



Sustainability Report 2010



SUZANO
PULP AND PAPER



Lanielder Sousa, Cleide Costa,
Amilton Kanieski, company employees
at Suzano's Teresina (Piauí) office

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Seedling nursery
in the municipality
of Cidelândia
(Maranhão)



2010 Highlights

Record production
of **2.7 million** tons
of pulp and paper

Over **415,000** seedlings
planted daily

The company achieved
the **108 million** mark of
planted eucalyptus seedlings

First company in
the industry to quantify
its products' carbon
footprint

Record-breaking Net
Revenue: **R\$ 4.5 billion**

EBITDA was
R\$ 1.7 billion, 47.6%
higher compared to 2009

Suzano 2024 Plan, acquisition of
the Conpacel plant and the KSR
distributor for **R\$ 1.5 billion**

Personnel
development: over
292,000 hours
of training



About the Report

The purpose of this Sustainability Report is to provide information on our economic, social and environmental initiatives that were adopted in 2010—many of which have been ongoing since before this period and have already been covered in the previous report related to 2009, disclosed in April 2010, which did not require revision. Unless stated otherwise, the information contained herein is related to the operation of all of our units in Brazil and abroad. In order to provide a transparent report, for the fifth consecutive year, we have adopted the third edition of the Global Reporting Initiative (GRI) model, self-declaring level C application, presented with the same measurement methods as previous reports. Financial and economic information is compliant with current law in Brazil and was audited by Ernst & Young. (GRI 3.1, 3.2, 3.3, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, 3.13).

The consolidated financial statements were prepared and reported according to accounting practices adopted in Brazil, which encompass Brazilian Securities and Exchange Commission ("CVM") Standards and Edicts, Guidelines, and Interpretations issued by the Brazilian Accounting Standards Committee ("CPC") and are in accordance with the International Financial Reporting Standard ("IFRS") issued by the International Accounting Standards Board ("IASB"). The 2009 figures were adjusted for comparison purposes.

Operating and financial information are presented based on amounts consolidated in Brazilian reais.

All executive officers, as well as several department managers, were consulted to select the data and information included in this report. (GRI 3.5)



To raise the most relevant matters for our stakeholders, this year we combined two methodologies: (1) we once again sent questionnaires to people who had responded last year and (2) we systematized all of the dialog tools that we have with our audiences.

(1) The questionnaire was sent to 40 people, including employees, customers, suppliers and community members; of these 15 responded. Most of them (93%) deem the Report to be excellent or good. One of the suppliers stated that "all of the aspects stated identify the potential impacts and solutions applied, in a clear and objective manner (...), as well as the information shown in charts and tables, which makes the year over year comparison easier." Among weaknesses, stakeholders point to the fact that the Report does not mention future goals and tends to focus on strengths. The chapters on the environment and relationships with suppliers and employees were the ones deemed most interesting in 2010.

(2) We also systematized the information from some of the dialog tools we have with our audiences, namely:

- The Suzano em Campo (Suzano in the Field) book, which shows the demands of the communities neighboring our forestry units;
- Customer Satisfaction Survey, carried out by our Pulp Business Unit as well as by our Paper Business Unit;
- ICCT (Instrumento de Caracterização de Comunidades Tradicionais – Traditional Communities Characterization Tool), which seeks to listen, identify, and characterize the communities with traditional traits in the areas surrounding our operations;
- Social Dialog, which includes discussion and action forums with communities in the state of São Paulo;

We also take into account the comments made by *Bureau Veritas Certification* an external consulting firm hired to audit this Report.

Please see the consolidation of the results below, listed by stakeholder: (GRI 4.17)

Stakeholder	Topics of interest
Communities	Company practices to preserve biodiversity; use of water for company plantations and mills; and eucalyptus plantations that threaten food security at the sites.
Customers	Suzano's care in relation to the environment and with the communities where the products they purchase are produced; information about company certifications; Suzano growth strategies and impacts to the production chain.
Suppliers	Suzano growth strategies and the company's relationship with strategic audiences.
Employees	Company practices to preserve biodiversity; use of water for company plantations and mills; social projects developed in the communities; Suzano growth strategies; and the company's relationship with its strategic audiences, especially its employees.

Topics of interest	Where to find the Report
Company practices to preserve biodiversity	In addition to our compliance with environmental legislation, which includes maintaining Legal Reserves and Permanent Preservation Areas (PPA), we use other practices related to this topic which can be found in the Environment/Biodiversity and Ecofuturo chapters.
Use of water for company plantations and mills	Consumption indicators and information on water management can be found in the chapter on the Environment. We also suggest that you visit our website (www.suzano.com.br), where the "Eucaliptocultura e Desenvolvimento Socioambiental" (Eucalyptus culture and Social and Environmental Development) publication can be found, which contains comparative data on water consumption in eucalyptus farming.
Food security in the locations in which we operate	In the Community chapter and in the Investment in Social and Environmental Responsibility table, there is information on our social projects, which seek to generate income and develop agriculture in the communities where we operate.
Suzano's environmental measures and care for the communities where our products are produced.	Information is provided throughout the Report, mainly in the Community and Environment chapters.
Information on company certifications	Suzano has many certifications. The complete list is available in the Certifications chapter.
Suzano growth strategies and its impacts on the production chain	Information can be found in the Suzano, Strategy, and Management Model chapters.
Company relationship with its strategic audiences	In the Report, there are chapters for our many stakeholders, including information about Suppliers, Customers, Employees, Communities, and Society in general.
Social projects developed in communities	The Community chapter and the Investment in Social and Environmental Responsibility table provide information on our social and environmental projects.

The result of these consultations and the quantitative indicator survey was structured based on SIGMA Sustainability – Integrated guidelines

Guidelines for Management, which seeks to protect and improve the five types of capital: manufactured, financial, human, social, and natural. This concept was developed by the *British Standards Institution* (BSI), which identifies these capitals as the foundation on which the company's bottom line is produced, in line with sustainable development.

- **Manufactured capital:** This includes assets and infrastructure that contributes to our production.

- **Financial capital:** Shows the business' performance and our level of success in relation to shareholders and investors.

- **Human capital:** Includes health, knowledge, skills, motivation and our employees' capacity for building relationships.

- **Social capital:** Demonstrates added value to our economic activities through our relationships, partnerships, and cooperation for human development.

- **Natural capital:** Shows how we address our relationship with natural resources and the processes involved in delivering our products and services.

For questions and suggestions regarding the content of this Report, please contact us using the following communication channels:

Suzano Responde: 0800 774 7440 or suzanoresponde@suzano.com.br

Investor Relations: ri@suzano.com.br (GRI 3.4)



Employees Adilson Tenorio
da Silva and
Issamu Fukuda, Suzano
Unit (São Paulo)



Suzano

**In line with the
Suzano 2024 Plan,
Suzano acquired
FuturaGene,
a benchmark
company in
Biotechnology**



310,000 hectares of planted
forests, mainly in the states
of Bahia, Espírito Santo,
São Paulo, Minas Gerais,
Maranhão Piauí,
and Tocantins



Profile

We are a forestry-based listed company controlled by Suzano Holding and belonging to the Suzano Group. We have been operating for 87 years in two segments: market pulp, sold in 31 countries, and paper, sold in 86 countries, whose portfolio is composed of four lines, approximately 30 brands, among which Report®, TpPremium® and Reciclato®. We are the second largest producer of eucalyptus pulp in the world, among the top ten in market pulp, and the leader in the paper market in Brazil and Latin America.

(GRI 2.1, 2.2, 2.6, 2.7, 2.8)

We operate through three Business Units – Forestry, Pulp and Paper. In 2010, we defined a new strategic plan that includes extending our operations to two more fronts: biotechnology, via acquisition of the Futuragene company, and renewable energy, with the announcement that we had organized the Suzano Renewable Energy company which will start operations in 2013. The organic growth of pulp will be made possible through our new units in the states of Maranhão and Piauí, which will add 3 million tons per year to our production capacity by 2015. We also acquired the remaining 50% of Conpapel (São Paulo Pulp and Paper Consortium) assets and the KSR Distributor, which belonged to Fibria, which will be controlled by Suzano as from February 01 and March 01, respectively. (GRI 2.9).

Our three industrial units in Brazil are located in Suzano (São Paulo), in Embu (São Paulo), and in Mucuri (Bahia) and we also have a division which specializes in distrib-



Report® Multiuso 90g



Suzano Pulp

Organic growth of pulp in the amount of 3 million tons/year will be made possible with our new Maranhão and Piauí Units

uting print production, SPP-Nemo. Our administrative headquarters is located in the city of São Paulo, where we employ 4,352 direct employees and have around 8,000 outsourced employees. Suzano owned, leased, and Suzano partner forests total approximately 671,000 hectares, with 310,000 hectares being forestry farms which are concentrated in the states of Bahia, Espírito Santo, São Paulo, Minas Gerais, Maranhão, Piauí, and Tocantins.

(GRI 2.3, 2.4 e 2.8)

We have three sales offices abroad, in China, the United States and Sweden, and two subsidiaries, one in England (Sun Paper) and another in Argentina (Stenfar) that sell our products. (GRI 2.3 e 2.5)

We closed 2010 with a record net revenue of R\$ 4.5 billion, 14.2% higher than in 2009, and a net profit of R\$ 769 million. (GRI 2.8)

Our new strategic positioning has been reflected in a new organizational reality for a forestry base company which, following a review in 2010 led us to redefine our Mission and Vision and to reinforce our Values.

Our strongest competitive edge is being a forestry based company, positioned as one of the lowest cost producers of pulp in the world and a regional leader in the paper market in which we operate. We are also able to extract business adjacent to our forestry business such as renewable energy and biotechnology. (GRI 2.9)

Mission (GRI 4.8)

To offer renewable forestry-based, pulp and paper products, while being globally recognized for developing innovative solutions and continually seeking excellence and sustainability in our operations.

Vision (GRI 4.8)

Strong and kind.

To be among the most profitable and best forestry-based companies in the world and to be recognized for practices that respect people and the environment.

Values (GRI 4.8)

- Integrity and Safety
- Social and Environmental Responsibility
- Excellence
- Global Vision
- Leadership
- Entrepreneurship
- Quality Relationships
- Passion

Acknowledgment (GRI 2.10)

Our actions in the economic, social, and environmental areas during the period have led us to achieve many titles and awards, namely:

- **Best Company in the Pulp and Paper Industry:** Best in Agribusiness award, granted by Globo Rural magazine.
- **Best Company in the Pulp and Paper Industry,** for the second consecutive year in the Isto É Dinheiro magazine ranking.
- **Model-company in Corporate Social Responsibility in Brazil** from Guia Exame de Sustentabilidade, for the seventh consecutive year, this time for our Corporate Emissions Inventory.
- **Época Climate Change Award**, awarded by Época magazine, for our Corporate Emissions Inventory.
- RISI *Latin America* recognized our CEO, **Antonio Maciel Neto**, for the second year running as CEO of the year. Antonio Maciel Neto was also one of the five finalists for the Global CEO *of the Year* award, a category included in the PPI Awards.
- **Antonio Maciel Neto** was considered the **Best CEO in Latin America** in the Pulp and Paper industry; **Bernardo Szpigel**, **Best CFO in Latin America** in the Pulp and Paper industry; and **Andrea Fernandes**, **Best Investor Relations professional in the Pulp and Paper industry** by *Institutional Investor Magazine*, nominated by *buy-side analysts through the Latin Executive Team Ranking*.
- **Industry Award from the Brazil Pulp and Paper Technical Association (ABTCP)**, in the Sustainability and Forestry Development category.
- Certified by the **British Retail Consortium**, a management system used in England, granted by the country's retailers.
- One of the ten **most globalized companies in the Country** according to the Brazilian Transnational ranking, developed by Fundação Dom Cabral.
- **Brazilian Environmental Benchmarking Program**, in which our Social Performance Matrix was selected in the good social and environmental practices ranking.
- **Fernando Pini Brazilian Award for Graphic Excellence**, awarded by the Brazilian Graphic Industry Association (Abigraf) and the Brazilian Association of Printing Technology (ABTG) to the Paper Business Unit, for coated printing papers and coated and uncoated paperboard for printing.
- **Graphprint Award**, given by the largest printing companies in the country, for coated printing and writing papers, uncoated printing and writing papers, recycled papers, and paperboard.
- **6th Mogi News/Chevrolet Alto Tietê Social Responsibility Award**, given for water quality monitoring on the Paraitinga River.

Key Indicators (GRI 2.8)

Financial Indicators

	2008	2009	2010
Net Revenue (millions of R\$)	4,064	3,953	4,514
EBITDA (millions of R\$)	1,469	1,161	1,703
Net Profit (millions of R\$)	(451)	947	769
Volume Sold (thousand tons)	2,428	2,896	2,763
Ebitda Margin (%)	36	29	38
Investments (millions of R\$)	483	659	603
Net Debt (millions of R\$)	5,459	4,111	3,421
Net Debt/Ebitda	3.7	3.5	2.0

Our EBITDA reached R\$ 1.7 billion, 46.7% higher than the 2009 result

Evolution of production (thousand tons)

	2008	2009	2010
Total production	2,664	2,678	2,745
Market Pulp	1,524	1,590	1,617
Total Paper	1,140	1,089	1,128
Coated P&W paper	124	118	134
Paperboard	258	235	252
Uncoated P&W paper	758	736	742

P&W: Printing and Writing

Distribution of Added Value (DVA) – Consolidated (EC1)

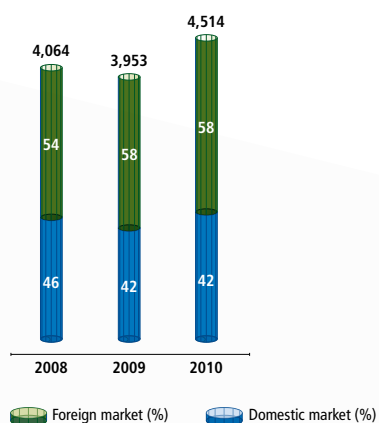
(millions of R\$)

	2008	2009	2010
Personnel	409,557	461,578	513,113
Salaries	326,308	324,426	408,504
Benefits	66,193	119,066	83,663
Employee Severance Fund (FGTS)	17,056	18,086	20,946
Taxes, Fees and Contributions	(143,623)	321,950	181,572
Federal taxes	(113,246)	406,527	205,401
State taxes	(34,423)	(88,098)	(28,120)
Municipal taxes	4,046	3,521	4,291
Third party capital remuneration	2,159,960	(510,439)	517,858
Interest	965,707	516,787	548,781
Leases	64,303	61,715	73,669
Monetary Variations	1,129,950	(1,088,941)	(104,592)
Earnings on invested capital	(451,308)	946,521	768,997
Dividends/interest on invested capital	0	227,866	220,686
Retained earnings/losses for the period	(451,308)	718,655	548,311
Total	1,974,586	1,219,610	1,981,540

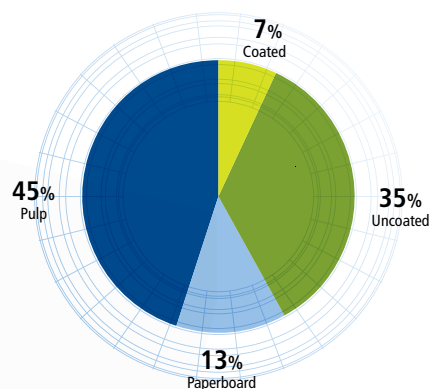
The 2009 and 2010 figures include adjustments introduced by the International Financial Reporting Standards (IFRS)

Net Revenue

millions of R\$

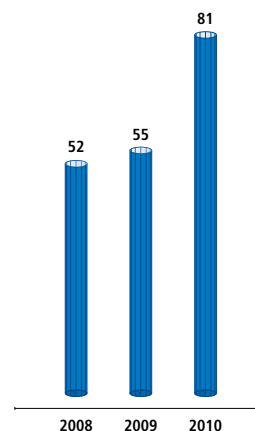


Composition of the Net Revenue



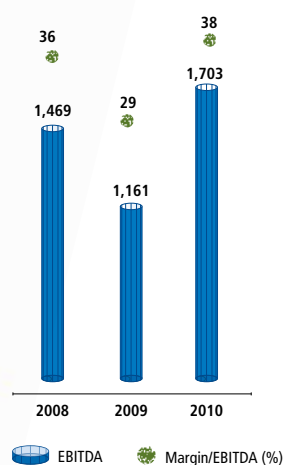
Investment in social and environmental responsibility

millions of R\$



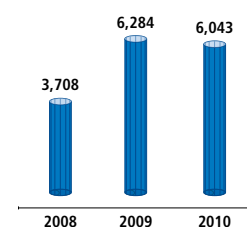
Ebitda/Margin

millions of R\$



Market value

millions of R\$



Environmental indicators (thousands)

	2008	2009	2010
Investments related to the Company's production/operation	9,970	7,014	24,704
Investments in programs and/or external projects	228	1,256	1,542
Total investments in the environment	10,198	8,270	26,246



Eucalyptus plantation, city of
Itapetininga (São Paulo)

Message from the CEO (GRI 1.1)

The year of 2010 will be remembered for the conclusion and dissemination of the Suzano 2024 Plan. After an in-depth analysis of global macro trends, the strengths Suzano has developed in the past 87 years, and our shareholders' and employees' aspirations, we were able to define a long term outlook that runs to 2024, when Suzano Pulp and Paper will celebrate its 100-year anniversary.

Many of the initiatives set forth in the Suzano 2024 Plan were already developed in 2010. We have worked on many fronts in our developments in the Northeast. We will start up two industrial units, in the states of Maranhão and Piauí, by 2013, increasing our pulp production capacity by 3 million tons. We have made advances in obtaining the necessary environmental permits and by acquiring land. We have hired approximately 2,500 people that are already working on the Northeast operation.

One of the other fronts of the Suzano 2024 Plan developed in 2010 is in the area of biotechnology. We acquired FuturaGene, a biotechnology company, with a research and development center in Israel, as well as field tests in Brazil, the United States, and China. In recent years, FuturaGene has developed technologies to improve eucalyptus productivity as well as for other forestry species used for pulp production, power generation, and other applications. This acquisition reinforces our eucalyptus genetic im-

provement program, which began three decades ago and has been carried out by our Forestry Technology Center.

In July, we announced the creation of Suzano Renewable Energy, an independent company that will begin wood pellet production activities. We will enter the biomass market for energy generation in 2013.

This development was driven by our competency in the forestry area, our ability to execute industrial developments, our solid relationship with logistics operators and the huge potential of the energy biomass market, especially in Europe.

At the end of the period, and also aligned with the Suzano 2024 Plan, we announced the acquisition of a 50% share in Consórcio Paulista de Papel e Celulose (Conpacel) assets and a 100% share of KSR, the largest paper and printing products distributor in Brazil, part of the Fibria Group. The transaction totaled R\$ 1.5 billion. The transitions were made, respectively, on January 31 and February 28, 2011. This initiative will contribute towards Suzano Pulp and Paper's consolidation as the leader in the printing and writing papers segment in Brazil and in South America.

In turn, these initiatives also led us to adapt our corporate identity. Regarding the scope of the Strategic Planning Cycle, we established a new Mission and Vision and reinforced our Values, which were widely disseminated among employees and senior management.

We have implemented many initiatives through strict execution of our Excellence in Management Model (MEG), including the Operational Excellence Program and the Six Sigma Program. In these cases, we had returns in the order of R\$ 57 million and we identified many opportunities to improve our processes. We also developed important initiatives in Human Resources related to recruiting, talent development and retention, as well as improvements in our compensation system.

All of these initiatives have impacted our operations in a satisfactory manner. The Forestry Business Unit celebrated the milestone of having planted 108 million eucalyptus seedlings, or an average of 415,000 seedlings planted per business day during the year. That is an extraordinary record in Brazil.

**In July, we announced
the creation of Suzano
Renewable Energy.
As of 2013 we will
produce 3 million tons
of wood pellets.**



In the pulp market, at the beginning of the year, we observed a supply restriction, as a result of the earthquake in Chile. This issue was normalized during the year.

Consequently, prices presented a successive increase until mid-2010; yet, by the second half of the year they had been corrected as a result of bullish Chinese demand. The average price in 2010 was 57.8% higher than 2009 and sales reached 1.6 million tons.

The Paper Business Unit focused on strengthening its relationship with customers, registering 3.6% growth in sales volume compared to the previous year. In line with the operational excellence strategy, the Paper Business Unit also increased its use of assets and gained a higher 0.6 percentage point rise in the rate of global efficiency for its machinery as compared to 2009. Additionally, six new products went to market.

We closed 2010 with record production volume of 2.7 million tons of pulp and paper and a sales volume of 2.8 million tons. Net revenue also reached record R\$ 4.5 billion and net profit was R\$ 769 million. EBITDA was R\$ 1.7 billion, which represents a 46.7% growth compared to 2009. Investments totaled approximately R\$ 603 million and include maintenance costs with our assets and organic growth programs. These investments were essential for the Company's economic sustainability in the medium and long term.

We believe that building the foundation for sustainable growth is much more than just keeping our operations competitive and presenting a good bottom line. It encompasses social and environmental responsibility and quality relationships—beliefs that have led us to conclude our Sustainability Master Plan, with which we aspire to be-

We reached a record of 108 million planted eucalyptus seedlings or 415,000 seedlings planted daily.

come a benchmark in relationships with the communities in which we operate. Along the same lines, we created the Suzano Sustainability Advisory Committee, which will be composed of internal and external leaders and whose objective will be to improve our social and environmental initiatives, providing guidelines so that we can apply sustainable practices to everything we do.

Suzano Pulp and Paper's activities in the area of sustainability reflect the commitment embedded in our corporate DNA and, in 2010, they were recognized by the marketplace, resulting in many awards and titles. Among them are Guia Exame de Sustentabilidade Model Company and Época Climate Change Award, from Época Magazine—both granted as a result of our Emissions Inventory. In addition, our Social Performance Matrix was included in the Brazilian Environmental Benchmarking Program.

