



GENERAL COORDINATION | Workgroup: André Magnabosco,
Camila Akemi Tsuzuki, Estevão do Prado Braga, Julio César Longo Bull,
Maria Augusta Bottino G. Santos, Michelle Lourenço Corda,
Pollianne Dionor Schwabe e Ricardo de Aguiar Quadros

EDITORIAL COORDINATION AND DESIGN | usina82

Additional information and comments on this publication
can be sent by e-mail to ri@suzano.com.br

SUZANO PAPEL E CELULOSE S.A.
Av. Brigadeiro Faria Lima, 1355 – 6th to 8th floors
Pinheiros | CEP 01452-919 | São Paulo | SP | Brasil

