

Sustainability Report 2017



SUZANO
PULP AND PAPER







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A hand holding a cup of tea over an open book. The cup is light-colored with a subtle pattern. The book is open, showing text on the pages. The overall scene is warm and cozy.

Leadership messages



Message from the Board of Directors

The management model adopted by Suzano Pulp and Paper has driven the growth of the company throughout its more than 90 years of history. Meritocratic business management, committed shareholders with a long-term vision, and commitment to all stakeholders comprise the very cornerstone of our corporate governance, which we continually seek to improve in order to strengthen our capacity to breakthrough and innovate.

In 2017, we took yet another step on this evolutionary path with Suzano's migration to *Novo Mercado*, a B3 listing segment comprising companies with the highest governance standards. With this step, the company has reinforced its commitment to the capital markets, to Brazil, and to the industry.

With a focus on the long term and the achievement of long-lasting results, our shareholders approved this move without dilution of minority shareholders or paying a premium to the controlling shareholders. Each preferred share has been converted into common stock, guaranteeing that all who invest in our company have equal rights.

We strongly believe in creating and sharing value with all our stakeholders across our supply chain with excellence and responsibility. This is why we also innovate through biotechnology research in order to increase productivity, and conduct ongoing R&D in search of better products, processes, and business.

We always seek to discover the unknown, innovate, and blaze new trails by being Strong-and-Kind and by cultivating relationships in a sustainable and lasting way. We understand that this is Suzano's role in society, now translated into our Purpose: "Pioneers Cultivating Life." Through our products, we intend to continue helping to improve the lives of our consumers through qualified, expanded access to personal hygiene, healthcare, and the world of reading, education and culture.

This is why we pioneer. This is why we cultivate.

David Feffer
Chairman of the Board of Directors

Message from the CEO

Over its nearly hundred years of history, Suzano Pulp and Paper has undergone constant changes and innovations. We are always seeking new business opportunities and a different way to increasingly enhance what we already do, with a constant commitment to social and environmental responsibility and to earning the recognition of our customers, employees, shareholders, and all of our stakeholders.

In the 1950s, we were pioneers in the cultivation of eucalyptus, a renewable crop for pulp production that is the source of different products which play important roles in the lives of so many people. Now this same pioneering spirit has driven us to enter the tissue sector in 2017; tissue encompasses paper used for hygiene and cleaning. We invested in the construction of two production units in Brazil (in Mucuri, Bahia and in Imperatriz, Maranhão) and in acquiring Facepa.

We also launched our first toilet paper brands, Max Pure® and Mimmo®, which will be sold starting in 2018. These investments will allow us to consolidate our presence in this market and further expand and improve the supply of high quality products available to Brazilians.

These investments represent not only the diversification of our businesses, but also an even closer relationship with our customers and society. This movement started years ago with the *Suzano Mais* program, which propelled us to make major advances in the quality of customer service in the paper industry. Now we are convinced that we can do the same in the consumer goods segment.

At the same time, we continued to grow while investing in our core businesses. In 2017, we expanded our pulp production capacity in Imperatriz and built a new cut size paper line in Mucuri; in this same production unit, we installed a new crystallizer and a new



Our entry into the tissue segment and the migration to *Novo Mercado* were two major milestones for Suzano in 2017

wastewater treatment plant. These are key investments that provide greater efficiency and improve our performance on both operational and environmental levels.

We also take special care of all our stakeholders. For example, I would like to highlight our decision to join the *Novo Mercado* and grant all Suzano shareholders equal voting rights without any premiums paid to the controlling shareholders. Furthermore, as a result of our in-depth efforts towards productivity gain and liability management and a more favorable environment in the world pulp market than expected, we were elevated to Investment Grade by Fitch Ratings.

But that was not all. We ended the year with a pulp cash cost of R\$ 599 per ton, the lowest value since 2014; we reached record-breaking production and sales and unprecedented operating cash generation of R\$ 3.5 billion. As a result, we are now even more prepared

for our next steps, always remembering our goal to create and share value.

And we do this while paying special attention to our employees and partners, without whom we would not have achieved so many impressive results in 2017. So to you we direct our thanks, and the promise that in 2018 we will continue to be guided by our Strong-and-Kind spirit, pioneers cultivating life.

Walter Schalka
CEO, Suzano Pulp and Paper



Our Purpose

PIONEERS CULTIVATING LIFE

We live in an age in which each one of us is beginning to question our role as a citizen of the planet and what contributions we can make to meet the needs of a society seeking solutions to complex issues such as climate change, water scarcity, environment protection, and respect for human rights. At Suzano we reflected deeply on these issues, involving our employees as a whole. The results of this initiative led to the creation of our Purpose, which can be summed up as “Pioneers cultivating life.”

We are pioneers because we have the courage and boldness to discover the unknown, invest, and blaze new trails to build the foundation of the future. At the same time, we sow the seeds of care and respect for human relationships and the environment so that we can plant, harvest, produce, and transform sustainably, meeting our current needs without compromising the ability of future generations to do the same.

Our way of doing business is hyphenated as Strong-and-Kind because it is the combination of strength and kindness that permits us to evolve in a balanced and sustainable manner.

THE SUZANO MANIFESTO

Although we may be very different, we all share a common feeling, a force that moves us, motivates us, and drives us.

It expands the way we face life, our values, our choices, and our attitudes.

The sum of this drive, along with our way of viewing and doing things, shapes our character and helps us define who we are.

At Suzano, this sum is being strong-and-kind.

Our strength gives us courage to improve what we already know, discover the unknown, blaze new trails, invent, break new ground, all with discipline and resilience.

At the same time, we plant and harvest and we produce and transform, preserving nature, planting seeds of care and cultivating sustainable relationships. Always with kindness.

Strong-and-kind. The certainty, that the world we want depends on what we do and how we do it, guides the balance between pioneering and cultivating. It paves our path in life and makes us constantly improve every day.

This allows us to be present where it matters most: in your life.

In a mother’s care for her child and in the memories of an unforgettable trip, in bedtime stories and in a love letter to your soulmate, in fun and in games at school, in knowledge and in information, in films and in music, on screens and in sculptures, in what protects us and even in energy.

We are part of the comfort and well-being already present in people’s lives and we want to be able to contribute even more every day.

That is why we pioneer. That is why we cultivate.



OUR DNA

Strong-and-Kind

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 VALUES

Planting the seeds of care

For us, sustainability is a way of looking at life: it is how we shape our impact and embrace our commitments. You can see our care in every acre, every tree, and every place where we are present. Every day our relationships with our stakeholders and the impact of our plantations on nature reflect our care. Our business depends on best practices related to people and the environment, and on the understanding that our actions go well beyond the company. After all, the world we wish for depends on what we do.

Harvesting pride

We carry the passion of being Suzano, a shared feeling that makes our days lighter, fuels our actions, makes us resilient to difficult times and reinforces our commitments to ourselves and to our stakeholders. We are proud of what we do, how we act, and to be part of a company that sets an example.

Exploring innovation

Paths are often winding and sometimes they do not even exist. Part of our journey is to build them and blaze new trails. This is why we face challenges with courage and learn from our mistakes. Our entrepreneurial spirit drives us to find opportunities of all shapes and sizes so that new technologies, models, processes, and businesses can better transform what we already know and help discover what we have not yet created.

Improving every day

To continue investing in the present and in the future, we must excel at what we do. That is why we are in a state of constant transformation. We seek to evolve every day. We know that better prepared employees build a better Suzano, that processes that are more efficient promote higher growth, and that doing more, with less, makes us leaner, lighter, and stronger.

What we do

As the global population grows, demand for wood for different uses is expected to triple by 2050, reaching consumption of 13 billion m³; in 2010, 3.4 billion m³ was harvested. These data come from the Living Forests Report published by the World Wildlife Fund (WWF), a leading international nonprofit focused on environmental conservation. The study concluded that the pressure on native forests is still one of the major challenges our society faces.

Against this backdrop, eucalyptus cultivation that respects the environment and people is becoming increasingly important as a driver of sustainable development. Production of pulp and paper from a renewable raw material, which is planted and harvested using sustainable management practices, represents efficient use of natural resources and commitment to society. This is how Suzano Pulp and Paper, which was founded in 1924 and is owned by the Suzano Group, builds a healthier relationship with natural ecosystems.

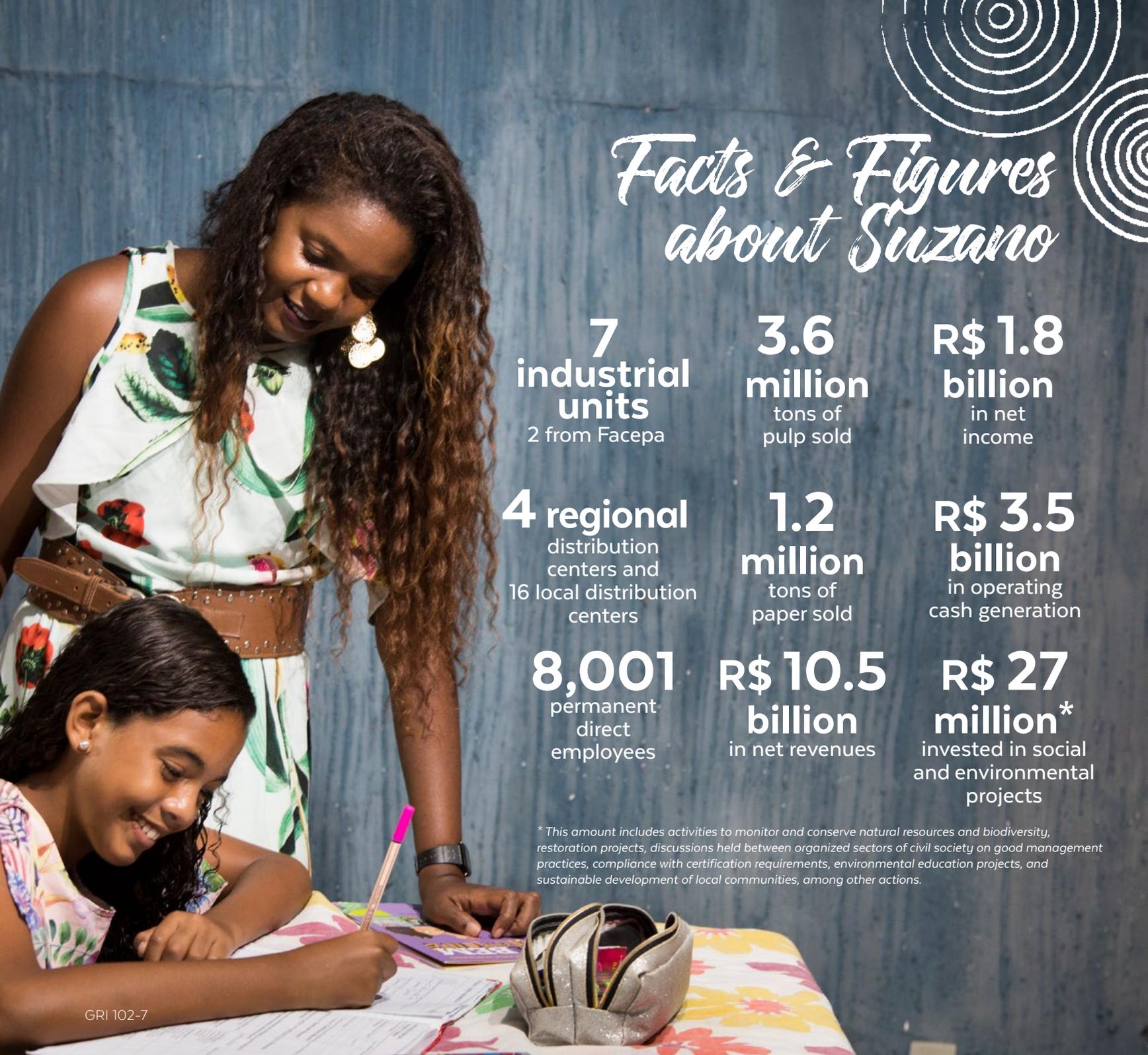
By interspersing tracts of eucalyptus plantations with areas of natural vegetation, our cultivation practices provide an environment which is conducive to conserving biodiversity, natural resources, and their respective cycles. Our three forestry

units in the states of Bahia, Maranhão, and São Paulo total 1.2 million hectares, 536,500 of which are set aside for preservation. This places us among the world's main defenders of protected areas in the pulp and paper industry.

With the pulp we produce and the paper we manufacture, we are present in the daily lives of billions of people in Brazil and in the more than 70 countries where our products are exported. We cultivate life on the notebook sheets where children learn to read and write, in the diapers that keep babies dry, in the tissues that wipe away tears of pain or joy. So that these moments can continue to be present in everyone's lives, we planted over 100 million eucalyptus seedlings in 2017 alone.



We grow eucalyptus and adopt sustainable cultivation practices to bring well-being to the daily lives of each of our consumers



Facts & Figures about Suzano

7
industrial units
2 from Facepa

3.6
million
tons of
pulp sold

R\$ 1.8
billion
in net
income

4 regional
distribution
centers and
16 local distribution
centers

1.2
million
tons of
paper sold

R\$ 3.5
billion
in operating
cash generation

8,001
permanent
direct
employees

R\$ 10.5
billion
in net revenues

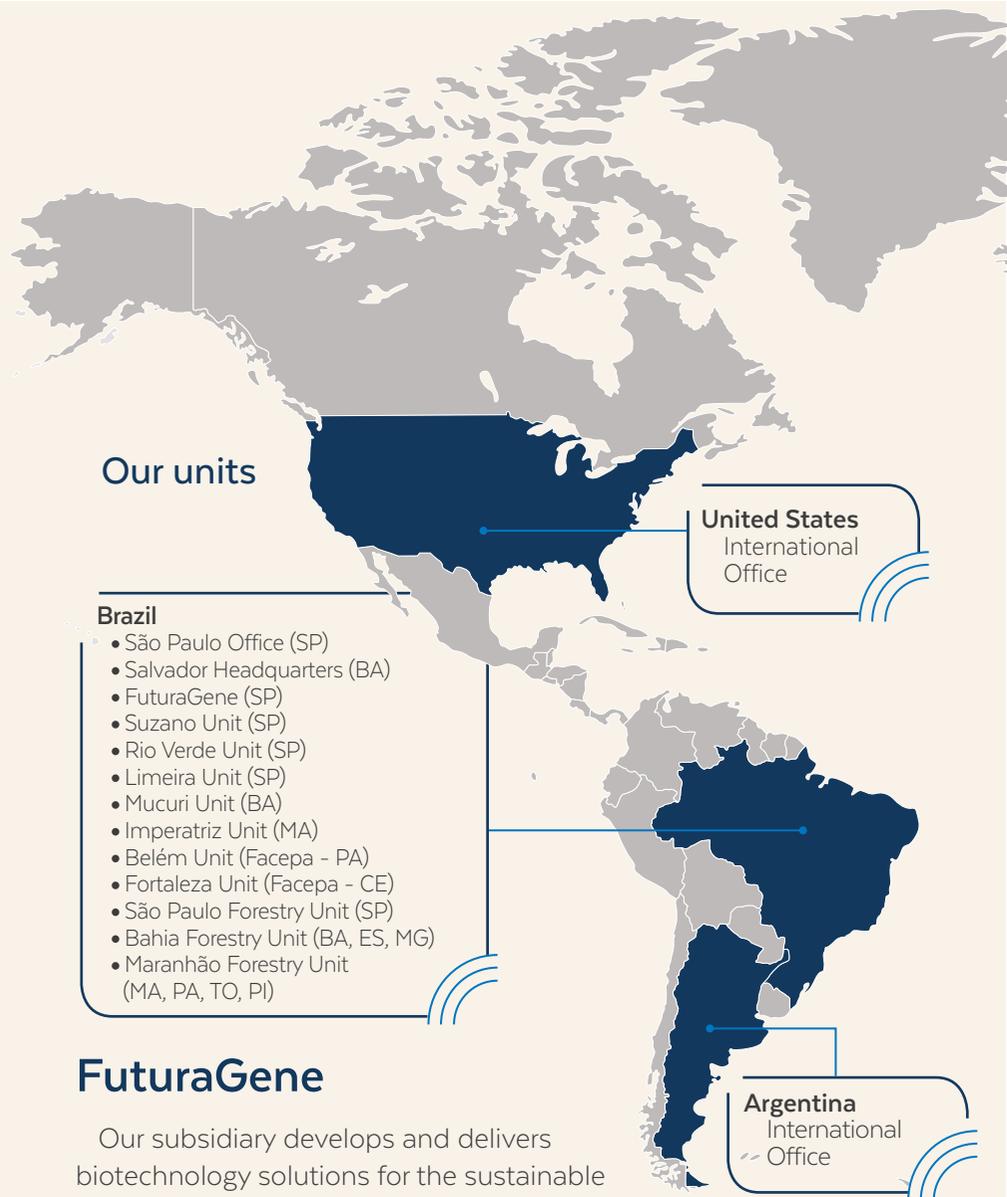
R\$ 27
million*
invested in social
and environmental
projects

* This amount includes activities to monitor and conserve natural resources and biodiversity, restoration projects, discussions held between organized sectors of civil society on good management practices, compliance with certification requirements, environmental education projects, and sustainable development of local communities, among other actions.

Last year we also entered a new market segment as we began production of jumbo tissue rolls. Next, we started to manufacture our own finished products. With two production units in Mucuri (Bahia) and Imperatriz (Maranhão), we are now closer than ever to consumers, offering our own brands of toilet paper and personal hygiene items. This proximity to consumers will increase even more with Suzano's acquisition of Facepa (Fábrica de Papel da Amazônia S.A.), which is expected to strengthen our presence in the markets in the north and northeast of Brazil.

As we go a step further we are always in search of the new, of a way to do what we do better. Our willingness to pioneer new possibilities has led us to become the first company to commercially offer bleached eucalyptus kraft fluff pulp (under the EucaFluff brand), a product that has conquered markets in Brazil and abroad as it meets the growing demand for absorbent products worldwide.

We also continue to invest in new businesses, such as lignin and its derivatives. As a green chemistry platform which can be used for a variety of applications including replacing raw materials of fossil origin, lignin will be one of the principal chapters written in the history of Suzano in 2018.



