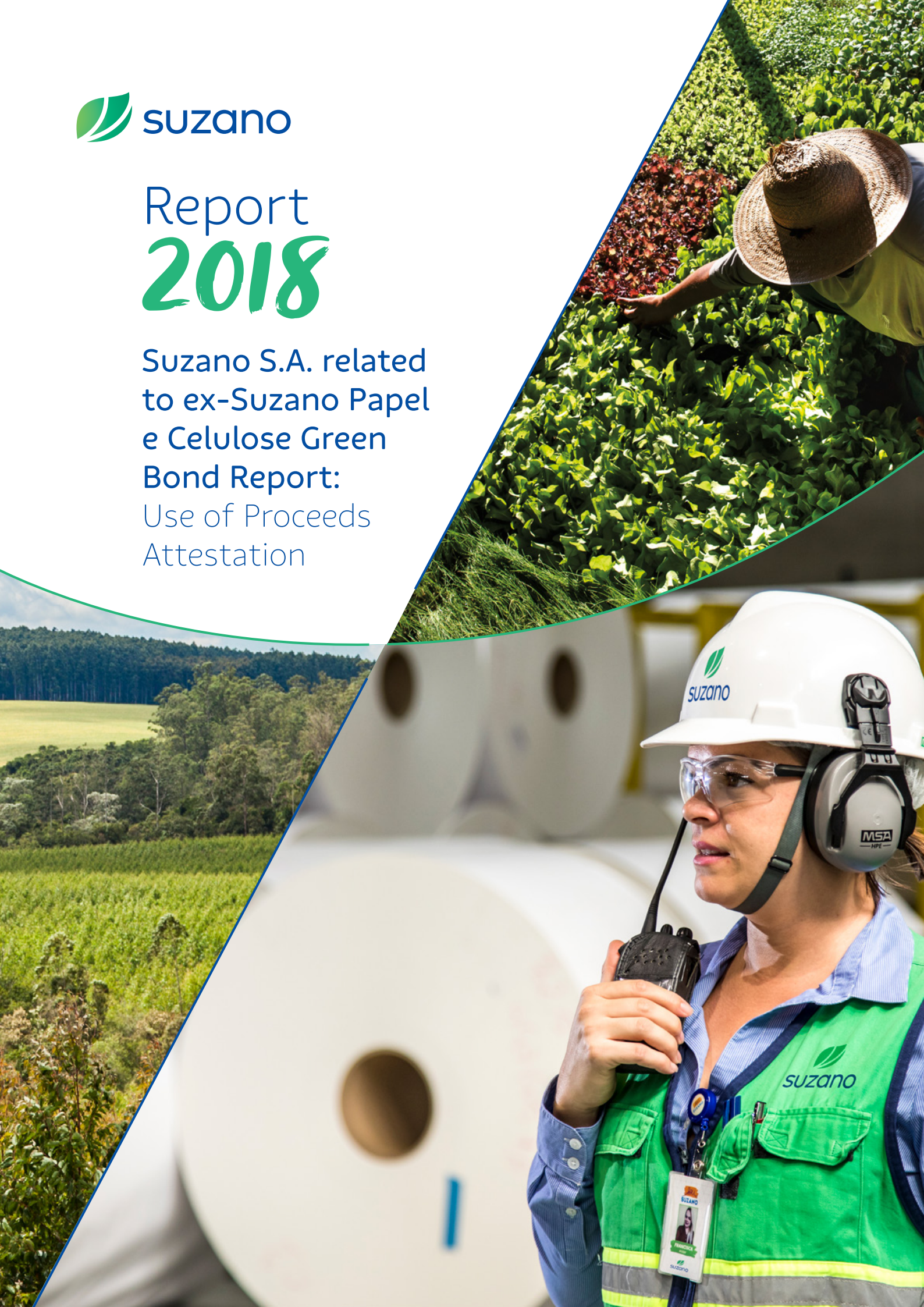




# Report 2018


Suzano S.A. related  
to ex-Suzano Papel  
e Celulose Green  
Bond Report:  
Use of Proceeds  
Attestation