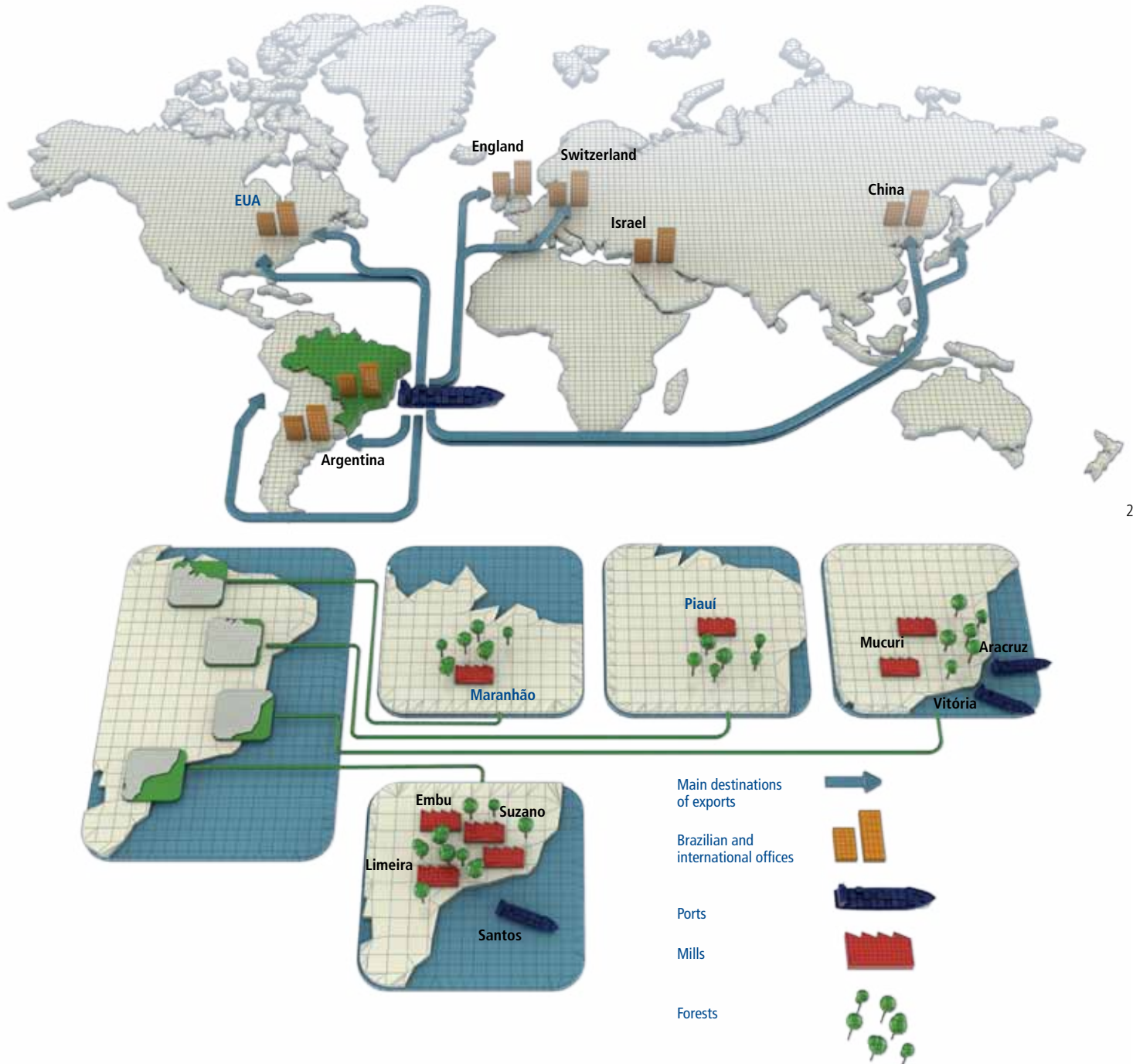
We have been signatories of the Global Compact, created by the United Nations (UN), since 2003, and not only do we believe in these principles but they also pervade every corporate social responsibility initiative that we have developed along with our employees and service providers.

I would like to share these acknowledgments, which are reason for great pride and encourage us to face challenges with all of those who, in their day to day help us to write new pages in this story of success: customers, suppliers, investors and especially, the Suzano team, recognized for their ambition and competence in the Brazilian and international industries. In 2011, we will proceed with implementation of the Suzano 2024 Plan, with a strong emphasis on operational excellence.

Antonio Maciel Neto
Chief Executive Officer



Location Map (GRI 2.4, 2.5, 2.7)



Strategy and Management Model

Our strategy was widely reviewed and updated in 2010, within the scope of the Strategic Planning Cycle. Reassessment regarding our top competencies and markets and the path we want to take resulted in the launch of a plan with a long-term vision: the Suzano 2024 Plan.

This plan makes it clear that our competency in forestry is our greatest source of competitiveness and, from there, our goal is to supply profitable products and services using our renewable forests. We will remain strong in the paper segment, focusing on Latin America, significantly increasing our production capacity in the pulp market and increasing our scope of action in new products and services, such as production of wood pellets for renewable energy, third-party forestry management services, and biotechnology.

We believe that with this focus on operations together with innovation, sustainability, and operational excellence, we will become one of the most important and efficient corporate organizations in the world focusing on the forestry-based industry by 2024—when we will complete 100 years of operations.

Growth in the Northeast

In the pulp area, we reviewed and advanced the stages to expand our operations in the Northeast with the aim of doubling in size by constructing two lines of pulp production in Maranhão and Piauí. In the state of Maranhão (the first line will start up in 2013), we moved forward in the process of obtaining environmental permits and acquiring lands, planting 7,000 hectares in 2009 and 2010, which will bring planted area to a total of 41,000 hectares. In Piauí, 35,000 hectares have already been planted, 23,000 of which to supply this unit.

At the same time, we continued the process of obtaining environmental permits, we identified an area near São Luis where we intend to build a port, we began basic engineering and signed technical proposals for the Maranhão Unit, and we are already in the negotiation stage with commercial proposals from our main suppliers.

R\$ 2.7 billion was obtained through a financing operation with the BNDES (Brazilian Development Bank) for investments in the Maranhão Unit.

Paper

As a result of the Suzano 2024 Plan, we made a proposal to buy 50% of the assets of the Consórcio Paulista de Papel e Celulose (Conpacel) and of the KSR distributor, which belong to the Fibria Group. These acquisitions were concluded on January 31 and February 28, 2011, respectively. The quality of the assets and the strength of our distribution business will consolidate our strength in Brazil and in other Latin American countries.

hão Unit, and we are already in the negotiation stage with commercial proposals from our main suppliers.

In late 2010, an important phase was concluded with the announcement of a financing operation contract with the BNDES in the amount of R\$ 2.7 billion to build the industrial unit in the state of Maranhão and, among other things, to implement infrastructure and the necessary support to operate the unit, build a cogeneration plant for biomass energy, raise working capital, and purchase domestic machinery and equipment. Additionally, with the purpose of making our capital structure more suitable, we will privately issue debentures that must be converted into company issued shares totaling R\$ 1.2 billion.



Biotechnology

We have also made headway on other fronts involving the Suzano 2024 Plan. Acquisition of FuturaGene, in which we held a 7% stake and with which we have had a technological cooperation agreement since 2001, will result in important synergies for developing our forestry production. The company is headquartered in England and its main research and development center is in Israel. Not only does it carry out field experiments in Brazil, the United States, and China, but it has also developed biotechnologies to improve eucalyptus and other forest species used to manufacture pulp, generate energy, and be used in other applications.



Its acquisition will therefore reinforce our eucalyptus genetic improvement program which began three decades ago and spearheaded by our Forestry Technology Center (CTF), whose biotechnology division is now part of FuturaGene. Even without using biotechnology, the CTF had already developed a eucalyptus genetic base capable of producing some of the highest yield forests in the world and with the potential to adapt to different soils and climate conditions and to several end uses.

In addition to the gains expected for our operations, the synergies add potential to FuturaGene's actions in the field of forestry biotechnology as an independent business.

In the second half of 2010, we dedicated ourselves to integrating our operations with FuturaGene, as well as creating the organizational structure and the company's governance model, while it remained operational, with contracts closed in key markets and advances in research.

Renewable Energy

Suzano Renewable Energy will begin operations in 2013.

The decision to invest in the production of wooden pellets was based on our experience with the concept of energy forestry, which involves specific clones and specialized, denser, and higher productivity crops. Our ability to execute industrial ventures, the solidity of our relationship with logistics operators, and the great market potential for renewable energy, especially in Europe, were the main reasons that motivated us to enter this market.

The company will absorb our experience in forestry management and production to manufacture wood pellets to be used for generating energy for export. The pellets are formed of ground, dehydrated and compressed wood particles that are light, have a high energy content, and represent the most efficient method of transporting biomass over long distances.

To serve these purposes, in 2010, we made significant headway in the conceptual engineering of the project and

signing of Memorandums of Understanding (MOUs) with customers. We also began negotiations with state governments in the Northeast Region (where Suzano Renewable Energy will be located) to acquire land, licensing, and forestry crops. After many visits to the United States and European countries, we discussed and chose the technologies to be employed, built a team that will act internally, and contracted all of the equipment suppliers.

Suzano Renewable Energy will have an independent management, however it will have two types of contracts with us: sharing non-operational services, such as Human Resources, IT and Communications, and forestry management, in which we will be responsible for the planting, harvesting, and seedling production phases. The objective of the partnership is to avoid redundancy in shared services related to research and development and make the best of our competency in the forestry area.

Management Model

Since 2001, our management model has been based on the concepts of the National Quality Foundation (FNQ) Management Excellence Model® (MEG). The Model has eight criteria—Leadership, Strategies and Plans, Customers, Society, Information and knowledge, People, Processes and Results. MEG is present in the day to day of our employees and is taken into account by our Committees, Subcommittees, and Work Groups. Alignment with this model garnered us the Brazilian Quality Award (PNQ) in 2001 and 2008. Adopting the model allowed us to have a systemic view of all management processes and quarterly assessments compared to benchmarks, with the support of 20 facilitators.

R\$ 57
million
was the total cost
reduction absorbed
by the Six Sigma
methodology

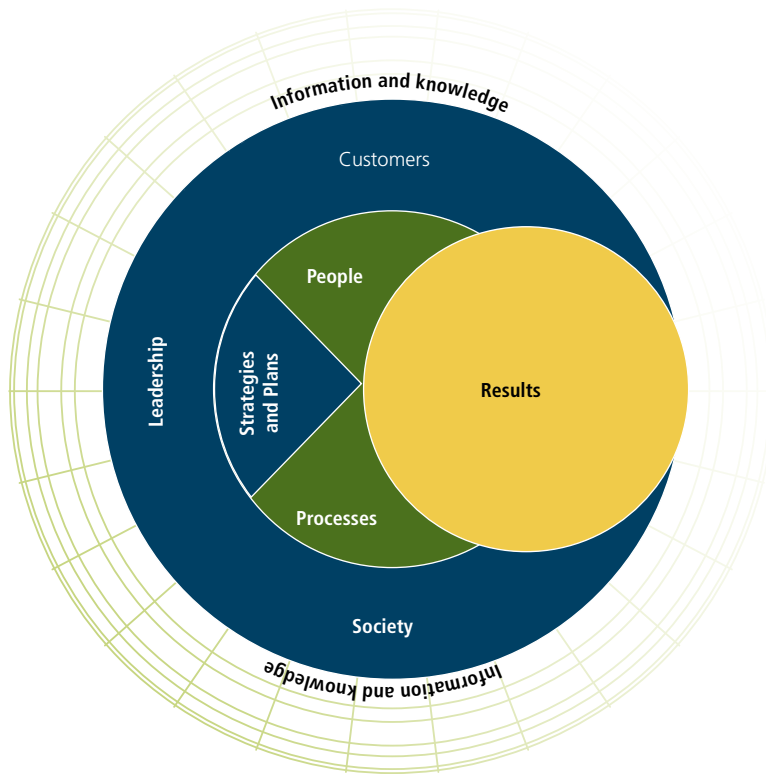
Employees Jean Kerley Lyrio da Silva, Eduardo Andrade de Oliveira, Wedson Pinheiro da Silva and Fabrício José da Silva, at the Mucuri Unit (Bahia)





Management Model

Brazilian Quality Foundation



The Strategic Planning Cycle is an example of a practice aligned with MEG. As the foundation for building our business, it is carried out annually and includes five steps: Strategic Orientation, Strategic Planning, Multi-year Plan, Budget, and Results and Targets.

Furthermore, we maintain technology management, intangible asset, risk, and personnel policies and because we are aware of the importance of this system, in 2010 we moved forward in consolidating a knowledge management model. The Internal Controls and Competitiveness

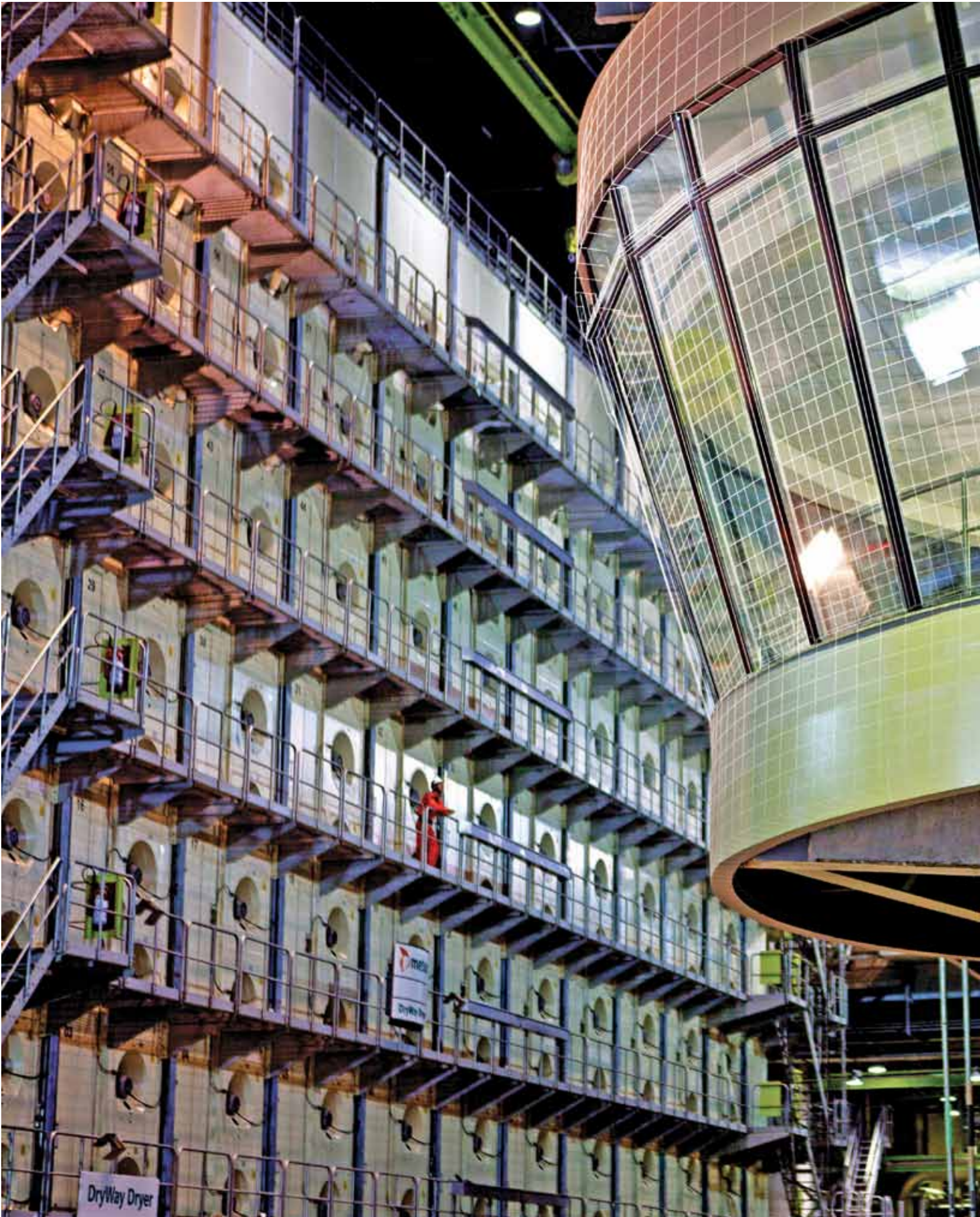
One of the improvements made to the knowledge management model was the adoption of a Document Pyramid, a method that classifies all documentation used at the company

departments jointly began development on mechanisms to create, standardize and disseminate guidelines and procedures, through the Document Pyramid. The pyramid is a method that classifies all of the documentation used in the company according to its levels. To disseminate this concept throughout the entire company, key employees are being trained to manage documents in each department. These initiatives will be essential to improve routine processes and avoid rework and overlapping efforts.

To uphold our management model we count on tools such as the SAP system, which has gone through some updates throughout the year, and on other programs such as Operational Productivity, whose objective is to increase productivity, which is one of the assumptions of the 2024 Plan and which will therefore increase our competitiveness.

In order to train employees with in-depth operational and technical knowledge in each of the departments, we have maintained the Boinas Verdes (Green Beret) program, which is based on the master/specialist relationship. When recruiting engineers at the mills to participate in courses given by professionals with vast experience in specific processes, in Brazil and abroad, the program helps to build new knowledge. That is, in addition to conveying information, masters share critical issues and potential problems with specialists. They document the case studies and the solutions encountered.

We have adopted the Six Sigma methodology since 2007, which has accumulated cost reductions on the order of R\$ 57 million and has been incorporated more and more into our organizational culture. In fact, since late 2009, green belts have been trained internally by black belt instructors, demonstrating the maturity of the initiative, which has already trained 383 employees as green belts, 37 as black belts, and 27 as executive black belts. In 2010, as a program incentive, the Paper Business Unit held the second edition of the Six Sigma rally that selected the authors of the best projects developed from among the 60 participating green belts using this methodology.





Line 2 Drying machine and
DCS system at the Mucuri
Unit (state of Bahia)

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Manufactured Capital

In 2010, 2.7
million tons of
pulp and paper
were produced

Operational Performance

Our Business Units, Forestry, Pulp and Paper, as well as FuturaGene, operate with the help of three internal Service providers that work to preserve our corporate values and reinforce differentials such as innovation. Therefore, we have significantly advanced in many operational segments.

In procurement, thanks to the conclusion of the *Strategic Sourcing* work that began in 2009, we created market intelligence and adopted the account executives concept, which led to stronger ties with our suppliers, by closing long term contracts, clearly understanding market demands, and increasing the amount of business opportunities. This strategy has also prevailed in our operations abroad, in line with the purpose of making each department international. For instance, by hiring a purchasing executive in China, this market is being closely monitored, and therefore opportunities to purchase supplies and equipment with a good value for money have become a huge advantage.

In logistics, where 80% of the costs are directly related to exports, we were able to overcome many the challenges posed by the ups and downs in the international market, while also creating business partners. The business partners get together on a weekly and monthly basis with the Business Unit officers, and thus identify customer needs and ways to service them appropriately. In order to deter-

Twenty vessels will be required, with a total capacity of 50,000 tons used to meet the demand of the Maranhão and Piauí Units

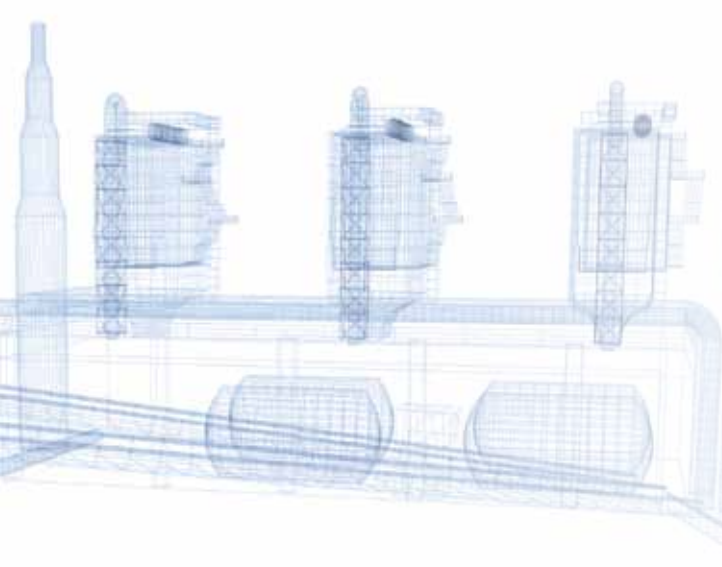
mine the level of efficiency of this service and to improve it, we have created 12 indicators, which throughout the year have clearly shown how the department has evolved.

We have also innovated in logistics with many initiatives that have resulted and will result in significant cost reductions. One of them was adopted in Mucuri, where 25% of paper produced for exports is now packed into containers at the mill instead of at the Portocel- Barra do Riacho Specialized Terminal. In addition to expediting the process, the measure has presented significant savings resulting from the elimination of high operating costs in the port area. Our intention is to extend it to all production in the industrial unit, which further down the line will also hold the customs warehouse area, for cargo to be sent directly to the ships.

Another initiative approved at the end of the year by the Board of Directors was the creation of LogFácil, a Suzano-owned logistics company responsible for transporting pulp produced in Mucuri to Portocel. Up to that point, only 5% of the operation was carried out by the company's own fleet. In addition to reducing costs, this initiative will allow the company to streamline logistics operators' activities and have more control over the quality of services rendered.

We have also recorded gains in efficiency with our shipments thanks to a project developed throughout the year, to make routes and schedules more suitable. The project allows us to consolidate orders and cargo so that the trucks can leave fully loaded, whenever possible.

In 2010, Information Technology (IT) developments included the consolidation of a single internal technology platform, the conclusion of approximately 50 SAP system





Seedling nursery, city of Cidelândia (Maranhão)

enhancements to eliminate *gaps*, and the establishment of a partnership with IBM to improve our system security. We also initiated a process to outsource part of our IT infrastructure which up to now had been hosted at the Suzano Unit. The idea is to expand system reliability to be able to meet the demand of our planned growth.

From the industrial side we also took some significant steps in the past year. At the Suzano Unit, we reached record-breaking levels of overall efficiency – which is how we measure machinery efficiency, with some levels being global *benchmarks*. The level of stability at the manufacturing unit has been outstanding, resulting in increasingly competitive costs.

In addition to all of these developments, the Operations area made every effort to prepare the Company in 2010 for full compliance with the Northeast expansion goals. Teams from the Procurement, Logistics, IT and Industrial



new SAP applications
were developed
to improve the system
and eliminate gaps

departments were dedicated full-time to this preparation. Thus teams have already begun discussions with partners to resolve issues related to the construction of highways, railways, ports and ships (a total of 20 vessels with 50,000-ton capacity will be required) specifically to meet the demand from the Maranhão and Piauí units.

Forestry Business Unit

We were among the companies that planted the most during 2010 (67,000 hectares or 108 million trees or 425,000 seedlings per business day) and consumed the most planted forests (almost 8.3 million cubic meters or 34,000 hectares) in the pulp and paper sector in Brazil. What really sets us apart is how we have promoted sustainable growth through forestry research and development for 43 years.

We own approximately 671,000 hectares in states of São Paulo, Bahia, Espírito Santo, Minas Gerais, Tocantins, Piauí and Maranhão. Of this total 310,000 hectares are eucalyptus plantations, of which 11,000 hectares are on leased land; 29,000 hectares of our own land is used for infrastructure, 87,000 hectares are areas available for planting, and 256,000 hectares, or approximately 40% of the total area, is earmarked for environmental preservation, legal reserves and other areas.

We already hold a large part of the land acquired for the new industrial units (Maranhão and Piauí). The Maranhão Unit, for example, not only has its own forests, which have been in formation since 2008, but will also rely on wood supplied by Vale forests (Vale Forestry Program). In both locations we implemented new forestry partnership programs.



256,000

hectares
or approximately
40% of the total
area is earmarked
for environmental
preservation



The largest number of forestry certifications in the world, with the ISO 9001, ISO 14001, OHSAS 18001, SA 8000, FSC®, and Cerflor Occupational Fitness Program, Mucuri (Bahia)



Ginástica laboral, Mucuri (BA)

Moreover, we have 100,000 hectares occupied by plantings of local producers in the states where we operate who participate in the Forestry Partner Program and who are responsible for part of our industrial supply.

Average productivity of our plantations is 44 m³ per hectare per year. We continue to be above the national average (which is also the highest worldwide), of 41 m³/hectare/year for eucalyptus trees, according to Brazilian Association of Forest Plantation Producers (Abraf) data.

We have reached 11 tons / hectare / year of pulp volume in our productive areas. In our experimental plantings, new clones have reached 13 tons / hectare / year or 18% more pulp produced using the same area.

In 2010 we entered forestry asset sale agreements ranging over approximately 50,000 hectares in the state of Minas Gerais; around 13,000 hectares were eucalyptus plantations. The sale value of these assets totals R\$ 334 million. Demobilization of these assets will not impact current operations or future projects.