Our units

United States
International Office

Brazil

- São Paulo Office (SP)
- Salvador Headquarters (BA)
- FuturaGene (SP)
- Suzano Unit (SP)
- Rio Verde Unit (SP)
- Limeira Unit (SP)
- Mucuri Unit (BA)
- Imperatriz Unit (MA)
- Belém Unit (Facepa - PA)
- Fortaleza Unit (Facepa - CE)
- São Paulo Forestry Unit (SP)
- Bahia Forestry Unit (BA, ES, MG)
- Maranhão Forestry Unit (MA, PA, TO, PI)

FuturaGene

Our subsidiary develops and delivers biotechnology solutions for the sustainable intensification of plantation forests and agriculture. The technologies developed by FuturaGene are applicable to the pulp and paper, biomaterials, biopower, biofuel and renewable chemical sectors. FuturaGene has corporate offices and R&D facilities in São Paulo and Itapetininga in Brazil, in China and in Israel.

Argentina
International Office



Ecofuturo Institute™

Created in 1999, the Ecofuturo Institute is an organization that contributes to transforming society through environmental conservation and the promotion of reading skills. Supported by Suzano, the Ecofuturo Institute develops actions and programs to foster the practice of reading, the universalization of libraries, and environmental

conservation, acting as a liaison between civil society, the government and the private sector. The Institute is also responsible for managing Neblinas Park, a site dedicated to ecotourism, scientific research, social and environmental education, forest management, and community participation.

Creating and sharing value



Our business model is underpinned by our ability to generate results and share earnings with all our stakeholders. Our pulp and paper products are present in people's everyday lives and are used to promote education, culture, personal hygiene, and well-being. Furthermore, investments in our industrial units, income-generating projects targeting local communities, innovations that improve our environmental performance, and proximity to our

clients and consumers also positively impact our stakeholders. These actions further promote return for our shareholders, build pride among our employees, and contribute to social and environmental development in the territories where we operate.

In order for our businesses to keep growing and coexisting sustainably with the legacy of our actions, we have created a three-pronged strategy.

1. Structural Competitiveness:

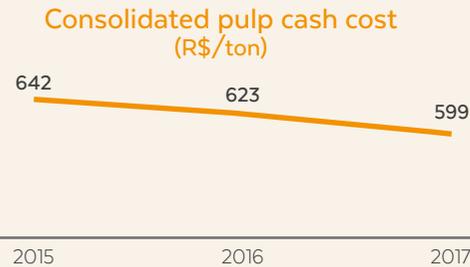
operating more efficiently and with lower production costs.

Goal

To continuously seek reductions in pulp production costs.

Performance

Cash cost of R\$ 599 per ton in 2017, a 3.8% decrease over the previous year.



2. Adjacent Businesses:

opening new fronts, investing in innovation, and developing scalable businesses that permit diversification and creation of value, such as fluff pulp, tissue, and lignin.

Goal

To be a leader in the tissue market in the northern and northeastern regions of Brazil by the end of 2018.

Performance

We opened two tissue units, acquired Facepa, and in early 2018 developed our first toilet paper brands: Mimmo® and Max Pure®.

3. Reshaping the Industry:

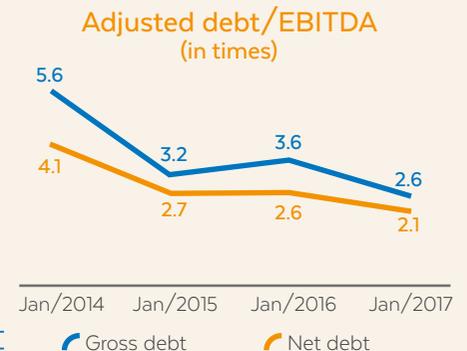
seeking proactive means of consolidation or verticalization with a focus on greater generation of value.

Goal

To explore new paths and pursue opportunities that reduce our exposure to business volatility.

Performance

We reduced leverage, extended our debt, were promoted to Investment Grade status by Fitch, migrated to the Novo Mercado, and prepared for new growth fronts.



Business model

	Manufacturing Capital	Intellectual Capital	Financial Capital
Resources	<ul style="list-style-type: none"> • Logistics • Industrial units • Forestry units • Regional and local 	<ul style="list-style-type: none"> • Corporate governance • Business information systems • Management system • Cultural diversity • Diverse knowledge and skills 	<ul style="list-style-type: none"> • Net revenues • Asset divestments • Bank financing/Capital markets
Activities	<ul style="list-style-type: none"> • Converting inputs into products • Capturing industrial, forestry, and logistics efficiency (integrated) • Maintaining industrial and forestry equipment • Mitigating impacts 	<ul style="list-style-type: none"> • Operational excellence • Integrating technologies and systems • Encouraging internal entrepreneurship • Investing in research and innovation, including biotechnology • Knowledge management 	<ul style="list-style-type: none"> • Product sales • Liability management • Working capital management • Financial risk management • Resource management • Budget efficiency • Investment analysis • Information control and availability • Issuing green bonds
Results	<ul style="list-style-type: none"> • Pulp and paper production • Energy generation and exports • Lower greenhouse gas emissions 	<ul style="list-style-type: none"> • Expanding the innovation culture • New business opportunities • Support for decision-making • Competitive advantages • Ethical integrity 	<ul style="list-style-type: none"> • Operating cash generation • Leverage ratio (net debt/EBITDA) • Net reduction in financial expenses • Short and medium term liquidity • Minimum return on invested capital
Value created	<ul style="list-style-type: none"> • Sustainable supply of products and services • High value added 	<ul style="list-style-type: none"> • Pioneering spirit and breaking of paradigms • Stronger company and industry • Credibility and reputation • Integrated vision of business management • Customer satisfaction • Development of society 	<ul style="list-style-type: none"> • Financial solidity of the company and its value chain • Returns for investors • Perpetuity of the business • Return on capital employed • Contribution to socio-economic development (national and international)

Human Capital

- Organizational structure
- Direct and indirect employees and suppliers
- Code of conduct
- Organizational beliefs and values

- Performance management
- Talent development and management
- Volunteer work
- Training and qualification
- Managing safety, health and quality of life
- Meritocracy

- High-performance team
- Optimized workplace
- Development of people and leadership
- Productivity and integrity
- Achievement of targets
- Integration across areas

- Engagement and commitment
- Balance between professional and personal life
- Inspiring workplace
- Regional development
- Cultural transformation
- Pride in belonging

Social Capital

- Stakeholders
- Regional knowledge and local engagement
- Social responsibility policy
- Organizational beliefs and values

- Active dialog with stakeholders
- Fostering social development
- Land management
- Engagement in public policy
- Social licenses to operate
- Mapping of social impacts
- Fostering initiatives and developing projects via partnerships

- Local social, cultural and economic development
- Stronger relationships
- Empowerment of local leaders
- Better labor relations
- Proximity with stakeholders
- Community councils

- Sustainable regional development
- Support for local protagonists
- Stronger local partnerships
- Sustainability culture
- Credibility and reputation

Natural Capital

- Soil
- Water
- Native and planted eucalyptus forests
- Natural inputs
- Biodiversity
- Biomes
- Environmental policy

- Sustainable forest management
- Minimal soil preparation
- Biological controls
- Environmental licenses
- Social and environmental risk mitigation and optimization of opportunities
- Granting of water withdrawal rights

- Restoration of degraded areas
- Soil conservation
- Low use of pesticides and herbicides
- Landscape management
- Monitoring of water resources
- Monitoring of fauna and flora
- Creation and maintenance of ecological corridors
- Low-carbon agriculture

- Biodiversity conservation
- Mitigation of climate change
- Sustainable use of natural resources
- Sustainability culture

Governance and integrity

We are a publicly held company with shares traded on the B3 stock exchange (Brasil, Bolsa, Balcão) since 1980. In 2017, Suzano's shareholders approved migration to *Novo Mercado*, B3's special listing segment reserved for companies with the highest standards for corporate governance. All preferred shares were converted into common stock, ensuring equal voting rights for all shareholders.

Our corporate governance structure and the policies we adhere to reinforce our commitment to creating and sharing value with all our stakeholders. The Board of Directors is composed of nine directors, five of whom are independent members. Three statutory committees support the Board's activities:

- **Management Committee**
- **Sustainability and Strategy Committee**
- **Audit Committee**

We also have a Board of Auditors, which is permanent in nature and monitors and audits the activities of our administration.

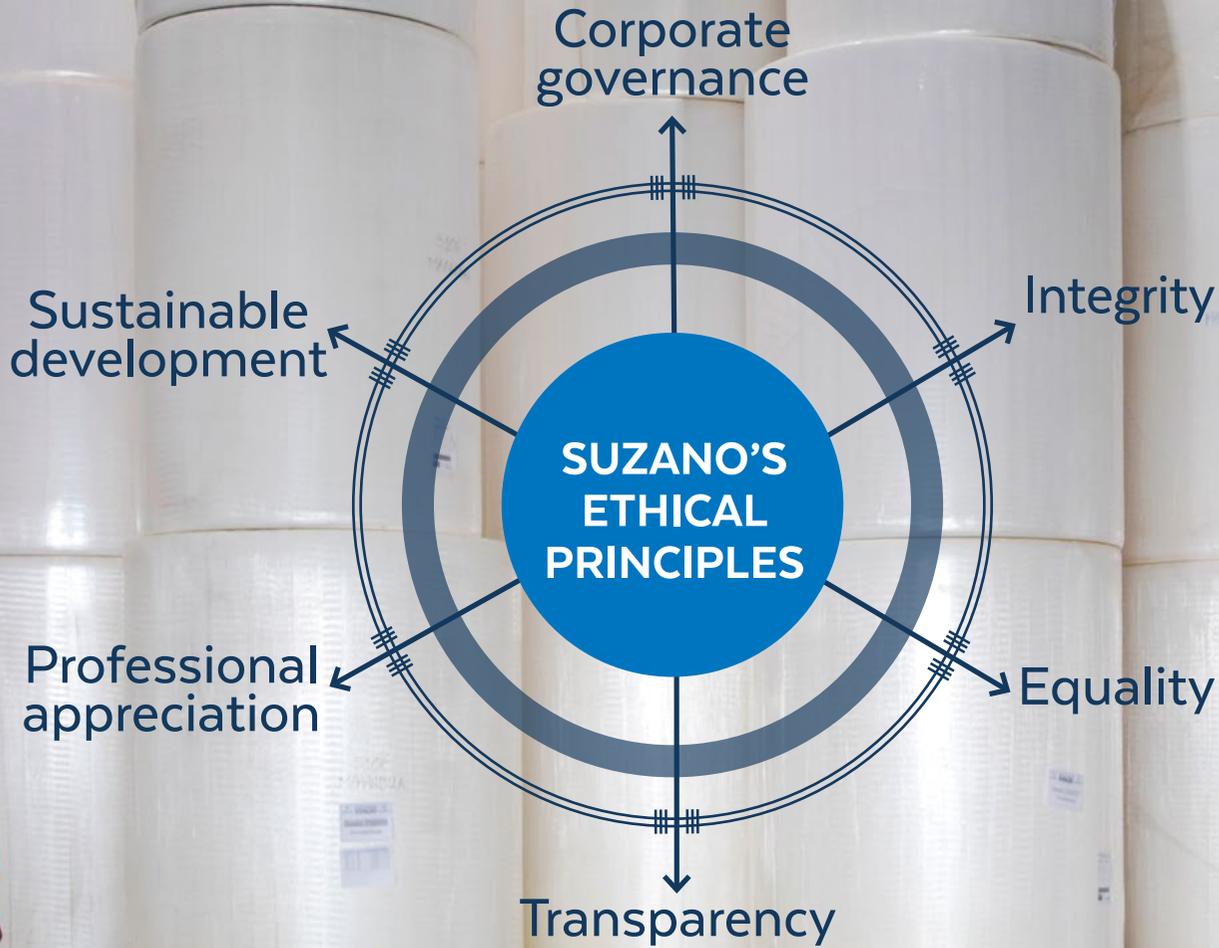
Our Executive Board is composed of the Chief Executive Officer and seven executive officers, who manage the company's productive and administrative areas in line with the strategic guidelines defined by the

Board of Directors. In 2017, the number of executive officers was expanded with the creation of the Consumer Goods area and the separation of Pulp and Paper, a major step for us to further improve the services we deliver to our customers.

All members of our corporate governance work in compliance with legal standards and the definitions established by our various internal policies. We also adhere to our Code of Conduct, which describes our ethical principles in detail and applies to all employees. These guidelines cover 100% of our units and promote respect for laws and human rights in our business.



Suzano's migration to *Novo Mercado* took place without dilution of minority shareholders or paying the controlling shareholders a premium



Several open dialog channels are available to our stakeholders to address issues related to Suzano's activities and governance.

- **Contact Suzano:**

An online form is available on Suzano's website to send messages on a range of subjects

- **Suzano Replies**

A structured channel for stakeholders to ask questions and submit suggestions and complaints. It can be accessed through the service center, at 0800 022 1727, or by email at suzanoresponde@suzano.com.br

- **External Ombudsman**

A confidential channel to get answers and report ethical breaches. It can be reached by telephone at 0800 771 4060 or by email at ouvidoriaexterna@austernet.com.br

- **Corporate Visitation Program**

This program takes groups of customers, suppliers, employees and their families, as well as people from neighboring communities on guided visits to our industrial and forestry units. Visits can be scheduled by email at visite@suzano.com.br

- **Digital channels and social media networks**

We interact with our customers, consumers, employees and other stakeholders through our virtual channels



[Click here to learn about our corporate governance policies](#)



Risk management

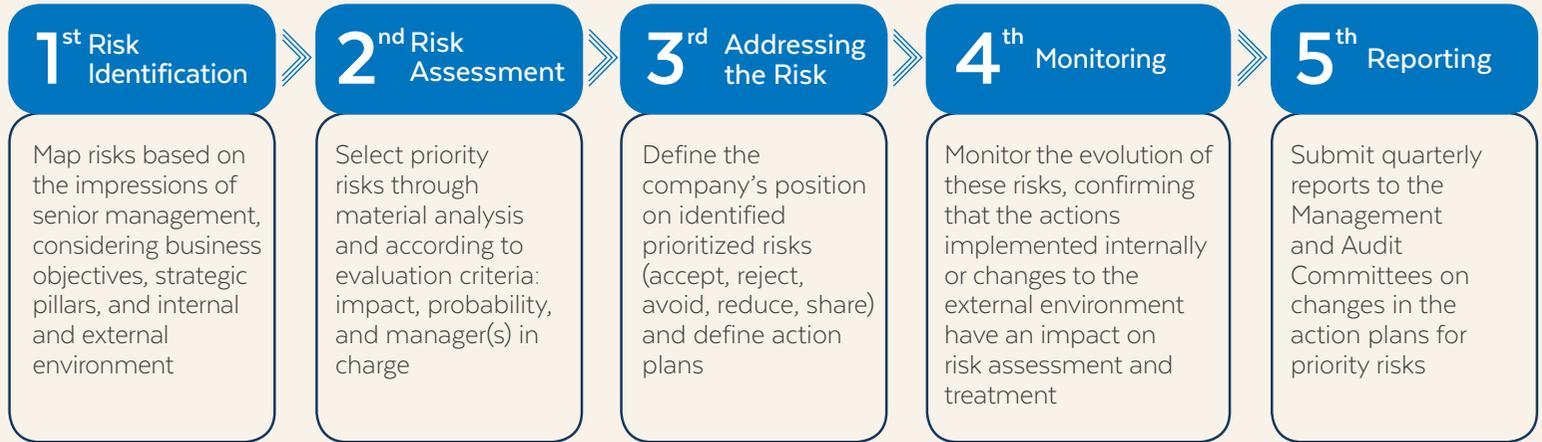
Based on our Integrated Risk Management Policy and activities carried out by our administrative and operational areas with support from the corporate risk division, our objective is to identify, assess, prioritize, address, monitor, and report the main risks associated with our business model. In this way, we seek to guarantee the continuity and sustainability of our operations in line with our corporate strategy.

Our integrated risk management is based on the market's best practices (COSO, ERM, and ISO 31000) and global risk studies, as well as our professional expertise in corporate risk analysis.

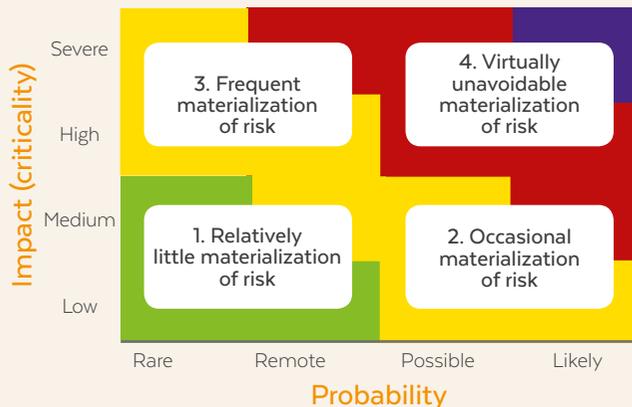
We also take into account assessments by senior management to build a risk portfolio that includes evaluation of financial impacts, compliance, image, and health, safety, and environment parameters, as well as the likelihood of occurrence based on the inherent risk and maturity of the process.

The risk management model and method apply to all pulp, paper, and consumer goods units, with quarterly reporting and monitoring by the Management and Audit Committees. We systematically prioritize management of 18 different types of risk, seven of which are considered especially critical and relevant.

Corporate Risk Management Process



Prioritization of identified risks is done according to the level of impact that an incident may cause combined with the likelihood that the event will occur. This combined approach results in a corporate risk matrix that is continuously monitored and reviewed.



The main risk factors for our business model are associated with the following factors:

MARKET

The pulp market is cyclical and follows global trends in the price of this commodity determined by supply and demand, the global production capacity of manufacturers, and economic growth conditions. Other factors may also influence prices, such as exchange rate fluctuations in the currencies of major producing countries, pulp consumption levels, changes in inventories according to future price expectations, and manufacturers' commercial strategies which involve placing more competitive products on the market. Prices in the paper market tend to be more stable than

in the pulp segment, but may also vary due to external factors beyond the company's control, including pulp price fluctuations and specific characteristics of the markets in which we operate.

In risk management, we adopt strategies and tools to monitor exposure to market risks, protect cash flow, and mitigate the impact of changes in interest rates and commodity fluctuations. Moreover, appropriate management of our industrial units provides competitive advantages in production costs and greater resilience when prices drop.