# Suzano S.A. related to ex-Suzano Papel e Celulose Green Bond Report: Use of Proceeds Attestation

May 2019

In January 2017, Suzano Papel e Celulose S.A., one of the Company's that merged in January 2019 to form Suzano S/A, issued a green bond for USD 700 million in aggregate principal amount, part of the Company's ongoing commitment to its sustainability strategy. Through this report, Suzano Papel e Celulose S.A. intends to disclose a use of proceeds attestation pertaining to 2018 allocation. For previous use of proceeds check ([http://ir.suzano.com.br/fck\\_temp/16\\_66/file/Green%20Bonds%20-%20Annual%20Report%202018.pdf](http://ir.suzano.com.br/fck_temp/16_66/file/Green%20Bonds%20-%20Annual%20Report%202018.pdf)). For more information, view Second Opinion Statement ([http://ir.suzano.com.br/fck\\_temp/16\\_60/file/Green%20Bonds%20Annual%20Report%20-%202018.pdf](http://ir.suzano.com.br/fck_temp/16_60/file/Green%20Bonds%20Annual%20Report%20-%202018.pdf)).

Forest mosaic  
in Aracruz  
(Espírito Santo state)  
Photo: Marcio Schimming

# Introduction

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

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

The raising of funds through the sale of green bonds and investing in constant improvements at our operations serves as one more example

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

In the pages that follow, we present the main advances that occurred in these initiatives during 2018. We hope that this document can support investors and shareholders in making future decisions, demonstrating the generation of economic and environmental value at our operations.

Enjoy your reading.

AT SUZANO, WE NOW HYPHENATE STRONG-AND-KIND. OUR STRENGTH COMES WITH CARE. WE CULTIVATE AS WE PIONEER. THE SUM OF STRENGTH AND KINDNESS MAKES US EVOLVE IN OUR RELATIONSHIPS WITH PEOPLE AND THE ENVIRONMENT. WE BELIEVE THAT BALANCE IS AT THE HEART OF LIFE AND THAT STRENGTH MULTIPLIES WHEN THERE IS SUPPORT, AFFECTION, AND KINDNESS.

# Our Company

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

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

Through our products, we are present in the daily lives of billions of consumers in Brazil and in the countries where we ship our exports. Last year, we also entered a new market segment, with the beginning of tissue paper production. Following

that, we began manufacturing finished products - with two plants in Mucuri, Bahia, and Imperatriz, Maranhão - as well as purchasing the operations of Facepa (Fábrica de Papel da Amazônia S.A.), bolstering our presence in the North and Northeast markets.

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

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

## The three pillars

1

### STRUCTURAL COMPETITIVENESS

Operate with the greatest efficiency and lowest production costs.

2

### ADJACENT BUSINESSES

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

3

### RESHAPING THE INDUSTRY

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

# The Green Bond

We were the first company in Latin America to issue dollar-denominated green bonds. In 2016, we concluded an operation that raised \$ 500 million – a sale recognized by the IBEF (Brazilian Institute of Financial Executives) with its Golden Tombstone prize in the Debt category.

In 2017, we went further, reopening the green bond and raising an additional volume of \$ 200 million. These bonds – 2026 Senior Notes – were issued in September of last year, with a yield of 4.625% a year. [Click here](#) for more information about the issuance.

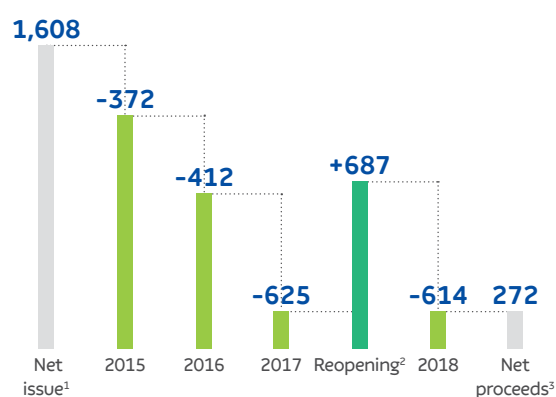
The green bond issue followed the Green Bond Principles created by the International Capital Markets Association (ICMA). Adherence to Green Bond Principles shows investors and other market actors that we follow stricter standards for sustainability and transparency performance.

