

Suzano's Positioning

Community Relations



Community Relations

Executive Summary

We recognize the importance and legal rights of communities, including those that are traditional (indigenous, quilombola and others). Suzano has built a comprehensive strategy of relationships and initiatives in the territories, reflecting the complex nature of our existing opportunities and challenges. We are guided by our long-term corporate goals and are committed to a transparent dialogue with all our stakeholders.

Our community relations strategy involves comprehensive and robust social programs. We manage the impact of our operations and have clear processes for conflict mediation. All of this is combined under an approach that we call: Resilient Territories. This paper provides additional information on the process behind Resilient Territories and details the comprehensive social programs that Suzano has implemented in recent years, while acknowledging the main challenges that are proactively managed by the company each day.

Positioning

We have a Corporate Human Rights Policy (June 2020) where Suzano clearly states our responsibility to identify, mitigate and prevent any negative social or environmental impact of our operations on neighboring communities, and to help preserve the customs, natural resources and livelihood of traditional communities near to our operations.

Our long-term goals exist to navigate the path Suzano takes over the next ten years. We want to enhance the role that Suzano plays across the value chain and also in society. Within our long-term goals, there are two directly connected to the evolution of Suzano's community relations in the regions where we operate:

- 40% improvement in the Basic Education Development Index (IDEB) within the Municipalities that we have prioritized for enhanced community relations by 2030, and
- Lift 200,000 people from extreme poverty by 2030 in the regions where we operate.

We recognize the social, economic, environmental and institutional challenges in the regions where we operate, which is why Suzano has developed a new community relation strategy called "Resilient Territories". This will create territories that are more sustainable in the long term by helping them to be: (i) socially and economically diverse and (ii) better prepared to deal with changes, complex situations, crises and multiple obstacles, avoiding disruptions to their resource base, while focusing on the preservation of what they currently have.

The focus of Resilient Territories is to create an ecosystem that encourages the generation of sustainable and lasting solutions. This will be supported by a broad portfolio of social programs that Suzano has established in recent years to support local communities in addressing their organizational, social, economic, environmental and educational requirements.

From an income generation perspective, we have strategies to alleviate poverty based on three main pillars:

- Ensure food security for families, strengthening their agriculture production potential through investments in inputs and technical support.
- Encourage the autonomy of communities by formalizing and organizing their collective associations, creating support networks and increasing their participation in public policies and territorial boards.
- Provide support to creating more profitable and inclusive sales channels (more details on Income Generation Programs are available at the end of this paper).

Suzano's support for the programs involves its on the ground dedicated team and those from specialized technical consultants. It also entails the transfer of land to landless associations for productive use, supply of basic inputs to kickstart production activities, technical and financial support to raise funds, and regional coordination with other strategic partners. Currently, these programs benefit over 5,000 households organized into 161 associations across 40 towns in eight States.

The Suzano Education Program has been established to complement the income generation strategy as we are aware of the complexity of breaking poverty cycles. Improvement in educational indicators is essential to make sure that the quality of life achieved by families is better for each generation. Our Education Program focuses on investments to improve the quality of public education through the professional development of teachers and through social participation focused on student learning.

Suzano works to mobilize towns and communities by stimulating the creation of Education Development Arrangements (EDAs), where towns from the same region come together to share good practices, coordinate teaching roadmaps and implement joint actions to optimize costs, among other initiatives. To support EDAs, Suzano has a specialized technical consulting arm to coordinate the technical training process and a group of local territory managers responsible for mobilizing diverse stakeholders for the EDAs. In 2020, we worked directly with seven territories, 28 towns, 830 schools, 11,713 teachers and 205,504 students.

We have mechanisms in our operational process to identify, avoid and mitigate adverse impacts of the company's operations from a social and environmental management perspective. Suzano will engage with respect and openness when in dialogue with our neighbors and regions within a 3km radius of our operations and/or routes permanently used by Suzano, as this is the area we consider ourselves to have a directly impact on. The mechanisms we use include:

- **Matrices of Social Aspects and Impacts** for each business unit, which define the mitigating measures related to each type of operational impact
- **Operational Dialogue**, which entails prior communication with stakeholders (isolated neighbors, municipal governments) where we know that there will be an increased level of operations. This enables us to discuss in advance our mitigating measures and allow stakeholders, as well as Suzano, to evaluate the effectiveness of our measures at the end of the period of increased operation.