OPERATIONS

Our risk management is meant to ensure the continuity of our activities and mitigate impacts caused by partial or temporary downtime in operations. These stoppages can be caused by different environmental factors, which are continuously managed in order to avoid accidents or other events that present a risk to the physical integrity of employees and to equipment.

Our operations also depend on the distribution of inputs, which are transported via a complex logistics network that includes roads, railroads, ports, and warehouses. Interruption of this flow of raw materials for reasons beyond our control may have an impact on our ability to keep operations running.

CLIMATIC FACTORS

Driven by the nature of our business model, we proactively look at ways to develop sustainable alternatives for the continuity of our operations. These alternatives include the new wastewater treatment plant at the Mucuri Unit, specific studies to understand the particularities of climate microregions, and reduction of the average forest radius (the distance between the mills and eucalyptus producing areas).

Our risk management process also monitors continuous efforts to reduce water consumption (even though the company has already achieved high levels of efficiency in this respect), as well as contingency plans for droughts in the regions where we are active, caused by circumstances beyond our control.



ECONOMIC PERFORMANCE

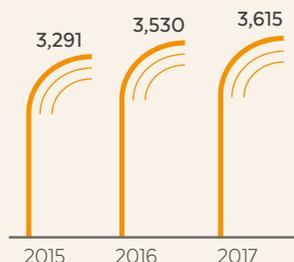
Increased demand for pulp, driven by Asian countries and lower supply levels on a global scale, led to a rise in the price of this product in 2017. Data from the Pulp and Paper Products Council (PPPC) show that global pulp shipments grew by 3.3% compared to 2016 to reach 50.6 million tons last year.

Suzano's pulp sales grew by 2.4% on the same comparative basis, totaling 3.6 million tons. The drop in the cost of wood resulting from a lower grade mix from third-party suppliers and a reduction in the average forest radius (distance from forest to plant) led to a 3.8% lower pulp cash cost.

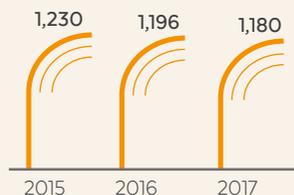
The Brazilian paper market continued to face pressure from the macroeconomic scenario. According to data published by the Brazilian Tree Industry (Ibá), domestic paper sales in 2017 fell by 1.2% compared to the previous year, while imports grew by 20.8%.

Suzano's paper sales remained practically stable compared to 2016 despite increased production of fluff pulp from the flex machine, which can be adapted to manufacture EucaFluff or printing and writing

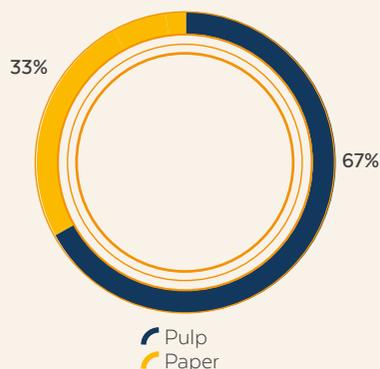
Pulp sales volume
(thousand tons)



Paper sales volume
(thousand tons)



Net revenue
breakdown



paper. Revenues in the paper segment decreased 3% in comparison with the previous year.

In 2017 Suzano's consolidated net revenue grew by 6.5% year-over-year, totaling R\$ 10.5 billion. This increase is mainly the result of higher prices for hardwood pulp. The accumulated total net income for the year was R\$ 1.8 billion, up 6.8% from 2016.

At the close of 2017, Suzano had a net debt of R\$ 9.5 billion (US\$ 2.9 billion), with a leverage ratio of 2.1 times (net debt/adjusted EBITDA). During the year the company reported an adjusted EBITDA of R\$ 4.6 billion, an 18.2% increase over 2016 resulting from elevated pulp prices and higher sales revenue.



2017 Records

Operating cash
generation:

**R\$ 3.5
billion**

Adjusted
EBITDA:

**R\$ 4.6
billion**

Sales:

**4.8
million
tons**





*Planting the seeds
of care*

Sustainable cultivation

The foundation of our core business spans more than 1.2 million hectares. The eucalyptus plantations we use in our pulp production cover an area of more than 600,000 hectares. We manage conservation areas on an additional 538,000 hectares. Sustainability is reflected in the long-lasting relationships we build and the way we manage the impacts of our activities, allowing us to create and share value in the long term and to take on commitments that extend far beyond our operations.

Our cultivation areas comprise three units: UNF Bahia (in Bahia, Minas Gerais, and Espírito Santo), UNF Maranhão (in Maranhão, Pará, Piauí, and Tocantins) and UNF São Paulo (in São Paulo). None of these units contain areas of native vegetation which were converted into eucalyptus plantations, since they are always established in areas previously used by man for other purposes.

Throughout the development of our eucalyptus plantations, we have adopted techniques such as minimum tillage,

which keeps leaves, bark and other natural elements in the soil as a way to prevent soil exhaustion and reduce the use of agrochemicals, allowing us to harvest and replant in the same areas. We also use the mosaic planting system, where natural areas are interspersed with eucalyptus plantations to maintain and develop fauna and flora species through ecological corridors.

As part of our socio-environmental conduct, we also invest in the recovery of degraded lands and in the preservation and management of remnants of native vegetation, working directly to protect the Amazon, Atlantic Forest, and Cerrado biomes. This initiative is a direct contribution of our business model to combating climate change, since it builds carbon stocks as growing vegetation captures carbon dioxide from the atmosphere.

[CLICK HERE](#)
to learn about our
forest management plans



Alongside conservation of natural resources, we reduce the carbon footprint of our forestry activities by not permitting areas to be burned in the process of cutting and harvesting eucalyptus. Another positive aspect is the use of eucalyptus biomass to generate electricity, which helps supply not only our units but also the Brazilian grid, boosting the share of renewable sources in the country's energy matrix.

Our governance model and the management systems for our plantation areas incorporate best practices and standards in order to create value for our stakeholders and the environment. Sustainability is the driving force behind the tools and action plans we develop to minimize the environmental and social impacts of our businesses and enhance the benefits generated.

See GRI Appendix to learn more about the practices we use to manage impacts and preserve biodiversity.

Positive footprint in the EucaFluff chain

A study conducted at the request of our customers who use EucaFluff, the world's first commercially available bleached kraft fluff pulp, demonstrated that eucalyptus cultivation within our forestry unit in the state of São Paulo has a positive carbon footprint. Through our forest management activities, our plantations help sequester carbon dioxide from the atmosphere.

Our target for 2018 is to restore 1,522 hectares of degraded lands

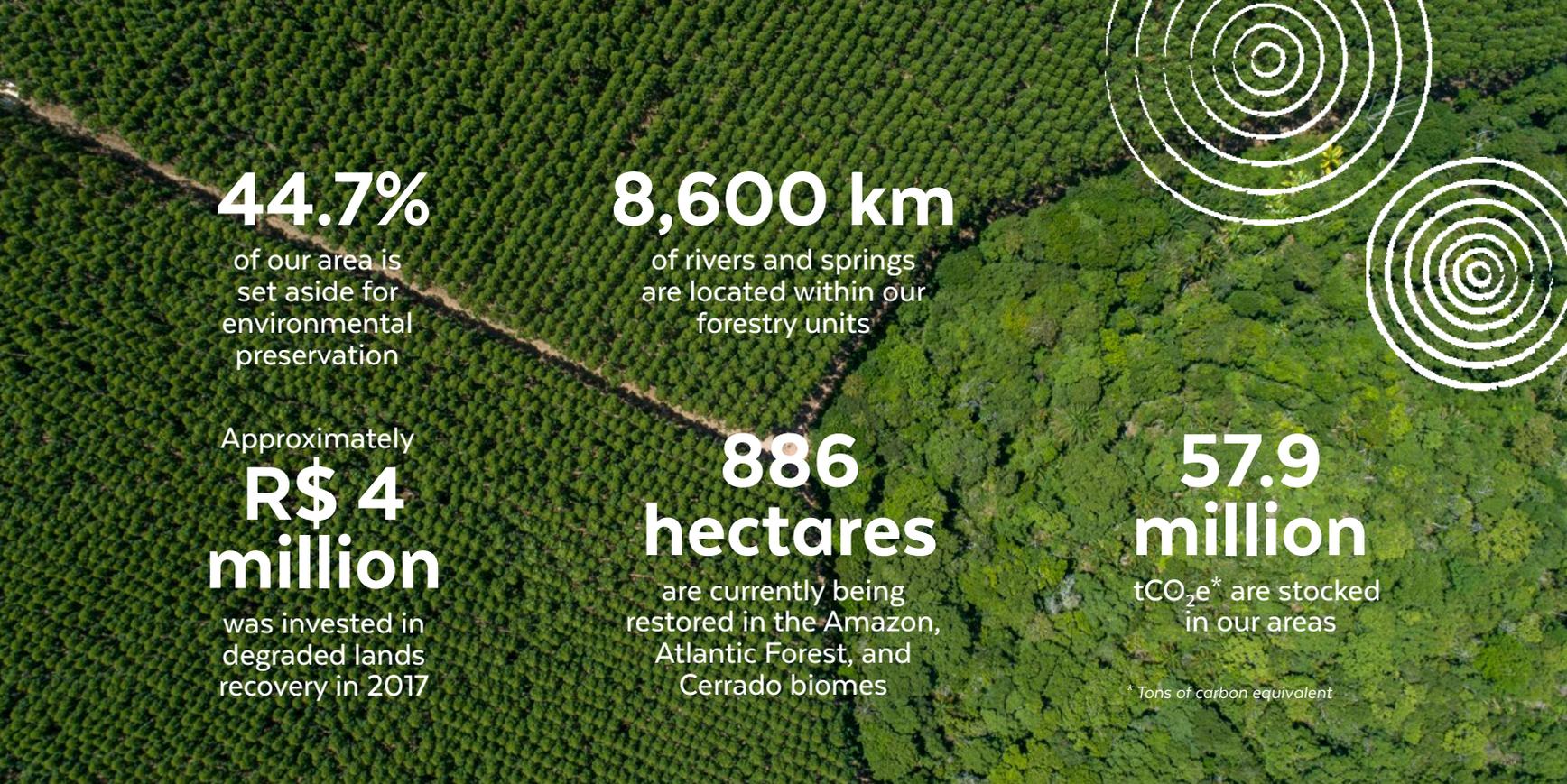
The certifications we have earned for our cultivated areas reflect our cutting-edge performance and serve as practical tools to show our customers and other stakeholders how our policies and procedures foster value creation in an innovative and balanced manner.

The FSC® (Forest Stewardship Council®) and PEFC/Cerflor (Brazilian Forest Certification Program) certifications are independently verified and endorse the responsible origin of the wood we use in our manufacturing. These certifications recognize responsible forest management, and are adopted for our own areas and the leased areas in which we operate.

We also encourage our wood suppliers and owners of outgrower program areas to adopt socially and environmentally correct practices and obtain forest certifications. We periodically evaluate these partners to verify their compliance with environmental and labor laws.

LEARN MORE
about the principles and criteria
adopted by FSC® - C010014 for forest
management certification





44.7%

of our area is set aside for environmental preservation

Approximately

R\$ 4 million

was invested in degraded lands recovery in 2017

8,600 km

of rivers and springs are located within our forestry units

886 hectares

are currently being restored in the Amazon, Atlantic Forest, and Cerrado biomes

57.9 million

tCO₂e* are stocked in our areas

* Tons of carbon equivalent

Wood purchase policy

In affirming that wood from responsible sources is used, Suzano is committed to:

- Monitoring wood origin
 - Upholding the highest standards of responsibility in forest management
 - Using wood from legal sources in accordance with applicable state and federal laws in the country of operation (Brazil)
 - Requesting all wood suppliers provide proof of their compliance with requirements ensuring the responsible origin of their product
 - Conducting field monitoring of all the company's wood suppliers
- Suzano also guarantees that the fibers used in our processes do not come from:
 - Illegally harvested wood
 - Wood harvested in violation of traditional and human rights
 - Wood from areas where high conservation value is threatened by management activities
 - Wood harvested in areas where forests are being converted to commercial plantations
 - Wood from forests in which genetically modified trees are planted

Biotechnology

In a world challenged by growing population, diminishing resources and climate change, global wood demand is projected to increase three-fold to 13 billion m³ per annum by 2050. At Suzano, we invest in innovation and technology aimed at increasing the productivity of our eucalyptus plantations in a sustainable manner. FuturaGene, our subsidiary focused on biotechnology solutions, develops technologies to improve plantation productivity by enhancing and protecting yield, optimising resource-use efficiency. This means producing more wood from less land with lower inputs, therefore making land available for other uses, such as for food production or conservation.

One of the technologies developed by FuturaGene, which has already been approved for commercial use in Brazil, is a yield enhanced genetically modified eucalyptus variety that produces more wood when compared to conventional clones, using the same planted area. Although this variety has not yet been commercially deployed and is currently not used in our products, this GM Eucalyptus is an example of Brazil's leadership in technological innovation and represents the most significant productivity milestone for the renewable plantation forest industry since the adoption of clonal technology in the early 1990's. Its potential use in the future will form part of the solution to meet increasing global wood demand, and the need for more efficient use of natural resources

in the face of declining land and water resources and the effects of climate change.

FuturaGene has also advanced in its yield protection platform, which is focused on tackling threats to plant productivity, such as new pests and diseases.

Pest control innovation

In 2017, Suzano implemented a pest monitoring tool that reduces the amount of biological or chemical products used. A total of 500 sticky traps containing adhesive were placed between trees at strategically chosen sample points spanning all the ecological zones of Suzano's forests and plantations.

The traps are collected by the production units on a monthly basis and sent to the Forest Protection Laboratory in São Paulo, where researchers and technicians monitor the fluctuation of forest pests and their natural enemies.

This system is part of Suzano's integrated pest management and accurately determines which control measures are required based on pest populations and their natural enemies. This means that fewer agricultural defenses are needed, reducing costs through more efficient and effective use of these products while using fewer biological or chemical agents in the environment.

Amongst other technologies, FuturaGene holds an exclusive license to use and commercialize interference RNA technology (RNAi) developed by the CSIRO (The Commonwealth Scientific and Industrial Research Organization), Australia's largest research organization. In 2017, a patent issued in Brazil for protecting this technology. RNAi is a powerful tool for selecting, identifying and modulating genes of interest.

FuturaGene has been utilizing the technology to develop varieties of eucalyptus, which are resistant to pests and diseases, and for modifying wood properties. As with other technologies developed or in-licensed by FuturaGene, the company is open to sharing this technology through business relationships or through its partnerships with small growers in Brazil.

Water

As an essential resource for the development of the trees we plant, water is used in our fields in a rational and increasingly efficient manner. Water is only used in post-planting irrigation to ensure the survival of the seedlings during their first days in the stands. After this stage, rainwater is the only source for the eucalyptus plantations and natural vegetation, and also supplies springs and replenishes the groundwater. We consequently are strongly committed to finding solutions that reduce the risk of water shortages, and we work to protect the springs and bodies of water located within our units.

The Monthly Water Balance



is a system that monitors the water status of our cultivated areas, and is based on the scientific paper "Climatic Zoning of Brazil," which already has over one thousand scientific citations worldwide.

[CLICK HERE
to learn more](#)



The importance of water led us to develop a Monthly Water Balance tool, which monitors rainfall and evapotranspiration* in our natural areas and production units. The results are compared against our own network of weather stations in conjunction with the National Institute of Meteorology (INMET) station, which allows us to assess the effect of rainfall on tree growth, flow in rivers and streams, and forestry operations (namely soil preparation, fertilization, and irrigation).

Contrasting this data with the leaf area index in our plantations obtained via remote sensing allows us to identify the areas where eucalyptus trees experience more severe water stress in order to tailor surveillance and firefighting activities and define cultivation strategies with better adapted clones and wider spacing to ensure adequate tree growth, using natural resources in a rational and optimized manner.

*Evapotranspiration is the loss of water in the soil via evaporation and the loss of water in plants through transpiration.

Community relations

Planting the seeds of care goes far beyond managing our environmental impacts. It also means being attentive to people, especially the communities in the regions where our forestry and industrial operations are located. Establishing mechanisms for continuous and transparent dialog and understanding how we can contribute to social and economic development in these communities are part of our strategy to create and share value, generating long-lasting and consistent results for our business.

The model we have adopted to strengthen our relationship with neighboring communities and foster regional development involves Community Councils, which are primarily made up of community members with participation by Suzano. Depending on the topic to be addressed, other participants such as government agencies may be invited to participate. The councils discuss local demands and vocations, implementation of social programs, and formation of partnerships. In 2017 a new Community Council was created, bringing the total number of these groups to 22; they are active in the states of Bahia, Espírito Santo, Minas Gerais, Maranhão, and Pará, and four more councils are currently being implemented.

In 2017, we invested R\$ 27 million in activities involving monitoring and conserving natural resources and biodiversity, forest restoration, engagement and dialog with civil society entities on good management practices, and compliance with certification requirements. Among other initiatives,

this investment also includes environmental education projects and sustainable development of communities.

These initiatives help local populations find alternatives to augment family incomes, thus improving their access to quality education and health and assuring better quality of life. Furthermore, these initiatives are in line with global strategies focused on reducing social inequalities and poverty, such as the Global Compact principles and the Sustainable Development Goals (SDGs) adopted by the United Nations.