We will direct these resources toward environmental projects at forestry areas and industrial plants that meet one or more eligibility criteria (*learn more in the box on the right*).

The investments, selected following criteria stipulated in the bond prospectus, were analyzed and approved by the Sustainalytics international consultancy.

## RAISING AND INVESTMENT OF GREEN BOND FUNDS

(R\$ million)



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

<sup>2</sup> Converted to reais on 12/21/17. The reopening of the green bond raised \$ 200 million, plus goodwill. The net amount, after discounting the operation's financial costs, was equivalent to R\$ 687 million.

<sup>3</sup> Amount available for investment at the end of 2018.

## ELIGIBILITY CRITERIA

<b>Sustainable Forests – Forest Management</b>	Investment related to the sustainable management of forests and compliance with national and international certifications standards
<b>Sustainable Forests – Restoration of degraded areas</b>	Expenditures related to restoration of degraded areas and conservation of natural ecosystems
<b>Biodiversity Conservation</b>	Investment in projects of maintenance of natural areas (and their eventual expansion) and preservation of biodiversity and ecosystem services
<b>Water Management</b>	Investment in projects of maintenance of natural areas (and their eventual expansion) and preservation of biodiversity and ecosystem services
<b>Energy Efficiency</b>	Projects that increase energy efficiency, including actions to reduce fossil fuels consumption
<b>Renewable Energy</b>	Investments in projects that reduce greenhouse-gas emissions (GHG) through energy generation using renewable sources and/or the substitution of fossil fuels

In addition to the dollar-denominated green bonds, we also carried out the first issue of local-currency green bonds in the Brazilian market (Green CRA). [Click here](#) to access The Green CRA.

## Project: Debottlenecking and modernization of Imperatriz Unit

The project to remove bottlenecks and modernize the Imperatriz (Maranhão) unit, completed in August 2017, helped improve the pulp-washing system during the cooking process, leading to environmental improvements and productivity gains during the pulp-bleaching stage.

Thanks to the installation of new equipment and adjustments in the process, the pulp's chemical oxygen demand (COD) declined, minimizing the need for chemical inputs during the production

process. There was a 3.5% reduction in the quantity of the main pulp-production chemical components – chlorine dioxide, caustic soda (sodium hydroxide) and sulfuric acid – used to make each air-dry metric tonne (ADMT) between 2016 and 2017.

Carried out during two phases – during the general stoppages in 2016 and 2017 at the unit – the project is still facing a learning curve. The gains noted during the past year are considered marginal and should improve in the future.

### TECHNICAL DETAILS

**Total Allocation of proceeds until 2018 (R\$ Thousand):** BRL 126,701

## Project: Imperatriz WWT

The expansion of the Wastewater Treatment Plant (WWTP) at the Imperatriz unit, concluded in 2016, provided environmental gains in the past year. The project was included in the facility's 2013 plan, and construction started after the factory began operations in order to provide support for the expansion of production capacity.

In 2017, production volume expanded at the unit, with a resulting increase in the gross volume of effluents sent to the WWTP. Even with the increased volume of effluents to be treated, the efficiency of the process – assured thanks to the

expansion of the treatment capacity – led to even better outcomes in terms of the quality of the final effluent.

We should note that the water quality parameters reported at the unit were already considered excellent, according to international benchmarks by the World Bank (IFC Guideline) and the European Commission that consider up to 15.5 kg of COD per air-dry metric tonne (ADMT) to be in alignment with best practices. In the last year, after the installation of the ETE, we achieved the performance of 5.25 kg COD/ADMT.

### TECHNICAL DETAILS

**Total Allocation of proceeds until 2018 (R\$ Thousand):** BRL 2,683

## Project: Mucuri WWT

The new wastewater treatment plant (WWTP) at the Mucuri (Bahia) unit was concluded ahead of schedule, with construction ending in 2017 and providing a direct impact on the quality of the effluent released into the Mucuri River. The investment was necessary to support the increase in printing and writing paper output, and the start of tissue manufacturing.

The initiative included the installation of a WWTP with an activated sludge system that operates in parallel with the current aerated-lagoon wastewater treatment plant. The former is more efficient, removing 99% of Biochemical Oxygen Demand (BOD), compared with a 94% efficiency rate for the lagoon system.