Additionally, because of our focus on forestry technology development, we were able to begin planting in drier climates, such as in Maranhão and in Piauí. We have invested in the diversity of our genetic material and developed clones with great potential for adaptation, ensuring productivity and resistance to diseases.

For the new units, we count on experience and the investment in forestry technology developed over a period of three decades in region. This allows us to have commercial plantations in these regions that have little silviculture history and with expected productivity above 40 m³/hectare/year, where tests were carried out with over 5,000 clones and dozens of eucalyptus species.

Since 2006, we have held the largest range of forestry certifications in the world, with the ISO 9001, ISO 14001, OHSAS 18001, SA 8000, FSC, and Cerflor. (EN30) Moreover, the forests we own are nationally and internationally certified, which is a testament to the fact that our management meets the highest socio-environmental standards.

We continue to expand certifications to certain areas within the Forestry Partnership program; an unprecedented project in the pulp and paper industry. Our objective is to have our partners become increasingly aligned with our objectives of creating sustainable income opportunities, modernizing working relations and expanding know-how by sharing experiences.

In addition to all of these achievements, we have optimized our assets and have sought to identify new business opportunities as well as other uses for wood, in sync with our strategy to add value to our forestry assets.

It is also worth noting that our aim to become a reference in sustainable operations has reinforced the need for the Forestry Business Unit to align its governance model. Innovations include creation of the Suzano Sustainability Consultation Council, spearheaded by consultant Lineu Siqueira Júnior, who has worked with companies and entities such as the Norwegian Forestry Group ("NFG"), Imflora, and the Rainforest Alliance's Sustainable Agriculture Network ("SAN"), in which internal and external leaders will take part. This Council is geared towards legitimizing our socio-environmental actions, guiding application of sustainable practices in our businesses, and monitoring activities within the scope of the Sustainability Master Plan.

(Learn more about it and the changes in the governance structure of the Business Unit in the Environmental chapter).

Pulp Business Unit

In 2010, the pulp market suffered a significant impact as result of the three following natural events: the earthquake in Chile, the excessive amount of rain in the southern US and the harsh winter in the Northern Hemisphere, which compromised the production of the companies located in those regions. All of this resulted in an imbalance, around the world, between supply and demand and consequently led to price hikes throughout the period.

In this context of limited supply, we sold 1.6 million tons in 2010; a mere 9.7% less than the volume sold in 2009, which totaled 1.7 million tons. In 2009, however, we counted on high inventory levels that were sold to China, since the demand from the Chinese market exceeded past averages and analyst forecasts – factors that contributed to the exceptional result that year. In 2010, of the total volume commercialized, 39% was sold to Europe, 33% to Asia, 19% to Latin America (including Brazil), and 9% to North America.

In addition to good commercial results, the Pulp Business Unit has directed its efforts towards expansion projects in the Northeast which will increase our market pulp availability to around 4,700 tons.

To accomplish this, the Pulp Business Unit continued its efforts to strengthen bonds with customers by holding and participating in a series of events, such as international conferences held in London, Chicago and Shanghai, where our representatives met with top clients in order to reinforce the unique qualities of our products and the strategic philosophy that underpins the Company's long-term commitments, and teamwork. We also held meetings aimed at Brazilian customers, who account for approximately 20% of our portfolio, in order to share our vision of the future with them and understand how to provide them with even more support for development of the domestic market.



SUZANO PULP
100% PLANTED EUCALYPTUS
MADE IN BRAZIL
BAHIA



Suzano Pulp and Paper Office in Fort Lauderdale, Florida (USA)

We started an organizational restructuring that will allow for more efficient management of our future market position. We held a meeting in São Paulo with commercial teams from the Business Units, including the international offices, known as the Sales Meeting, that resulted in the formulation of commercial strategies and identification of key customers and market niches selected to allocate production coming from expansion projects in the Northeast. The role of our international offices, which are fundamental to the success of our global operations strategy, was reinforced by the creation of five-year growth plans, the hiring of associates who have mastered the local language and culture, and the transfer of executives from China to Brazil.

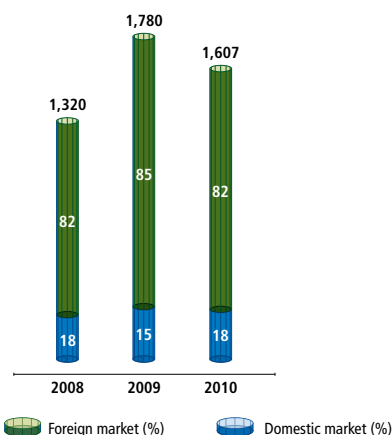
Based on market research, we have also identified our strengths and mapped opportunities for improvement. As a result, we have defined an action plan to improve our service level through initiatives such as joint projects in technical development, improving our technical support and streamlining our logistics.

The preparation for our expansion in the Northeast shall continue in 2010. The Paper Business Unit's internal departments, the international offices, and departments critical to the success of our commercial strategy, such as Research and Development and Logistics, will continue planning and executing the activities that will guarantee our success in expansion projects.

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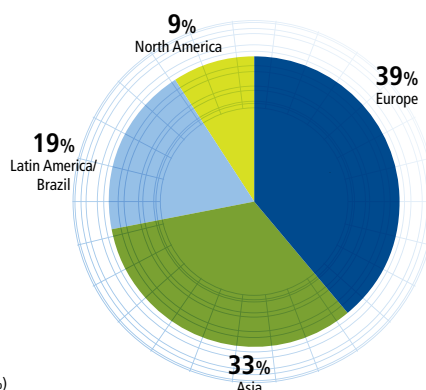
Pulp Sales

(thousands of tons)

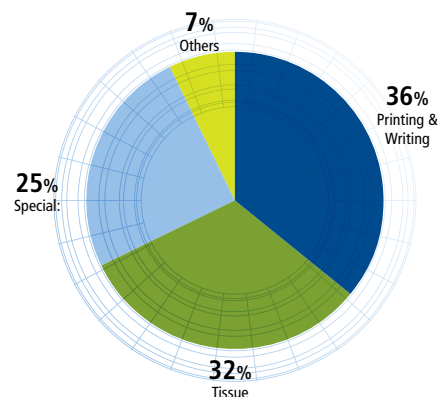


Final destination of pulp sales 2010

Sales volume



Pulp sales per segment 2010





Aerial view of the Limeira Unit (São Paulo)

Paper Business Unit

The highlight of 2010 was the strong upswing in domestic market demand and the renewed demand in the international markets where we operate.

This scenario, along with price readjustments, resulted in improved profitability. Total volume sold reached 1.2 million tons, 3.6% higher compared to 2009.

Our sales in the Brazilian market reached 643,000 tons, growing by 8.7% compared to 2009. Paperboard, which reached a growth of 13%, was especially noteworthy, mostly as a result of the significant growth in the consumer industry which uses this product to produce packaging.

In the domestic market, some noteworthy measures include those adopted by the São Paulo and Federal administration to hinder the improper use of tax exempt paper—purchasing tax exempt paper for school book printing—thus establishing more competitive behavior in the domestic market.

Exports totaled 513,000 tons and were sent to South, Central and North America and Europe. Latin America, including Brazil, accounted for 73.5% of our sales, which was 7.7% higher compared to 2009. The reason for this growth can be attributed to better ties with customers in the region and more focus on distribution channels.

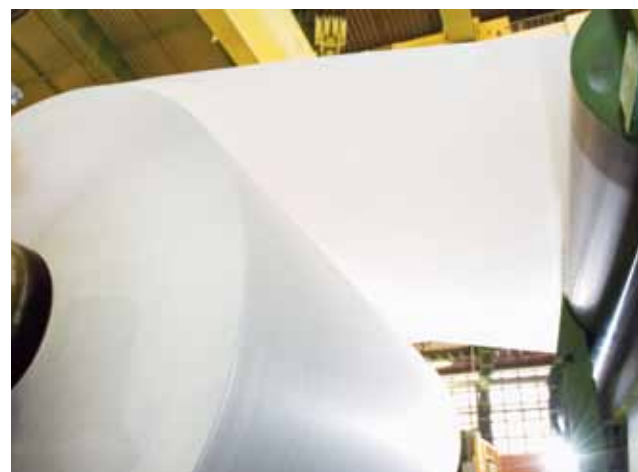
We promoted changes in organizational structure that allowed us to further strengthen ties to all of the links in our business chain allowing for a more effective contact between users and transforming agents for Suzano Pulp and Paper papers. We created a Technical Consulting area that has allowed our customers to achieve important gains in productivity through better use of our products.

We have consolidated new concepts for managing and servicing the Distribution channel in the domestic market. Through the Report® brand, we developed and remodeled promotional tools and established an unprecedented partnership in the sector, together with Terracycle, with the purpose of guaranteeing appropriate disposal of our product packaging. We held the first South America Customer Meeting; we have increased the percentage of customers serviced directly by our sales team in this region and carried out technical training events for customers in order for them to get the best out of our several types of papers. We participated in important events in our industry, including the FLIP (International Literature Festival of Paraty) and the Book Biennial, two of the most important literature-related events in Brazil. We also participated in the Expoprint tradeshow, the largest business tradeshow and means of disseminating new technologies in the Brazilian and Latin American printing market. We established communication partnerships with renowned companies from other sectors, with the purpose of leveraging our brand awareness and informing our customers about the features of our products.

We improved our price and income management model by implementing analytical processes that are structured and based on statistical models (through the Six Sigma methodology). We took significant steps in the process of innovation by launching new products and prospecting ideas such as the “I Paperboard Technology Roadmap,” a process developed using the main links in the development and production chain for packaging in the domestic market. We offered six new products to the market:

- Art Premium Barr® paperboard, which is more grease resistant
- Art Premium® paperboard with 30% post-consumer scraps
- TP White® paperboard with an exclusive line for the North American market
- uncoated Pólen Bold® paper with more body
- uncoated Pólen Soft® paper with reduced production costs
- uncoated paper with security components for the North American market

These new products reinforced our portfolio that continues to include Report® ColorLok, Report® Senninha, Report® Cores, Reciclato Suzano®, Eclipse®, Artwork®, Cartolina Senninha®, Supremo Alta Alvura®, Supremo SBS Board®, Supremo Duo Design®, Royal Tech®, Royal Quartz®, TP White®, TP White Pharma®, TP White Zero Transfer®, TP Premium®, ArtPremium®, Super 6 Premium®, ExtraKot®, Neopack®, Papelcartão Reciclato®, and others.



Paper production at the Limeira Unit (São Paulo)

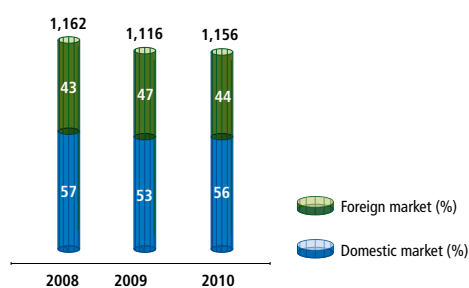
In the industrial area, we intensified integration between the sales and production teams in an effort to guarantee the best and most effective use of our productive assets. We use the Six Sigma methodology to incorporate new improvements into our commercial and production planning processes. We improved the efficiency of our conversion equipment by reducing the number of SKUs produced. We introduced new concepts into our working capital management processes, which allowed us to obtain a significant reduction compared to the previous year.

These measures, along with the advances in our Global Efficiency Program, have allowed us to reach an elevated rate of efficiency with our paper production machines.

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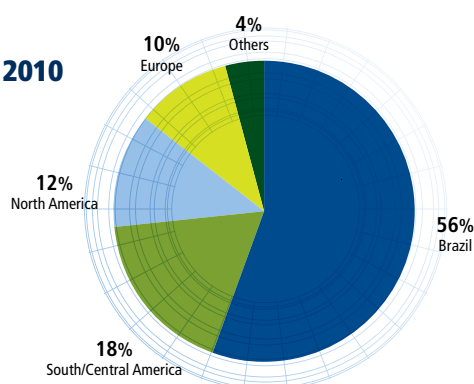
Paper sales

Sales volume



Paper Exports 2010

Sales Volume



SPP-Nemo

Expansion of our customer base, improvement in commercial initiatives, and structural improvements have created major advances in all operational measures at SPP-Nemo, our division specializing in printing product distribution in the domestic market.

We have advanced in the digital world by including social networks in SPP-Nemo's strategy and have already reaped the first results, receiving our first orders through Twitter, with the transaction being concluded through the internet sales channel. Items sold were part of another pioneering initiative by the distributor: the *Marque sua presença no Twitter* (Be on Twitter) promotion. At the end of 2010, we had almost 400 followers; of these, 27.4% were printing companies and publishing houses and 28% were opinion makers.



Employees Ricardo Fernandes
de Miranda and Monica Cristina
Mariano Lozano do Carmo,
at the São Paulo Office

Financial Capital



In 2010, net
revenue reached
a record
R\$ 4.5 billion

Financial and economic performance

The Company's consolidated financial statements for the periods ending on December 31, 2010 and 2009, were prepared according to accounting practices adopted in Brazil, which encompass Brazilian Securities and Exchange Commission ("CVM") Standards and Edicts, Guidelines, and Interpretations issued by the Brazilian Accounting Standards Committee ("CPC") and are in accordance with the International Financial Reporting Standard ("IFRS") issued by the International Accounting Standards Board ("IASB").

Net Revenues

In 2010, our net revenues totaled a record of R\$ 4,513.9 million, 14.2% higher in comparison to 2009.

During this period we sold 1.6 million tons of pulp, 9.7% less in relation to the previous year; this was due to the sale in 2009 of stocks accumulated in 2008, as a result of the 2008 international crisis, and of 1.2 million tons of paper, 3.6% more than 2010, which was driven by the growth of Brazilian economy.

The share of international paper and pulp sales in our total net revenue was 57.6% or \$ 2.6 billion compared to the 2009 figure of 58.1%.

Reduction of the net debt/ EBITDA ratio from 3.5 times in 2009 to 2.0 times in 2010.

Revenue from pulp sales accounted for 44.7% of total revenue in 2010 compared to 40.7% in 2009, reflecting the recovery in pulp prices during 2010.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)

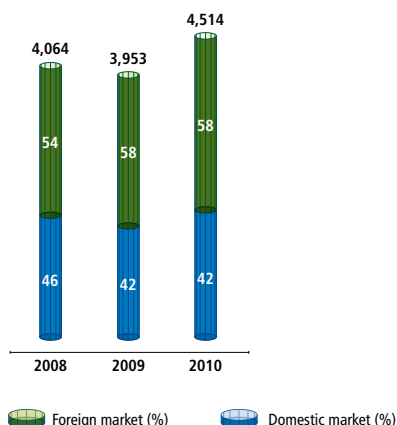
The cash generation measured by EBITDA was R\$ 1,703.3 million in 2010, 46.7% higher than in 2009.

This increase was due principally to: successive increases in pulp prices in the domestic and international markets throughout 2010; paper price hikes in the international market and price stability in the domestic market; and increased paper sales in the domestic market. Additionally, this increase in margin was mainly impacted by the disposal of the aforementioned assets. EBITDA margin reached 37.7% in 2010, 8.4 pp higher in comparison to 2009.

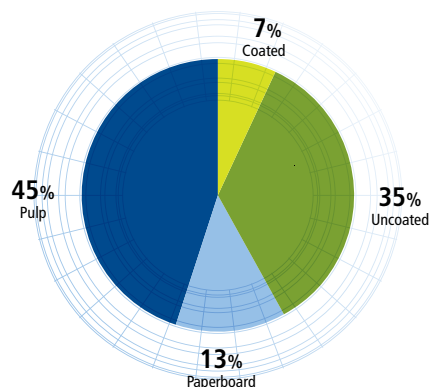


Net Revenue

millions of R\$

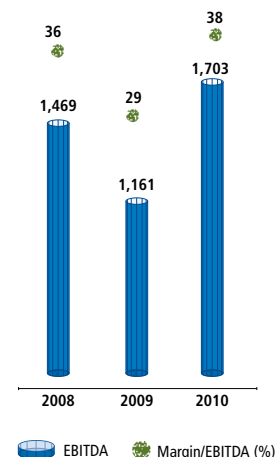


Composition of the Net Revenue



EBITDA/Margin

millions of R\$



Net Profit

Net debt reached R\$ 769.0 million in 2010 compared to a profit of R\$ 946.5 million the previous year. This was the result of increased net financial expenses and of the accounting result of the net monetary and exchange variations impacted by the appreciation of the Brazilian Real.

Indebtedness and Ratings

On December 31, 2010, the consolidated net debt was R\$ 3,421.0 million and EBITDA for the last twelve months was R\$ 1,703.3 million. Therefore, the net debt/EBITDA ratio was 2.0x compared to the 2009 year-end figure of 3.5x.

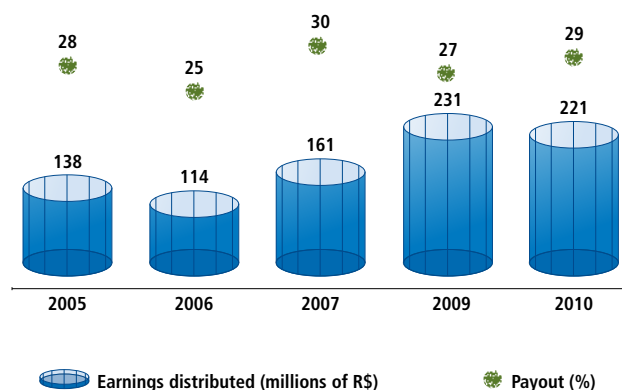
Cash and short-term investments were maintained at a high level throughout the year and 2010 ended with a balance of R\$ 3.7 billion, compared to \$ 2.5 billion in 2009.

In December 2010, Moody's provided a Baa3 (*Investment Grade*) rating in foreign currency to the issuance of USD 650 million in senior notes which will mature in 2021, as well as a Baa3 rating on the global scale and Aa1.br on the Brazilian domestic scale for the R\$ 500 million in debentures issued which will mature in 2014 and 2019. The ratings perspective remains stable. Standard & Poor's reaffirmed our BB+ corporate rating on the global scale (stable) and also related to the issuance of senior notes.

Dividends

Our corporate by-laws, in line with the principles of legislation in force, establish a minimum mandatory dividend of 25% of adjusted net profit for the period. The amount granted to preferred class "A" and "B" shares will be 10% higher than that granted for common shares.

In 2010, R\$ 207.6 million were distributed as interest over our own capital, with R\$ 58.8 million credited and paid on September 10, 2010 and R\$ 148.7 million credited on December 30, 2010 for payment on March 15, 2011. Distribution of dividends totaling R\$ 220.7 million was approved at the Shareholders' Meeting; of this amount, the amounts forecast as interest on our own capital for fiscal year 2010 were discounted, therefore leaving a remaining payable dividend balance of R\$ 13.1 million paid on May 9, 2011.



There was no dividend distribution in 2008 given that we had loss of R\$ 451 million.

Capital market

Our corporate capital is represented by 140,039,904 common shares (SUZB3) and 268,852,497 preferred shares (SUZB5 and SUZB6) traded on BM&FBovespa. Of this total, on December 31, 2010, the Company held 4,154,685 preferred shares and 6,786,194 common shares in treasury. Our shares are part of Level 1 corporate governance and were included in the stock market's Corporate Sustainability Index (ISE) for the sixth year in a row.

In late December, SUZB5 preferred shares were quoted at R\$ 14.78, having recorded a 6.9% loss in value during the year. In the same period, Ibovespa and IBRX-50 showed appreciation of 1.0% and 0.8%, respectively. The daily average of deals was 2,087 and financial volume reached R\$ 19.4 million, increasing 73.4%, and 56.7%, respectively. Suzano's market value on December 31, 2010, was R\$ 6.0 billion. Free float was 45.4% of total shares.

Free float was
45.4%
of total shares.

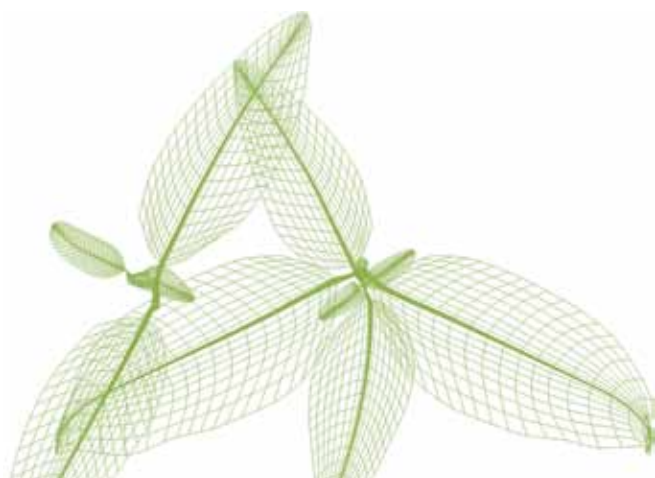
Research of how we are perceived done by Institutional Investor recognized Suzano's CEO and CFO as the best in the pulp and paper industry. Buy-side analysts also recognize the company as having the best Investor Relations professional in the industry.

Share dispersion (number of shareholders per asset level)

Share levels	2008		2009		2010	
	No. of shareholders	Number of Shares	No. of shareholders	Number of Shares	No. of shareholders	Number of Shares
Over 5.0 million	17	215.0	14	191.3	14	263.0
From 2.0 to 4.99 million	10	29.3	13	38.5	13	39.1
From 1.0 to 1.99 million	12	17.9	13	17.3	18	25.4
From 500 thousand to 0.99 million	22	14.9	25	17.2	34	22.4
From 200 to 499 thousand	52	15.4	73	22.2	75	23.5
From 50 to 199 thousand	126	12.9	156	15.8	179	18.5
From 10 to 49 thousand	274	6.2	354	8.0	450	10.1
From 100 to 9.9 thousand	2,465	2.9	3,404	4.2	5,517	6.9
Less than 100 shares	1,114	0.0	1,104	28.5	1,168	0.0
Total	4,092	314.5	5,156	314.5	7,468	408.9

Investments

In 2010, our investments totaled R\$ 603.1 million, 8.4% lower than the amount invested in 2009. Investments in maintaining current capacity totaled R\$ 330.3 million, with R\$ 97.9 million going to the industrial area and R\$ 232.5 million to the forestry area. R\$ 260 million were invested in expansion projects in Maranhão and Piauí and R\$ 12.7 million were placed in other projects.



Implementation of risk management to identify risks and create action plans for dealing with them.



Marcelo Gomes and Gustavo Renaud during a meeting at the Suzano Renewable Energy office (São Paulo)

Risk Management (GRI 1.2 and 4.11)

The company has doubled in size in the past five years and this has posed many challenges, among which is the challenge of continuously maturing our business process control and risk management mechanisms.

To face these challenges, we took important steps in 2010, including establishment of the no surprise policy with the purpose of being followed by all managers when conducting business, so as to provide top management with all necessary information in due time to make the best decisions.

Motivated by this intention, we created Internal Controls Management, linked to Controlling Executive Management, which is responsible for coordinating actions for improvement in business process controls framework, seeking to mitigate inherent internal and external risks, aligned with our growth strategy. The department has started to work in an integrated manner with other business areas to identify the existing controls, risks involved and minimum mechanisms required to manage them. The diagnosis is the foundation for establishing in-depth control plans and for adopting monitoring tools.

The dedicated team that is working on our extension in the Northeast also strengthened the activity risk management process during 2010. They held business talks with

all of the people responsible for the areas involved with the project and identified 87 risks—ten of which were high priority—and created and applied action plans to mitigate them. The idea is that this work is done continuously; that is, during each new project phase any other eventual risks are identified and mitigated. This kind of activity also results in potential business opportunities.