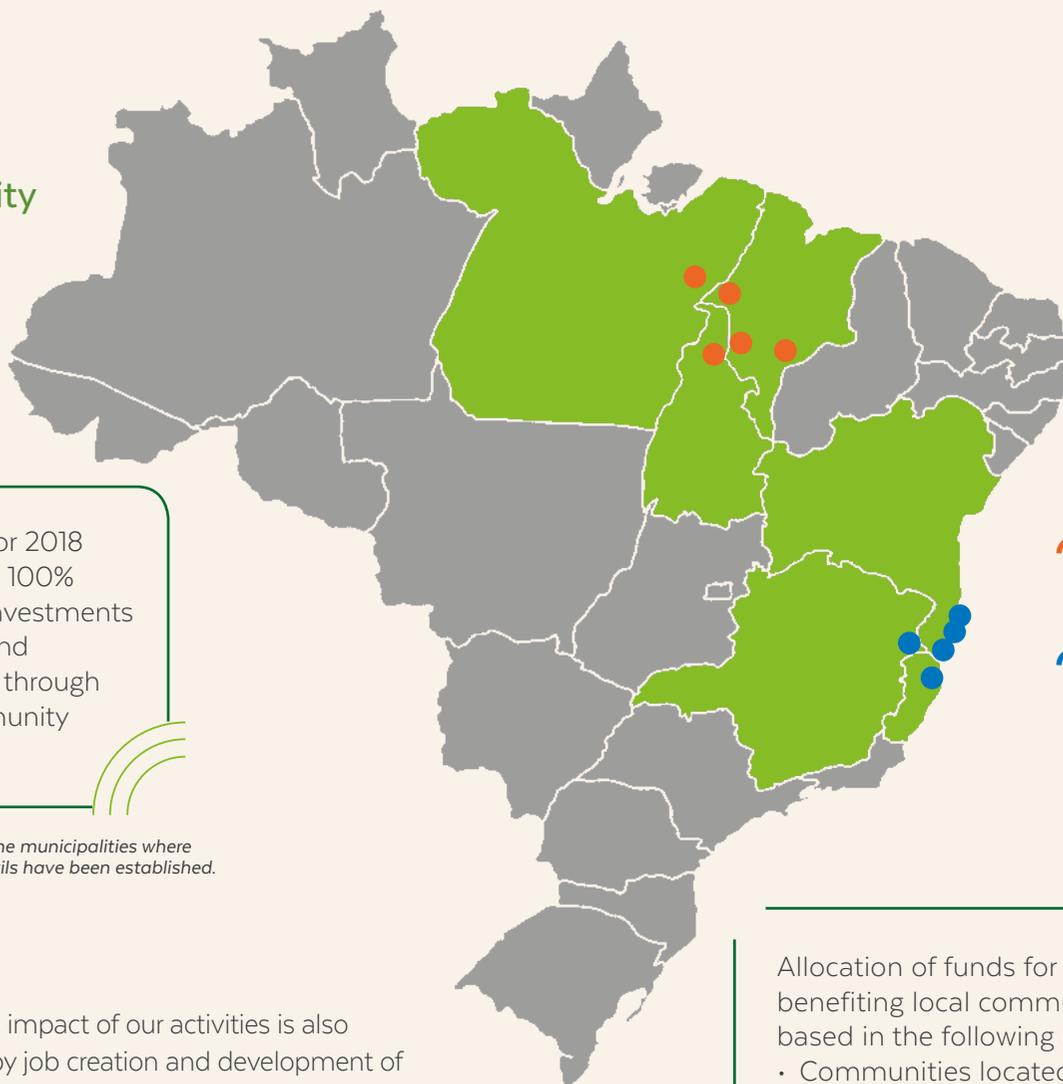


Community Councils*

Our goal for 2018 is to make 100% of social investments in Bahia and Maranhão through the Community Councils

*The map shows the municipalities where Community Councils have been established.

The positive impact of our activities is also underscored by job creation and development of local partners, for example, and can be perceived through indicators monitoring increases in productive activity. In Bahia state, the per capita gross domestic product (GDP) in the municipality of Mucuri soared 51% from 2012 to 2015. In the same period, the per capita GDP of the city of Imperatriz (in Maranhão state) grew by 34%. This data was published by the Brazilian Institute of Geography and Statistics (IBGE).



9 Community Councils in the states of Maranhão, Pará, and Tocantins

13 Community Councils in the states of Bahia, Espírito Santo and Minas Gerais

Allocation of funds for social projects benefiting local communities are based in the following criteria:

- Communities located in the municipalities with the largest areas of eucalyptus plantations (priority municipalities) in Suzano's Bahia and Maranhão forestry units.
- Populations who are neighbors to our facilities, live within a 3 km radius, or live on timber transportation routes.

Our projects and investments

• Sustainable Fish Farming

This project creates jobs and income generation opportunities for fishing families and residents of the municipalities of Mucuri (Bahia State) and Conceição da Barra (Espírito Santo State) through raising fish in net cages and excavated ponds. During the initial phase of the project, we supply the equipment and an appropriate work structure, and periodically populate the farm sites with young fish.

Throughout the project, we train the fishermen and provide them with technical knowledge so that they can continue the project autonomously and sustainably. Last year, 27 families benefited from this project.

• Babassu Coconut Breakers

This project started in 2015 in Maranhão state, in partnership with local community associations and the Chico Mendes Institute (ICMBio), through the Babassu Coconut Breakers Community Development Council. The project involves activities to strengthen and structure groups of female coconut breakers in the municipalities of Imperatriz, Cidelândia, and Senador La Rocque, promoting local development and recovery of traditional culture. The babassu coconut processing units around the municipalities of São Félix and Coquelândia were built and renovated to support the women who work breaking open babassu coconuts, and help drive activities which involve extracting the seed kernels, oil, and other derivatives of this natural resource.

- 4 communities and 2 extractive reserves joined the project
- 130 families were directly benefited, totaling 650 people

• Community Agriculture

Since 2012 in Maranhão and 2011 in Bahia, this project has encouraged the local population to grow products of collective interest for sale and to ensure food security, fostering new business opportunities and boosting the local economy. For this to take place, we provide technical follow-up and organize theoretical and practical training courses on growing techniques, management, community organization, and family farming production systems. Crops are planted in more than ten cities in the states of Maranhão and Bahia. In 2017, a record-breaking crop of passionfruit was harvested in the communities of Bela Vista and São José, located in the municipalities of Nova Viçosa and Alcobaça, Bahia. More than 432 tons of fruit were harvested, generating income of approximately R\$ 537,000 for the beneficiaries.

Bahia Forestry Unit

- 4 additional communities joined the project in 2017, totaling 23 communities
- 95 additional beneficiaries in 2017, totaling 204 families
- 30 additional families joined the Black Pepper project

Maranhão Forestry Unit

- 7 communities joined the project
- 530 families: 2,650 beneficiaries



- **Sustainable Apiculture**

This project has been underway in São Paulo since 2009 and in Bahia since 2011; it emerged as an income-generating alternative for local communities, helping prevent illegal logging, poaching, and fishing. Participants learn all the stages of beekeeping through theoretical and practical classes taught by our partners, and receive classroom materials and a certificate of completion at the end of the course. The project has already trained 72 beekeepers, and another 76 are currently undergoing training in Bahia. In São Paulo, there are 121 partner beekeepers.

Bahia Forestry Unit

- 5 additional communities joined the project in 2017: 3 in Espírito Santo and 2 in Bahia, totaling 17 communities
- 148 beekeepers trained and earning additional income from beekeeping

São Paulo Forestry Unit

- 36 municipalities covered
- 121 beekeepers trained



GRI 103-1 | 103-2 | 103-3 | 413-1

• Trails Project

This initiative aims to promote interaction between communities and the natural areas conserved by Suzano in order to disseminate knowledge and attitudes related to environmental preservation and biodiversity. In São Paulo, the project positively impacts sixth grade teachers and students, who participate in activities along the Cerrado biome trails located within the Private Natural Heritage Reserve (RPPN) on the Entre Rios farm in a partnership with the nonprofit Itapoty Institute. The program provides public school students from the Itatinga and Bofete region with a broad range of activities including environment-related themes, which take place inside and outside the classroom.

In Espírito Santo, in a partnership with ICMBio, we stimulate environmental education among teenagers and children through interaction with the Rio Preto National Forest at Conceição da Barra, which receives visitors from municipalities in northern Espírito Santo and the far south of Bahia. In 2017, the forest was equipped with life-sized mechanical replicas of native animal species, and the children take part in a series of fun activities to stimulate their senses.

This is the only forest in northern Espírito Santo where wild animals seized from illegal captivity or trafficking are rehabilitated before being returned to their natural habitat. This allows participants to experience the conservation practices that take place in the region.

The Trails Project also takes place in Neblinas Park, a conservation unit maintained by Suzano and managed by the Ecofuturo Institute. Visitors to the

park can walk on five different trails and interact with the natural environment, safely guided by a series of signs. Other trails, like the Mirante (which is a round trip of 11 kilometers to an overlook and back) require visitors to be accompanied by local environmental guides.

• Golfinho Association

This association was founded in 1996, is sponsored by Suzano and is based in Mucuri (Bahia state). It offers workshops on handicrafts, sewing, printmaking, capoeira dance, singing, computer skills, and percussion, as well as extra tutoring for socially vulnerable children.

- 312 children enrolled
- 30,000 children served by the project
- In 2017, the Golfinho Association celebrated its 21st anniversary. It has been received support from Suzano since it was established



• Sustainable Bazaar

In 2017, we opened our industrial units for local communities benefited by our projects to sell the products they manufacture in field activities. Through the Sustainable Bazaar initiative, we promote employee engagement and increase income-generating opportunities for local communities.

Bahia Forestry Unit

- 32 bazaars organized
- 15 families benefited
- R\$ 87,600 of income raised

São Paulo Forestry Unit

- 4 bazaars organized
- 2 participating associations

• School of Heroes

Suzano started this program in 2017, which involved four rural schools in the municipalities of Itinga do Maranhão and Açailândia in Maranhão state. Students participated in educational activities on first aid, alcohol and drug use prevention, firefighting, and environmental preservation. The program modules are intended to promote good citizenship and knowledge about sustainable development.

- 120 students aged 10-14 were trained

Appreciation of Indigenous Culture

We maintain a relationship of respect and closeness with the indigenous communities in Maranhão state through several programs that foster appreciation and recovery of native culture.

Our main initiative in this field is the Coisa de Índio project, which has been underway since 2015 in partnership with the Brazilian Indigenous Peoples Association (APIB) and the media communications companies Coletivo 105 and Idade da Pedra. Through this initiative, young people from local indigenous reservations near the city of Imperatriz develop audiovisual language workshops and spread new media technologies by producing documentaries, photo exhibitions, and other artistic expressions that help disseminate the identity of their people.

Another project of this kind undertaken by Suzano in Maranhão state involves women from the Krikati Indigenous Reserve in the municipality of Sitio Novo. They make objects and utensils used in parties and celebrations in order to recover and preserve indigenous culture. These products are also sold to visitors; the sales contribute to family incomes and provide a chance to learn from the village elders, who share knowledge about the objects used by their ancestors.



Dialog with communities

Openness to dialog and transparency in relationships with local communities neighboring our production units form the basis of our business model. To this end, we have a team of socio-environmental agents who are responsible for maintaining relations and operational dialog with local communities.

These agents maintain a close rapport with these communities, always keeping communication channels open to help identify and meet their needs by establishing a relationship of trust and partnership with local populations. Our forest stewards, who are responsible for monitoring eucalyptus plantation areas, are continuously instructed to work closely with local

communities. Increased interaction between communities and the company has led to joint reflections and decision-making, benefited everyone who shares in these areas.

Today the results are clearly visible, in terms of enabling local development and leveraging opportunities as well as reducing certain occurrences such as wood theft, forest fires, and squatting. In this area we also work alongside city and state agencies to strengthen projects and partnerships that promote the social, educational and economic development of the regions where we operate.

Harvesting pride



Our awards in 2017

We were among the top 50 companies Brazilian employees expressed their love for in the Love Mondays ranking, Brazil's largest online career community.

We were recognized by the Green Bond Pioneer Awards from Climate Bonds, which certifies organizations that stand out for their groundbreaking activities in the green finance sector. The Certificate of Recognition granted to Suzano refers to the New Participant Structured Transaction category, for issuance of green certificates in the domestic market.

For the third year in a row, our CEO Walter Schalka won the Best CEO Award in Pulp and Paper for Latin America. The award is organized by RISI, a leading global consultant in forest products.

We received the Corporate Sustainability Champion Award from the Rainforest Alliance, honoring companies that show commitment to and concern for sustainability, livelihoods, and forest conservation.

We were chosen as one of the Companies that Best Communicate with Journalists, and were featured for the fourth time among the highlights of the Pulp and Paper category. This survey is organized by Negócios da Comunicação magazine in partnership with the Center for Communication Studies (CECOM).

We also won Best Company in the Pulp and Paper sector in the Empresas Mais ranking, organized by O Estado de S. Paulo newspaper in partnership with Fundação Instituto de Administração (FIA). This award recognizes companies with the best "financial impact coefficient" in 22 economic sectors.

We were elected "Best Company to Start a Career" in Brazil and took first place in the Você S/A guide ranking of the Best Companies to Start a Career in 2017.



We won the 16th Graphprint Award in three categories: Best Coated Paper, Best Paperboard and Best Recycled Paper. This award recognizes the best companies and corporate entities in the printing sector.



For the fourth consecutive year, we were the winners of the 9th edition of the MarCo Award in the Pulp and Paper category. The award selects the most prestigious and trusted brands across 33 economic sectors, and is organized and presented by *Época Negócios* magazine in partnership with the *Valor Setorial* magazine and TroianoBranding Consultants.



We were chosen as the best strategic supplier for the Sofidel Group in the second edition of the Sofidel Suppliers Sustainability Award.



We were listed on the GC Powerlist 2017 as one of Brazil's most influential legal departments. This international award recognizes professionals and companies that stand out for good legal practices in their field of activity.



We were elected the best manufacturer and supplier of coated paper and paperboard in Brazil in the 27th Fernando Pini Award for Printing Excellence. Sponsored by the Brazilian Association of Printing Technology (ABTG) and the Brazilian Printers Industry Association (Abigraf Nacional), this award recognizes excellent work by suppliers and printers from across the country.



We won the 2017/2018 Supplier Award, organized by Anatec (the National Association of Publishers), in the Paper Suppliers category. This award highlights the best suppliers of products and services, as nominated by Anatec members.



We won the 2017 Amec Corporate Events Award organized by the Capital Markets Investors Association (Amec). This award represents minority shareholder recognition of Suzano's share class unification deal, which took place during the company's migration to *Novo Mercado*. The award identifies corporate events that have positively impacted the Brazilian capital markets.



Our people

“Joined & Mixed” is how we work in an integrated manner to build and consolidate the projects and initiatives that promote Suzano’s growth and share value with all of the company’s stakeholders. We have composed a team of 8,000 people from all regions of Brazil and five other countries, driven by the Purpose of pioneering and cultivating life and guided by ethical values and integrity, which are expressed in our Code of Conduct and corporate policies.

The revelation of our Purpose (Pioneers Cultivating Life) represents the pinnacle of a process of cultural transformation that involves changes to the physical structure of our offices and operational administrative environments, as well as behavioral aspects like strengthening autonomy, training inspiring leaders, and interaction and exchange of experiences between different areas of the company. In 2018 we will continue to share our Purpose with all our employees through activities in all of our forestry and industrial units.

“Joined & Mixed,” a concept that involves everything from changing the layout of Suzano’s physical facilities to the way we interact with each other, is part of this transformation. The new structure currently being implemented eliminates office partitions between departments and allows employees to work in different spaces, boosting interaction and engagement. Flexible working hours and home office shifts are additional benefits that have been incorporated into the daily routine.

This philosophy is supplemented by initiatives that promote employee quality of life and well-being, such as the fitness programs Run, Do Good, and Right Weight, which encourage people to be physically active, adopt healthier eating habits, and maintain balanced diets.

With regard to management of human capital, our goal is to create a work environment conducive to employee collaboration, well-being, and happiness within the company. The results of this initiative can be measured by an internal survey, which received responses from approximately 83% of our employees. The overall approval rating for Suzano and the practices which have been implemented was 82%.

Further evidence of the successful management practices we have implemented was our presence in the Top 50 Most Loved Companies ranking organized by Love Mondays, a Brazilian digital platform that brings together spontaneous opinions from employees and former employees about the companies where they work. The ranking includes factors such as career opportunities, quality of life, employee compensation, fringe benefits, and corporate culture. In 2017 we were also elected

the number one company in the Best Companies to Start a Career ranking organized by Você S A magazine, which evaluates management practices geared to young employees up to 26 years of age.

Our workforce profile

Own employees

- Men: 6,955
- Women: 1,123



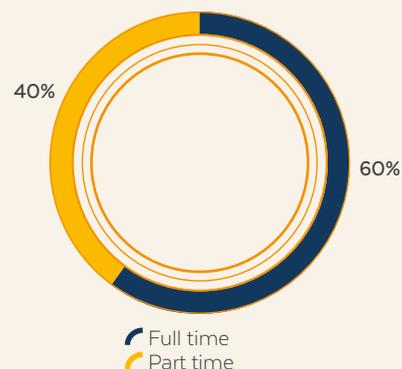
Contracted staff

- Men: 11,657
- Women: 564

[CLICK HERE](#)
and learn more about the
diversity of our workforce



Breakdown of employees by job type in Brazil (%)





Highlights of our employee engagement survey

95%

of our employees are proud to be part of the company and recommend it as a good place to work

92%

have an optimistic view of Suzano's future

**9 out of 10
employees**

feel personally fulfilled by their work

89%

have the autonomy to carry out their work tasks

81%

say that the people they work with are willing to help, even if it means doing something that extends beyond their responsibilities

Talent management

Suzano is open to young talent and always seeks promising professionals whose vision is in line with the company's Purpose and pioneering spirit. The company offers programs that develop young people and allow them to join our staff. In all of these programs, employees are provided a career development plan that includes training and professional growth.

- Young Sales Executive
- Internship Program
- Vacation Internship Program
- Young Engineers Program
- Formare Apprentice
- Summer Jobs

Specifically with regard to the Internship and Young Engineers (trainee) programs, we have a mentoring program in place that trains leaders to act as mentors for young employees who are just starting their careers. One of our goals is to expand this initiative so that all other talent can also benefit from the program. Last year, 170 interns and 22 young engineers were selected to join the company, with the opportunity to immerse themselves in different business areas and develop projects that contribute to Suzano's growth and improvement.

Professional development

Driven by our Purpose and our values, we encourage our employees to take charge of their own careers by following the development path that leads to new challenges, experiences, and incorporation of specific knowledge. To support them on this journey, we have developed some innovative tools that contribute to their training and professional growth.

• 360° Collaboration

This platform allows employees to invite groups of colleagues with whom they interact the most every day to contribute to their individual development by acknowledging strengths and providing recommendations for aspects that require further development.

• Insights

A platform where employees in different positions within the company can exchange feedback, thus strengthening open dialog between leaders and their teams.

• Touchpoints

Dialogs between managers and their teams in which action plans are drawn up for employee development.

• **E-Suzano**

This online training platform features diverse content that encourages employees to actively pursue new knowledge and professional development.

Our training and learning programs are dynamic and are periodically adapted to make the process more collaborative, technologically advanced, and in line with current business demands. Tools such as games, contests, drones and augmented reality equipment (currently under analysis) are used to broaden the connection between our employees and the new technologies and possibilities of our time.