The project meets one of our business's main demands: maintaining plants' operational capacity during periods of drought in the region. During droughts, with the consequent reduction in the volume of the Mucuri River, the capacity of releasing higher-quality effluent into this body of water mitigates any risk of production stoppages, as well as ensuring the environmental efficiency of industrial operations.

In 2017 the total concentration of BOD released remained stable compared to 2016, but the comparison was affected by the limited operation period of the new WWTP, considering the fact that operation began in the last quarter of 2017. Starting this year, with the asset fully operational, the expectation is for a significant improvement in the water quality parameter.

### TECHNICAL DETAILS

**Total Allocation of proceeds until 2018 (R\$ Thousand):** BRL 67,907

## Project: Limeira WWT

The swapping out of equipment at the wastewater treatment plant (WWTP) at the Limeira (São Paulo) unit led to improvements in efficiency and reduced environmental impacts forecast for the plant. The initiative, concluded in 2016, involved the swapping out of old aerators, which were less energy efficient and required the injection of liquid oxygen during treatment, for a waterfall-type model, which is more modern and requires less energy.

As a result, the specific use of energy during the past year dropped by 50%, and the need to buy and apply liquid oxygen was eliminated for good. The local impacts resulting from the improvements were noted in the reduction of the perception of odors. Only one complaint from the community relating to this matter was reported, a record for the plant.

### TECHNICAL DETAILS

**Total Allocation of proceeds until 2018 (R\$ Thousand):** BRL 1,429



## Project: Forest recovery

The investments we have carried out in recovering degraded areas and in preserving and managing the remaining native vegetation are part of our business strategy, and help protect biomes in the Amazon, Atlantic Forest, and in the Cerrado. Alongside our operations' alignment with the commitments made to environmental agencies and in order to comply with regulations – such as the National Forest Code – our restoration activities help fight climate change, since they build carbon stocks as growing vegetation captures carbon dioxide from the atmosphere.

In addition, reclaimed areas provide other ecosystem services, such as groundwater recharge, natural pests control that can damage plant species, and the protection and maintenance of soil properties.

The communities close to our facilities also benefit from having access to spaces set aside for non-timber activities, which contribute to the generation of complementary income, and from having access to educational activities, with a

focus on raising awareness about the importance of environmental preservation.

All areas set to be recovered are evaluated during a diagnostic stage, which may include aerial imagery analyses and field studies. Based on this characterization report, we identify the current level of degradation and the conditions necessary for the recovery of each area, information that provides support for the planning of future recovery activities.

Local communities' involvement in forest-restoration projects complements our integrated way of working on this topic. With the "One seed for every like" campaign, promoted on Suzano's social networks, we planted a native tree seed for each "like" received on the social network, allowing people living in urban centers far from the planting areas to have an impact on the campaign. In the benefitted municipalities, we encourage volunteers to participate in the activities – which have already resulted in more than 18,200 seedlings planted.

### TECHNICAL DETAILS

Total Allocation of proceeds until 2018 (R\$ Thousand): BRL 7,899

<b>SUSTAINABLE FORESTRY</b> Degraded areas recovery and maintenance of natural ecosystems	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
1- Areas being recovered (ha)	5,503	5,571	5,886	7,274

## Project: Mucuri river springs

We are taking action beyond our ecosystem restoration operations, through partnership with NGOs and other institutions. In this context, the Mucuri River Springs Project, launched in 2017 by Suzano in partnership with The Nature Conservancy (TNC), is worth mentioning. The initiative involves environmental education efforts and activities to qualify local producers, as well as the restoration of about

2,500 springs and support for government preservation policies. Recovery of native forests is vital for preserving the availability of water resources of the Mucuri River. Furthermore, the vegetation helps on groundwater recharging, which then appear as springs. As a result, all the communities in the Mucuri Basin, including those in the municipalities where we have forestry and industrial operations, benefit.

### TECHNICAL DETAILS

**Total Allocation of proceeds until 2018 (R\$ Thousand):** BRL 488

## Project: Preserving biodiversity

We are present in three important Brazilian biomes: the Atlantic Forest, Cerrado, and Amazon – as well as at their borders. We are committed to the integrity of these habitats, and have adopted a number of measures for biodiversity preservation.