We have seen that the progress made in managing impacts and the focus on structuring programs has improved the quality of life of the communities, contributed to territorial ordering and reduced rural conflicts. Suzano continues to face the emergence of social pressures in regions with low economic diversity, where we own significant land. We have seen firsthand the intensifying pressures from social movements fighting for land and from traditional communities surrounding our operations, as a direct result of the increasingly mechanized operations and the impact of this on local residents.

We recognize the importance of our local presence in communities and will always prioritize the resolution of any situation in a friendly and considered manner, and to bringing other important stakeholders in the territory to the process. Where there is any situation that brings into question the integrity of our employees, or involves damage to property, interruption of operations or irregular land occupation, we will always prioritize dialogue first and then, if appropriate, consider legal action. We want to strengthen our community relations and are open to reconsidering any partnership that has a negative or ineffective impact on communities.

Below is a summary of the main situations and challenges managed by Suzano in recent years. We also provide additional information on the income generation programs referenced previously:

Indigenous Communities: In regions predominantly inhabited by traditional communities, these groups have long mobilized themselves against forestry activity in surrounding land, mainly because certain areas of Suzano overlap land that is the subject of demarcation disputes.

In case of indigenous communities, the only existing overlap was resolved definitively in 2007 with the demarcation of 11,000 hectares in the municipality of Aracruz in Espírito Santo. Until the definitive demarcation, there were several historical situations that arose between Suzano and the indigenous people in the State. During the demarcation process, Suzano not only promptly vacated the land but has also been running for 10 years a comprehensive program to strengthen relations and make social investments in 12 villages (Tupiniquim and Guarani people) in the municipality. This has been combined with integrated and long-term actions that are aimed at reestablishing the environmental conditions necessary for socio-cultural practices, in order to affirm ethnic identities and promote sustainable economic activities.

Alongside Espírito Santo, Suzano invests in maintaining a constant dialogue with ethnic groups surrounding our operations. This includes programs to improve agriculture and Ofayé handicraft in Mato Grosso do Sul, regular engagement with the Krikati, Apinajé, Guajajara, Krahô and Funi-ô people in Maranhão and Pará, as well as investment in education for the Pataxós and Pataxós Hã-hã-hãe people in Bahia.

We follow the Free, Prior and Informed Consent (FPIC) guidelines with a process for engagement that respects the right of indigenous communities to participate in decisionmaking, as well as to modify, retain or withdraw their consent to an activity that affects them.

Remaining Quilombo Communities: Some of these communities, represented by their associations, filed demarcation claims with INCRA, the Brazilian land reform regulatory agency, about land overlapped by Suzano. These claims are still in progress and no administrative or court decision has been made on any of these demarcation claims.

Even without a definitive solution for the quilombola land issue, we have social investments with over 20 communities recognized by the Palmares Foundation. These include technical and financial support to strengthening agriculture production and ensuring food security, formalization of documents for traditional farmers and their community associations, support for the processing and sale of farm produce. We have helped to structure small community businesses, including Brazil's first quilombola forestry services cooperative, which has been a supplier of Suzano since 2014. In 2020, more than 300 quilombo families were benefited by Suzano's social programs.

Wood Theft and Illegal Charcoal: Historically, and many years ago, the forestation process impacted local social dynamics, which included the isolation of small communities between planted forests. This also occurred in some regions where Suzano operates. In municipalities where economic diversity was already low, the precarious living conditions of these communities worsened, which made whole territories dependent on forest activity.

The intensified level of mechanized operational processes led to residents being increasingly excluded from the business. The lack of income generation options led to an increase in wood theft and the illegal charcoal production market.