In 2017, we offered
an average of

145
hours

of training to our
employees through
several initiatives



[CLICK HERE](#)
to learn more





Health and safety

In addition to greater efficiency and value creation, our Purpose and our values drive the development of a safe and healthy working environment for employees, where care for people's lives and well-being always comes first. To strengthen the management practices which are present in all our units, we conduct initiatives to raise awareness and enhance the culture of safety in our operations.

One of these initiatives is the Family Safety program, which involves the relatives of our staff in promoting safety within our units. The children of our team members are invited to participate in activities within our facilities which are specifically directed to children and focus on adopting low-risk behaviors. Every month, the staff with the best performance in safety and health practices are recognized and have a chance to win lunch or dinner with their family members.

The program raises awareness and boosts engagement on the topic of safety and health.

Another value-adding initiative is the extension of the Joined & Mixed program to the operational areas. Through employee interaction, best practices are shared more quickly and potential accident risks are minimized.

We also have a team recognition program that adopts broad and ongoing measures to prevent accidents. This initiative permits ongoing monitoring of performance indicators related to workplace safety and awards teams and managers who demonstrate outstanding performance.

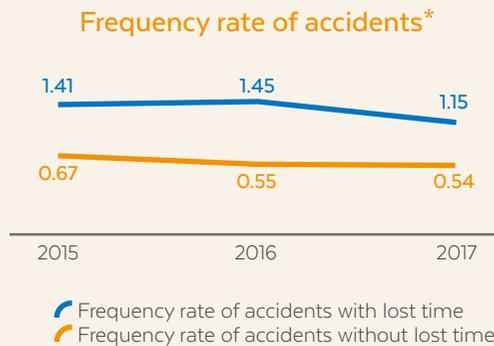
Each month we award trophies to the best performing team in each unit, and each year to the winning area manager on a yearly basis. We also hold monthly drawings in which the employees of the winning teams can win prizes.



To cultivate life is to offer a safe and healthy environment and raise awareness among all employees and contracted staff working in our units

The Safety Management Area makes no distinction between company and contracted employees, above all valuing each employee as an individual. Consequently, monitoring of performance indicators has been consolidated across the entire workforce. In 2017, we registered no accidents involving women in our facilities, showing an exceptional attitude that serves as an example for everyone.

In 2017, a contracted worker was involved in a fatal accident at Suzano's Mucuri unit while conducting a maintenance activity. The teams involved in investigating and analyzing this accident took all relevant measures to avoid other similar events, exceeding the standards required by Brazilian laws and regulations for this type of occurrence. This accident explains the change in the rate of lost workdays, which went from 28.66 in 2016 to 152.9 in 2017. Refer to the [GRI Appendix](#) for further information on health and safety management.



*The frequency rate is calculated by the number of accidents per 1 million man-hours of risk exposure.

Volunteer work

Cultivating life also means building transformative relationships with the local communities living around our units. We consequently encourage our employees to get involved in projects that support active social participation to build a better world. Our volunteer program, Voluntariar, offers an opportunity for employees who are inspired by their vocations, skills, and capabilities to participate in a variety of initiatives that strengthen our belief in being Strong-and-Kind to help transform the future.

Twelve years ago, we implemented the Formare Apprentice program to train young people for the job market. Classes are taught by volunteer employees who share their knowledge and experiences, transforming the reality of many young participants. Since 2005, Suzano Pulp and Paper has trained 34 Formare groups, contributing to the professional development of 630 young people.

In 2017, a total of 62 new openings were available in the Formare programs in our units at Mucuri and Imperatriz.

Furthermore, we have other programs based on sharing business and career knowledge, strengthening the relevance of education in the process of constructing a society. Suzano at School is one of the programs structured within the Voluntariar program for this purpose.

This program is a joint effort with the nonprofit Junior Achievement Brasil, and

trains our employees to work in schools, teaching young people about entrepreneurship, financial education, the labor market, career development, and sustainability.

Since 2009, students from the states of São Paulo, Bahia, Maranhão, and Espírito Santo have been positively impacted by the Suzano at School program. In 2017, the initiative was also extended to benefit students in Argentina.

This year was also marked by major events involving our employees and their families in initiatives that cultivate life and engage society in caring for nature. One example is D Day, an important campaign to raise awareness through collection of household trash along the banks of the Tocantins River in Maranhão state.

For 2018, our goal is to continue engaging and inspiring people to make a difference, and to maintain the 21% rate of employees involved in volunteer activities.

**73% of
Formare
students
are placed in the
job market**

**In 2017,
61% of
Formare
graduates were hired
by the company**



21%

of our employees
participate in volunteer
projects

29,600

people benefited
from the
Voluntariar
program

160

Volunteer
Ambassadors

50

partner schools

Suzano at School
has already
benefited

**4,600
young**

people, with
help from 756
volunteers

In 2017,
we served

**9 schools
and one
community
council**

623 young people
benefited from this
program, and 211
volunteers shared their
time and talent in the
classroom

Relationship with suppliers

Our pride in being part of a sustainable business chain is strengthened by our suppliers' commitment to our values and to sustainability. In our value chain, we appreciate partners who adopt good management practices related to economic, social and environmental aspects in order to minimize risks and mitigate impacts.

Our Supplier Relationship Policy defines a set of guidelines so that we can maintain a relationship of trust and mutual respect by valuing dialog, ethics and transparency, and also fosters an environment of mutual learning that encourages innovative solutions and sustainable results.

Our supply chain includes 20,000 companies that supply materials and inputs or provide services and transportation. Selection and evaluation of suppliers take place via computer-based systems that analyze the legislative compliance of their

operations and their suitability with regard to our other socio-environmental and economic guidelines.

We also conduct audits and inspections of the suppliers who are the most critical for our business, regularly monitoring their compliance with health policies, occupational safety, norms and standards, labor regulations, social and environmental practices, and respect for human rights, as required by our contracts these suppliers sign.

To promote regional development in the regions where our industrial and forestry operations are based, we participate in forums and commercial events; whenever possible, we foster the creation of local opportunities.

We are committed to hiring local partners who are characterized as economically disadvantaged. This includes micro and small businesses in the industrial, commercial, and service sectors that are vulnerable to financial fluctuations and are located within a 100-kilometer radius of our operations.

In 2017, we upgraded the model developed to evaluate supplier practices by creating the Supplier Performance Index (IDF), a methodology that assigns ratings for technical, safety, and environmental criteria to evaluate the performance of these partners. [Click here](#) to learn more.



We increased the share of purchases from local suppliers to 65% of the total in 2017

Criteria for Supplier Assessment



IDF - Supplier Performance Index



- The final assessment value is cut by 50% if the supplier gets a rating of 1-2 for one of the requirements, and by 30% if the rating is 3-5. If the score for one of the three items is zero, the IDF is automatically marked as zero and the supplier fails the assessment.
- Suppliers that fail or pass with restrictions may submit an action plan to restructure their processes in compliance with our guidelines.
- Suppliers that pass or are deemed excellent are notified via a report containing the results of the partnership and our acknowledgement.

Exploring innovation



We view innovation as part of our corporate strategy, and we are aware that it should extend far beyond the traditional model. For us, innovating means looking for changes that impact and improve people's lives: this was the case in the 1950s, when we created paper made from short eucalyptus fibers. But innovation is also present in the ability to find alternatives to accomplish the same task in different ways. We have innovated in the way we reduce our costs, view our business model, and develop our products. Innovation is also present in Industry 4.0 and in the changes that provide our employees with greater flexibility and autonomy, among many other improvements.

Our strategy is also based on the assurance that our entrepreneurial spirit is what drives us to explore new paths, businesses, processes, and models. Our ability to pioneer is underpinned by our sustainable growth, through which we can share value with all our stakeholders.

The four factors

that define our decisions lie behind each new large-scale investment.

- Return on invested capital
- Scalability
- Sustainable competitive advantage
- Difficulty in replicating



Mimmo® is our newest toilet paper brand, a very soft and absorbent product that helps our consumers avoid waste, offering better value for its outstanding quality



These were the criteria that guided our decision to invest in the consumer goods market in 2017 following our entry in the tissue segment, a market with high growth potential in Brazil. We listened to our consumers to understand what they want and to create brands that exceed their expectations for a higher-quality product with better performance.

Our two tissue manufacturing units required investments of R\$ 540 million and began production in 2017; these plants, which are located in Mucuri, Bahia and Imperatriz, Maranhão, are the only entirely self-sufficient facilities with regard to energy in Brazil. Together, both units have the capacity to manufacture 120,000 tons of tissue jumbo rolls, and part of this production is directed toward conversion into finished products.

Besides these two new units, we acquired Facepa (Fábrica de Papel da Amazônia S.A.) for R\$ 310 million. Facepa is the largest tissue producer in northern and northeastern Brazil. In January 2018, we started producing toilet paper in these two units to supply those two regions of the country.

Suzano Mais

The *Suzano Mais* program brings innovation and responsiveness to relationships with our clients in the paper segment. We currently serve approximately 32,000 companies through our four regional distribution centers (CDRs), 16 local distribution centers (CDLs), and our production units.

The model allows us to eliminate middlemen from our sales to large and medium-sized clients and lets us provide better quality service. In 2017, the *Suzano Mais* program was overhauled so that it can be expanded to include other countries in the coming years.

FuturaGene

Whilst in Brazil our efforts are aimed at improving yield of eucalyptus plantations, FuturaGene's focus in China has been to couple eco-system services (de-desertification) with economic offtake. The company has used its expertise in tissue culture and mass germination methods to improve varieties of the indigenous Chinese yellowhorn tree, a species capable of growing under extreme conditions.

Rich in oil, which can be used to manufacture biomaterials and biofuels, in addition to potential applications in the cosmetics industry among others, the species helps to fight desertification, due to its resistance to dry climate and poor soil conditions. During its growth cycle, organic material is deposited in the soil, providing nutrients and enabling other species of plants to grow and develop, thus contributing to the recovery of the previously degraded ecosystem.

2017 was also highlighted by significant progress in a humanitarian project with the Donald Danforth Plant Science Center in the United States. The Center is a not-for-profit scientific research institute whose mission is to "improve the human condition through plant science".

Under an agreement, entered into in 2013, between FuturaGene and the Donald Danforth Plant Science Center, FuturaGene provided its yield enhancement technology,



Lignin

royalty free for evaluation and development in crops which are important for food security in some of the poorest regions of the world. The company was informed by the Donald Danforth Plant Science Center in 2017, that it had obtained positive results in a model grain crop, utilizing the FuturaGene technology. The next step is to translate the work successfully done in the model crop into a staple grain crop, which is key for food security in regions such as Africa.

Commercial production of lignin is expected to begin in 2018 at the Limeira unit in São Paulo. This is the first facility of its kind in Latin America, and will serve industries in a variety of sectors that may use the product in a range of high value-added applications such as replacing fossil-based raw materials. The unit will have yearly production capacity of 20,000 tons.

Research on lignin applications in other supply chains began at the beginning of this decade, and investments and research led to the development of mechanisms making it feasible to manufacture this product on an industrial scale.

A low-angle photograph of two men in light blue shirts and white hard hats looking up at a large tree. The man in the foreground is smiling and wearing sunglasses. The background is filled with green leaves and a clear sky. The text 'Improving every day' is written in a white, cursive font across the middle of the image.

*Improving
every day*

At Suzano, we strive to be more efficient, productive, and innovative in everything we do. Different initiatives and investments have allowed us to increase our competitiveness and reduce our operating costs.

In 2017, we continued investing in the modernization of our facilities and completed the Imperatriz unit's streamlining project, which pushed local production capacity up to 1.65 million tons of pulp per year. These investments made it possible to reduce our pulp cash cost through lower consumption of inputs and dilution of fixed costs; this achievement was one of our goals set for the 2021-2022 period.

At the Mucuri unit, installation of a new crystallizer (the largest in any pulp mill) has boosted efficiency in removing the chlorides and potassium which accumulate during the pulp production process. The crystallizer has also helped reduce sulfate consumption to 83 tons/day and sodium hydroxide consumption to 5 tons/day, reducing the need for new inputs and resulting in financial gains.

Another improvement at Mucuri in 2017 was the deployment of a new wastewater treatment plant with the capacity to treat 2,900 cubic meters per hour. This structural improvement will allow us to return water to the Mucuri River with approximately 59% less organic load, mitigating the risk of production downtime if droughts occur in the region. The Mucuri unit also received a new cut size line for production of printing and writing paper.

An additional improvement in 2017 was the opening of a satellite plant to produce

hydrogen peroxide (H_2O_2) in the Imperatriz unit; this substance is one of the inputs required for pulp production. The initiative is the result of a partnership between Suzano and Peróxidos do Brasil (a company in the Solvay Group), and will boost our competitiveness by supplying 12,000 tons of H_2O_2 per year. This integrated production will allow us to achieve logistics gains and reduce CO_2 emissions during the production process. Last year, 735 truckloads were required to supply the unit with hydrogen peroxide, which will no longer be necessary with the opening of the new plant.

The adoption of best practices in industrial process management is reflected in FSC® certification for the chain of custody. Besides this certification, our industrial units also have earned certification for ISO 9001 (quality), ISO 14001 (environmental management), and OHSAS 18001 (health and safety).



Environmental performance

In 2017 we also entered into an agreement with the Chinese group Cosco, one of the world's largest integrated shipping enterprises operating in port terminals. For a five-year period starting in 2019, the company will provide support for our maritime operations and will develop three specialized ships to transport pulp, each with a 62,000 ton capacity. We expect to make up to six shipments a year out of Portocel on the coast of Espírito Santo.

In March 2018, we announced our merger agreement with Fibria to the market. This merger will combine both companies' operations and shareholder bases. The deal is subject to the usual conditions applicable to this type of transaction, including approval by anti-trust authorities in Brazil and abroad.

Governance and socio-environmental practices are key aspects for Suzano and are taken very seriously by the company. In the context of the merger agreement, both companies remain committed to ensuring that their socio-environmental policies and practices will be maintained.

This edition of the Sustainability Report must comply with all legal requirements, among others, and consequently does not contain any information that is not solely applicable to Suzano. [Click here](#) to learn more.

Our pursuit of ongoing improvement is also reflected in management of the environmental impacts caused by our operations. The investments and projects we carry out allow us to be more efficient in our production processes, and optimize consumption of resources while reducing CO₂ emissions.

In our industrial units and in the field, we apply our best practices to ensure proper management of aspects related to the environment, quality, and occupational health and safety. Our Executive Sustainability Management centralizes management of water and waste in plantation areas and activities to adapt to climate change, for example. Our industrial units have their own specific management areas in charge of monitoring the environmental performance of their mills.

Our industrial units have the highest energy consumption in the company. In 2017, they



In 2017, 85% of the energy we used came from renewable sources, such as ethanol, black liquor, and wood chips

consumed 25.2 GJ of energy per ton of finished product. Besides this consumption, we exported 689,000 MWh of surplus energy from Mucuri and Imperatriz units to the National Interconnected System (SIN), expanding the supply of electricity from a renewable source.

Our industrial operations also consume the most water within our business model: around 99% of the total. In 2017 total consumption reached 143 million cubic meters, remaining stable with little change in comparison with the previous year.

At the Imperatriz industrial unit in Maranhão, we incorporate a water reuse

process that allowed us to reuse 6.2 million cubic meters of water in 2017, a 44% increase over the 4.3 million cubic meters reused in 2016. Considering the total amount of water used by Suzano, this improvement in the Imperatriz unit led to an increase in the total percentage of water reuse in the company, from 12% to 16%.

At the Bahia forestry unit, wastewater from the nursery is reused to irrigate coconut trees and grass in the eucalyptus plantations. This reused volume totaled 40,000 cubic meters in 2017, representing 0.26% of the total water harvested.



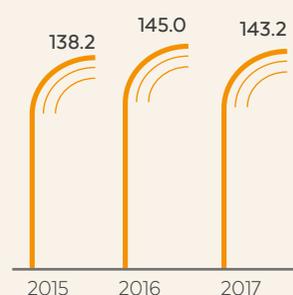
Energy consumption (million GJ)



LEARN MORE
about our energy management in the GRI Appendix



Water consumption (million m³)



LEARN MORE
about our water management in the GRI Appendix



In 2017, the volume of water recirculated within the Imperatriz unit rose

44%

Adapting to climate change

Eucalyptus cultivation and the recovery of native vegetation areas remove and store carbon from the atmosphere and help mitigate climate change, while our industrial activities are the main direct emitters of greenhouse gases (GHG). To monitor this aspect of our business model, each year we publish our Emissions Inventory, in compliance with the guidelines of the Brazilian GHG Protocol Program.

Most of these direct emissions (scope 1) are biogenic and are produced by burning biomass, and consequently are considered “carbon neutral.” In 2017 our GHG emissions reached 11.5 million tCO₂e. On average, our GHG emissions are 0.197 tCO₂e for each ton of marketable pulp.

Greenhouse gas emissions inventory (tCO ₂ e)	2017	2016*
Scope 1		
Emissions	869.348,03	929.236,26
Gross biogenic emissions	10.090.951,25	9.947.669,49
Scope 2		
Indirect emissions	73.329,49	65.863,08
Scope 3		
Other indirect emissions	465.782,21	475.047,90
Other gross biogenic emissions	15.962,69	14.979,39

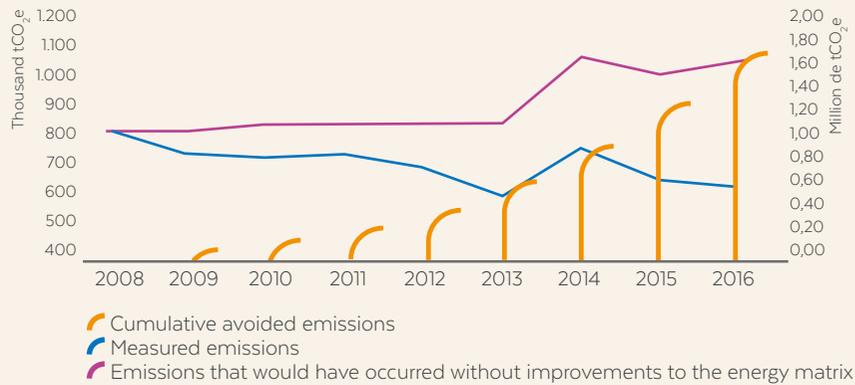
*Resubmitted data.