In the operational units, we periodically carry out fauna and flora monitoring at the High Conservation Value Areas (HCVAs), in two modalities: rapid ecological assessments and more complete species-identification campaigns. The frequency of these monitoring activities varies among our three operational units, in accordance with their local characteristics.

Eucalyptus plantations in mosaic system, intercalating the plots with areas of natural

vegetation, allow the maintenance and development of species of fauna and flora via ecological corridors. This technique helps to conserve endangered animal species and preserve biodiversity in natural ecosystems.

Through the Neblinas Park (see more on page 11), we have expanded the impact of this topic by awareness-raising courses for eco-tourists and by promoting environmental education activities, as well as supporting academic research and engaging the local community in various initiatives. The 6,000-hectare area of Atlantic Forest is owned by Suzano Papel e Celulose and is managed by Ecofuturo Institute, an organization founded in 1999 and which has our company as its main sponsor.

### TECHNICAL DETAILS

**Total Allocation of proceeds until 2018 (R\$ Thousand):** BRL 12,584



<b>CONSERVATION</b> Maintenance of natural areas, studies and monitoring	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
1 - Total natural areas (hectares)	479,345	491,376	538,168	554,883
2 - Natural areas/total area (%)	44.17	44.42	44.70	44.36
3 - Natural areas/planted area (%)	109.76	108.70	106.10	102.27
4 - HCVAs identified and maintained	30	27	31	33
6 - Benefitted by environmental education programs	3,247	4,276	5,962	3,376
7 - Eco-tourists at Neblinas Park	2,544	3,355	3,392	4,839
8 - Number of studies carried out at Neblinas Park	4	3	16	14

## Project: Sustainable forestry

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

Our plantations adopt the best techniques and technologies. These include minimal cultivation, which maintains leaves, tree bark, and other natural elements in the soil, which is a way to avoid soil exhausting and reduce the use of agrochemicals. We also do not use burns during our eucalyptus cutting

and harvesting processes, reducing the carbon footprint of our forestry activities and any other negative impacts of this practice.

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

### TECHNICAL DETAILS

**Total Allocation of proceeds until 2018 (R\$ Thousand):** BRL 1,779,736

<b>SUSTAINABLE FORESTRY</b> Sustainable forestry in accordance with international standards	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
1 - Carbon stock in planted areas (tCO <sub>2</sub> e)	55,164,857.82	54,831,925.56	57,867,710.70	70,464,382.51

# Appendix A:

## External Auditor Report



### Suzano Papel e Celulose

**TYPE OF ENGAGEMENT:** Annual Review

**DATE:** April 2019

**ENGAGEMENT LEADER:** Ankita Shukla, Project Manager, [ankita.shukla@sustainalytics.com](mailto:ankita.shukla@sustainalytics.com), +1(617) 603 3329  
Mayur Mukati, Project Support, [mayur.mukati@sustainalytics.com](mailto:mayur.mukati@sustainalytics.com), +1 (647) 936 5656

#### INTRODUCTION

In June 2016, Suzano Papel e Celulose ("Suzano") issued 500m USD in green bonds aimed at financing projects focused on sustainable forestry, conservation, water management, energy efficiency, and renewable energy. Suzano had a re-tap of the green bond in September 2017, raising an additional 200m USD. In April 2019, Suzano engaged Sustainalytics to review the projects funded through the issued green bonds and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Suzano Green Bond Framework. This is Sustainalytics' second annual review of Suzano's 2016 and 2017 green bonds following a previous review in April 2018.

#### EVALUATION CRITERIA

Sustainalytics evaluated projects funded in 2018 based on whether:

1. Proceeds were allocated to projects that met the Use of Proceeds and Eligibility Criteria outlined in the Suzano Green Bond Framework; and
2. Projects financed reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Green Bond Framework.

The table below lists the Framework's Use of Proceeds and Key Performance Indicators.