Not only did it result in these activities, but it also resulted in continuous monitoring of all other risks to which we are exposed and development of action and contingency plans to mitigate them based on the methodology used by *Committee of Sponsoring Organizations of the Treadway Commission* (COSO), a non-profit and globally recognized organization that created a method to make operations control reports more effective and thus strengthen a company's capability to manage risks inherent to business.

Our internal framework includes a Risk Subcommittee, linked to the Strategy Committee, and the Risk Workgroup, coordinated by the departments. After establishing the monitoring methodology, the first step is to map and prioritize all corporate risks. Each department will monitor their own risks, as well as establish action, contingency and control plans. The Risk Workgroup is responsible for mapping, prioritizing and reporting action plan status of department risks.

Financial risks

External risk factors related to market price fluctuation can create an undesired level of volatility to cash generation and the bottom line. To manage volatility so as not to create any distortion or losses to our consistent long term growth, we have policies and procedures to manage financial risks. The purpose of the policies and procedures is to protect cash flow and net worth against any market price fluctuations of supplies and products, exchange and interest rates, price and correction indexes or even any other assets or instruments traded on net markets or not (market risks), where the value of our assets, liabilities or cash generation may be exposed. Additionally, we streamlined contracting of financial instruments to protect risk exposure by using natural hedging and correlations between different asset and market prices. By doing so, we avoided wasting resources by contracting operations in an inefficient manner. The purpose of these financial operations is to protect the company against exposure. Risks that do not result from our operational activities cannot be used.

Our funding and exchange hedge policies are guided by the fact that over 50% of the net revenues arising

We used the COSO (Committee of Sponsoring Organizations of the Treadway Commission) methodology to manage our business risks.

from exports is priced in US dollars, whereas a large part of production costs are backed by the BRL. That kind of structural exposure allows us to contract financing for exports in US dollars at more competitive costs than local financing lines and conciliates financing payments with sales flow receipts, resulting in a natural cash flow hedge for these commitments. Exceeding revenues in US dollars not backed by debt commitments and other obligations are sold in the foreign exchange market when resources are internalized.

Market Risks

Market risks are mainly represented by fluctuations in the economy of the markets in which we operate, which reflect consumption, and by fierce competition, as seen in 2010, for instance, in coated paper, as a result of the strong entry of imported products.

These events were mitigated thanks to our diversification strategy, not only in products, but also in business lines. The paper business operates with four lines with the goal of launching five new products annually. In 2010, we included entry into two net market niches, biotechnology, which has already been consolidated, and renewable energy, in the guidelines established by our Annual Strategic Planning Cycle. Additionally, we maintain permanent practices to improve our ties to customers and try to establish long term contracts with them, resulting in high satisfaction and loyalty levels.

Employee Iraci Candida da Silva,
Rio Verde Unit (São Paulo)



Operational Risks

To avoid any eventual risks in growth project delays and the potential need to increase our previously defined investments to execute them, we have contracted financing according to suitable conditions for our profile and amortization term, at compatible rates. We also adopted mitigation measures by creating an exclusive Risk Com-

mittee for our operations in the Northeast, composed of representatives from all project fronts, which follows guidelines established by C.O.S.O. - *Committee of Sponsoring Organizations*.

Additionally, we continually monitor stages and investments with the support of specialized partners.



DCS at Line 2, Mucuri Unit

Intangible Assets

Angela Maria Vieira da Silva
and Michely Cristina Lopes
at the Forestry Technology
Center, city of Itapetininga
(São Paulo)

In our opinion, intangible assets are assets without physical or financial substance that meet the following two requirements: a) future economic benefits that can be attributed to them most flow to the organization; b) cost measurement of the intangible assets must be possible and reliable. In line with our strategic pillars—growth and profitability, competitiveness and sustainability—we also recognize that they are part of our capital since they differentiate us in the domestic and international markets.

Based on this understanding, our own policy of intangible asset management establishes the guidelines so that we can identify, assess, develop, maintain and protect them. To do so we develop metrics to verify their growth and publish their statement annually to disseminate and share them with society, seeking to add value to our company.

In order to comply with this policy, in 2010, we listed our main intangible assets: corporate image, processes and technology, products and services, sales channels, brands and patents, and employee know how. These assets materialize into:

- **Management Standard Certifications:** With the exception of Maranhão and Piauí, all of our units are ISO 14001-certified and audited by Bureau Veritas Certification. Moreover, all of our production areas comply with Forest Stewardship Council (FSC) standards and guidelines.
- **Management model based on Brazilian Quality Foundation criteria (FNQ):** In 2001 and 2008, the FNQ granted us the National Quality Award, for compliance with the following criteria; leadership, strategy and plans, customers, society, information and knowledge, people, processes, and results.
- **Relationship with capital markets:** We have dedicated teams and communication channels to maintain a direct relationship with investors, potential investors, and capital market analysts. (Learn more in the Corporate Governance chapter).
- **Technology and new product management:** Many in-house programs feed our pursuit of operational excellence and one of our most important differentials: innovation. We also have a goal of launching at least five new products annually. (Learn more in Strategy and Management Model chapter and Operational Performance/Paper Business Unit chapter).
- **Personnel and team management:** We defined quality relationships as one of our corporate values. In order to attain that value, we developed a program, aligned with the best market practices, to attract, retain and integrate people through fair compensation, benefits, and personal and professional opportunities for growth. (Learn more in the People chapter).



Our main intangible assets are:
corporate image, processes and
technology, products and services,
sales channels, brands and
patents, and employee
know how

- **Strategy management:** We have a Strategic Planning Cycle, with five stages that add to and fine tune our sustainable growth strategy annually. *(Learn more in the Strategy and management model chapter).*
- **Knowledge built on workforce:** That we are confident our workforce is our most important asset, therefore we have many common mechanisms to promote: Develop and standardize procedures in all areas, through which we seek to consolidate the knowledge management model. *(Learn more in the Strategy and management model chapter).*
- **Brands and corporate image:** Our image shows a path of achievements recognized by the market by the many awards and prizes received. It also adds value to the more than 30 brands of papers, many of which are established in the domestic and international markets. *(Learn more in the Operational performance/ Paper Business Unit chapter).*

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Corporate Governance

We ran our business based on policies and guidelines formulated using the principles of good corporate governance: transparency, equality, accountability, and responsibility. We are part of Level 1 corporate governance at BM&FBovespa and, for the sixth year running, we are also in this stock market's Corporate Sustainability Index (ISE), which is made up of companies that are committed to creating value in the long term for shareholders.

We have established continual and honest dialog with the capital market and investors and have placed all necessary information at their disposal so that they may assess our performance and its alignment with the growth strategies defined in the Annual Planning Cycle.

Two channels of communication are aimed specifically at these stakeholders: the e-mail address ri@suzano.com.br and the phone number for the Investor Relations department (5511) 3503-9061.



Since 2006 we have maintained a Code of Conduct that expresses the ethical principles that guide our corporate behavior. In 2010, it was adapted to include some of our policies and has become the topic of an online course given to associates through e-Suzano. *(Learn more in the People chapter) (GRI 4.8)*

Our governance structure also includes a Conduct Committee, which is responsible for managing the Code of Conduct and for ensuring its compliance, and an External Ombudsman, a confidential channel which answers questions and submits reports of unethical conduct. The Ombudsman is run by an independent consultant and can be reached by telephone (0800 7714 060) and via e-mail: ouvidoriaexterna@austernet.com.br.

Our financial statements have been audited since 2004 by the company of Ernst & Young Terco Independent Auditors which is also responsible for reviewing our internal controls. Reports issued are presented and discussed by the Audit Committee along with external auditors.

Likewise, our principles were absorbed during the development of the Sustainability Master Plan, carried out during the year through a partnership with the Ecofuturo Institute, for which we were recognized as a benchmark in this matter. The Plan required some structural changes to the Forestry Business Unit. The changes included the creation of the Sustainability Executive Management, Regional Social and Environmental Managements, and the Corporate Sustainability Intelligence department. *(Learn more in the Environment chapter)*

Our principles were absorbed during the development of the Sustainability Master Plan





Richard Lopes Novak, Flavio de Jesus Dvulatka,
Daniel Turci Pedroso and Antonio dos Santos
Maciel Neto, employees at the São Paulo office

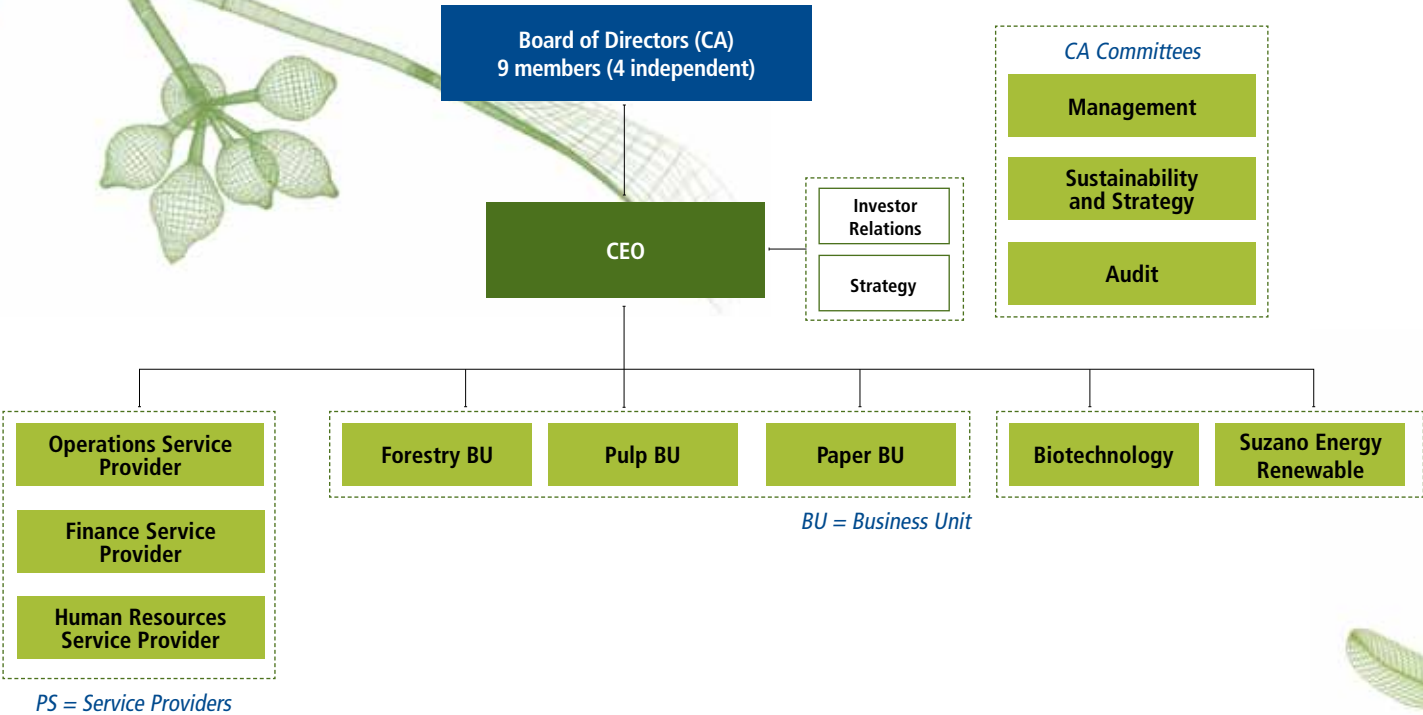
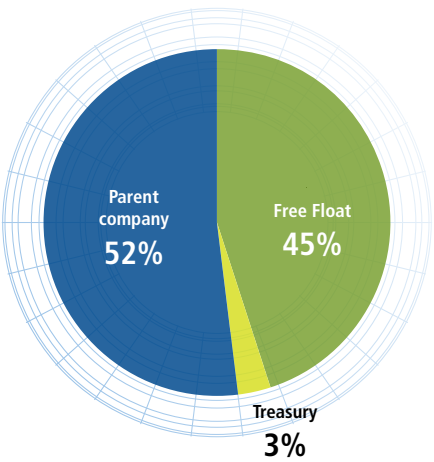
Organizational Structure

We exercise corporate governance through the Board of Directors, supported by the Management, Sustainability and Strategy, and Audit committees, and through the Executive Board. We furthermore maintain a permanent Audit Committee made up of three full members and three alternates. (GRI 4.1)

To reinforce this structure, 13 Committees, 17 Subcommittees, and several Work Groups have been established and tasked with promoting integration between areas while contributing to enhancing and disseminating strategic topics and practices. (GRI 4.1)

Moreover, our Business Units (Forestry, Pulp, and Paper) are supported by three internal Service Providers: Operations, Finance, and Human Resources.

Share structure



Board of Directors

The Board is made up of nine members, one of whom is between 30 and 50 years of age and the remaining eight of whom are over 50. Four of them are independent and one is an honorary member. The members gather every quarter and, when needed, extraordinarily. In 2010 there were 26 meetings. (GRI 4.3, 4.9 e LA13)

- **David Feffer** – Chairman
- **Daniel Feffer** – Vice president
- **Boris Tabacof** – Vice president
- **Jorge Feffer** – Member of the Board
- **Cláudio Sonder** – Member of the Board
- **Antonio Meyer** – Independent member
- **Oscar Bernardes Neto** – Independent member
- **Marco Bologna** – Independent member
- **Nildemar Secches** – Independent member
- **Augusto Esteves de Lima Junior** – Honorary member

(Board member bios are available in the Reference Form, at www.suzano.com.br/ri)

Tax Committee

The tax committee is composed of three effective members

- **Luiz Augusto Paes**
- **Rubens Barletta**
- **Jaime Luiz Kalsing**

(Tax committee member bios are available in the Reference Form, at www.suzano.com.br/ri)

Executive Board

Is made up of one CEO and six officers, five of which between 30 and 50 years old and two above 50 years old.

(LA14)

- **Antonio Maciel dos Santos Neto** – CEO
- **André Dorf** – CEO of Suzano Renewable Energy
- **AlexnadreYambanis** – Head of Pulp Business Unit
- **Bernardo Szpigel** – CFO and Legal Officer
- **Carlos Aníbal de Almeida Júnior** – Head of Paper Business Unit
- **Carlos Alberto Griner** – CHRO
- **Ernesto Pousada Júnior** – COO
- **João Comério** – Head of Forestry Business Unit

(Executive board member bios are available in the Reference Form, at www.suzano.com.br/ri)

Support

- **Committees (CO)** – Management Model, Standardization and Certification, Investments, Operational Excellence, Strategy, Personnel Management, Conduct Management, Innovation, Fiscal-Tax, International Management, Communication, Processes and Sustainability.
- **Subcommittees (SC)** – Facilitators of the Management Model, Credit, Risk Management, People Management, Quality, Cash Flow, TOT (operation, Fiscal, Tax), Investments, Operational Excellence, Six Sigma, Forestry Standardization and Certification, SPP Standardization and Certification, Operations Service Provider Standardization and Certification, Innovation, Sustainability, Conduct Management and GAP Closure.
- **Workgroups (GT)** – Workgroups are created when needed in order to debate, learn more about, and deliberate on the measures to be taken concerning specific topics related to our operations.



Marcio de Oliveira Ruas,
Mucuri Unit (Bahia)

The background of the page is a photograph of a large industrial facility, likely a pulp or paper mill. It features several large, curved, ribbed structures that resemble giant vats or storage tanks. The structures are light brown or tan in color, with horizontal bands of blue and brown. A blue sky is visible in the upper left corner. On the left side, there are some metal walkways and scaffolding. The overall image conveys a sense of scale and industrial activity.

Human Capital

**People are the foundation
of our growth**

People

In line with the strategy of multiplying our value through organic growth and diversification of business, the personnel management model focused on HR for Growth in 2010. Its goal is to promote the structure necessary to provide support for the expansion planned in the states of Maranhão and Piauí which, by 2014, will include training for around 16,000 professionals in the region.

We began formulating initiatives to train this contingent while identifying the educational infrastructure that will need to be available to the regions of Imperatriz (Maranhão) and Palmeirais (Piauí) as well as the investments needed for this. In that sense we are initially creating a consortium to train people to work at the project site, with the support of the Maranhão State Government, city halls, trade associations, unions, construction companies and others. We have also mobilized technical learning centers, such as the Brazilian Industrial Learning Service (Senai) of Bahia, which is experienced in training people for working with pulp and will support our actions in Maranhão, the Senai school of Maranhão, and the Federal Institute of Education, Technology and Science of Maranhão

Vinícius Precioso,
Mariana Zayat
Chammas and Bruna
Regis Machado at the
São Paulo office

16,000
professionals
trained by 2014 in the
Maranhão and Piauí regions

(IFMA). The goal is to educate and train people in local communities, creating jobs and strengthening development in the region. This practice is completely in line with our policy of prioritizing local people in order to therefore contribute to the development of the communities with which we interact. (EC7)

At the end of the year, we had a total of 4,352 direct employees, most of whom (54%) are located in the southwest region of the country and 61% of whom work in operations. By moving forward in our primarization strategy, especially in forestry areas, 40 workers who had before been outsourced workers were absorbed during the year, which brought the number of primarized employees to 300 by the end of the year. Abroad, we maintained another 186 professionals. Our turnover for the fiscal year was 15%.



Profile per region (LA1)

	2008		2009		2010	
	Employees	%	Employees	%	Employees	%
South	23	0.6	14	0.4	14	0.3
Southeast	2,241	63.3	2,257	58.4	2,355	54.1
Midwest	3	0.1	2	0.1	3	0.1
Northeast	1,273	36.0	1,589	41.1	1,980	45.5
North	–	–	–	–	–	–
Total	3,540	100	3,862	100	4,352	100

Profile per age group (in %) (LA13)

	2008			2009			2010		
	less than 30 years old	From 30 to 50 years old	Over 50 years old	Less than 30 years old	From 30 to 50 years old	Over 50 years old	Less than 30 years old	From 30 to 50 years old	Over 50 years old
Officers	0	66.7	33.3	0	63.6	37.4	0	80	20
Managers	3.5	72.9	23.5	6.1	74.9	18.9	8.2	75.1	16.7
Specialists	22	65.6	12.4	24.5	62	13.5	28.9	58.2	12.9
Back office	32.6	56.5	10.9	35.1	55.9	8.9	33	56.9	10.1
Operational	32.4	62.1	5.5	33.3	61.1	5.6	35.6	58.6	5.8
Trainees	100	0	0	100	0	0	100	0	0
Total employees	27.8	63.1	9.1	29.2	62.1	8.8	31.3	60	8.7

Profile per gender (LA2)

	2008		2009		2010	
	Employees	%	Employees	%	Employees	%
Women	368	10.4	402	10.4	545	12.5
Men	3,172	89.6	3,460	89.6	3,807	87.5
Total	3,540	100	3,862	100	4,352	100

Profile per gender (in %) (LA2)

	2008		2009		2010	
	Women	Men	Women	Men	Women	Men
Officers	0	100	0	100	0	100
Managers	7	93	8	92	11,1	98,9
Specialists	28	72	29	71	34,5	65,5
Back office	26	71	28	72	25,4	74,6
Operational	2	98	2	98	3,9	96,1
Trainees	11	89	0	100	–	–
Total employees	10	90	10	90	12,5	87,5

Employee Bruna Bin and service provider Marjorie Cristina da Cruz, at the Rio Verde Unit (São Paulo)



Company relations

One highlight from the period was the consolidation of the Personnel Performance Management System, whose application advanced to the specialist level. Not only did it result in action and retention plans, but by using individual competency assessments, this project was reflected in the payment and succession methodologies, strengthening the process of merit-based gains. Therefore, at the executive level, 19 people were promoted, twice the amount compared to new hires. In the operational area, we continued our evaluation and feedback policies. Based on those

initiatives, all employees underwent performance evaluations and received development initiatives during the year. (LA10, LA11 and LA12)

As a result of the promotions, the ratio between the lowest salary paid by Suzano and the current minimum wage in operational units is 2.6 monthly salaries. All employees are guaranteed free choice of union association regulated by collective bargaining agreements, closed in the period without any breaches and within the preestablished deadlines, including notifications. (EC5, LA4, LA5 and HR5)

Profile per type of job position and work contract (LA1)

	2008			2009			2010		
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total
Officers	7	–	7	11	–	11*	15	–	15
Managers	312	–	312	359	–	359	425	–	425
Specialists	732	1	733	733	1	734	784	1	785
Back office	359	–	359	370	–	370	485	–	485
Operational	2,122	–	2,122	2,387	–	2,387	2,642	–	2,642
Trainees	7	–	7	1	–	1	–	–	–
Total	3,539	1	3,540	3,861	1	3,862	4,351	1	4,352

**Up to 2008, officers only meant elected officers. As from 2009, we have included elected and non-elected officers.*

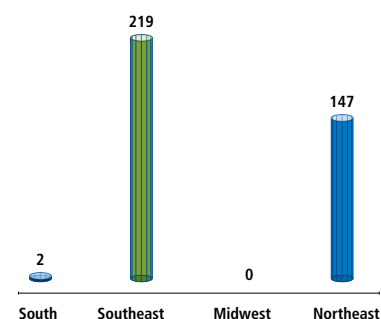


Karen Su Lam and Zilka Pimenta Saleh at the São Paulo office

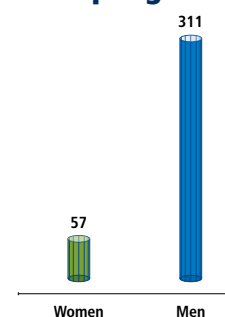
Job turnover per region (Brazil) (LA2)

2008				
	South	Southeast	Midwest	Northeast
Admissions	5	202	0	159
Dismissals	5	252	0	116
Turnover rate (%) – Dismissals	21.40	11.00	0.00	9.30
Total Turnover rate (%) –Corporate dismissals	10.50			
2009				
	South	Southeast	Midwest	Northeast
Admissions	0	247	0	505
Dismissals	9	251	1	183
Turnover rate (%) – Dismissals	52.20	11.30	34.30	13.90
Total turnover rate (%) – Corporate dismissals	12.50			
2010				
	South	Southeast	Midwest	Northeast
Admissions	1	312	1	538
Dismissals	2	219	0	147
Turnover rate (%) – Dismissals	14.50	9.50	0.00	8.40
Total turnover rate (%) – Corporate dismissals	9.10			

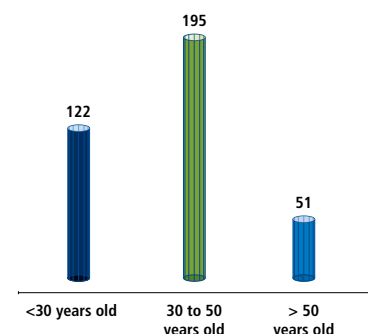
Turnover per region



Turnover per gender



Turnover per age group



Turnover rate per gender (LA2)

	2008		2009		2010	
	Women	Men	Women	Men	Women	Men
Total	68	305	68	376	57	311
Turnover	18.4	9.5	18.2	11.8	12.4	8.6
Total – Turnover rate (%)	10.5		12.5		9.1	

Turnover rate per age group (LA2)

	2008			2009			2010		
	less than 30 years old	From 30 to 50 years old	Over 50 years old	less than 30 years old	From 30 to 50 years old	Over 50 years old	less than 30 years old	From 30 to 50 years old	Over 50 years old
Total dismissals	116	193	64	147	231	66	122	195	51
Turnover rate (%)	11.5	8.6	19.9	14.9	10.3	20.6	10	7.9	14.1
Total – Turnover rate (%)	10.5			12.5			9.1		
Total dismissals	10.5			12.5			9.1		

Our employees receive a wide range of benefits, above and beyond what is set forth by law and which include, among other things, health and life insurance and food vouchers. Moreover, we have had a private pension plan with a defined contribution since 2005, Suzano Prev, in which employees can participate with up to 12% of their salaries with the company matching 0.5% of the salary for those who receive up to R\$ 1,849.30. For employees that earn more than this, we contribute up to 6% of the difference between the total amount and the nominal salaries.