[CLICK HERE](#)
for further information





Strategic Assessment for Climate Change



To improve our management, we conducted a study on Strategic Assessment for Climate Change, which provides a long-term view of the environmental impacts caused by our operations and opportunities for improvement. An important outcome of this project was the identification of our emissions history and the progress we have already made by replacing fossil fuels with fuels from renewable sources.

The study used the GHG emissions from Suzano’s industrial process in 2008 as a reference to evaluate how the company would have performed annually through 2016 if no mitigation

actions had been taken. This theoretical scenario was compared to the real numbers which were the result of increased use of lignin as an energy source for the units.

To estimate the volume of emissions which were avoided, we compared the absolute emissions (tCO₂e/ton produced) in 2008 and the actual emissions over the eight-year period. This comparison showed that the company avoided emissions of approximately 414,000 tCO₂e in 2016, a reduction of nearly 39% over what might have occurred without the improvements we made to the energy matrix in our industrial units.

[CLICK HERE](#)
to learn about our
Emissions Inventory on the Brazilian
GHG Protocol Program platform



Protection of the Mucuri River Springs

In 2017 we continued to leverage our initiatives through important partnerships such as our work with The Nature Conservancy (TNC). Through the Mucuri River Springs Project, we began activities that contribute to long-term sustainability of this river, and fostered initiatives to protect the springs which form its source. The region chosen for this work contains remnants of native vegetation from the Atlantic Forest, one of the most biodiverse biomes on the planet and which currently remains in only 12% of its original area in Brazil.

Our employees and students in municipal public schools in the area volunteered to plant seedlings along the springs; we also promoted the engagement of local communities through environmental education campaigns and initiatives in the schools.

The project involved three separate planting activities and 222 volunteers to plant a total of 18,215 seedlings. By the close of 2017, recovery work was underway in 18 springs; our goal is to recover approximately 2,500 springs by the end of the project.

Recovery of the native vegetation is critical to preserve the availability of water resources in the Mucuri River. This vegetation also supplies the water reserves in the soil that emerge from the springs. These efforts benefit all the communities with the Mucuri Basin, including those in the municipalities where our forestry and industrial operations are based.





Our commitments for 2018

Maximum water consumption

- **Imperatriz**
23.73 m³/adt
- **Limeira**
29.15 m³/t of market pulp,
paper and transfers
- **Mucuri**
27.01 m³/adt
- **Suzano**
37.37 m³/t
- **Rio Verde**
11.8 m³/t



Wastewater quality

- **Imperatriz**
Up to 0.45 kg/adt of BOD
- **Limeira**
Up to 1.1 t/day of BOD
- **Mucuri**
Up to 1.0 t/day of BOD
- **Suzano**
Up to 2.1 t/day of BOD
- **Rio Verde**
At least 88% efficiency in
BOD removal



Waste

- **Imperatriz**
Generate a maximum of
135.2 kg/adt of waste
- **Limeira**
Recycle at least 57.7% of
recyclable material
- **Mucuri**
Send a maximum of
11.5 kt/month to landfill
- **Suzano**
Send a maximum of
1.2 kt/month to landfill



Ecofuturo Institute



Since 1999 the Ecofuturo Institute, a nonprofit social organization supported by Suzano, has designed and implemented programs to enhance reading skills, promote knowledge, preserve nature, and cultivate people's relationships with the environment.

Ecofuturo strongly believes in the transformative power of education and environmental activities, and in the potential of educating discerning human beings who can promote positive interactions between themselves and their environment. In order to strengthen the Ecofuturo Institute's projects, such as the establishment of community libraries and some programs conducted within Neblinas Park, partnerships are forged with government agencies and private entities.

Encouraging reading

In partnership with other sponsors, through the Ecofuturo Community Library project we have supported the establishment of 109 community libraries in 12 states across Brazil. Through these efforts we have helped implement Brazilian Federal Law 12244/10, which requires all educational institutions to have a library by 2020, as well as public policies to support education and reading.

Ecofuturo coordinates all stages of the project to establish the Community Libraries and relies on the technical expertise of the National Foundation for Children's and Youth Books (FNLIJ). These stages comprise: mapping and diagnosis of the selected municipalities, liaison with government authorities to sign the Cooperation Agreement, mobilization of

communities, selection and acquisition of furniture, library collections, and electronic equipment, training of education professionals, and supervision. To implement the project, the Ecofuturo Institute has received funds from more than 15 sponsoring companies.

The project also provides the Virtual Library, which is hosted on the Ecofuturo website (ecofuturo.org.br) and contains more than 60 publications available for free download.

The seventh Ecofuturo Libraries Award was given in 2017, involving the use of nature as a theme for initiatives to promote reading from the Ecofuturo Community Libraries network, in order to develop and to recognize the activities which were carried out.

Studies show that the Community Libraries project has led to improved student performance rates and progress in the Basic Education Development Index (IDEB) in the municipalities where the project has been implemented. Other benefits include lower dropout rates in the schools that participate in the project and the increased family participation in the scholastic lives of these children.



Two community libraries were opened in 2017 and another eight are currently being established in the states of São Paulo, Rio Grande do Sul, and Maranhão

Neblinas Park

Neblinas Park was established in 2004, and is an Atlantic Rainforest reserve spanning 6,000 hectares located in the cities of Mogi das Cruzes and Bertioga, in the state of São Paulo. The area, which is managed by the Ecofuturo Institute, contributes to the restoration and conservation of the Atlantic Forest and the water resources of the Itatinga River basin, and also supports scientific research, ecotourism, forest management, and community engagement.

In 2017, Ecofuturo presented three workshops for owners of rural property surrounding the park, as part of the Neblinas Park Community Management Program. The training sessions covered topics such as water conservation and solid waste management, and extended beyond the initial scope of the program, which targeted production of healthy fruit from the jussara palm tree in that region.

A group of experts advanced the revision of the Neblinas Park Management Plan. This innovative and collaborative effort made it possible to attain key objectives for the park, make adjustments with regard to zoning requirements, and improve its management program.

The knowledge accumulated through managing Neblinas Park made it possible to establish the Ecofuturo Reserves program, which provides technical assistance to owners



of natural areas and conservation units. Since 2010, ten management projects have been developed for eight customers in three different biomes, totaling more than 1 million hectares.

Nature for learning

Together with Ecofuturo, and in partnership with the Mogi das Cruzes Department of Education, we implemented the My Environment program with the participation of teachers and students from local public schools. This program shows how nature can be a powerful ally in the learning process. To date, the program has involved more than 100 teachers and 4,250 students.



58
scientific
studies

have been carried
out in Neblinas
Park since the
creation of the
Ecofuturo Institute

1,253
biodiversity
species

recorded (3 new and
23 under threat of
extinction)



3,400
visitors

welcomed in 2017

449
Itatinga River
springs

conserved, roughly 50%
of the river's basin

7
million

jussara palm seeds
distributed since 2003

An aerial photograph of a vast, lush green field, likely a plantation or agricultural field. The field is filled with rows of young trees or plants. In the center of the field, a person wearing a light blue shirt and dark pants is visible, standing and looking towards the right. The sky is blue with scattered white clouds. The text "GRI appendix" is written in a white, cursive font across the middle of the image, underlined.

GRI appendix

About the report

Our Annual Report is a tool that allows us to share the ways we sustainably create and share value with all our stakeholders. Our goal is to make clients, investors, shareholders, employees, civil society organizations, and other stakeholders aware of the benefits our business model generates for society, balancing the management of economic, social, and environmental impacts from the field to the factory.

In order to communicate this information transparently, we follow the guidelines developed by the Global Reporting Initiative (GRI), an international body that establishes globally recognized standards for reporting on corporate sustainability. This year's Annual

Report was prepared with the most recent GRI Standards available. The report immediately preceding this one, which was released in 2017, used the GRI G-4 guidelines.

The topics in our Materiality Matrix guide the verification and preparation of the content presented, and were defined in 2016 after consultation with internal stakeholders (senior managers and employees) and external stakeholders (NGOs, clients, sustainability specialists, and investors). During this reporting cycle, these topics were reviewed and consolidated based on the management improvement and feedback from investors and rating agencies, who take socio-environmental aspects into account in their evaluation mechanisms.

Material topics	Internal boundaries	External boundaries
Engagement and development in regions of influence	Involves all forestry and industrial units	Positively impacts suppliers and local communities
Environmental management	Applies to all forestry and industrial units, with a focus on water, energy, emissions, waste and wastewater management, and impacts on biodiversity	Promotes community engagement in initiatives for forest recovery and conservation of natural resources
Certifications	Impacts all company operations	Extends to suppliers and owners of land where eucalyptus is cultivated, promoting the adoption of management practices and respect for human rights
Governance and conduct	Impacts all company operations	Applies to all of our stakeholders, ensuring ethical relationships and responsible decision making
Strategy, branding and communication	Impacts all company operations	Related to our investors, clients, and consumers, fostering clear communications of Suzano's goals and its market position
Valuing the workforce	The impacts of this topic are related to everyone who works in all our units	Reflected in relationships with all stakeholders, especially communities, clients and suppliers who have more frequent contact with our employees

From these topics, we prioritized the GRI Standards indicators for inclusion in the report, and also identified the limits of related impacts.

The way we manage these topics is described throughout the chapters of this report, and is supported by data and information gathered from Suzano's administrative and operational areas. The indicators presented refer to the period between January 1 and December 31, 2017, but information pertaining to projects completed in 1Q18 was also included. The indicators do not apply to Facepa, except when specifically indicated otherwise.

To ensure the comprehensive scope of this report, we conducted interviews with the company's executives to link the results which were achieved to our sustainable business growth strategy. The report is also available in an online version, in which we highlight our main progress in 2017.

We became signatories to the UN Global Compact in 2007, an initiative that sets ten fundamental principles in the areas of anti-corruption, environmental preservation, human rights, and fair labor conditions. As such, this report is also intended to show how our investments contribute to this agenda.

We also continue to evolve by incorporating the Integrated Reporting model proposed by the International Integrated Reporting Council (IIRC). This publication is intended to highlight how the initiatives we implement based on our business strategy create value for shareholders and other financial capital providers, while yielding gains in other types of capital.

We welcome your comments and suggestions related to our Annual Report. Please contact us by e-mail:

suzanoresponde@suzano.com.br

or

comunicasuzano@suzano.com.br



Complements to GRI indicators

102-8 | Our staff grew 6% between 2016 and 2017, mainly as our new tissue business came online. We also had more contracted staff in our forestry operations and working in activities such as maintenance, cleaning, and surveillance. By the close of 2017, there were 12,221 contracted staff working in our units, 11,657 men and 564 women. We are not subject to seasonal fluctuations in workforce demands.

Employees by employment contract in 2017	Permanent	Temporary	Total
By gender			
Female	1,095	28	1,123
Male	6,906	49	6,955
By region			
Midwest	30	1	31
Northeast	3,619	24	3,643
North	195	1	196
Southeast	3,920	51	3,971
South	80	0	80
Subtotal in Brazil	7,844	77	7,921
Argentina	117	0	117
United States	15	0	15
UK	0	0	0
Switzerland	14	0	14
China	11	0	11
Subtotal Abroad	157	0	157
TOTAL	8,001	77	8,078

Employees by employment type and gender in Brazil in 2017	Part time	Full time	Total
Female	110	916	1,026
Male	3,013	3,805	6,818

102-9 |

Suppliers by region	2017		2016	
	Nº of registered suppliers	Percentage	Nº of registered suppliers	Percentage
Midwest	501	3%	388	3%
Northeast	3,381	17%	2,780	18%
North	545	3%	419	3%
Southeast	12,645	65%	9,969	65%
South	2,337	12%	1,682	11%
TOTAL	19,409	100%	15,238	100%

Suppliers by category	2017		2016	
	Nº of registered suppliers	Percentage	Nº of registered suppliers	Percentage
Legal entity	10,872	56%	8,373	55%
Individual	324	2%	277	2%
Freight transport provider	1,539	8%	1,227	8%
Landowner	2,002	10%	1,956	13%
Other	4,672	24%	3,405	22%
TOTAL	19,409	100%	15,238	100%

102-12 | We have undertaken the following voluntary commitments:

- **Business Charter for the Conservation and Sustainable Use of Biodiversity** – this agreement brings the importance of conserving biological diversity to the global public debate.
- **Brazil Coalition on Climate, Forest, and Agriculture** – an initiative to advance agendas related to the protection, conservation, and sustainable use of forests, sustainable agriculture, and mitigation and adaptation to climate change.
- **Strategic Sustainability Committee (AMCHAM)** – works to incorporate sustainability into business models.
- **Business Pact for Integrity and Against Corruption** – coordinated by the United Nations Development Program (UNDP).

- **Global Compact** – a United Nations initiative to adopt ten fundamental principles related to human rights, labor relations, the environment, and fighting corruption.
- **Brazilian Pact to Eradicate Slave Labor** – an initiative by the Ethos Institute and the International Labor Organization (ILO).
- **Pact to Restore the Atlantic Forest** – an initiative by public and private institutions to preserve fragments of Atlantic Forest and recover 15 million hectares by 2050.
- **Platform for an Inclusive, Green and Responsible Economy** – this effort is organized by the Ethos Institute and developed by companies and organizations with guidelines for a new economy.

102-13 | We are members of the following entities and organizations to contribute to knowledge sharing and the discussion of key topics for our businesses:

- **The Brazilian Pulp and Paper Technical Association (ABTCP)** – this association promotes technical development of employees in the forest-based supply chain and enhanced competitiveness of the companies operating in this sector.
- **Brazilian Corporate Network for Life Cycle Assessment** – this group encourages debate on the relevance of life cycle thinking in the corporate environment and the establishment of common actions to promote and disseminate the practice of life cycle assessment (LCA), which analyzes stages in the production process stages (from raw material to post-consumption or end use) to gauge the environmental performance of products, processes, and services.
- **Brazilian Business Council for Sustainable Development (CEBDS)** – this council reinforces the sustainable development agenda in companies operating

in Brazil, through coordination with government and society, and also publicizes the latest concepts and practices related to this topic.

- **Corporate Commitment to Recycling (CEMPRE)** – dedicated to promoting recycling programs within the integrated waste management concept.
- **Conservation International (CI)** – works to ensure a healthy and productive planet for everyone by protecting ecosystem services.
- **The Brazilian Forest Dialogue and The Forest Dialogue (TFD)** – these groups facilitate interaction between representatives of companies in the forest-based sector and environmental and social organizations in order to construct a common vision and shared agendas.
- **Florestar São Paulo** – brings together organizations, associations, and entities interested in developing forestry activities and environmental preservation.
- **Forest Stewardship Council® (FSC-CO10014)** – the largest and most widely recognized forest certification standard, with more than 180 million hectares and approximately 30,000 companies certified. Suzano is a member of the FSC internationally and in Brazil, and is also present on the Brazilian and international FSC boards.
- **Forest Forum** – the mission of this organization is to identify and discuss key issues that contribute to the economic, social, and environmental development of the Brazilian forest sector.
- **FGV Center for Sustainability Studies (GVCes)** – the center works to develop public and corporate management strategies, policies, and tools for sustainability at the local, national and international levels under four lines of action: training, research and knowledge building, connection and exchange, and mobilization and communication.
- **The Brazilian Tree Industry (Ibá)** – this institution

represents the planted tree supply chain to its main stakeholders, from the field to the factory.

- **Ethos Institute for Business and Social Responsibility** – mobilizes, raises awareness, and helps companies manage their businesses in a socially responsible manner, making them partners in building a fair and sustainable society.
- **Forestry Science and Research Institute (IPEF)** – develops knowledge and science related to the management and protection of natural resources, with a focus on the forestry sector.
- **The Nature Conservancy (TNC)** – this organization has worked in Brazil since 1998 to promote large-scale environmental conservation, and oversees the Plant A Billion Trees campaign.
- **The World Wide Fund for Nature Brazil (WWF Brazil)** – this organization is dedicated to nature conservation, and strives to bring human activity into tune with biodiversity conservation and promote the rational use of natural resources to benefit today's citizens and future generations. It also provides the New Generation Plantation (NGP) platform to share knowledge, experiences, and discussions related to best practices in planted forests that make positive contributions to communities and to the ecosystem.

102-22 | As established in the Internal Regulations of the Board of Directors, this group should incorporate a wide variety of expertise and knowledge in its members. By the end of 2017 there were five independent members, and one was a woman. For further information, please refer to the [Investor Relations website](#).

102-23 | No member of the Board of Directors holds any executive position within the company.

102-25 | In accordance with applicable legal requirements and the Internal Regulations of the Board of Directors, when a board member has a conflict of interest related to a matter the board is voting on, he or she must abstain. Suzano's current rules and practices for conducting transactions and business with related parties determine that these transactions must be in line with the usual market prices and conditions, the corporate governance practices adopted by Suzano, and those recommended or required by applicable laws and regulations. For further information, please refer to the **Reference Form** on the Investor Relations website.

102-35 | Remuneration for the members of our Board of Directors is fixed and defined by market standards. If members maintain a permanent role in any of the Advisory Committees, they may also earn variable short-term compensation. The remuneration received by board members is comprised of fixed payments and short- and long-term variable payments, as well as benefits. For further information on executive remuneration, please refer to **section 13.1 of the Reference Form**.

102-41 | 100% of our employees are covered by collective labor agreements or conventions.

102-45 | This Annual Report comprises the same entities which are included in Suzano's financial statements. For further information, refer to the consolidated financial statements on the Investor Relations website.

102-48 | Restatement of indicators 302-1, 302-2, 305-1, 305-2, 305-3 and 305-4.

102-49 | There were no significant changes to the reporting scope.

102-51 | The latest report was published in 2017 containing the 2016 performance indicators.

102-54 | This report has been prepared in accordance with the GRI Standards: Essential option.

102-56 | The sustainability report was not audited by an external auditor; only the financial data were audited within the scope of Suzano's financial statements.

201-1 | Suzano's added value reached R\$ 5.6 billion in 2017, a 65% growth over the previous year thanks to an increase in revenues and reductions in the cost of inputs purchased from local suppliers. Distribution of this added value most notably went to remuneration on third-party capital and own capital, which accounted for 34% and 32% of the total, respectively. For further information, please refer to the **financial statements** on the Investor Relations website.