**TABLE 1: USE OF PROCEEDS AND KPIS**

USE OF PROCEEDS	PROJECT	KEY PERFORMANCE INDICATORS
<b>Sustainable Forestry</b>	Sustainable management of forests that comply with international and national standards such as FSC, Cerflor (PEFC) or equivalent certification	Carbon stock in planted areas (tCO <sub>2</sub> e)
	Restoration of native forest cover from degraded lands	Continued maintenance of FSC, Cerflor (PEFC) or equivalent internationally recognized certification
<b>Conservation</b>	Maintenance and development of conservation areas; protection of native plants and animal species and biodiversity	Total land area with restoration in progress (hectares)
		Total leased and owned land area with conserved native vegetation (hectares)
		Total leased and owned land area with conserved native vegetation/ total leased and owned land area (percent)
		Total leased and owned land area with conserved native vegetation/ total leased and owned planted land area (percent)
		Number of HCVAs identified and maintained
		Number of fauna species found in HCVAs
		Number of beneficiaries of environmental education programs
<b>Water Management</b>	Development of technologies and systems to increase quality of treated waste water, increase water reuse, and reduce water consumption	Number of ecotourists at Parque das Neblinas
		Number of research studies developed at Parque das Neblinas
		Reduction in fibre content in effluent (mg/L or percent)
<b>Energy Efficiency</b>	Projects that increase energy efficiency, including through reduction in fossil fuel consumption	Reduction in Chemical Oxygen Demand or Biochemical Oxygen Demand (mg/L or percent)
		m <sup>3</sup> of water saved, reduced, or reused
		kWh saved/reduced
<b>Renewable Energy</b>	Substitution of fossil fuels with renewable sources and/or generation of energy from renewable sources	Tons of fossil fuel saved/reduced
		kWh produced
		CO <sub>2</sub> emissions avoided

## ISSUING ENTITY'S RESPONSIBILITY

Suzano is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact.

## INDEPENDENCE AND QUALITY CONTROL

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Suzano's Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Suzano employees and review of documentation to verify conformance with the Suzano Green Bond Framework.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to oversee the process.

## CONCLUSION

Based on the limited assurance procedures conducted,<sup>1</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of Suzano green bonds, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Green Bond Framework. Suzano has disclosed to Sustainalytics that 88.18% of the proceeds of the green bonds were allocated as of December 2018.

<sup>1</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

## DETAILED FINDINGS

TABLE 2: DETAILED FINDINGS

ELIGIBILITY CRITERIA	PROCEDURE PERFORMED	FACTUAL FINDINGS	ERROR OR EXCEPTIONS IDENTIFIED
<b>Use of Proceeds Criteria</b>	Verification of the projects funded by the Green bond in 2018 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Green Bond Framework and above in Table 1. For a list of projects financed by eligibility criteria, please refer to Appendix 1.	All projects financed complied with the Use of Proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the projects funded by the Green bond in 2018 to determine if impact of projects was reported in line with the KPIs outlined in the Green Bond Framework and above in Table 1.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

## APPENDIX 1: PROJECTS VERIFIED BY ELIGIBILITY CRITERIA

PROJECT CATEGORY	PROJECT	DESCRIPTION	AMOUNT ALLOCATED	
			2015-2017 <sup>2</sup>	2018
<b>Water Management</b>	Debottlenecking and modernization of Imperatriz Unit	Investment in retrofit and debottleneck at the Imperatriz Unit to increase production capacity and decrease the effluent load. This investment may also reduce the consumption of inputs such as sodium hydroxide from 16.5 kg to 15 kg / ADMT, hydrogen peroxide from 7 kg to 5 kg / ADMT, among others.	126,701,704	0
<b>Water Management</b>	WWTP Mucuri	Development of a new effluent treatment plant at the Mucuri Unit; which may reduce the organic matter load in the final effluent (BOD5) from an average of 67 mg / L to 27.5 mg / L.	67,907,801	0
<b>Water Management</b>	WWTP Imperatriz	Completion of the implementation of the ETS of the Imperatriz Unit.	2,683,706	0
<b>Energy Efficiency</b>	WWTP Limeira	Replacement of the waste stabilization pond aerators for a more energy efficient alternative	1,429,404	0
<b>Sustainable Forestry</b>	Sustainable Forestry -Restoration of degraded (leased) lands and conservation of natural ecosystems	The restoration project aims to restore areas that have been degraded over time, or that are in disagreement with the current environmental legislation, especially regarding areas newly acquired or leased properties (inherited liabilities and in most cases their restoration is not Suzano's legal responsibility). The recovery and conservation of natural areas does not only influence the maintenance of ecosystems but also promote the creation of natural enemies of pests that compromise flora species, groundwater recharge, soil protection, carbon capture and non-timber supply to extractive communities.	7,899,311	0