(LA3 and EC3)

In line with one of our values (quality relationships), we also promoted a qualitative leap in our Inclusion Program for People with Disabilities during the period. Different than in previous years, when we were looking to fill our positions, with experienced professionals, we have extended our program. We began to not only carry out recruitment and selection, but also to train these people, giving them the behavioral and technical skills to facilitate their placement at the company and in their jobs. In 2010, 71 people with disabilities were hired, with 35 of them taking part in this program and undergoing two months of training before joining their departments. This led us to end the year with 141 people with disabilities in our units.

Ratio between base-salary and gender (%) – 2010 (LA14)

	2008		2009		2010	
	Men	Women	Men	Women	Men	Women
Officers	ND	ND	ND	ND	ND	ND
Managers	99.8	103.0	99.6	104.8	99.0	107.0
Specialists	102.3	94.0	103.6	91.3	107.0	86.0
Back office	113.1	68.2	113.5	65.1	113.0	61.0
Operational	100.5	74.4	100.7	69.0	102.0	60.0
Trainees	100.0	100.0	100.0	0.0	–	–

Bernardo Giesta Romano, Paula Bottacin
 Koumbis Mandaloufas, Gilciane Magiero
 Beltrame Cogo and Oseas Soares da Silva,
 Mucuri Unit (Bahia)



Volunteer Work

Project	2009	2010	%
Suzano na Escola (Suzano at School – state of Bahia)	20	45	125
Suzano na Escola (Suzano at School – state of São Paulo)	0	46	n/d
Formare Suzano	70	141	101
Formare Mucuri	60	67	12
Formare Embu	35	45	29
Total	185	344	86

Disabled employees (%) (LA13)

	2008	2009	2010
Officers	0.0	0.0	0.0
Managers	0.0	0.3	0.2
Specialists	1.0	1.0	1.3
Back office	3.0	3.2	9.3
Operational	3.0	2.8	3.2
Trainees	0.0	0.0	0.0
Total	2.0	2.3	3.2

Under the same view in relation to diversity, we maintain and disseminate equal treatment for all, including compensation between men and women, and we monitor, report, and manage actions resulting from incidents of discrimination. Therefore, we have not registered any cases of discrimination that were informed to our hotlines for the period. (HR4)

Solidarity, another characteristic of Suzano, is encouraged internally through the Volunteer Program, which in 2010 came to our administrative headquarters in São Paulo and was benefitted by the launch of the Volunteer Portal (www.voluntariadosuzano.com.br), an online meeting place for increasing and potentializing volunteer activities. At the end of the period, 344 employees and service providers, which is 86% more than in 2009, took part in two special initiatives in the area of education. They worked as volunteer educators in the Formare schools, training young people for the job market. Since 2005, we have maintained three schools through a partnership with the lochpe Foundation, which are located in the Suzano (São Paulo) and Mucuri units, and another in the Embu (São Paulo) unit since 2009. With 11 classes having graduated and three currently ongoing, the initiative has educated

Diversity Management (%) – 2010 (LA13)

Disabled persons	3.2
African descent	ND
Women	12.5
People under 30	30.1
People between 30 and 50 years old	60.9
People over 50	8.9



212 young people, 54% of which have entered the labor market and 36 of which are working at Suzano. Another initiative is the Suzano at School project, in partnership with *Junior Achievement*, which encourages public school students from grades 6 through 9 to finish school and find out more about careers and business. Volunteer employees are also part of other initiatives with the purpose of strengthening our ties with local communities and encouraging them to exercise their roles as citizens.

All of these initiatives, and especially the manner in which we execute them, were noted by employees in the Employee Satisfaction Survey carried out during the year by the Hay Group, one of the largest consulting firms in this line of work. There was 96% adherence to the survey, an increase of five percentage points compared to the last cycle in 2007. Items that showed the largest increase compared to the previous survey were cooperation with workteams (a 22% increase) and professional growth opportunities (a 21% increase). And more: 82% of participants stated they were proud to work for the company and 76% would recommend it as a good place to work. Survey results became the basis for the development of action plans at many different functional levels.

Training and Development

In 2010, we intensified our training program, which totaled 292,000 hours—an average of 67.2 hours per professional—and required investments of R\$ 4.3 million, as part of the preparation for consistent growth. One of the main topics was the concept of “Strong and kind,” which is part of our Mission, Vision and Values and is spread throughout management at every level. (LA10)

Also as a result of the adjustment made to our organizational identity, which involved over one thousand employees, a multi-disciplinary team, including the executive board and our CEO, went into the field to spread the new Vision and Mission and the new Values to employees. The Code of Conduct update brought about formatting of a module on document guidelines on E-Suzano, our distance learning portal. All employees received information on the new code and signed a term of acknowledgment, with 87% of them have already been trained. The

training courses, talks, and other activities developed throughout the year were also related to human rights practices and totaled 21,000 hours, involving 90% of direct employees. (HR3)

The Intern program, in turn, was broadened and enhanced. With 157 members, 118% more than the previous fiscal year, it included behavioral training modules and visits to mills. It was adopted by 90% of managers. In the end, 51 interns who graduated during the last cycle were incorporated into our workforce. To promote this initiative among college students and therefore facilitate the program’s objective of attracting and selecting talent, we participated in recruiting events organized by academia, including the 9th FEA Junior USP Recruiting and Career Tradeshow, the 20th Poli Junior USP Integration Workshop, and the Virtual Curriculum Networks Tradeshow.

Training by functional category (LA10)

(average h/empl./year)

	2008	2009	2010
Officers	27.22	8.32	26.33
Managers	57.55	65.17	71.82
Specialists	37.93	36.9	34.42
Back office	27.29	24.61	25.61
Operational	61.58	96.88	84.10
Overall average*	52.72	75.34	67.22

* The overall average is the total of employees divided by total hours.

Employees Lucas Costa Furtado, Rogerio Baldan and Eraldo Cordeiro Almeida Junior at the Suzano Leader Development Program



Safety, health and quality of life

We work under the assumption that integrity, health and safety of our direct employees and outsourced personnel are values that we continually pursue. That is why it is part of our Social Responsibility, Health and Safety policy, certified by OHSAS 18001 and is disseminated among all employees who are committed to its guidelines and goals. In the scope of the Occupational Health and Safety System (SSO), we have also maintained a strong commitment towards the continuous improvement of our routines by promoting audits of operational and behavioral deviations.

Our commitment is also translated into improvement of processes, machinery, and equipment and the development and adoption of preventive and health campaigns such as the Safety Dialogs, daily meetings with operational employees and weekly meetings with back office personnel, to reinforce the need for 100% safe behavior, in addition to the Zero Accidents program which trains and awards teams for their performance in relation to safety indicators.

We have Health and Safety Workgroups throughout all departments in our units which report to Directive Work groups (GT SIG), made up of multidisciplinary representatives from several areas. We have established collective bargaining agreements with the unions that represent our employees, valid for all staff, which, among other measures, guarantees the use of personal protection equipment and the right to refuse to work under unsafe conditions. In 2010, 100% of employees that work in the safety area also participated in a course through the E-Suzano portal on the Code of Conduct, which includes guidelines related to respecting human rights, totaling 2,145 hours.

(LA6, LA9 and HR8)

Therefore, in 2010 our accident frequency rate (with or without days away from work, of direct and outsourced personnel) was 3.01%. The severity rate was impacted by

292,000
hours
in total 2010
training hours



Marcos Vieira de Souza, employee at the Embu Unit (São Paulo)

a casualty at the Suzano Unit, resulting from a flaw in procedure, which was not followed according to the safety department's instructions. We have provided full assistance to the victim's family, with an HR professional monitoring them directly and service from the PASSO program (Family Assistance Program), which is part of our Quality of Life Program. (LA7)

We believe that health and safety are directly related to quality of life. We have continued many actions that seek to promote leisure and integration of our employees, their family members and the communities during the period.

These actions are included in our Quality of Life Program which is made up of four pillars: health, relationship, mind, and culture.

The PASSO program, created in 2010, is an example of these actions. The purpose of the program is to provide support to employees so that they can deal with personal or family problems such as drug addiction, financial diffi-

culties or others. Contact with the multidisciplinary team—including psychologists and social workers—is done through an toll free hotline, available 24/7 at all units. We have already serviced 289 people in the period within the scope of the new program. (LA8)

The Saúde Nota 10 (Top Form Health) program promotes physical evaluations, incentives to quit smoking, quality of diet improvement, exercising and reducing obesity. In 2010, a total of 2,711 people participated.

Another incentive connected to the Quality of Life Program was the inauguration in Mucuri of Cine Suzano, a movie theater providing employees and community members with leisure activity by presenting two monthly sessions—one for adults and another one for children—at different locations in the city.

Along the same lines, we have a Corporate Visit Program, which was extended during the period. Now, every employee can participate in monitored visits also in Bahia,



Olismar Santos de Matos, employee at the Itabatã nursery (Bahia)

accompanied by up to three family members, to learn more about the Mucuri Unit and the seedling nursery. In São Paulo they can visit Parque das Neblinas park. With this initiative they have the opportunity to learn more about our industrial and forestry processes by watching videos and attending lectures. In 2010, 308 employees and family members visited the Mucuri Unit and 418 visited Parque das Neblinas park.



Health and Safety Management* (LA7)

	2008	2009	2010
Accident frequency rate	4.97 ⁽¹⁾	3.08 ⁽¹⁾	3.01 ⁽¹⁾
Days away from work rate	31.02 ⁽²⁾	16.46 ⁽²⁾	19.94
Absenteeism rate	1.1% ⁽³⁾	0 ⁽³⁾	2.1
Absolute number of casualties	0	1 ⁽⁴⁾	1 ⁽⁵⁾

* Our records follow the NBR 14.280 standard.

(1) Accidents with and without days away from work (direct employees and service providers). Data includes minor injuries.

(2) Just accidents (does not include days discounted) (direct employees and service providers).

(3) Takes into account all absences during the year.

(4) Accident that resulted in casualty of a worker from a company rendering services at the SPP-Nemo distributor unit in São Paulo (São Paulo).

(5) Accident that resulted in a casualty at the Suzano Unit (São Paulo) arising from failure to follow procedure as established by safety department guidelines.

Severe Diseases Assistance Programs – 2010 (LA8)

Included in programs	Education and Training		Counseling		Prevention/risk control		Treatment/ health insurance	
	YES	NO	YES	NO	YES	NO	YES	NO
Employees	X		X		X		X	
Employees' families		X	X			X	X	
Community members		X		X		X		X

The PASSO
(Family Assistance
Program), launched
in 2010, has
already serviced
289 people

2,711
participants
in the Top Form
Health Program



Waldir Rosa da Silva,
employee at the Embu
Unit (São Paulo)

Health & Safety Management by Unit (LA7)

Frequency rate with days away from work

	2008	2009	2010
Suzano	0.33	0.00	1.3
Rio Verde	0.00	0.00	2
Mucuri	0.19	0.70	0.56
Embu	0.00	1.89	1.76
Bahia/Minas Gerais Forestry Unit	0.17	0.14	0
São Paulo Forestry Unit	0.39	0.00	0.49
Maranhão Forestry Unit	–	0.00	0
Piauí Forestry Unit	–	0.00	0
SPP	0.00	3.21	5.2
São Paulo Office	0.00	0.00	0
Consolidated	0.23	0.27	0.52

Frequency rate without days away from work

	2008	2009	2010
Suzano	6.23	6.40	3.69
Rio Verde	8.11	5.76	0
Mucuri	6.16	3.72	4.11
Embu	5.03	1.89	8.81
Bahia/Minas Gerais Forestry Unit	2.07	1.08	0.81
São Paulo Forestry Unit	5.12	1.65	1.98
Maranhão Forestry Unit	–	–	1.8
Piauí Forestry Unit	–	–	3.36
SPP	0.00	0.00	2.6
São Paulo Office	0.00	0.00	0
Consolidated	4.74	2.81	2.49

Number of days missed

	2008	2009	2010
Suzano	64	0	18
Rio Verde	0	0	200
Mucuri	4	36	49
Embu	0	9	26
Bahia/Minas Gerais Forestry Unit	23	28	0
São Paulo Forestry Unit	53	0	30
Maranhão Forestry Unit	–	0	0
Piauí Forestry Unit	–	0	0
SPP	0	0	29
São Paulo Office	0	0	0
Consolidated	31	16	20

**Until 2009, Maranhão and Piauí unit figures were reported together. As from 2010, the figures are separate.*

Social Capital

Quality and Respectful Relationships: Suzano values that reach out to our communities





Children at the Golfinho Community
Association, Mucuri (Bahia)

Customers

The focus of our Business Units in 2010 was intensification of relationship building with customers. Examples include events promoted by the Pulp area for its workers aimed at further instilling the concept of adding value to the product to offer superior services in addition to research that was carried out by the Paper area to better understand the distribution segment outside of Brazil and thus adjust and enhance operations. (Learn more in the Operational Performance/Pulp Business Unit and Paper Business Unit chapters).

In addition to operational measures such as these, we maintained actions that sought to strengthen our relationships with customers, such as the Visitor Program, which was expanded during the year and brought 1,600 people, including customers and residents from neighboring communities, to learn about our mill and forestry processes at the Mucuri and Suzano units.

A customer Satisfaction Survey showed a 65% and 66% favorability rate, respectively in the pulp and paper areas

With that same purpose, we participated in many events during the period, including Brazil Day, within the scope of ExpoTime—culture and business trade-show in Shanghai, China—and Expoprint, the largest printing chain technologies dissemination and business meeting in Latin America, held in São Paulo.

SUZANO PULP booth at the International Pulp and Paper Congress and Exhibition promoted by the Brazilian Pulp and Paper Technical Association (ABTCP)



In order to measure customer perception of our products and services, we carry out periodical surveys. In 2010, they showed satisfaction levels of 65% and 66%, respectively for the pulp and paper areas. (PR5)

We also adopted marketing actions to demonstrate the differentials of our products, among which was our participation in 2010 Earth Month, an initiative from one of the most important self-service chains in the world to increase the supply of sustainable products in its stores. At that time, Suzano participated with Reciclato® Branco paper (recycled white paper), which is used for printing the label on one of the most important chocolate powder drinks in Brazil.

These initiatives as well as all of the specific campaigns developed throughout the period, including those directed at end users, were aligned with our internal standards and procedures in regards to sample requests and monitoring, supplier agreements, quote/payments controls, standards and procedures for contracting agencies, and hierarchy levels for payment and contract approvals in the SAP system. That is because we have not adhered to any voluntary codes for communications and marketing. However, thanks to our internal measures, we have not registered any noncompliance with advertising, promotion and sponsorship rules and codes. (PR6 and PR7)

Likewise, we have not received any claims in relation to privacy violation or loss of customer data. The strict compliance with our Code of Conducts guidelines contributes to the aforementioned, where all information related to customers must remain confidential. Moreover, our standard contracts include a non-disclosure clause and establish a breach of contract for a partnership in the event of noncompliance. Additionally, we have a contract with an independent company responsible for managing emails sent to customers, and a controlled access system restricted to electronic mail. (PR8)

Although our products are not subject to health and safety regulation, production processes are carried out under strict internal control that complies with Brazilian and international norms and standards applicable to



Report® Colored Multipurpose Paper

the industry. Therefore, we have not registered any non-conformities or impacts of our products and services on health and safety. In relation to labeling, supply and use, our pulp's packaging and safety data sheets contain all information on the product and service and the paper area strictly complies with Brazilian law on this matter. Despite this, an error in the metric description on the packaging or Report® Seninha paper caused us to receive three warnings from Instituto de Pesos e Medidas (IPEM – Measurements and Weight Institute), resulting in a R\$ 8,291.00 fine. The amount was paid and the packaging was fixed immediately. (PR2, PR3, PR4 and PR9)

Suppliers

Supplier management was deemed one of our strengths in the *Guia Exame de Sustentabilidade 2010* (2010 Exame Sustainability Guide), which chose the 20 model companies in Brazil in corporate social responsibility. Our score was 8.5, much higher than the overall company average of 5.1.

One of the factors that allowed us to stand out was the fact that we give priority to local labor, resulting in benefits not only for the communities but also for both our own and our partners’ business. If on the one hand these professionals allow us to understand, respect and preserve regional cultures, on the other they are motivated by us to increment their results.

In that sense, one of the programs we have is the Suzano Suppliers Award, given since 2006. The objective of the award is to disseminate our practices directed at sustainable management and to value our partners’ actions. Categories include supplies, services, logistics, and innovation. The program also chooses the Supplier of the Year. In 2010, criteria were restructured and we included topics related to occupational safety and social and environmental responsibility. Winners were Comgás (supplies), Tide Florestal (services), Embrac (logistics), and Dupont (innovation). Comgás was chosen supplier of the year.

Another one of our initiatives for adding value which was intensified during the period was closing long term contracts, an advantage for both parties: for us, because they result in gains in costs and terms; for our partners, be-



was the score that Suzano received from the Exame Sustainability Guide for corporate social responsibility

cause it strengthens the relationship of trust and guarantees them the peace of mind they need to plan their flows.

Our policy of preferring local partners was also applied within the Northeast extension scope. We held two meetings with these professionals, in Imperatriz and São Luis, in the state of Maranhão, resulting in 186 companies registered. Thus, we closed the year with 3,651 active suppliers – expenditures with these professionals was 66% in São Paulo, 8% in Bahia and 6% in Espírito Santo. (EC6) In order to select material suppliers or service providers, we adopted strict criteria so as to comply with labor, fiscal and environmental laws as well as social and environmental conduct and to protect the health of these company’s employees. These issues, as well as the adoption of practices that respect human rights, are also set forth in all of our standard contract. Furthermore, we hold annual audits at critical suppliers to certify that they are not using child or slave labor or unfit labor practices. In 2010, we carried out 25 audits, which accounts for 6% of the total amount of critical suppliers. We did not find any noncompliance with any of these rules. We are also committed to the Programa Na Mão Certa (In the Right Hands Program), to fight sexual exploitation of children and teenagers. The guidelines of this program are constantly disseminated among suppliers. (HR1, HR2, HR5, HR6 and HR7)

The Forestry Partnership Program is yet another mechanism through which we contribute to the social and economic development of the regions where we operate. In 2010 it was reformulated and began to focus more on small farmers. (Learn more in the Operational Performance/Forestry Business Unit chapter).

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Active Suppliers per Region (EC6)

Region	2008		2009		2010	
	Suppliers	%	Suppliers	%	Suppliers	%
São Paulo	2,285	71.25	2,019	71.37	2,425	66.42
Bahia	232	7.23	181	6.40	308	8.44
Espírito Santo	196	6.11	170	6.01	232	6.35
Minas Gerais	–	–	–	–	126	3.45
Maranhão	–	–	–	–	149	4.08
Piauí	–	–	–	–	103	2.82
Tocantins	–	–	–	–	7	0.20
Others	–	15.41	–	16.12	301	8.24
Total	2,713	100	2,370	100	3,651	100



Alambari nursery (São Paulo)

Government and Society

Our commitment to sustainability can be seen on several fronts. We are a signatory member of the Brazilian Global Compact Committee, a UN initiative to mobilize the corporate community in adopting ten principles related to human rights, labor relations, the environment, and the fight against corruption. We are also signatories of the UN's Eight Millennium Goals to be reached by 2015, which cover eradication of poverty, health, quality of life, and the environment, as well as the Corporate Pact for Integrity and Against Corruption, sponsored by the Instituto Ethos de Negócios e Responsabilidade Social and the United Nations Development Program (UNDP), and the National pact for the Eradication of slave labor, also coordinated by Ethos Institute and by the International Labor Organization (ILO). We are moreover part of the Sustainable Amazon Forum

and the Brazilian Corporate Council for Sustainable Development (Cebeds), which is the Brazilian representative of the World Business Council for Sustainable Development (WBCSD). (GRI 4.12)

In 2010, we signed the Corporate Charter for the Preservation and Sustainable Use of Biodiversity, launched in September by the Corporate Movement for Preservation and Sustainable Use of Biodiversity (MEB). In this document, companies have voluntarily undertaken many commitments to benefit Brazilian biodiversity and have submitted many proposals to the federal government with that purpose. A representative of our Sustainability department also participated in the United Nations Conference of the Parties (COP 16) for Climate Change, held in December in Cancun, Mexico.

Capoeira workshop at the Golfinho Education Center, Mucuri (Bahia)





Parque das Neblinas park, São Paulo

Moreover, we are members of many Brazilian and international entities that advocate for social and environmental advances, such as the *Forest Stewardship Council* (FSC) and Ethos Institute, and which also advocate for the interests of our industry with the Brazilian Pulp and Paper Association (Bracelpa), Brazil Pulp and Paper Technical Association (ABTCP), Brazilian Planted Forests Farmers Association (Abraf) and the Florestar Fund. We have also developed partnerships with some globally renowned non-governmental organizations, such as *The Nature Conservancy* (TNC) and the World Wildlife Fund (WWF). (GRI 4.13)

We have contributed to the development of public policies through these organizations, as well as through our own initiatives. Some examples include work developed through a partnership with the Getúlio Vargas Foundation (FGV) to adapt to the national reality of the GHG Protocol—a methodology used to account for greenhouse effect gases—and the creation of National Reading Day, in 2009, which resulted from articulation with the Ecofuturo Institute, which is maintained by us. Additionally, one of our executives chairs the ISO 26000 Global Committee; the ISO 26000 is a manual of guidelines and guidance launched at the end of 2010 so that companies include social responsibility in their business strategies. We monitor the legislative agenda and other topics of our concern and that concern the pulp and paper industry. Moreover we maintain the Internal Governmental Affairs System (SIAG), a tool available through the internet that contains the biographies of federal political officials and also the biographies for the state and municipal officials of where we operate. (S05)

Transparency in our relationship with the government is also a part of our financial contributions made to political parties and candidates to office. The donations are either made as products (paper) or cash, in a reputable manner observing legislation in force and according with the norms of our Code of Conduct. In the 2010 elections, funds were donated to political parties or candidates without any ideological discrimination. The list of parties and candidates that received the donations in 2010 can be seen at the Electoral Superior Court (TSE) website: www.tse.gov.br. (S06)

Our ethical conduct also translates into actions to settle any potential cases of corruption. It is part of the internal audit procedures, which seeks to identify potential deviation risks by mapping our processes. The audit cycle takes place every three years, whereby the most critical processes are audited on an annual basis, which is valid for all units. Our Code of Conduct, which also establishes norms related to the topic, was subject matter of an online course available to all of our employees in our distance learning portal. (S02 and S03)

During the period, there were no registered cases of corruption in our units. We also were not mentioned in legal proceedings for unfair competition, trust and monopoly practices, nor were we subject to fines or penalties for non compliance with the law and regulations. (S04, S07 and S08)

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Cooperana – Seamstress
Coop of Juerana, city of
Caravelas (Bahia)

Communities

In 2010, we extended our Social Performance Matrix to every state where we work. Developed in 2009 at the Mucuri Unit, it gathers a set of tools for diagnosing and relating with communities neighboring our forestry areas. Among the initiatives connected with it, we can highlight the Social Inventory, carried out before we begin any activities in order to prevent any potential impacts, identify the community's social assets and maintain an active dialog with them. When carrying out this work, we mark the areas that have a social and environmental conservation value indentified on our premises—cemeteries and caryocar trees, for instance. With the help of another tool, the Traditional Community Characterization Instrument (ICCT), we map the adjacent communities to our properties that have traditional traits, such as quilombolas (descendents from slaves) and quebradeiras de coco babaçu (babassu coconut breakers), and have adopted practices to relate with them, backed by external research and anthropologists' opinions. In 2010 there were no registered cases of violation of indigenous rights or any other type of settlement surrounding our units. (HR9)

We are also able to improve our dialog with local groups through the Social Performance Matrix, by using the *Suzano em Campo* (Suzano in the Field) book, which guides employees in regards to their relationship with neighbors that surround our units. In all of them, our own employees and outsourced employees were trained and they visit the communities periodically, so as to promote the relationship and register their requirements. In 2010, we received 1,240 manifestations through this channel, whereby most of them (86%) were in the state of Bahia, where the system had been applied since the beginning of the year. Of said manifestations, 77% are requests type demand, that is, specific support requests that include donating sports material, sponsorships of popular festivities, visits to the mill and requests for paper and wood. Manifestations about the impact of our operation, such as noise complaints, dust and damage to property, represent 3% of the total. In 2010, the Social Performance Matrix was selected to be part of the ranking for good social and environmental practices put out by the Brazilian Environmental Benchmarking Program. (S01)

In the states of Maranhão and Piauí, where we are beginning our activities, we are taking advantage of the opportunity to create the relationships with the communities to show them how we operate. In addition to having met with entity representatives, community leaders and educational centers, we have participated in events such as the 10th Imperatriz Trade and Industry Show (Fecoimp), the 42nd Agricultural and Ranching Expo of Imperatriz (Expoimp), the 15th Regional Agricultural and Ranching Expo of Porto Franco (Expofran) and the Imperatriz Book Showroom. In Teresina (PI), we held the 1st Eucalyptus culture and Environment Seminar, a debate with the community about eucalyptus growing, its social and environmental impacts, and the means to manage them. We participated in Ruraltec, a trade show held by the Piauí Federal University where Agronomy students could visit our forests in the region.