Between 2000 and 2010, the relationship between groups of residents and Suzano declined, given the residents were increasingly dependent on forest waste to produce charcoal, while Suzano was increasingly improving the use of trees in harvesting. Facing the situation of high demand for waste and better utilization in our operations, we saw the communities frequently gathering to shut down our operations and create blockades in the roads, mainly in Northern Espírito Santo and Southern Bahia. In 2010, an initiative was launched to dismantle the organized groups receiving stolen wood, which involved the participation of other companies, police and several departments from the two state governments.

At the same time, a broad-based strategy of social investments and relationship-building was deployed in more critical areas. Because of the efforts on the ground, thefts and fires decreased by 95% and community relations have improved considerably. We are still seeing limited cases of wood theft in some regions, but the reality is very different from what it was in 2010.

Movements of Fighting for Land: This situation encouraged the mobilization of fighting for land movements, which was materialized as irregular settlements in Suzano's land. The most widely recognized land movement is the Landless Workers' Movement (MST). Following several years of land occupations by the MST, alongside repossession claims by Suzano, a state land negotiation roundtable was established, with support from the State Government of Bahia. The roundtable was attended by MST, Suzano, Veracel and other important stakeholders and discussed a conciliatory solution for land conflicts in the Southern and Southernmost regions of Bahia.

Through the roundtable process, an agreement was signed between the MST in Bahia, the State Government and the Federal Government through INCRA. The agreement found a solution for the MST to vacate 11,000 hectares owned by Suzano for the benefit of all parties, including the nearly 600 families that had lived in the settlements for over 10 years. In addition to settling the families, the agreement outlined a comprehensive program of technical, production and environmental monitoring of the settlements. This was called the Agroecological Settlement Program and was launched in 2011. The agreement also established the construction of the Egídio Brunetto Popular Agroecology and Agroforestry School on one of Suzano's farms voluntarily vacated in Itamaraju, Bahia.

Suzano remains in discussions with MST and other movements to reach a conciliatory solution for irregular settlements in Espírito Santo and Minas Gerais. There are currently land occupations by smaller groups in Bahia, Espírito Santo and Maranhão.

In Conceição da Barra in Espírito Santo, where a small group has occupied Suzano land, we have seen an appropriation of the political agenda of the remaining quilombola communities to occupy our land close to these communities, predominantly for the speculative sale of irregular plots of land. Suzano, the quilombola communities, the Federal Prosecution Office (MPF) and the State Government are acting in a coordinated manner to impede the spread of these illegal occupations, while closely monitoring the progress of repossession through a legal process.

Relocation of Families from the Bacaba Community in Imperatriz (MA): During the construction of the industrial unit in Imperatriz in Maranhão, the company relocated 20 families from the Bacaba Community who were in the project's area of influence and with precarious housing conditions. The negotiation was amicable, by mutual agreement between the company and the families who were relocated to a safe area in the village of São José da Matança in the same city in 2013.

The Public Defender of the State of Maranhão monitored the terms and execution of the contract, in order to prevent and avoid litigation, seeking to ensure that the contractual agreement took place in a transparent manner, without any irregularities.

Suzano carried out the Relocation Program, built new houses for each family, carried out individual monitoring, improved and built public structures on the site and promoted programs to generate employment and income.

Resilient Territories – Pilot Project: Resilient territories are socially and economically diverse. They are less vulnerable territories that are better prepared to deal with changes, complex situations, crises and multiple obstacles (of economic, environmental, technological, social or political nature), avoiding disruptions and collapses and preserving their resource base, which is why they are more sustainable in the long run.

To help a territory achieve resilience, Suzano needs to act in a systemic manner, considering all its influence and the operational, institutional, environmental and social impact, as well as its capacity to connect to key social stakeholders through strategic partnerships that leverage local potential and create an environment of mutual cooperation.

In 2020, Suzano launched a pilot project, jointly managed by several departments, to stimulate initiatives focused on expanding territorial resilience through the creation of a cooperation ecosystem.

To achieve this goal, the methodology involves the preparation of a territorial matrix that will include a map of the social and economic indicators of each territory, Suzano's influence, identifying the key local stakeholders, assessing their innovation potential and referencing the established practices already in place.