<sup>2</sup> The previous annual review conducted in April 2018 includes the allocation amounts provided for the period 2015-2017.



PROJECT CATEGORY	PROJECT	DESCRIPTION	AMOUNT ALLOCATED	
			2015-2017 <sup>2</sup>	2018
Sustainable Forestry	Sustainable Forestry -Restoration of other private degraded lands and conservation of natural ecosystems	The Mucuri River Water Springs Project aims to foster/boost the restoration chain in the Mucuri River Catchment region through partnerships with the main regional actors, local entities and communities. It also involves volunteering encouragement, technical capacitation and environmental education initiatives. These actions will have a more educational bias and aim to stimulate producers in the region and the internal public to see forest restoration as a key factor for agricultural development. The recovery and conservation of natural areas does not only influence the maintenance of ecosystems but also promote the creation of natural enemies of pests that compromise flora species, groundwater recharge, soil protection, carbon capture and non-timber supply to extractive communities.	488,334	0
Conservation expenditures	Conservation expenditures – Maintenance and conservation of areas, fauna & flora, natural resources, studies and monitoring.	The projects include: (1) maintenance and eventual expansion of preserved areas (following legal procedures); (2) monitoring of the remnants of great importance for conservation, aiming the increase in the number of species over time, identification of potential impacts and recommendations in favor of biodiversity conservation and ecosystem services; (3) periodic hydrological monitoring in Suzano’s main micro-basins, in order to assess physical and chemical conditions, qualitatively and quantitatively, to support environmental and forest management actions, aiming a higher sustainable productivity and mitigation of possible impacts; (4) environmental education actions and ecotourism through visits to preserved natural areas of Suzano or partners, aiming knowledge dissemination, skills and attitudes towards environmental and biodiversity preservation in order to promote scientific research and studies in this regard. In 2017, the “School of Heroes” program was included which works to raise social and environmental awareness among children and youth from municipal schools. It is a skill development course that supports the formation of important values for sustainability and citizenship.	12,584,285	0
Sustainable Forestry	Sustainable management of forests (FSC and Cerflor (PEFC)).	Sustainable management of forests with the adoption of best market practices (mosaic planting, ecological corridor, etc.) and certified by FSC, Cerflor or similar.	1,165,358,788	614,377,034
		Social and environmental actions and certification audits focused on meeting the FSC and PEFC principles and criteria for the maintenance and expansion of our sustainable management.	24,340,869	0
Total			1,409,394,202	614,377,034

## APPENDIX 2: IMPACT REPORTING BY ELIGIBILITY CRITERIA

USE OF PROCEEDS	KPI REPORTED	ENVIRONMENTAL IMPACT <sup>3</sup>			
		2015	2016	2017	2018
Sustainable Forestry					
Sustainable management of forests that comply with international and national standards such as FSC, Cerflor (PEFC) or equivalent certification	Carbon dioxide (CO <sub>2</sub> ) emissions avoided through planted forests	55,164,857.82 tCO <sub>2</sub> e	54,831,925.56 tCO <sub>2</sub> e	57,867,710.70 tCO <sub>2</sub> e	76,196,822.71 tCO <sub>2</sub> e
Restoration of native forest cover from degraded lands	Total land area with restoration in progress (hectares)	5,503.12 ha	5,570.81 ha	5,886.00 ha	7,273.29 ha
Conservation					
Maintenance and development of conservation areas; protection of native plants and animal species and biodiversity	Total leased and owned land area with conserved native vegetation (hectares)	479,345 ha	491,376 ha	538,168 ha	554,883 ha
	Total leased and owned land area with conserved native vegetation/ total leased and owned land area (percent)	44.17% (of 1,085,299 ha total land area)	44.42% (of 1,106,317 ha total land area)	44.70% (of 1,203,177 ha total land area)	44.36% (of 1,250,966 ha total land area)
	Total leased and owned land area with conserved native vegetation/ total leased and owned planted land area (percent)	109.76% (of 436,725 ha total planted land area)	108.70% (of 452,048 ha total planted land area)	106.10% (of 507,048 ha total planted land area)	102.27% (of 542,561 ha total planted land area)
	Number of HCVAs identified and maintained	30	27	31	33
	Number of species found in HCVAs	839	787	1,284	1,120
	Number of beneficiaries of environmental education programs	3,247	4,276	5,962	3,376
	Number of ecotourists at Parque das Neblinas	2,544	3,355	3,392	4,839
	Number of research studies developed at Parque das Neblinas	4	3	16	14