Breakdown of consolidated added value (R\$ thousand)	2017	2016
Staff	1,122,991	984,707
Taxes, fees and contributions	802,491	944,886
Remuneration on third-party capital	1,911,418	-203,285
Remuneration on own capital	1,807,433	1,691,998
TOTAL	5,644,333	3,418,306

202-1 | The lowest compensation paid to employees varies according to individual unit and local characteristics. The average starting wage at Suzano is 30% higher than the Brazilian minimum wage.

202-2 |

Share of locally hired leadership	Midwest	Northeast	North	Southeast	South
CEO	0%	0%	0%	100%	0%
Executive Officer	0%	0%	0%	86%	0%
Director	0%	0%	0%	78%	0%
Executive Manager	0%	0%	0%	87%	0%
Area Manager	0%	16%	0%	92%	0%
TOTAL OVERALL	0%	3%	0%	88%	0%

206-1 | As in the previous year, no legal actions were filed against the company for anti-competitive, antitrust or monopoly practices.

302-1 |

Energy consumed within the company, by operation type (GJ)	2017	2016*	2015
Offices	16,966.65	13,962.95	6,442.75
Distribution centers	7,868.26	7,908.56	9,201.68
Forestry units	977,504.30	858,418.12	856,096.82
Industrial units	117,386,346.66	117,571,360.89	107,635,638.63
TOTAL	118,388,685.87	118,451,650.52	108,507,379.88

*Restated 2016 data from the industrial units.

Energy consumed within the company, by source (GJ)	2017	2016*	2015
Non-renewable fuels	14,873,883.45	15,955,913.77	15,996,768.08
Renewable fuels	100,674,820.52	99,599,017.08	90,671,491.37
Electricity purchased	2,839,981.90	2,896,719.67	1,839,120.43
Electricity exported	2,478,984.26	2,634,840.00	2,609,891.28
TOTAL	118,388,685.87	118,451,650.52	108,507,379.88

*Restated 2016 data.

204-1 | The growth in the percentage of local purchases is a result of Suzano's policy to work with suppliers in the regions where our units are located, especially in Imperatriz and Mucuri, where our purchase volumes also increased due to the expansion of adjacent business activities.

Percentage of regional purchases, by unit*	2017	2016
UNI Imperatriz	54%	33%
UNI Limeira	88%	85%
UNI Mucuri	37%	29%
UNI Suzano	80%	77%
TOTAL	65%	54%

*Local (regional) purchases are orders placed with companies that are physically located in the same regions as our production units.

Fuel consumption	2017	2016*
Renewable source		
Ethanol	11,638.41	9,637.67
Firewood burned directly	10,170,369.44	10,330,748.51
Black liquor	90,492,812.67	89,258,630.91
Subtotal	100,674,820.52	99,599,017.08
Non-renewable source		
Liquefied petroleum gas	13,466.76	19,562.17
Wet natural gas	11,441,611.44	12,241,833.20
Gasoline	15,466.56	50,026.19
Fuel oil	2,424,412.96	2,798,743.27
Diesel oil	978,925.72	845,742.85
Illuminating kerosene	0.00	6.09
Subtotal	14,873,883.45	15,955,913.77
TOTALS		
Total energy generated from fuel	115,548,703.97	115,554,930.85
Percentage of energy from renewable sources	87.1%	86.2%

*Restated 2016 data.

303-1 e 303-2 | Suzano's total water consumption was 143 million cubic meters, 1.3% less than in the previous year. This result was driven by gains in the industrial units, mainly Mucuri. In the forestry units, there was a 52% increase in water consumption due to improvements in the measuring systems and greater demand for water as a result of climate conditions during the year. This value, however, does not significantly impact total consumption; the difference in forestry consumption accounts for only about 0.2% of total consumption in 2017.

We collect water for our activities from rivers near our industrial units, in accordance with the limits authorized by environmental agencies. Mucuri in Bahia and Suzano in São Paulo are the only units where this volume exceeds 5% of the average water flow in these bodies of water, accounting for 5.87% and 11.39% of the Mucuri and Tietê rivers, respectively.

Water collection by unit	Source type	Spring	Consumption (m ³)	
			2017	2016
UNI Imperatriz	Surface water	Rio Tocantins	38,920,094.82	36,929,219.23
UNI Mucuri	Surface water	Rio Mucuri	52,032,213.20	56,026,806.00
UNI Limeira	Surface water	Rio Piracicaba	23,567,062.38	23,995,101.94
UNI Suzano	Surface water	Rio Tietê	26,916,630.10	26,677,008.00
UNI Rio Verde	Surface water	Rio Tietê	753,360.00	751,126.20
UNF Maranhão	Surface water	Miscellaneous	130,653.56	23,560.00
	Underground water	Miscellaneous	20,531.50	6,493.00
UNF Bahia	Surface water	Miscellaneous	478,635.82	338,469.00
	Underground water	Miscellaneous	33,580.23	198,605.95
UNF São Paulo	Surface water	Miscellaneous	105,400.00	60,471.50
	Underground water	Miscellaneous	198,068.23	9,108.86
TOTAL	Surface water	Miscellaneous	142,904,049.88	144,801,761.87
	Underground water	Miscellaneous	252,179.96	214,207.81

302-2 |

Energy consumed outside the company, by operation type (GJ)	2017	2016*
Offices	2,087.92	2,409.31
Distribution centers	107,357.55	161,473.07
Forestry units	1,202,746.23	1,376,088.93
Industrial units	1,634,109.39	1,423,128.57
International logistics	3,011,506.46	2,924,120.81
TOTAL	5,957,807.55	5,887,220.69

*Restated 2016 data.

302-3 | In 2017, Suzano Pulp and Paper's energy intensity was 25.20 GJ per ton of finished product. Energy intensity is calculated to consider all energy consumed within the company in relation to the production of market pulp, paper, fluff, and tissue.

304-1 |

Use of land pertaining to the company and partners in 2017 (hectares)*	Owned	Leased	Subtotal	Outgrower program	Wood Market	Total
Plantation	361,851	145,197	507,048	63,947	39,927	610,922
Available for renovation	7,380	3,409	10,789	5,305	5,251	21,345
Available for plantation	94,469	7,854	102,323	247	0	102,570
Preservation	344,125	194,043	538,168	0	0	538,168
Infrastructure	35,408	9,441	44,849	0	0	44,849
TOTAL	843,233	359,944	1,203,177	69,499	45,178	1,317,854

* The consolidated total includes operating and non-operating areas. The total percentage of operating areas (own and belonging to third parties) that are FSC® certified is 78%.

Owned areas in or near conservation units, by forestry unit	Conservation units	Area (thousand hectares)	Biome
UNF Bahia	Near the Costa Dorada Environmental Protection Area (APA) and the Córrego do Veado and Sooretama Biological Reserves; within the Conceição da Barra APA, Rio Preto National Forest (FLONA), Itaúnas State Park, and the Córrego Grande Biological Reserve.	49.2	Atlantic Forest
	Within the Cassurubá Extractive Reserve.	100.8	Coastal Marine
UNF Maranhão	Near the Rio Taquari and Morros Garapenses APAs, the Natural Fossilized Tree Monument, the Extreme North of Tocantins State and Mata Grande Extractive Reserves, and the Bacurizinho, Krikati, Governador, Urucu and Apinaye Indigenous Reserves.	898.5	Cerrado
	Near the Upaon-Açu/Miritiba/Alto Preguiças APA, the Gurupi Biological Reserve, the Ciriaco Extractive Reserve, and the Arariboia, Madre Maria and Alto Rio Guama Indigenous Reserves.	2,569.6	Amazon
UNF São Paulo	Near the Paraíba do Sul River Basin APA, the Listed Natural Areas of the Edmundo Navarro de Andrade Museum and the Tietê Springs, the Angatuba, Caetetus, Paranapanema, Santa Maria, and Sebastião Aleixo da Silva/Bauru Ecological Stations, the Serra do Mar, Carlos Botelho, Intervalas, and Vassununga State Parks, the Paranapiacaba Biological Reserve, and the Araribá Indigenous Territory; within the Serra do Mar APA and the Tietê Springs Ecological Park.	1,201.7	Atlantic Forest
	Near the Corumbataí-Botucatu-Tejupá APA - Botucatu City Limits and the Itapeva, Itirapina and São Carlos Ecological Stations; within the Piracicaba-Juqueri-Mirim APA.	135.2	Cerrado*

*Areas with only the Cerrado biome or mixed with Atlantic Forest and Natural Grasslands.

304-4 | From time to time, our forestry units conduct two types of assessments to monitor species in conservation areas. Ecological assessment is faster and involves sampling, and is performed when High Conservation Value Areas must be identified or reevaluated. Monitoring campaigns are more thorough, involving expeditions during dry and rainy seasons. This type of assessment is conducted less often, usually every three to five years.

Bird species identified in forestry units by threat category	Bahia forestry unit		Maranhão forestry unit		São Paulo forestry unit	
	IUCN Red List	Brazilian list	IUCN Red List	Brazilian list	IUCN Red List	Brazilian list
Critically endangered	0	7	0	0	0	0
Endangered	11	14	3	3	0	0
Vulnerable	21	27	7	10	2	1
Near-threatened	0	0	10	0	2	0
Least concern	0	0	0	0	183	0
TOTAL	32	48	20	13	187	1

Mammal species identified in forestry units by threat category	Bahia forestry unit		Maranhão forestry unit		São Paulo forestry unit	
	IUCN Red List	Brazilian list	IUCN Red List	Brazilian list	IUCN Red List	Brazilian list
Critically endangered	1	2	0	0	0	0
Endangered	1	2	1	2	0	0
Vulnerable	9	13	8	11	2	4
Near-threatened	0	0	2	0	1	0
Least concern	0	0	0	0	12	0
TOTAL	11	17	11	13	15	4

Plant species identified in forestry units by threat category	Bahia forestry unit		Maranhão forestry unit		São Paulo forestry unit	
	IUCN Red List	Brazilian list	IUCN Red List	Brazilian list	IUCN Red List	Brazilian list
Critically endangered	0	0	0	0	0	0
Endangered	0	5	1	1	0	1
Vulnerable	9	6	0	3	0	0
Near-threatened	0	0	0	0	0	0
Least concern	0	0	6	0	30	0
TOTAL	9	11	7	4	30	1

305-1 | Between 2016 and 2017, Suzano reduced Scope 1 GHG emissions by around 59,000 tCO₂e, despite the increase in the company's pulp and paper production. This decrease in emissions accounted for a 6.45% reduction for the year. Most of this reduction in emissions is explained by better efficiency in the Imperatriz and Limeira industrial units. The improved performance of the Imperatriz industrial unit was the result of continuous improvements and operational adjustments that came along with the maturity of the unit (which came online in 2014). In the Limeira industrial unit, a biomass boiler was retrofitted in April 2017 to consume less natural gas, improving the facility's energy matrix and reducing emissions by 31,800 tCO₂e.

304-3 | In the forestry units, we set aside areas for preservation and identify High Conservation Value Areas (HCVA), such as Legal Reserve and Permanent Protection Areas (APPs). In São Paulo state we also have a partnership with Serra do Mar State Park to combat illegal extraction of the jussara palm tree.

HCVAs by forestry unit	Area (thousand hectares)	Biome
UNF Bahia	12.5	Atlantic Forest
UNF Maranhão	22.3	Amazon
	3.1	Cerrado
UNF São Paulo	1.2	Atlantic Forest
	1.3	Atlantic Forest/Cerrado
TOTAL	40.4	-

Scope 1 emissions per operation (tCO ₂ e)	2017		2016*	
	Emissions	Gross biogenic emissions	Emissions	Gross biogenic emissions
UNI Suzano	203,229.45	1,362,185.41	203,548.14	1,274,714.24
UNI Imperatriz	209,798.12	3,578,600.46	233,910.37	3,296,094.14
UNI Mucuri	189,797.35	3,721,395.70	196,745.81	3,974,304.80
UNI Limeira	96,047.69	1,422,712.13	127,863.37	1,397,594.30
UNI Rio Verde	25,726.67	0.00	26,822.73	0.68
UNF São Paulo	27,736.45	1,635.58	33,934.46	1,306.97
UNF Bahia	53,317.97	1,997.27	47,885.91	1,454.55
UNF Maranhão	63,183.67	1,818.39	58,080.02	1,633.37
SPP	3.62	0.00	17.99	0.62
FuturaGene	29.68	12.33		
Central office	411.37	593.98	347.75	565.82
International units	65.99	0.00	79.71	0.00
TOTAL	869,348.03	10,090,951.25	929,236.26	9,947,669.49

*Restated 2016 data.

305-2 | Suzano's Scope 2 emissions grew by about 7,400 tCO₂e, an increase of 11.26%. This growth in Scope 2 emissions is explained by the increase in the emissions factor for the National Interconnected System (electricity grid), which climbed 13.49% from 2016 to 2017.

Scope 2 emissions per operation (tCO ₂ e)	2017	2016*
UNI Suzano	37,643.03	33,851.29
UNI Imperatriz	255.98	299.47
UNI Mucuri	72.32	59.74
UNI Limeira	31,319.01	28,031.49
UNI Rio Verde	3,573.67	3,186.25
UNF São Paulo	35.49	46.88
UNF Bahia	7.52	7.55
UNF Maranhão	63.84	45.75
SPP	98.33	119.67
FuturaGene	50.36	-
Central office	22.86	33.16
International units	187.08	181.83
TOTAL	73,329.49	65,863.08

*Restated 2016 data.

305-3 | In 2017, a decrease of about 9,000 tCO₂e was observed in Suzano's Scope 3 emissions (1.95%). In the international units, emissions increased by 14,700 tCO₂e. This was partly the result of greater volumes of pulp and paper shipped to clients from the outbound port. Another factor that contributed to higher emissions was a greater percentage of road transport as opposed to rail transport at Suzano's United States unit. Emissions from road transport per tku (tons per kilometer, cargo unit) are about seven times higher than railroad transport. At the Maranhão forestry unit emissions dropped significantly, by approximately 24,000 tCO₂e, because less plastic packaging was incinerated. Another significant decrease in emissions was seen in outbound port-to-port shipments (around 8,000 tCO₂e); this can be attributed to the greater share of total vessel capacity comprised of cargo shipped to Suzano.

Scope 3 emissions per operation (tCO ₂ e)	2017		2016*	
	Emissions	Gross biogenic emissions	Emissions	Gross biogenic emissions
UNI Suzano	19,521.05	630.16	12,697.35	608.16
UNI Imperatriz	53,768.65	3,796.69	36,066.48	2,074.64
UNI Mucuri	37,866.17	2,931.82	41,985.75	2,901.72
UNI Limeira	28,397.32	1,262.41	25,845.38	1,198.02
UNI Rio Verde	1,367.95	97.22	688.60	35.73
UNF São Paulo	22,247.48	1,851.61	31,421.62	2,754.41
UNF Bahia	33,069.67	2,579.37	35,905.61	2,581.17*
UNF Maranhão	28,138.63	2,230.31	52,488.02	2,050.05
SPP	6,316.27	491.64	10,056.78	692.44
FuturaGene	41.59	4.86	-	-
Central office	2,417.88	0.00	2,010.79	0.00
Outbound port-to-port	166,214.93	0.00	174,189.38	0.00
International units	66,414.62	86.60	51,692.14	83.05
TOTAL	465,782.21	15,962.69	475,047.90	14,979.39

*Restated 2016 data.

305-4 | Suzano's overall emissions intensity decreased 8.37% between 2015 and 2017. Even despite increased production, the company emitted fewer greenhouse gases into the atmosphere.

Emissions intensity per unit (tCO ₂ e per ton of marketable pulp)*	2017	2016**	2015
UNI Suzano	0.395	0.393	0.432
UNI Imperatriz	0.140	0.167	0.157
UNI Mucuri	0.111	0.114	0.113
UNI Limeira	0.137	0.186	0.185
GENERAL OVERALL	0.197	0.214	0.215

*Includes pulp transported between the units, market pulp, and pulp directed toward paper production.

**Restated 2016 data.

305-6 |

Emissions of ozone depleting substances (kg)	2017	2016	2015
HCFC-22	3,671.52	8,571.18	7,511.92
HCFC-141b	187.20	727.05	493.00
HCFC-124	0.00	54.40	27.00
Others	1,338.03	711.05	3,553.00
TOTAL	5,196.75	10,063.68	11,584.92

305-7 |

Atmospheric emissions in 2017 (tons)	NOx	SOx	PM (particulates)	TRS
UNI Imperatriz	3,333.75	704.32	519.92	31.58
UNI Mucuri	3,418.63	81	1.165	73.17
UNI Limeira	1,053.78	690.32	755.27	21.42
UNI Suzano	1,180.40	320.60	327.00	48.40
UNI Rio Verde	15.51	0.00	0.00	0.00

306-1 | The wastewater from our units is only released into bodies of water (the Tocantins, Mucuri, Piracicaba, and Tietê Rivers) after treatment, and is not reused by any other company.

Wastewater released per unit in 2017	UNI Imperatriz	UNI Mucuri	UNI Limeira	UNI Suzano	UNI Rio Verde
Volume (mil m ³)	28,427.11	41,497.60	17,188	24,336	683.28
COD (mg/L)	272.95	13,247.00	13.15	239.4	248.50
BOD5 (mg/L)	6.59	20.1	0.77	24.2	50.10
AOx (t)	76.72	98.84	NA	NA	NA
Ptotal (t)	18.65	53.79	14.44	NA	NA
Ntotal (t)	81.82	184.52	178.75	NA	NA
pH	7.5	7.4	8.0	7.8	7.4
Temperature (°C)	36.7	28.06	27	26	24
Treatment method	Activated sludge	Primary treatment followed in parallel by: 1) Aerated lagoon and MBBR reactors, and 2) Activated sludge	Primary treatment, activated sludge, secondary treatment, polishing and disposal	Primary treatment, secondary treatment via aerated lagoons, polishing lagoon, and disposal	Primary treatment, secondary treatment via aerated lagoons, polishing lagoon, and disposal

306-2 |

Waste disposal in 2017 (tons)	UNI Imperatriz	UNI Limeira	UNI Mucuri	UNI Rio Verde*	UNI Suzano
Hazardous					
Storage	0	0	0	0	0
Landfill	0	4	127	0	0
Composting	0	0	0	0	0
Coprocessing	60	154	0	0	0
Incineration	0	0	0	0	0
Recycling	0	0	0	0	0
Reuse	0	0	0	0	0
Re-refining	15	0	70	0	0
Recovery**	0	0	0	0	32
Wastewater Treatment Plant	0	0	0	0	39
TOTAL	75	158	197	0	71
Non-hazardous					
Storage	0	0	215,938	0	0
Landfill	128,270	34,669	82,206	3,110	51,426
Composting	0	40,730	0	0	21,545
Coprocessing	0	38,319	0	0	0
Incineration	0	0	0	0	0
Recycling	57,083	29,165	4,454	2,569	81,387
Reuse	889	49,896	31,756	0	6,612
Re-refining	0	0	0	0	0
Recovery	0	0	0	0	0
Others	6,687	0	0	0	0
TOTAL	192,929	192,779	334,354	5,679	160,970

*Hazardous waste generated at UNI Rio Verde is forwarded to UNI Suzano before being sent to a specialist company for final treatment. Therefore, the waste generated at UNI Rio Verde is accounted as pertaining to UNI Suzano.