In the nine states where we operate, we have maintained and increased our social investments, focusing on guaranteeing food security. Within the scope of one of the



Nelson Garcia Júnior, employee, at the Suzano na Escola Project, SP

initiatives, the Community Agriculture Project, at the Piauí mill, five community farming fields were created.

Rice, corn, beans and cassava will be farmed on these fields through a consortium, in an area of eight hectares per unit. In parallel to that initiative, workshops on consortium farming and seed selection were held with 190 families who were directly benefitted. At the Maranhão mill, we granted 189.3 hectares to implement the project, which will benefit 113 families. Another one of our initiatives at the Maranhão unit, Sustainable Extractivism will receive support from the Chico Mendes Institute, including construction and refurbishment of two production units in two extractivism reserves in the region. In 2011, we will continue our work to strengthen the local production arrangement for the babassu coconut chain by building two other production units. In all, 11 communities will benefit (five in Tocantins and six in Maranhão). Sustainable Extractivism also takes place in Piauí, focused on the souari nut production chain. (EC8)

In São Paulo, we continued with the Social Dialogs, by promoting 17 meetings during the year, in eight municipalities (Alambari, Angatuba, Biritiba Mirim, Itatinga, Pilar Do Sul, Paraibuna, Salesópolis, and São Miguel Arcanjo). As a result of the dialogs, we promoted Workshops to Develop Social and Environmental Projects aimed at civil society and government representatives in two of the municipalities: São Miguel Arcanjo and Pilar Do Sul. A total of 48 representatives from institutions took part in the workshops. They were trained in project development and funding. In the end, eight projects were developed by the group to be used for local development. This year we are planning on promoting open bids for these communities in 2011.

The Educate and Train Program, carried out through a partnership with the Ayrton Senna Institute and local city halls continued to provide support to children in elementary school, to improve



Golfinho Educational Association, Mucuri (BA)

school infrastructure and promote reading. It was put into practice in seven municipalities in the extreme south of the state of Bahia, four in the north of Espírito Santo, and three in the east of Minas Gerais. This initiative has directly trained over one thousand instructors and involved another 11,600, in turn benefitting over 92,091 students. Additionally, 108 schools have underwent refurbishment since 2008. (EC8)

To carry out all of these initiatives, we invested R\$ 41.9 million over the year; these funds, along with internal social and environmental projects, resulted in total funding of R\$ 80.8 million.

In order to stay in tune with the needs of stakeholders, we have a Suzano Responde (Suzano Answers Hotline) communication channel which was set up to answer questions and take suggestions and criticisms via email (suzanoresponde@suzano.com.br). In 2010, we received 4,345 calls, of which 1,321 (30%) were made by people in the community with which we interact.

Of the total calls, 78% asked for information about our operations and 9% requested information about our products. The percentage of complaints was 2%.

Educate and Train Program, partnership with the Ayrton Senna Institute



Investments in social and environmental responsibility (domestic and international)

(S01)



DIMENSION

OBJECTIVES

MILLENNIUM GOALS

Economic Development	Initiatives, programs and projects geared to generate opportunities for the community through professionalization and income generation activities	Goal 1: Eradicate hunger and poverty
Health	Initiatives, programs and campaigns focused on preventing diseases, providing health and dental assistance and maintaining clinics and hospitals. The activities benefit mainly the communities where the companies are located, as well as their employees and family members	Goal 4: Reduce child mortality Goal 5: Improve expectant mother health Goal 6: Fight AIDS, malaria and other diseases
Education, Training and Professional Development	Initiatives, programs, projects and campaigns focused on educational activities, incentives for courses and schools and encouraging development and professional training. The activities benefit mainly the communities where the companies are located, as well as their employees and family members	Goal 2: Quality elementary and secondary education for all
Environment	Initiatives, programs and projects focused on environmental preservation, as well as awareness, especially among the younger generation, about the importance of the environment and its preservation. Private Natural World Heritage Reserves of public use, under the responsibility of sector industries, are also recorded	Goal 7: Quality of life and respect for the environment
Culture	Initiatives, programs and projects destined to redeem, disseminate and encourage culture in Brazil, expanding access thereto	Goal 8: Everybody working towards development
Community Support	Programs, projects, initiatives and campaigns destined to promote initiatives to foster citizenship, social reintegration, community service and encourage solidarity	Goal 1: Eradicate hunger and poverty Goal 3: Equality between men and valuing women
Sports, Integration and Leisure	Initiatives, programs and projects designed to encourage sports activities, social integration and leisure, specifically for employees and family members, as well as the communities where the companies are located	Goal 8: Everybody working towards development
Volunteer Work	Initiatives, programs and projects focused on encouraging and training company employees on volunteering and practice of their citizenship	Goal 8: Everybody working towards development
Subtotal		
Mucuri Project/BNDES/Corporate Management	Investment in infrastructure carried out in the southern tip of Bahia State to construct the second pulp line at the Mucuri mill and investments in corporate management	Goal 2: Quality elementary and secondary education for all Goal 4: Reduce child mortality Goal 5: Improve expectant mother health Goal 6: Fight AIDS, malaria and other diseases Goal 7: Quality of life and respect for the environment Goal 8: Everybody working towards development
Subtotal		
OVERALL INVESTMENT TOTAL		

Suzano Pulp and Paper acknowledges the ISO 26.000 as a reference document that establishes social responsibility guidelines

TARGET	MAIN PROJECTS	Amount invested (in R\$)		Number of projects		Number of people serviced or benefitted	
		2009	2010	2009	2010	2009	2010
Rural communities near the Suzano (São Paulo State), Mucuri (Bahia State), Maranhão and Minas Gerais Units State	Productive Community, Sustainable Extractivism, and Native Bees Projects.	1,145,627	1,404,419	4	7	2,000	7,708
Mainly Suzano and Embu (São Paulo State), Mucuri (Bahia State), Imperatriz (Maranhão State) and Teresina (Piauí State) Units employees and family members	Paineiras Hospital, Sesi (employee participation), Dental Coverage, Health Coverage (does not include employee participation), Employee Fitness Program, Quality of Life Week	23,341,086	28,713,808	6	8	116,339	49,269
Urban and rural communities near the Suzano and Embu (São Paulo State), Mucuri (Bahia State), and Urbano Santos (Maranhão State) Units, in addition to schools throughout Brazil that have been granted the Ecofuturo Award	Scholarships, and Educar e Formar (Educate and Train) Program, Seedling Project, Formare, Encouraging Undergraduate Education, Professional Training, Estudar é Crescer (Learning Leads to Development Program), School Material Assistance, School Material Kit, Schools (Maintenance of Casa do Estudante in Bahia and other schooling units), Junior Guard, Children Maranhão Education Center, 1st Sustainability Education Ecofuturo Award	11,995,696	14,320,329	14	22	204,756	163,958
Urban and rural communities surrounding the Suzano and Embu (São Paulo State), and Mucuri Units (Bahia State), and forests	Monitoring the environment, water resources and fauna population, FSC certification adjustments, ecology trails, data collection on mammals, additional sampling of stacks and consumption material, water and effluents monitoring, nursery studies and research, climate change, recovery initiatives, forestry dialogs, Pomar Project, dredging of a lake and effluent treatment	8,791,118	26,189,422	17	27	1,330,351	2,701
Urban and rural communities near the Suzano and Embu (São Paulo State), Mucuri (Bahia State), and Maranhão Units State, employees, family members and third parties, schools throughout Brazil through the Cultural Contest	Symphony, the EmCantando Choir, Max Feffer Choir, Eucalyptus Band, Bumba Meu Boi Folklore Festivity, Sociedade Cultura Artística (Arts and Culture Society), Foundation Apoio of the University of São Paulo/ Mindlin Library, Ler é Preciso Community Libraries, Ler e Escrever é Preciso Cultural Contest, Cine Tela Brasil, Flipporto Paraty and Pernambuco	3,487,365	2,744,398	12	13	252,144	2,110
Urban and rural communities near the Suzano and Embu (São Paulo State), Mucuri (Bahia State), and Maranhão Units State, employees, family members and third parties	Associação Golfinho, support provided to the NGO Ecofuturo Institute, Social and Environmental Subcommittee donations, Funds Defending the Rights of Children and Teenagers, Social Indicators and Social Dialogs and About Suzano	4,442,020	5,470,121	6	9	5,428	91,500
Urban communities near the Mucuri Unit (Bahia State), employees, family members and third parties. Races in the states of São Paulo, Minas Gerais, Rio de Janeiro, Federal District and Rio Grande do Sul, as well as in the northeast region	Expenses with clubs (CAM and GREJE), Confeder Brazilian Judo initiative, IV Supercopa basketball tournament in the Northeast	875,631	852,871	5	4	131,262	1,877
Urban and rural communities near the Suzano and Embu (São Paulo State), and Mucuri Units (Bahia State), employees, family members and third parties	Social Programs/Campaigns, Suzano at School/Junior Achievement, Reading Day, Reading Sponsors	78,333	178,412	4	4	10,155	8,850
		54,156,876	79,708,909	68	94	2,052,435	327,973
Urban and rural communities near the Mucuri Unit (Bahia State), employees, Piauí and Maranhão States	Social Center, Sustainability Master Plan, In the FIELD Suzano publication	1,200,000	976,234	6	3	4,336	3,730
		1,200,000	976,234	6	3	4,336	3,730
		55,356,876	80,685,014	62	71	2,056,771	331,703

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The Ecofuturo Institute

As sponsors of the Ecofuturo Institute, we share the same mission as the Civil Society Organization of Public Interest (Oscip); of creating and disseminating knowledge and practices for the collective construction of a culture of sustainability with individuals and social groups.

The Institute believes that knowing how to read, write, and debate effectively is essential to accessing the knowledge necessary for promoting sustainability for all living things.

Thus, it works to influence public policy by partnering with institutions, companies, the government, researchers, the community and universities through programs based on models that can be replicated. Created in 1999, the Reading is Necessary program seeks to contribute to reducing functional illiteracy, preparing new generations to critically use language and develop competency in written communication. It accordingly seeks to develop a sustainability culture both on an individual and community level. The following projects are part of Reading is Necessary program:

Reading is Necessary Community Library: currently there are a total of 85 units in 11 Brazilian states. These libraries receive approximately 500 individuals on a monthly basis who take advantage of 138,600 books and 112 computers made available. Through this program, that receives technical advice from the Brazilian Foundation of Children's Literature (FNLJ), a total of 2,247 reading coaches and library aides have been trained, of which 994 are public school teachers. These coaches and aides are responsible for assisting readers when selecting/understanding books.

Indicators: Ricardo Paes de Barros, from the Institute of Applied Economic Research (Ipea), conducted a number of surveys to analyze the Reading is Necessary Community Library project in regard to its sustainability and its impact on academic performance. These surveys resulted in indicators that are able to measure the quality of the services provided by the libraries and their impact on factors such as school dropout and grade promotion rates. According to the study, there was a 46% decline in the normal dropout rates between 2000 and 2005 for schools in areas neighboring the libraries in comparison with other schools. The grade promotion rate increased natural progress by 156%.

Ler e Escrever é Preciso (Reading and Writing is Necessary) Cultural Contest: biennial contest that

seeks to promote reading, contemplation and authorship through the written word, promoting interaction between participants and the topics chosen based on access to specific preselected and produced sources. Private and public school students and teachers, social educators, and public and community library professionals throughout Brazil may participate. The theme of the 7th edition, launched last November and scheduled to end November 2011, is Let's Take Care of Life. The goal is to foster reading, reflection and debate regarding the necessary care required for quality of life for all living things, which is done by using literary pieces as a reference for reflection and writing. The top 60 texts will be published in a collective book. The last contest, which ended in 2008, mobilized 550,000 students, 9,200 guidance counselors, 3,200 teacher contest participants, and 7,200 schools from 2,980 municipalities spread throughout 17 Brazilian states.

National Reading Day (October 12): established by Law 11.899/09 as result of the networking efforts carried out by The Ecofuturo Institute since 2006, this day seeks to create awareness and educate society about the importance of reading literature as from infancy. In 2010, the campaign's website was completely redesigned to share content regarding the subject. The new website included



Reading and Writing is Necessary Community Library, COOPAMARE cooperative, São Paulo

first-time publication of the book *What is Literature For?* (“Pra que serve a literatura?”) with articles from 10 different authors and researchers. The Institute talked to both industry and non-industry players, including 51 institutions and 400 non-governmental organizations, and was thus able to engage 3.5 million people.

Ecofuturo Education for Sustainability Award: in its 2nd edition, and taking advantage of the fact that 2010 was the International Year of Biodiversity, the organizers chose the theme of *Knowing How To Care* to invite public and private school teachers to prepare and submit projects that promote sustainability lessons in a wider context. The selection criteria included: creativity, originality and uniqueness; suitability of the proposal for the target audience; centralization within a transversal theme; multidisciplinary potential; coherence with the theme and reference works provided by the Ecofuturo Institute

Given the national reach of the contest, 290 projects were submitted from 26 states. The projects prepared by the ten finalists will be included in the *Knowing How to Care book, volume 2*, with the authors will receiving R\$ 3,000 each and the schools where they teach receiving computers.

In terms of the environment, the Ecofuturo Institute manages Parque das Neblinas, an old eucalyptus tree farm that belonged to Suzano. Because of its characteristics, we decided to transform it into a mosaic of Preservation Units in the 90s. On the 2,788-hectare area, research and management programs are developed to spread knowledge in partnership with renowned educational and environmental institutions and the Mogi das Cruzes and Bertioga City Halls – municipalities where the Park is located. There are three lines of research: biodiversity surveys (birds, mammals, amphibians, fish, plants, and insects), restoration of the Atlantic Coastal Rain Forest (analysis of old eucalyptus plantings), and forestry product management (palm tree, heliconia, cambuci, and wood). To encourage reflection on the relationship between humans and the environment, the Parque das Neblinas can be visited through the Visitor Program, which includes training for local guides to accompany visitors and promote environmental awareness. Since the initiative started in 2003, over 16,000 people have visited the area.

Based on the experience acquired in managing the Parque das Neblinas, the Ecofuturo Institute created the Ecofuturo



A group of visitors at the Parque das Neblinas auditorium, São Paulo

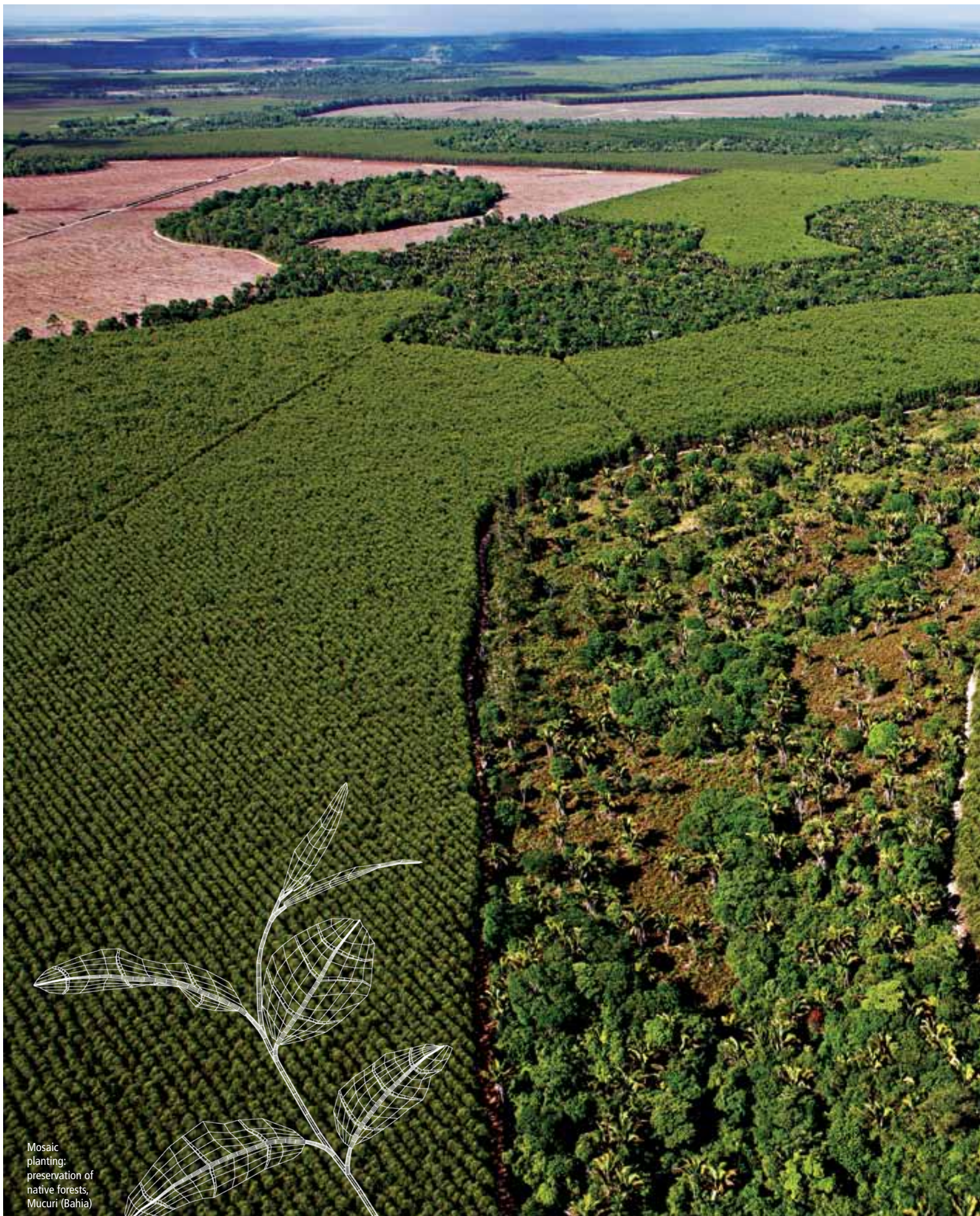
Reserves Program, which provides technical assistance and consulting to landowners, government agencies, non-governmental organizations and companies that own forestry reserve areas. The goal of the Program is to diagnose the current scenario, develop management programs, and manage public or private Preservation Units in order to promote protection and recovery of the natural environment, social development of local communities, and consolidate ties between the private sector and society.

Additionally, Ecofuturo runs Programa Investimento Reciclável (Recyclable Investment Program), offering support to recyclable material collector coops and associations seeking to improve production and management processes as well as increase productivity, ultimately improving income potential.

The Recyclable Investment Program is the result of a partnership between Suzano Pulp and Paper, the Santander Group, the Avina Foundation and the Banco do Brasil Foundation, coordinated by the Ecofuturo Institute. The third year of the program, in 2010, benefited three coops. In total, the institute now supports 14 entities in achieving autonomy and sustainability as a business unit.

For the first time, Ecofuturo published its Social Report. The purpose of the report is to identify, from year to year, in detail, the origin of funds, where they are invested, and employee social indicators, among other figures and information.

The report was prepared based on the model developed by the Brazilian Institute for Social and Economic Analysis (Ibase), an organization founded by sociologist Herbert de Souza (also known as “Betinho”) and it is available online at: www.ecofuturo.org.br. The website was also relaunched this year. The result was a simpler, more direct and well-organized channel that helps internet users find what they are looking for in a few clicks, converging with other digital media such as Facebook, Twitter, Youtube and blogs.



Mosaic
planting:
preservation of
native forests,
Mucuri (Bahia)

An aerial photograph of a lush green landscape, likely a forest or a large agricultural field, with a winding river or path cutting through it. The terrain is covered in dense vegetation. In the foreground, there is a stylized wireframe illustration of a plant with several leaves and a root system, rendered in white lines. The overall scene is vibrant and natural.

Natural Capital

Preserving and taking care of biodiversity allied with innovative initiatives, such as calculating our carbon footprint, are all part of our environmental activities

The Environment

Our practices clearly show our commitment to sustainability; maintaining 256,000 hectares of FSC-certified (Forest Stewardship Council) areas and being the first pulp and paper company to calculate its carbon footprint.



The Trilha da Cachoeira (Waterfall Trail), Parque das Neblinas (São Paulo)

In 2010, we delved deeper into this area by concluding our Sustainability Master Plan in partnership with the Ecofuturo Institute, through which we intend to become a reference in this area. This platform seeks to consolidate the lessons we have learned, expand our knowledge, take advantage of successful internal and external experiences, strengthen our relationship with stakeholders, and make sure we take sustainability issues into consideration in our strategic decisions.

We believe that sustainability is the ability to allow growth cycles to renew themselves—this means creating bases for growth that integrate competitive operations, social and environmental responsibility, and quality relationships. We therefore worked beyond the triple bottom line concept to develop the Plan. Not only does it cover environmental, social and economic issues, but it also included components related to innovation, governance and communication. Based on these six dimensions, we established 38 guiding, which we will use to move forward in 2011 in the following phases: initiative and project results, definition of goals and indicators, revision of procedures and policies, internal and external dissemination, and oversight.