<sup>3</sup> The impact metrics for 2016, 2017 and 2018 are reported based on impact generated until the end of each reporting period as some environmental impacts were created due to allocations made in previous years.

## DISCLAIMER

© Sustainalytics 2019. All rights reserved. No part of this second party opinion (the “Opinion”) may be reproduced, transmitted or published in any form or by any means without the prior written permission of Sustainalytics.

The Opinion was drawn up with the aim to explain why the analyzed bond is considered sustainable and responsible. Consequently, this Opinion is for information purposes only and Sustainalytics will not accept any form of liability for the substance of the opinion and/or any liability for damage arising from the use of this Opinion and/or the information provided in it.

As the Opinion is based on information made available by the client, Sustainalytics does not warrant that the information presented in this Opinion is complete, accurate or up to date.

Nothing contained in this Opinion shall be construed as to make a representation or warranty, express or implied, regarding the advisability to invest in or include companies in investable universes and/or portfolios. Furthermore, this Opinion shall in no event be interpreted and construed as an assessment of the economic performance and credit worthiness of the bond, nor to have focused on the effective allocation of the funds’ use of proceeds.

The client is fully responsible for certifying and ensuring its commitments’ compliance, implementation and monitoring.

## SUSTAINALYTICS


Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that support investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world’s leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. In 2015, Global Capital awarded Sustainalytics “Best SRI or Green Bond Research or Ratings Firm” and in 2018 and 2019, named Sustainalytics the “Most Impressive Second Party Opinion Provider”. The firm was recognized as the “Largest External Reviewer” by the Climate Bonds Initiative as well as Environmental Finance in 2018, and in 2019 was named the “Largest Approved Verifier for Certified Climate Bonds” by the Climate Bonds Initiative. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan for its contribution to the growth of the Japanese Green Bond Market.

For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com)

Or contact us [info@sustainalytics.com](mailto:info@sustainalytics.com)







Preparation of seedlings  
in the nursery in  
Três Lagoas (Mato  
Grosso do Sul state)  
*Photo: Araquém Alcântara*

#### CONTACT

For questions and suggestions, please contact us  
via email [relatoriosuzano@suzano.com.br](mailto:relatoriosuzano@suzano.com.br)

#### COVER PHOTOS

- Rural worker of the 20 de Março Settlement,  
in Três Lagoas (Mato Grosso do Sul state),  
prepares vegetables for planting.  
*Photo: Araquém Alcântara*
- Francisca Elíbania Matias Alves – Occupational  
Safety – Suzano Unit (São Paulo state)  
*Photo: Ricardo Teles*
- Forest Mosaic in Capão Bonito  
(São Paulo state)  
*Photo: Márcio Schimming*









[suzano.com.br](http://suzano.com.br)

**report:** [suzano.com.br/r2018](http://suzano.com.br/r2018)

**investor relations:** [ri.suzano.com.br](http://ri.suzano.com.br)

**linkedin:** [linkedin.com/company/suzano](https://linkedin.com/company/suzano)

**instagram:** [instagram.com/suzano\\_oficial](https://instagram.com/suzano_oficial)

**youtube:** [youtube.com/Suzanovideos](https://youtube.com/Suzanovideos)

**facebook:** [fb.com/suzanoempresa](https://fb.com/suzanoempresa)