**In 2017, the Suzano, Rio Verde, and Limeira units directed 13,056 light bulbs toward recovery processing.

306-3 | As in 2016, no significant leaks were recorded.

306-5 | Water and wastewater discharge has no significant impact on the receiving bodies of water.

307-1 | We were issued 11 environmental fines in 2017, none involving significant amounts. We were not subject to any non-monetary sanctions (seizures, suspensions, work or activity embargoes, or restriction of rights) resulting from non-compliance with environmental laws and regulations.

401-1 |

Employee turnover by region ¹	Year	Hires	Resignations	Other dismissals	Mean headcount	Traditional turnover ²	Turnover Resignations ³	Resignation turnover ⁴
South	2017	22	12	12	83	27.7%	14.5%	14.5%
	2016	12	1	9	77	14.3%	1.3%	11.7%
Southeast	2017	456	80	380	4,094	11.2%	2.0%	9.3%
	2016	515	71	604	4,016	14.8%	1.8%	15.0%
Midwest	2017	9	0	0	35	12.9%	0.0%	0.0%
	2016	11	1	8	37	27.0%	2.7%	21.6%
Northeast	2017	666	39	310	3,511	14.5%	1.1%	8.8%
	2016	446	55	395	3,307	13.5%	1.7%	11.9%
North	2017	43	4	8	186	14.8%	2.2%	4.3%
	2016	56	1	26	167	24.9%	0.6%	15.6%
TOTAL	2017	1,196	135	710	7,909	12.9%	1.7%	9.0%
	2016	1,040	129	1,042	7,604	14.5%	1.7%	13.7%

1. Historical data restated to review the rate calculation method.

2. Average between hirings and total resignations divided by the mean headcount for the year.

3. Number of resignations divided by the mean headcount for the year.

4. Number of other dismissals divided by the mean headcount for the year.

Average headcount ¹	Year	Hires	Resignations	Other dismissals	Mean headcount	Traditional turnover ²	Turnover Resignations ³	Resignation turnover ⁴
Male	2017	986	108	591	6,848	12.3%	1.6%	8.6%
	2016	405	58	548	6,551	7.7%	0.9%	8.4%
Female	2017	210	31	129	1,060	17.5%	2.9%	12.2%
	2016	635	71	493	1,052	57.0%	6.7%	46.9%

1. Historical data restated to review the rate calculation method.

2. Average between hirings and total resignations divided by the mean headcount for the year.

3. Number of resignations divided by the mean headcount for the year.

4. Number of other dismissals divided by the mean headcount for the year.

Employee turnover by age group ¹	Year	Hires	Resignations	Other dismissals	Mean headcount	Traditional turnover ²	Turnover Resignations ³	Resignation turnover ⁴
Below 30	2017	631	54	172	2,092	20.5%	2.6%	8.2%
	2016	599	69	358	2,206	23.3%	3.1%	16.2%
30 to 50	2017	549	85	439	4,849	11.1%	1.8%	9.1%
	2016	434	59	580	4,720	11.4%	1.3%	12.3%
Above 50	2017	16	0	109	967	6.5%	0.0%	11.3%
	2016	7	1	103	677	8.2%	0.1%	15.2%

1. Historical data restated to review the rate calculation method.

2. Average between hirings and total resignations divided by the mean headcount for the year.

3. Number of resignations divided by the mean headcount for the year.

4. Number of other dismissals divided by the mean headcount for the year.

308-1 | Environmental criteria are analyzed during the process of registration and certification for specific supplier categories that require this type of evaluation. Last year, 66% of new suppliers were evaluated according to environmental criteria.

308-2 | Over the past year, 173 suppliers went through the environmental evaluation process. This process identified six suppliers which presented opportunities for improvement related to environmental criteria; action plans to address these criteria were defined and are currently being monitored by Suzano.

401-3 |

Maternity/paternity leave	2017	
	Men	Women
Number of employees entitled to parental leave	43	44
Number of employees who took parental leave	43	44
Number of employees returning to work after parental leave	43	44
Number of employees returning to work after parental leave who are still employed 12 months later	41	39
Return and retention rates for employees who took parental leave	100%	100%
Retention rate of employees who took parental leave	95%	89%

402-1 | Labor union agreements have not established a period of time to notify employees of operational changes. However, because we prioritize the relationship we have with our employees, we openly disclose any significant changes through Suzano's internal communication channels.

403-1 | In all units, we hold regular meetings of the Occupational Health and Safety Working Groups (GTSSO), with participation by managers and employees from operational areas who represent 100% of our workforce.

403-2 |

Frequency rate of employee accidents without lost time, by gender*	2017		
	Female	Male	General
UNI Suzano	0.00	0.99	0.99
UNI Rio Verde	0.00	2.95	2.95
UNI Mucuri	0.00	2.10	2.10
UNI Limeira	0.00	0.96	0.96
UNI Imperatriz	0.00	1.33	1.33
UNF São Paulo	0.00	1.47	1.47
UNF Bahia	0.00	0.48	0.48
UNF Maranhão	0.00	0.00	0.00
CDR/CDL (distribution)	0.00	2.42	2.42
São Paulo Office	0.00	0.00	0.00
TOTAL	0.00	0.90	0.90

*The frequency rate is calculated as the number of accidents per 1 million man-hours of risk exposure.

Frequency rate of service provider accidents without lost time, by gender*	2017		
	Female	Male	General
UNI Suzano	0.00	1.90	1.90
UNI Rio Verde	0.00	0.00	0.00
UNI Mucuri	0.00	1.81	1.81
UNI Limeira	0.00	3.65	3.65
UNI Imperatriz	0.00	2.45	2.45
UNF São Paulo	0.00	1.20	1.20
UNF Bahia	0.00	0.98	0.98
UNF Maranhão	0.00	0.28	0.28
CDR/CDL (distribution)	0.00	0.00	0.00
São Paulo Office	0.00	0.00	0.00
TOTAL	0.00	1.12	1.12

*The frequency rate is calculated as the number of accidents per 1 million man-hours of risk exposure.

Frequency rate of employee accidents with lost time, by gender*	2017		
	Female	Male	General
UNI Suzano	0.00	2.31	2.31
UNI Rio Verde	0.00	2.95	2.95
UNI Mucuri	0.00	0.00	0.00
UNI Limeira	0.00	0.48	0.48
UNI Imperatriz	0.00	0.00	0.00
UNF São Paulo	0.00	0.00	0.00
UNF Bahia	0.00	0.48	0.48
UNF Maranhão	0.00	1.17	1.17
CDR/CDL (distribution)	0.00	0.81	0.81
São Paulo Office	0.00	0.00	0.00
TOTAL	0.00	0.77	0.77

*The frequency rate is calculated as the number of accidents per 1 million man-hours of risk exposure.

Frequency rate of service provider accidents with lost time, by gender*	2017		
	Female	Male	General
UNI Suzano	0.00	0.76	0.76
UNI Rio Verde	0.00	0.00	0.00
UNI Mucuri	0.00	0.60	0.60
UNI Limeira	0.00	1.46	1.46
UNI Imperatriz	0.00	0.00	0.00
UNF São Paulo	0.00	0.80	0.80
UNF Bahia	0.00	0.00	0.00
UNF Maranhão	0.00	0.28	0.28
CDR/CDL (distribution)	0.00	0.00	0.00
São Paulo Office	0.00	0.00	0.00
TOTAL	0.00	0.35	0.35

*The frequency rate is calculated as the number of accidents per 1 million man-hours of risk exposure.

Rate of lost workdays among employees, by gender*	2017		
	Female	Male	General
UNI Suzano	0.00	26.73	26.73
UNI Rio Verde	0.00	14.75	14.75
UNI Mucuri	0.00	0.00	0.00
UNI Limeira	0.00	27.81	27.81
UNI Imperatriz	0.00	0.00	0.00
UNF São Paulo	0.00	0.00	0.00
UNF Bahia	0.00	2.41	2.41
UNF Maranhão	0.00	17.58	17.58
CDR/CDL (distribution)	0.00	24.15	24.15
São Paulo Office	0.00	0.00	0.00
TOTAL	0.00	12.44	12.44

*The severity rate is calculated by amount of lost time per each 1 million man-hours of risk exposure.

Rate of lost workdays among service providers, by gender*	2017		
	Female	Male	General
UNI Suzano	0.00	2.29	2.29
UNI Rio Verde	0.00	0.00	0.00
UNI Mucuri	0.00	1,840.00	1,840.00
UNI Limeira	0.00	41.60	41.60
UNI Imperatriz	0.00	0.00	0.00
UNF São Paulo	0.00	64.97	64.97
UNF Bahia	0.00	0.00	0.00
UNF Maranhão	0.00	6.35	6.35
CDR/CDL (distribution)	0.00	0.00	0.00
São Paulo Office	0.00	0.00	0.00
TOTAL	0.00	223.37	223.37

*The severity rate is calculated by amount of lost time per each 1 million man-hours of risk exposure.

403-3 | Our activities are not related to a high occurrence of specific diseases. When occupational hazards are detected, they are eliminated or minimized through the adoption of administrative and engineering measures in work processes, regular use of Personal Protective Equipment (PPE), ergonomic analyses and adjustments, and preventive measures (such as workplace exercise).

403-4 | Suzano's collective bargaining agreements include clauses related to various aspects of occupational health and safety. Notable among these are structuring of and work by safety committees, periodic inspections to identify risks, compliance with OHSAS 18001 and Brazilian Ministry of Labor standards, training, providing channels for complaints and grievances and problem-solving structures, guaranteed right of refusal, appropriate use of PPE, performance indicator management per unit, and recognition for teams that excel in safety management.

404-3 | Suzano's employee performance assessments extend to our entire staff. Each employee undergoes a yearly evaluation process called Development Management which assesses each person's level of deliveries and related performance. Each staff member initially performs a self-assessment, and the manager follows with an assessment of this performance. Assessment validation committees are also established and include leadership in an effort to harmonize discussions and acknowledge other viewpoints. The next step involves formal feedback sessions known as Touchpoints, in which the manager and employee work together to construct an individual development plan.

404-1 |

Average number of training hours per employee	2017			2016		
	Female	Male	Consolidated	Female	Male	Consolidated
Administration	2.54	4.47	7.01	2.85	4.38	7.23
Apprentice	8.29	8.27	16.56	7.59	10.46	18.05
Board Member	0.00	0.00	0.00	0.00	3.00	3.00
Consultant	6.11	5.76	11.87	3.64	4.95	8.59
Coordinator	16.28	6.35	22.63	7.51	6.41	13.92
Director	4.00	5.00	9.00	0.00	3.61	3.61
Specialist	5.82	7.16	12.98	4.70	5.44	10.14
Intern	6.38	7.45	13.83	4.87	15.35	20.22
Manager	8.40	10.53	18.93	47.37	23.93	71.30
Operations	9.14	9.11	18.25	7.25	8.97	16.22
Supervisor	4.94	9.35	14.29	2.21	5.87	8.08
TOTAL AVERAGE	71.90	73.45	145.35	87.99	92.37	180.36

405-1 |

Gender diversity by position level in 2017	Female	Male	Total
Administrative	343	753	1,096
Board Member	1	13	14
Consultant	73	268	341
Coordinator	34	121	155
Director	0	9	9
Managing Director	1	6	7
Specialist	307	412	719
Executive Manager	6	44	50
Role Manager	26	146	172
Operations	229	4,868	5,097
Supervisor	6	178	184
GRAND TOTAL	1,026	6,818	7,844

405-2 |

Ratio of women's compensation to men's compensation by position level in 2017

Administrative	79%
Aprendiz	100%
Consultant	91%
Coordinator	87%
Specialist	91%
Executive Manager	112%
Role Manager	100%
Operations	77%
Supervisor	88%
AVERAGE	89%

412-1 | 100% of our operations are subject to human rights assessment mechanisms through our corporate governance practices, conduct guidelines, and the Ombudsman Channel.

Age group diversity by position level in 2017	Below 30	30 to 50	Above 50
Administrative	398	641	57
Board Member	3	1	10
Consultant	52	224	65
Coordinator	21	117	17
Director	0	7	2
Managing Director	0	5	2
Specialist	351	325	43
Executive Manager	0	34	16
Role Manager	5	148	19
Operations	1,284	3,262	551
Supervisor	12	135	37
GRAND TOTAL	2,126	4,899	819

407-1, 408-1 e 409-1 | In order to ensure appropriate conditions for all employees, all our suppliers must commit to comply with the requirements of the social and environmental responsibility agreement. This contract addresses adherence to best practices related to forced, compulsory, or child labor, anti-corruption legislation, the right to collective assembly, and the environment, among others. Furthermore, we continually monitor these partners on labor criteria and field audits. During the reporting period, no real or potential risks were found in the operation of Suzano or its suppliers with regard to non-compliance with these requirements.

411-1 | There were no cases of indigenous rights violations in 2017.

Area	Aspect	Impact	Procedures
Wood transport	<ul style="list-style-type: none"> • Vehicles traffic on roadways • Wood falling on roads during transport 	<ul style="list-style-type: none"> • Damage to public property (roads, sidewalks, etc.), resulting in time lost on roads and economic losses related to road and vehicle maintenance • Risk of accidents • Dust from wood transport 	<ul style="list-style-type: none"> • Maintain roads used by communities • Notify affected stakeholders of maintenance activities undertaken and clarify that other companies also carry loads and are responsible for roadway maintenance • Publicize communication channels for grievances and suggestions • Remove any loose materials from loads that might fall during transit (bark, branches, and other debris) according to wood transport procedure • Communicate these measures and safety procedures adopted to stakeholders
Forestry	<ul style="list-style-type: none"> • Herbicide application and spraying • Shade caused by eucalyptus plantations • Falling trees • Plantation growth 	<ul style="list-style-type: none"> • Perceived health risk from application of herbicides in eucalyptus cultivation • Shading neighboring crop, resulting in low productivity and economic losses • Power outages when trees fall on lines • Blockage of cell phone signal by older plantations 	<ul style="list-style-type: none"> • Apply herbicides according to control procedures and plantation quality • Maintain a safe distance from communities, wells and rivers used for public water supply during aerial application, according to applicable legislation • In aerial application of herbicide, inform stakeholders in surrounding areas of the duration of the activity and health and safety procedures • Inform stakeholders about procedures for applying herbicides • Maintain distance between cultivated areas and communities, residents, and power lines, according to procedure
Wood transport and/or harvesting	<ul style="list-style-type: none"> • Noise caused by harvesters and trailers • Cutting stands, causing displacement or proliferation of venomous animals and insects 	<ul style="list-style-type: none"> • Discomfort and sleep disturbance • Venomous animals and insects enter homes 	<ul style="list-style-type: none"> • Reduce truck speed near neighborhoods and residential areas, according to procedure and route schedule • Train drivers • Avoid harvesting at night near residences • Publicize communication channels for grievances and suggestions • Whenever possible, when harvesting near residences work from the outside edges toward the inner area of the forest
Eucalyptus cultivation	<ul style="list-style-type: none"> • Extension eucalyptus cultivation • Consumption of water from the soil and water table 	<ul style="list-style-type: none"> • Difficulties generating income and unemployment in the region • Belief that eucalyptus plantations reduce water availability 	<ul style="list-style-type: none"> • Engage in associations participating in income generation projects • Inform stakeholders about sustainable management to dispel myths about water consumption in eucalyptus cultivation

414-1 | The Supplier Registration and Certification process utilizes a system that conducts automatic checks with government agencies such as the National Register of Ineligible and Suspended Companies (CEIS), the Not-for-Profit Entities Debarment List, (CEPIM), and the Brazilian Ministry of Labor to verify potential non-compliance with social and labor laws. In this respect, all our suppliers are assessed based on social criteria.

414-2 | We regularly monitor our supply chain to mitigate labor, social, and financial risks, among other types. Of the 283 suppliers we monitored in 2017, action plans and follow up strategies were defined for 24. During the year, we decided to terminate our relationship with nine suppliers.

GRI content index

GRI Standard	Disclosure	Page	Omissions
GRI 101 Foundation 2016*			
General standards			
	Organizational profile		
	102-1 Name of the organization	12	-
	102-2 Activities, brands, products, and services	12, 14 and 15	-
	102-3 Location of headquarters	99	-
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	102-5 Ownership and legal form	20	-
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	102-9 Supply chain	54 and 76	-
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GRI 102 General standards 2016	102-11 Precautionary principle or approach	30 and 31	-
	102-12 External initiatives	76	-
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	102-14 Statement from senior decision-maker	5, 6 and 7	-
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	Ethics and integrity		
	102-16 Values, principles, standards, and norms of behavior	9, 10, 11 and 20	-
	102-17 Mechanisms for advice and concerns about ethics	22	-
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	102-23 Chair of the highest governance body	78	-
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	102-35 Remuneration policies	78	-

*Year of publication of GRI Standards adopted in this report.

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	102-55 GRI content index	94, 95, 96, 97 and 98	-
	102-56 External assurance	78	-

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	103-2 The management approach and its components	20, 22, 23, 24, 25, 34, 35, 36, 38, 39, 40, 41, 48, 49, 54 and 55	-
	103-3 Evaluation of the management approach	20, 22, 23, 24, 25, 34, 35, 36, 38, 39, 40, 41, 43, 44, 48, 49, 54 and 55	-
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	202-2 Proportion of senior management hired from the local community	79	-
GRI 203 Indirect economic impacts 2016	203-2 Significant indirect economic impacts	35, 36 and 40	-
GRI 204 Procurement practices 2016	204-1 Proportion of spending on local suppliers	79	-
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GRI 409 Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	91	-
GRI 412 Human rights assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	91	-
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