At the same time, we continued initiatives to reduce the impacts of our industrial activity on the environment. To do this, we invested R\$ 22.5 million, achieving positive results on several fronts, especially those related to water consumption and waste disposal. In the Forestry Business Unit, investment in environmental projects and activities totaled R\$ 3.5 million (which does not include the Maranhão and Piauí units); this includes quantitative and qualitative surveys of microbasins spread throughout our areas, as well as of the flora and fauna. (EN30)

As a consequence of our responsible conduct, during the year, we received no fines or non-monetary sanctions for incompliance with applicable environmental laws and regulations in our industry. (EN28)

Atmospheric Emissions

In 2010, as result of the market's recognition of our initiatives related to climate change, we were granted three important awards: the Época Award on Climate Changes, sponsored by Época magazine; the title of Model Company by Guia Exame de Sustentabilidade (Exame Magazine's Sustainability Guide); and the Best in the Sector Award in the Sustainability category, granted by the Brazilian Pulp and Paper Technical Association (ABTCP).

The actions that drove most of our projects were particularly concentrated on two fronts. One of them is the Corporate Greenhouse Gas (GHG) Emissions Inventory, carried out since 2003, which uses the GHG Protocol methodology and seeks to quantify emissions of these gasses in a particular phase of the production chain. In 2010, the findings compared to the prior period totaled 981,646 tons of equivalent CO₂, which under scopes 1, 2, and 3 of the inventory. (6, EN17 and EN18)

Emission Inventory* (EN16 and EN17)

	2008	2009	2010****
Total direct and indirect greenhouse gas emissions by weight** (in tons of CO ₂)	996,295	743,140	798,656
Other relevant indirect greenhouse gas emissions by weight*** (in tons of CO ₂)	227,846	160,085	257,656

* This inventory does not include the new areas in the states of Maranhão and Piauí, given that in 2008 they had not yet been acquired.

** Scopes 1, 2, and 3 of the Greenhouse Gases Inventory carried out every year by the Company are included in the indicator. The concept of scope is in accordance with the WRI/WBCSD GHG protocol.

*** Scopes 1, 2, and 3 of the Greenhouse Gases Inventory carried out every year by the Company are included in the indicator. The concept of scope is in accordance with the WRI/WBCSD GHG protocol.

**** This year we included SPP-Nemo emissions, our division that specializes in the distribution of printing products in Brazil, as well as our Home Office.

Scope 1: Direct GHG Emissions – Suzano GHG emissions (physical emissions) which encompasses emissions from the burning of fuel, manufacturing processes, waste treatment and the transportation of company assets.

Scope 2: Indirect GHG emissions – liquid emissions from the import and export of power, as is the case with imported and exported electricity and steam.

Scope 3: Other indirect GHG emissions – all of the other sources of emissions that can possibly be attributed to the company's activities. Outsourced transport services were included in this scope.

Carbon Footprint

The other front, whose scope of calculation is greater than the Corporate Emissions Inventory and which we were pioneers in 2009, is the carbon footprint survey of our products. In 2010 we obtained the first results for pulp footprints produced at the Mucuri Unit - Suzano Pulp®. This required approximately R\$ 160,000 in investments. (EC2)

The carbon footprint calculates Greenhouse Gas Emissions associated with all of the phases of a product's life-cycle; in other words, from the production of industrial and forestry products used in the manufacturing process

We carried out the Corporate Greenhouse Gas (GHG) Emissions Inventory in 2003

until their final disposal, using the product life cycle analytical approach.

The results of the Suzano Pulp carbon footprint were calculated using the PAS 2050 methodology, subsequently validated and certified by the Carbon Trust, which grants the "Carbon Reduction Label" seal.

The PAS 2050 methodology is the most recognized and the only one publicly available for measuring the carbon footprint of products using a lifecycle analysis approach. The Carbon Trust is a British institution recognized worldwide for promoting a low carbon economy. The results of the Suzano pulp carbon footprint, shown in the table below, are presented by region where Suzano pulp is sold.



Suzano Pulp® (Mucuri Unit)

Region	Carbon Footprint	GHG Inventory
China	900 kg of CO ² e/ tons of pulp	383 kg of CO ² e/tons of pulp
Europe	750 kg of CO ² e/ tons of pulp	383 kg of CO ² e/tons of pulp
United States	800 kg of CO ² e/ tons of pulp	383 kg of CO ² e/tons of pulp

We are the first pulp and paper company in the world, and the first in Latin America in any field, to measure the carbon footprints of all its products following the PAS 2050 methodology and obtaining the “Carbon Reduction Label” certificate.

col, both of which are spearheaded by the Getúlio Vargas Foundation (FGV), the Climate Forum (sponsored by the Ethos Institute), and the Technical Committee on Climate Change of the Brazilian Pulp and Paper Technical Association (ABTCP) as well as the Thematic Committee on Energy and Climate Change directed by the Brazilian Business Council for Sustainable Development (CEBDS). We also monitored international negotiations related to the matter through a partnership with the Institute for International Trade Negotiations (Icône).

This project made Suzano the first pulp and paper company in the world, and the first in Latin America in any field, to measure the carbon footprints of all its products following the PAS 2050 methodology and obtaining the “Carbon Reduction Label” certificate.

It will continue in 2011 and will be extended to other Suzano products. Based on the results of the Corporate Emissions Inventory and the carbon footprint, we mapped opportunities to reduce emissions and began feasibility studies for these projects in order to fulfill our commitment to reduce GHGs as established with the certifying institution.

For the fourth consecutive year, in 2010, we also completed the questionnaire developed by the Carbon Disclosure Project (CDP), an independent organization that has the largest global database regarding corporate impact on climate change. Furthermore, we participated in the *Chicago Climate Exchange* (CCX), the largest carbon credit exchange for carbon originating from planted forests, and participated in a number of initiatives related to climate change, including: Empresas pelo Clima (Pro-Climate Companies) and the Brazilian Chapter of the GHG Proto-



Emissions Management (EN 19 and EN 20)

tons

Mucuri Industrial Unit

Emissions	2008	2009	2010
SOx (total)	627	1,073.25	420.1
NOx (total)	787	888,56	1,193.9*
Particulate Material (total)	3,066	3,167	3,248
TRS (total)	11	67	28.9

Suzano Industrial Unit

Emissions	2008	2009	2010
SOx (total)	131	159.62	161.46
NOx (total)	729	1,980.55	2,070.88**
Particulate Material (total)	322	236.87	256.89***
TRS (total)	2.18	2.59	1.75

Embu Industrial Unit*

Emissions	2008	2009	2010
NOx	8.68	7.54	4.62

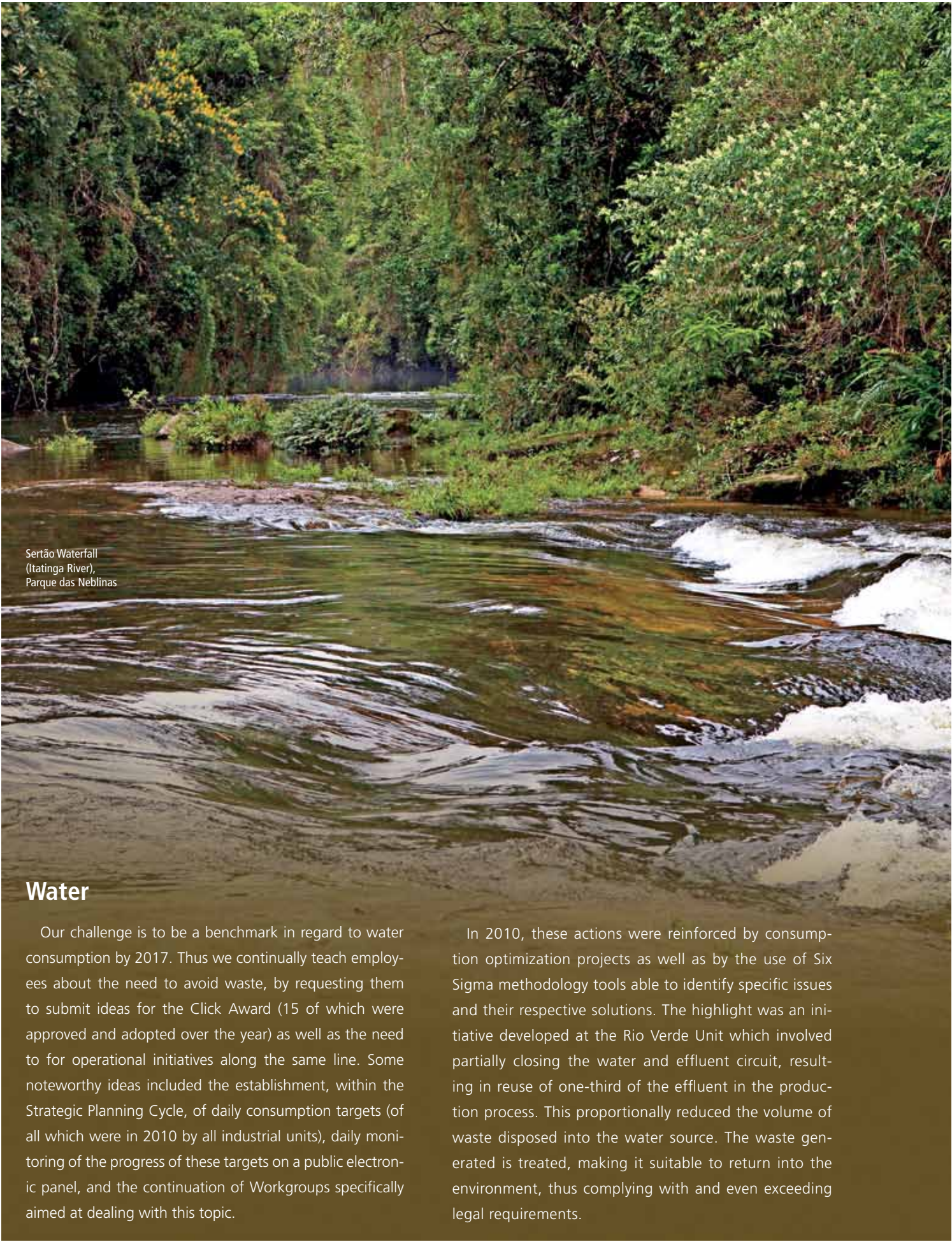
Rio Verde Industrial Unit*

Emissions	2008	2009	2010
NOx (total)	–	83	NA

*Considering L1 and L2 pulp production only. Increase resulting from the instability of the production process

** This year new boilers were included in the sample system (CBC1 and CBC2 and natural gas)

*** Estimate calculated based on the 2009 sample (CBC3) because of the questions raised in relation to the figures calculated in 2010



Sertão Waterfall
(Itatinga River),
Parque das Neblinas

Water

Our challenge is to be a benchmark in regard to water consumption by 2017. Thus we continually teach employees about the need to avoid waste, by requesting them to submit ideas for the Click Award (15 of which were approved and adopted over the year) as well as the need to for operational initiatives along the same line. Some noteworthy ideas included the establishment, within the Strategic Planning Cycle, of daily consumption targets (of all which were in 2010 by all industrial units), daily monitoring of the progress of these targets on a public electronic panel, and the continuation of Workgroups specifically aimed at dealing with this topic.

In 2010, these actions were reinforced by consumption optimization projects as well as by the use of Six Sigma methodology tools able to identify specific issues and their respective solutions. The highlight was an initiative developed at the Rio Verde Unit which involved partially closing the water and effluent circuit, resulting in reuse of one-third of the effluent in the production process. This proportionally reduced the volume of waste disposed into the water source. The waste generated is treated, making it suitable to return into the environment, thus complying with and even exceeding legal requirements.

Water Management (EN 8 and EN 9)

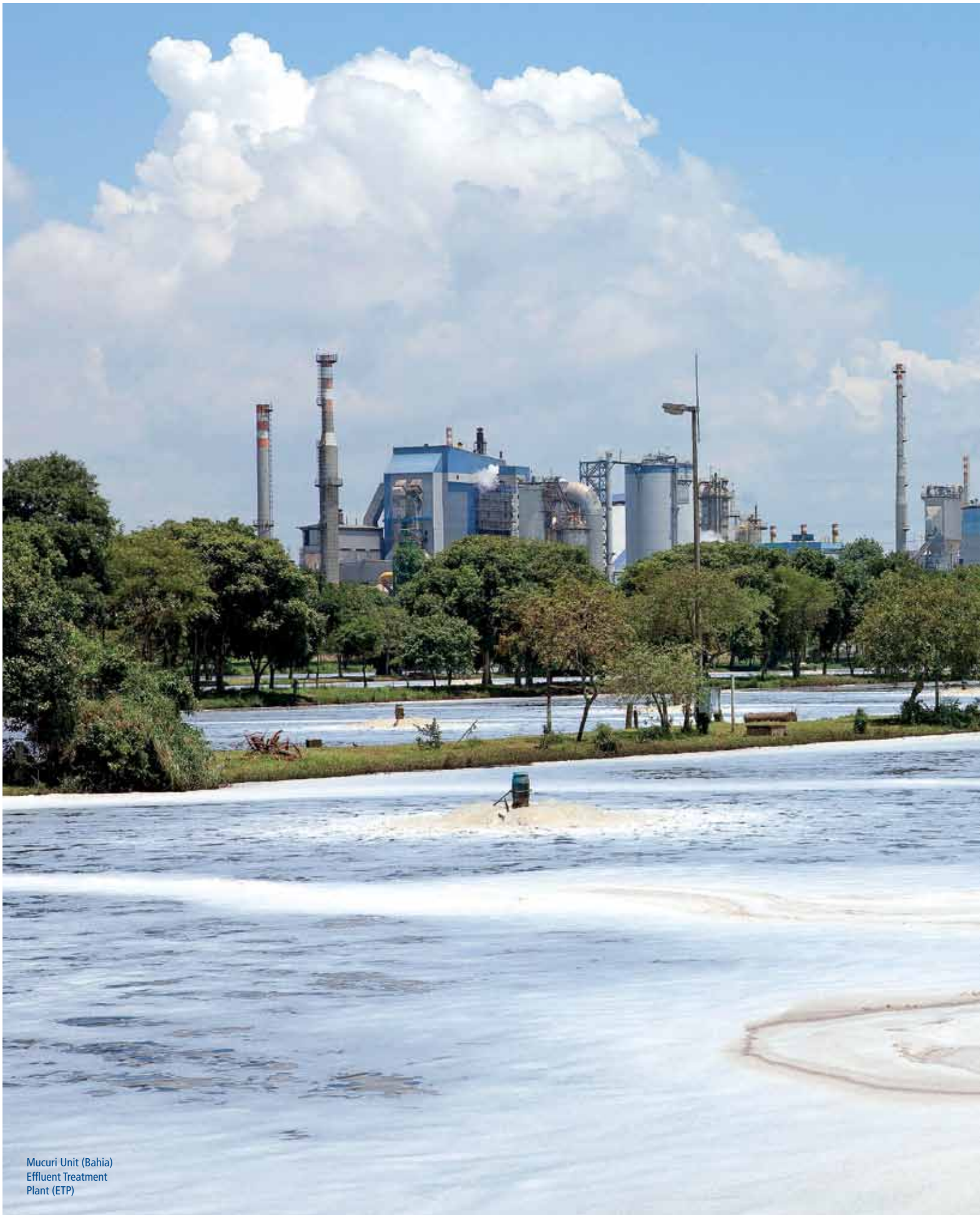
		2008	2009	2010
Mucuri Unit				
Total water consumption per source	Mucuri River water consumption (specific)	33.0 m³/t	32.6 m³/t	29.8 m³/t
	Mucuri River water consumption (total)*	52,406,046 m³	53,584,020 m³	52,754,560 m³
		2008	2009	2010
Suzano Industrial Unit				
Total water consumption per source	Tietê River water consumption (specific)	41.05 m³/t	37.04 m³/t	34.36 m³/t**
	Tietê River water consumption (total)	27,950,700 m³	24,108,936 m³	24,342,846 m³**
Water sources significantly affected by water withdrawal	Tietê River flow (total)	41,400 m³/h	91,067 m³/h	114,000 m³/h
	Water consumption (total)	3,190 m³/h	2,752 m³/h	2,770 m³/h
	% of withdrawal	7.71	3.03	2.44
		2008	2009	2010
Rio Verde Industrial Unit				
Total water consumption per source	Tietê River water consumption (specific)	18.37 m³/t	18.74 m³/t	16.34 m³/t
	Tietê River water consumption (total)	1,014,751 m³	926,091 m³	882,454 m³
		2008	2009	2010
Embu Industrial Unit				
Total water consumption per source	Embu-Mirim River water consumption (specific)	9.6 m³/t	7.9 m³/t	6.7 m³/t***
	Embu-Mirim River water consumption (total)	477,525 m³	301,287 m³	285,395 m³
	Groundwater consumption (total)	22,375 m³	22,562 m³	23.403 m³
	Water consumption (total)	499,900 m³	323,849 m³	308.798 m³
		2008	2009	2010
Forestry Unit				
Total water consumption per source	Nurseries and outlet consumption – Bahia	105,152.04 m³	123,836.72 m³	134.550,96 m³****
	Nurseries and outlet consumption – São Paulo	47,323 m³	55,473 m³	58.139,04 m³
	Nurseries and outlet consumption – Bahia (specific)	3.76 m³/thousand seedlings	4.13 m³/thousand seedlings	4.29 m³/thousand seedlings
	Nurseries and outlet consumption – São Paulo (specific)	2.66 m³/thousand seedlings	4.74 m³/thousand seedlings	3.31 m³/thousand seedlings

*The amount of water captured from the Mucuri River represents 0.1% of the average annual flow

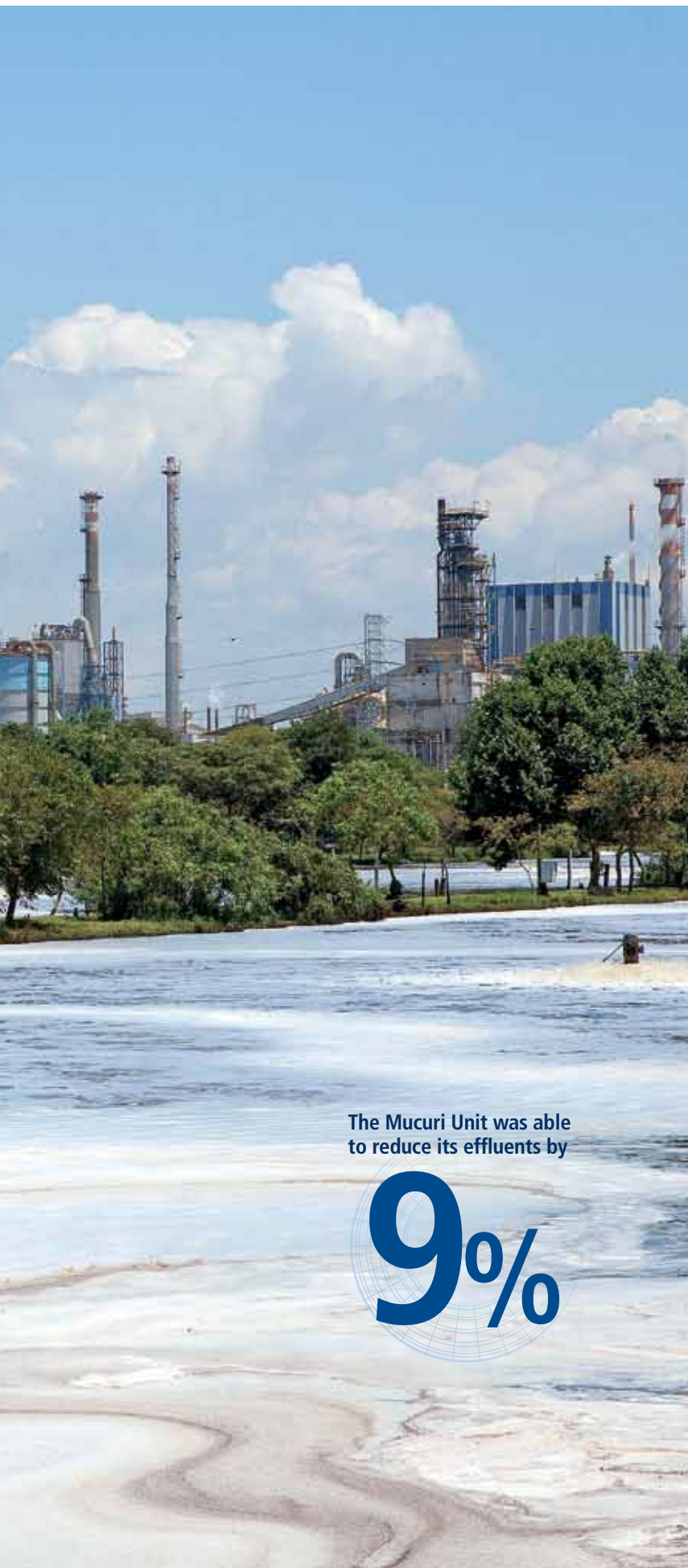
** Includes Taiaçupeba

*** It also considers the consumption of underground water.

****This number considers the consumption of water in the nurseries. In the MA and PI units no data is available since they do not yet have their own nurseries. In the region of the Mucuri unit, water consumed for planting is considered insignificant and, therefore, authorization is unnecessary. Until 2009, a combined number was reported for the Bahia and São Paulo units. Starting in 2010, their numbers were expressed separately.



Mucuri Unit (Bahia)
Effluent Treatment
Plant (ETP)



The Mucuri Unit was able to reduce its effluents by

9%

Effluents and Solid Waste

In 2010 we successfully took on the challenge of reducing and promoting correct disposal, in line with an internal guideline to completely eliminate waste by 2012. We made a great effort to commercialize and use materials more efficiently, which involved entering into regional partnerships with small farmers, especially at Mucuri. At a symbolic cost, we supplied them with some of the eucalyptus hulls which have high heat content when burned. We reused the rest of the material to correct soil in planted areas. The same occurred with lime mud, 100% of which was sold.

Furthermore, the Company developed a revolutionary project in 2010 that is still in the environmental licensing and technical analysis phase by the São Paulo State Waste Center. The project will send all the waste from the Suzano and Rio Verde units to companies that will transform it into agricultural supplies. The goal is to add value to the material by forming blends – an experience that has already been tested by both the industrial and forestry areas and which proved successful. After processing, the agricultural supply produced using the waste will be returned to the Company and be used on our eucalyptus plantations in the state of São Paulo, closing a cycle, which is not only aimed at stopping this waste from going to landfills, but also at guaranteeing effective reuse. We hope that project approval by the appropriate government agencies is concluded by mid-2011 so that it will be implemented in the state of São Paulo by the end of the year. We will therefore be better prepared to replicate it in other regions.

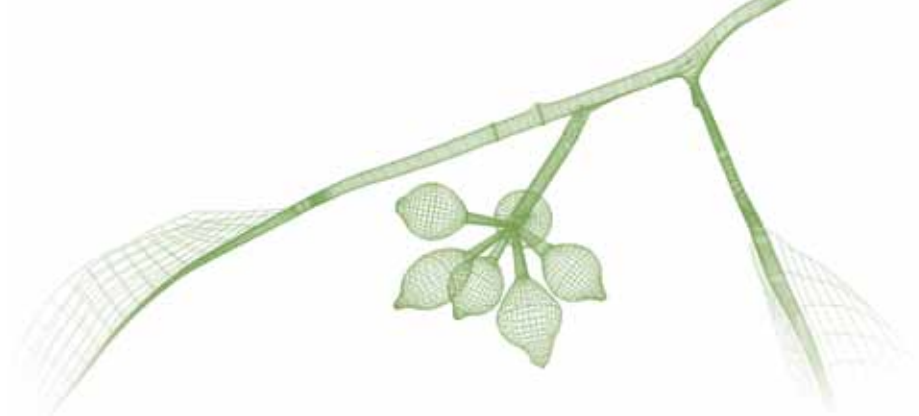
Also in relation to effluents, we made noteworthy investments in 2010, specifically at the Mucuri Unit, where we were able to significantly reduce the organic load at the outflow of the Effluent Treatment Plant (ETP). They were able to obtain these results thanks to operational management of the area, which included optimization of the processes and more efficient control of chemical product losses. The ETP also underwent operational improvements, such as the addition of pure oxygen. All of these initiatives had a great impact both on the state as well as plant performance.