Once the Matrix is concluded, the initiatives will be prioritized by a governance structure that includes the participation and engagement of diverse areas of the company that are relevant to each territory and the participation of local stakeholders that are essential for society, ensuring a systemic vision that is aligned with all the priorities.

One of the pilot project's premises is to prioritize joint actions involving Suzano, municipal governments, universities, state governments, the federal government, NGOs, other companies and communities. This will be done to optimize resources and increase investment in more relevant areas. This includes:

- providing stimulus to innovation and replication of good territorial practices,
- actions to preserve natural resources,
- raising funds from domestic and international partners,
- articulation to open strategic markets for products made by low-income families,

- technological inclusion of vulnerable groups,
- educational and social assistance arrangements that guarantee access to quality education and social protection for children and teens, and
- development of sustainable land solutions that enable the resolution of rural conflicts.

Key Income Generation Programs:

Rural Territorial Development Program (RTDP): This was established as part of our strategy for engagement with rural communities. Its purpose is to “participate in territorial development through dialogue with surrounding rural communities, strengthening their organizations and networks based on agroecological principles.”

The specific goals are:

- Train RTDP participants on addressing their social, environmental and economic requirements, stimulating network initiatives and other forms of cooperation;
- Plan in a participatory manner and support the use of technologies adapted to the local scenario, which contribute to food security and wealth generation in the territories;
- Increase the income of families directly served by the program;
- Implement Technical Assistance and Rural Extension (ATER) actions with the academic framework focused on teacher training.

There are over 100 professionals working together on the production, sales and management. Suzano has its own dedicated team, alongside eight partner teams and a group of external consultants.

The focus of RTDP is strengthening agriculture and livestock, through providing support for the production, sales and management processes for both families and associations. There exists a clear understanding that these three elements are essential and that the program will be successful only if they each receive equal attention.

The primary goal is Food and Nutrition Security (FNS) which will guarantee food for families participating in the program. After this stage, the actions will help each family sell its surplus produce, initially within their own community, either door-to-door individually or at points of sale, such as market stalls, together with other families in the RTDP. For the sales process access to institutional markets proves essential. Supplying produce from family farming to the National School Feeding Program (PNAE) and the Food Acquisition Program (PAA) generates an income for families as it provides a contractual guarantee that their produce will have a destination. In addition, it also improves the quality of food served to children at schools, as well as fostering local development ensuring the resources allocated to these services remain within the municipalities of origin. This process takes a definitive form due to the organization of networks of associations, which can purchase and sell as a group, supplying the local

and territorial markets, while also jointly strengthening themselves to access public policies for families.

RTDP is in progress among 119 associations across 29 towns in eight states, benefiting 4,000 families directly, which produced more than 20,000 tons of food and generated over R\$59 million (US\$ 14.6 million¹) in 2019.

Colmeias (Beehives) Program: It was launched to strengthen the beekeeping activity in regions where Suzano operates, with the focus on income generation, better quality of life of communities and environmental conservation.

Specific goals:

- Contribute to the professionalization of beekeeping where there is demand for this activity in our operating regions;
- Promote social inclusion through beekeeping;
- Provide training to member associations to address their demands in order to strengthen and increase the autonomy of groups;
- Help associations to comply with legal requirements;
- Help associations to obtain certificates that add value to their produce;
- Encourage diversification of products to access new markets.

Support is provided to families, associations and cooperatives through technical teams that offer qualified ATER services. The program provides free access to Suzano's land to install bee boxes and entails investments in line with the diagnosis and the strategic plans of member associations and cooperatives.

Currently, 1,014 beekeepers from 42 beekeeping associations across all regions where Suzano operates participate in the Program. In 2019, 931 tons of honey were produced in the company's areas, which directly earned approximately R\$7 million (US\$ 1.73 million¹) for the families.

Related links:

- Indicators Center – Long-Term Goals;
- PC 00.0012 – Corporate Human Rights Policy;
- PC.00.0007 – Social and Environmental Investments and Donations Policy;

¹ Values in USD are based on the average exchange rate as of December 31, 20