Effluent and Waste Management (EN 21, EN 22, EN 24 and EN 25)

		2008	2009	2010
Mucuri Industrial Unit				
Total water discharge by quality and destination	Generation of liquid effluents	45,681,703 m ³	46,224,461 m ³	42,851,521 m ³
	Organic load (DBO5) in the final effluent (total)	1,686 t	1,684 t	1295 t
	Chemical oxygen demand (DQO) in the final effluent (total)	18,542 t	19,795 t	19,668 t
	Absorbable halogens (AOx) in the final effluent (total)	118 t	85 t	125 t *
Total weight of waste by type and disposal method	Hazardous waste	93 t	ND	15,4 t
	Non-hazardous waste	228,434 t	262,397 t	398,753 t
Weight of waste transported, imported, exported, or treated that is considered to be hazardous under the terms of the Basel Convention	Composting	52,739 t	ND	0
	Recycling	7,758 t	7,671 t	91,554 t
	Recovery	ND	37,838 t	–
	Incineration	2,161 t	12,361 t	–
	Landfill	69,524 t	70,748 t	221,936 t
	Stored at the site	96,249 t	133,779 t	50,745 t

		2008	2009	2010
Suzano Industrial Unit				
Total water discharge by quality and destination	Generation of liquid effluents	28,385,096 m ³	24,952,374 m ³	22,927,848 m ³
	Organic load (DBO5) in the final effluent (total)	694 t	649 t	640 t
	Chemical oxygen demand (DQO) in the final effluent (total)	5,189 t	4,377 t	4,021 t
	Absorbable halogens (AOx) in the final effluent (total)	32.7 t	24.31 t	18 t
Total weight of waste by type and disposal method	Hazardous waste	8.8 t	27 t	63 t **
	Non-hazardous waste	121,473 t	86,672 t	113,168 t ***
Weight of waste transported, imported, exported, or treated that is considered to be hazardous under the terms of the Basel Convention	Reuse	104,615 t	59,586 t	36,236 t
	Recycling	–	–	33,266 t
	Recovery	–	–	10,757 t
	Incineration	< 1 t	7.64 t	0.02 t ****
	Landfill	25,667 t	27,119 t	33,299 t
	Stored at the site	30,000 t	30,000 t	33,299 t
Identification, size, protection status and rate of biodiversity of bodies of water and habitats significantly affected by water discharge and drainage	Tietê River flow	41,400 m ³ /h	91,067 m ³ /h	114,000 m ³ /h
	Effluent flow	3,206 m ³ /h	2,850 m ³ /h	2,617 m ³ /h



		2008	2009	2010
Rio Verde Industrial Unit				
Total water discharge by quality and destination	Generation of liquid effluents	934,771 m ³	842,815 m ³	796,360 m ³
	Organic load (DBO5) in the final effluent (total)	127 t	118 t	64 t
	Chemical oxygen demand (DQO) in the final effluent (total)	435 t	301 t	144 t
Total weight of waste by type and disposal method	Hazardous waste	< 1 t	<1 t	32,751 t *****
	Non-hazardous waste	4,894 t	2,086 t	9571 t *****
Weight of waste transported, imported, exported, or treated that is considered to be hazardous under the terms of the Basel Convention	Reuse	4,894 t	1,334 t	0
	Recycling	–	–	8,288 t
	Recovery	–	–	744 t
	Incineration	< 1 t	< 1 t	0.01 *****
	Landfill	427.5 t	390.8 t	427.48 t *****
	On-site storage	0	0	0

		2008	2009	2010
Embu Industrial Unit				
Total water discharge by quality and destination	Generation of liquid effluents	482,902 m ³	288,376 m ³	265,729 m ³
	Organic load (DBO5) in the final effluent (total)	4.34 t	2.5 t	1.9 t
	Chemical oxygen demand (DQO) in the final effluent (total)	56.17 t	37.63 t	33.3 t
Total weight of waste by type and disposal method	Hazardous waste	–	3.0 t	85.5 t
	Non-hazardous waste	2,917 t	2,057 t	3,035,4 t
Weight of waste transported, imported, exported, or treated that is considered to be hazardous under the terms of the Basel Convention	Reuse	16 t	519 t	233 t
	Recycling	123 t	809.53 t	954. 2 t
	Recovery	–	–	–
	Incineration	0.006 t	0.0035 t	1.84 t *****
	Landfill	2,917 t	2,057 t	1,979.5 t
	On-site storage	0	2.96 t	0

*Resulting from the increased use of active chlorine because of pulp quality problems.

**Stored waste was sent for recovery.

***Increase arising from direct dredging of lakes (not carried out in 2009): primary sludge that was classified for recycling and mainly the wood "knots." This waste, however, is recycled internally, and returns to the pulp extraction process.

****Incineration of health center waste; organic solvents were not incinerated.

***** Waste added that was not computed or sent to the units, especially secondary sludge that is recycled internally.

*****Only lab waste was incinerated.

*****Different figures published in 2008 and 2009, since other types of waste were included that were not previously considered.

*****Increase as a result of accumulation from previous years, when only health center waste was sent to be incinerated.

Energy and Chemical Recovery

Our industrial operations are managed with a view toward reducing energy consumption and creating self-sufficient generation. At the Mucuri Unit, for example, we produce 97.8% of the energy consumed internally, mostly using renewable sources, such as wood waste. This is possible thanks to the chemical recovery process we use at our mills. It enables us to recover the chemicals used in pulping and at the same time allows us to use the waste from the wood cooking process to generate energy. The chemical recovery process is concluded

with virgin lime, which together with sodium sulfate and soda, will produce green and white liquor, which may return to the beginning of the process for a new wood cooking cycle, with minimal replacement.

These actions have resulted in gains such as those reported by the Suzano Unit, which in 2010 consumed 358,195 GJ/t of BPF fuel; accounting for 68% less than in 2009.

The power required to operate the Suzano, Embu and Rio Verde Units comes from the Amador Aguiar Hydroelectric Plant. Suzano owns 17.9% of the Hydroelectric Plant.



Employee Edney Sávio da Silva, Suzano Unit (São Paulo)

Energy Management (EN3 and EN5)

		2008	2009	2010
Mucuri Unit				
Direct power consumption specified according to primary source of energy (GJ)	Purchased electricity consumption	156,403.5	90,964	119,700
	Consumption of electricity produced at mill	3,973,549.90	4,043,260	3,977,712
	BPF Fuel oil consumption	2,794,350	2,049,453	2,344,248
		2008	2009	2010
Suzano Industrial Unit				
Direct power consumption specified according to primary source of energy (GJ)	Purchased electricity consumption	1,433,265	1,459,983	1,510,800
	Consumption of electricity produced at mill	890,489	737,278	801,553.26
	BPF fuel consumption	664,493.18	1,135,422.08	358,195
	Natural gas consumption	5,027,565.98	4,105,793.26	4,704,325.38
		2008	2009	2010
Rio Verde Industrial Unit				
Direct power consumption specified by type of primary energy source (GJ)	Purchased electricity consumption	167,709	151,390	154,652.22
	Natural gas consumption	472,585	469,123.05	476,762.55
		2008	2009	2010
Embu Industrial Unit				
Direct power consumption specified by type of primary energy source (GJ)	Purchased electricity consumption	121,993	111,476	124,027.8
	Natural gas consumption	204,186	172,861	289,406.4
		2008	2009	2010
Forestry Unit*				
Direct power consumption specified by type of primary energy source (GJ)	Diesel consumption – own fleet	213,694.4	1,302,779	157,456
	Diesel consumption – outsourced fleet	–	–	682,799
	Gasoline consumption – own fleet	13,526	10,240	11,045
	Gasoline consumption – outsourced fleet	–	–	4,734
	Gasoline consumption – own fleet – passenger transportation	–	–	52
	Diesel consumption – own fleet	–	–	49,586
	Biodiesel consumption – outsourced fleet	–	–	68,769
	Ethanol consumption – own fleet (in liters)	–	169,277.04	69,307
	Ethanol consumption – outsourced fleet (in liters)	–	–	300,062
Indirect power consumption specified by type of primary energy source (GJ)	Purchased electricity (administrative buildings)	3,710	2,417	NA

* We were unable to obtain information regarding third party consumption in Maranhão and Piauí.

Biodiversity

We reserve close to 40% of our areas for conservation of native vegetation, which represents 256,000 hectares distributed throughout the states of São Paulo, Minas Gerais, Espírito Santo, Bahia, Maranhão, Tocantins and Piauí that are considered legal reserves, permanently preserved by the Private Natural Heritage Reserve (RPPN) and others.

In 2010, an area of 302.7 hectares of native vegetation in the Cerrado biome, located between the municipalities of Angatuba and Bofete (São Paulo) was recognized as a RPPN. There, as well as in the area we maintain on the banks of the Mucuri River (which is in the process of gaining RPPN status) we monitored the birds, identifying 500 species, with more than 100 being endemic to the Atlantic Coastal Rain Forest and around 30 endangered species. Moreover, we restored more than 400 hectares of Atlantic Coastal Rain Forest by planting native species through our restoration program. We also took measures to monitor exotic species in over 920 hectares of natural areas.

In 2009 the São Paulo State Secretariat of the Environment had already granted RPPN status to 518 hectares of

the Parque das Neblinas, which today is deemed to be a reference in relation to the management of private preservation units. Many projects to preserve endangered species are carried out in the area which is located in Bertioga, at the Sertão dos Freires Farm, and belongs to Suzano; projects include preservation of the Woolly Spider Monkey (the largest primate native to the Americas) and fruit trees commonly found in the Atlantic Coastal Rain Forest, such as the juçara palm and the cambuci, a priority for preservation of the biome. (EN11 and EN15)

Our forests are managed in a way that seeks compatibility with preservation. One example is the Fazenda Itabaiana, in the Imperatriz (Maranhão) region, which was acquired from Vale in 2009 and is managed in partnership with the company through a technological cooperation contract signed at the time of purchase. With around 850 hectares, the property is a true outdoor laboratory, where genetic improvement experiments are done to develop the most appropriate varieties of eucalyptus for the climate conditions of the region as well as research on the potential of other species of Brazilian flora. (EN11, EN12, EN13 and EN14)

In 2010, we entered into a partnership with the non-governmental organization TNC to prepare Biodiversity Preservation Plans which will cover the native forests under our

Aerial view of Parque das Neblinas, São Paulo





SPP-Nemo Distribution, São Paulo

control in the following biomes: Atlantic Coastal Rain Forest, Cerrado and Caatinga. Part of the scope of the work will be to assess the inter-connectivity of the remaining native vegetation and recommendation of actions in order to establish ecological corridors and restore and preserve the areas. (EN14)

In line with the objective of contributing to preservation of regional biodiversity on our properties, we have also adopted the Programa de Monitoramento Integrado de Fauna (Integrated Monitoring of Fauna Program) in São Paulo. Through this program, we hope to obtain a protocol of procedures that are suitable for the preservation of endangered species.

This initiative led us to identify several species that are listed on the International Union for Conservation of Nature (IUCN)

Preservation Units in Areas Neighboring Suzano (EN11)

Forestry Business Unit (UNF) – Bahia	APA Costa Dourada (Environmental Protection Area)
	APA Conceição da Barra (Environmental Protection Area)
	Floresta Nacional do Rio Preto (National Forest)
	Parque Estadual de Itaúnas (State Park)
	Reserva Biológica Córrego Grande (Biological Reserve)
UNF – São Paulo	APA de Botucatu* (Environmental Protection Area)
	Parque Estadual de Carlos Botelho (State Park)
	Parque Nacional da Serra do Mar (National Park)
	Estação Ecológica Angatuba (Ecological Reserve)

* We have forestry areas in the Botucatu Environmental Protection Area.

Use of land - own properties (EN11)

Type of use	Area (in ha)
Plantation	310,000
Available for plantation	87,000
Preservation	256,000
Infrastructure	29,000
Total	682,700

91

Red List and on Brazilian conservation lists, including the giant anteater, maned wolf, puma, ocelot and oncilla. (EN15)

The year 2010 was declared by the UN to be the International Year of Biodiversity and it was marked by a series of developments such as the unprecedented convention for the protection of our planet's genetic resources and diversity of species, signed at the 10th Conference of the Parties to the Convention on Biologic Diversity (CDB-COP10), held at Nagoya, Japan. It is within this context that we participated on the Technical Committee on Biodiversity of the Brazilian Business Council for Sustainable Development (CEBDS), which prepared a report that included the key practices of Brazilian companies which was taken to Nagoya.

Additionally, we signed the Corporate Biodiversity Movement manifesto, which seeks to promote mobilization of the domestic business community, with the support of civil society in defining a single common agenda related to the preservation and sustainable use of biodiversity.



SPP-Nemo Distribution, São Paulo

Materials, Products and Services, and Transportation

With the exception of Reciclato® papers, which are composed of 75% pre-consumer scrap and 25% post-consumer scrap, and of cardboard, our other products use virgin fibers in their production process. However, to mitigate environmental impacts, we maintain collection recycling bays in the industrial units where packages that are not returned to suppliers (a measure we prioritize) are placed in order to be later donated or sold as scrap. Thus, 100% of this kind of material is appropriately disposed of. Since late 2010, we have also maintained the Brigada Report® program to recover and reuse cut-size paper packages. Through this program, our 127 brigade employees collect the material and deposit it at specific sites. It is then sent

to TerraCycle do Brasil to be transformed into eco-friendly products such as handbags, ball and cases. (EN26, EN27)

Furthermore, we assess the impact on consumer health and safety at all phases of our products' and services' life-cycles, which encompasses research and development, certification, manufacturing and production, advertising and marketing, storage, distribution and supply, use and service, disposal, reuse and recycling. (PR1)

The impact of transportation is reduced through Emissions Inventory initiatives that measure the volume of greenhouse gasses emitted during products lifecycles, including transport operations to shipping ports (in the case of exports) or regional warehouses. (EN29)

Reuse of materials (EN2)

		2008	2009	2010
Rio Verde Industrial Unit				
Recycled materials used	Scrap paper	21,022 t	9,623 t	30,342 t
	Percentage of recycled processing material	1.37	0.66	43
		2008	2009	2010
Embu Industrial Unit				
Recycled materials used	Scrap paper	13,845 t	17,710 t	6,409 t
	Percentage of recycled processing material	30.28	37.92	14

Material consumption (EN1 and EN2)

Materials used per weight or volume (EN1)

		2008	2009	2010
Mucuri Industrial Unit				
Materials used by weight or volume	Wood consumption (total)	2,451,129 t	2,544,449 t	2,841,126 t
	Consumption of caustic soda, sodium sulphate, virgin lime, calcium carbonate and optical bleach.	101,424 t	107,709 t	155,223 t
	Starch consumption	–	–	11,142 t
	Material consumption (total)	2,552,553 t	2,562,158 t	3,007,491 t
	Percentage of renewable materials	96	96	95
		2008	2009	2010
Suzano Industrial Unit				
Materials used by weight or volume	Wood consumption (total)	1,377,395 t	1,305,704 t	1,345,171 t
	Consumption of caustic soda, calcium carbonate, sodium sulphate, optical bleach and virgin lime.	255,647 t	249,268 t	160,125 t
	Starch consumption	–	–	23,647 t
	Material consumption (total)	1,633,042 t	1,554,972 t	1,577,718 t
	Percentage of renewable materials	84	84	89
		2008	2009	2010
Rio Verde Industrial Unit				
Materials used by weight or volume	Pulp raw material consumption (total)	47,293 t	41,964 t	58,167 t
	Consumption of caustic soda, optical bleach and calcium carbonate (total)	5,747 t	4,790 t	5,525 t
	Primary sludge and starch consumption	–	–	7,041 t
	Material consumption (total)	53,040 t	46,754 t	70,734 t
	Percentage of renewable materials	89	90	92
		2008	2009	2010
Embu Industrial Unit				
Materials used by weight or volume	Pulp raw material consumption (total)	45,726 t	38,155 t	35,390 t
	Kaolin and calcium carbonate consumption (total)	5,697 t	8,554 t	7,848 t
	Starch consumption	–	–	1,650 t
	Material consumption (total)	51,423 t	46,709 t	44,888 t
	Percentage of renewable materials	89	81.7	82.5
		2008	2009	2010
Forestry Unit				
Materials used by weight or volume	NPK limestone consumption (total)	1.14 t/ha	2.44 t/ha	5.1 t/ha*

* Increase arising from the inclusion of all forestry areas in the Maranhão and Piauí units.

Annual Social Balance – IBASE – 2010

1 – Base of Calculation	2010 Amount (Thousands of reals)	2009 Amount (Thousands of reals)
Net revenue (NR)	4,290,871	3,642,299
Operational bottom line (OBL)	966,762	1,141,698
Gross payroll (GP)	414,043	354,749

2 – Internal Social Indicators	Amount (Thousand)	% of GP	% over NR	Amount (Thousand)	% of GP	% over NR
Food	22,335	5.39%	0.52%	20,162	5.68%	0.55%
Compulsory payroll charges	97,186	23.47%	2.26%	84,132	23.72%	2.31%
Social security	4,714	1.14%	0.11%	4,893	1.38%	0.13%
Health	30,729	7.42%	0.72%	25,998	7.33%	0.71%
Occupational safety and health	8,292	2.00%	0.19%	6,768	1.91%	0.19%
Education	7,118	1.72%	0.17%	5,603	1.58%	0.15%
Culture	62	0.01%	0.00%	57	0.02%	0.00%
Training and professional development	4,624	1.12%	0.11%	2,396	0.68%	0.07%
Daycare or daycare assistance	302	0.07%	0.01%	209	0.06%	0.01%
Profit sharing	46,782	11.30%	1.09%	41,818	11.79%	1.15%
Others	14,378	3.47%	0.34%	12,892	3.63%	0.35%
Total – Internal social indicators	236,522	57.12%	5.51%	204,928	57.77%	5.63%

3 – External Social Indicators	Amount (Thousand)	% over OBL	% over NR	Amount (Thousand)	% over OBL	% over NR
Education	5,214	0.54%	0.12%	4,281	0.37%	0.12%
Culture	2,682	0.3%	0.1%	3,431	0.3%	0.1%
Health and sanitation	2	0.00%	0.00%	0	0%	0%
Sports	688	0.07%	0.02%	876	0.08%	0.02%
Fighting hunger and food safety	491	0.05%	0.01%	0	0%	0%
Others	6,936	0.72%	0.16%	7,099	0.62%	0.19%
Total contributions to society	16,013	1.66%	0.37%	15,687	1.37%	0.43%
Taxes (excluding payroll charges)	347,376	35.93%	8.10%	354,447	31.05%	9.73%
Total – External social indicators	363,389	37.59%	8.47%	370,134	32.42%	10.16%

4 – Environmental Indicators	Amount (Thousand)	% over RO	% over NR	Amount (Thousand)	% over RO	% over NR
Investments related to the company's production/operation	24,704	2.56%	0.58%	7,014	0.61%	0.19%
Investments in programs and/or external projects	1,542	0.16%	0.04%	1,256	0.11%	0.03%
Total investments in the environment	26,246	2.71%	0.61%	8,270	0.72%	0.23%

Regarding the establishment of “annual targets” to minimize waste, overall consumption in production/ operations and increase efficient natural resources use, the company: ¹

() has no targets
 () fulfills from 0 to 50%
 (X) fulfills from 51 to 75%¹
 () fulfills from 76 to 100%

() has no targets
 () fulfills from 0 to 50%
 (X) fulfills from 51 to 75%
 () fulfills from 76 to 75%

5 – Personnel Indicators	2010	2009
Number of employees at the end of the period	4.352	3.862
Number of employees hired during the period	852	752
Number of third party personnel	8.084	6.855
Number of interns	157	72
Number of employees over 45 years of age	882	801
Number of women who work in the company	545	402
% of management positions occupied by women	10,68%	7,57%*
Number of black people that work at the company	n/d	n/d
% of management positions occupied by black people	n/d	n/d
Number of professionals with disabilities or special needs	141	88

6 – Relevant information regarding the exercise of corporate citizenship		2010		2011 Targets		
Ratio between the highest and lowest wage at the company		28,9		No target established		
Total number of occupational accidents ²		14		5% reduction		
Social and environmental projects developed by the company were defined by:	() board	(X) board and management	() all the employees	() board	(X) board and management	() all the employees
The standards of occupational health and safety in the workplace were defined by:	() board and management	() all the employees	(X) everyone + Internal Committee on Accident Prevention	() board and management	() all the employees	(X) everyone + Internal Committee on Accident Prevention
Regarding freedom to belong to a union, the right to collective bargaining and internal representation of the workers, the company:	() does not get involved	(X) follows the ILO standards	() encourages and follows the ILO	() does not get involved	(X) follows the ILO standards	() encourages and follows the ILO
Social security includes:	() board	() board and management	(X) all the employees	() board	() board and management	(X) all the employees
Profit sharing includes:	() board	() board and management	(X) all the employees	() board	() board and management	(X) all the employees
When selecting suppliers, the same standards of ethics and social and environmental responsibility adopted by the company:	() are not considered	(X) are recommended	() are required	() are not considered	(X) are recommended	() are required
Regarding employee participation in voluntary work programs, the company:	() does not get involved	() supports the initiative	(X) organizes and encourages	() does not get involved	() supports the initiative	(X) organizes and encourages
Total number of customer complaints and criticisms: ³	filed with the company 1,200	filed with the Procon – Consumer Protection Agency 0	filed in Court 0	filed with the company 1,269	filed with the Procon – Consumer Protection Agency 0	filed in Court 0
% of complaints and criticisms answered or solved:	filed with the company 100%	filed with the Procon – Consumer Protection Agency 0%	filed in Court 0%	filed with the company 100%	filed with the Procon – Consumer Protection Agency 0%	filed in Court 0%
Total added value to be distributed (in thousand R\$):	In 2010: 1,993,057			In 2009: 962,910		
Distribution of Added Value (DVA):	9% government 25 % employees 10% shareholders 26% third parties 30% withheld			(24.80)% government 41.46% employees 23.67% shareholders (54.88%) third parties 64.95% withheld		

7 – Other Information

¹ Waste, water and energy indicators were included.

² Accidents with leave of absence (direct + third party employees).

³ Suzano always responds to any technical complaint (insatisfaction) related to our products and services.

(*) We corrected the % figure of management positions held by women (2009).

GRI Summary

GRI (3.12)

Profile	Level	Page
Strategy and Analysis		
1.1 Statement from the most senior decision maker in the organization regarding the relevance of sustainability	•	19
1.2 Description of key impacts, risks and opportunities	•	70
Organizational Profile		
2.1 Name of the organization	•	13
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2.6 Nature of ownership and legal form	•	13
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Reporting Parameters		
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4.3 Statement of the number of members of the highest governance body that are independent or non-executive members	•	49
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	•	49
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives and the organization's performance	○	–
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided	○	–
4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	○	–
4.8 Statements of internal mission and values, codes of conduct, and principles	•	14
4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance	•	49
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• Answered ○ Partially answered ○ Not answered

		2002 "according with"	C	C+	B	B+	A	A+
Required	Self-declared			✓				
Optional	Examined by third parties			✓		With External Audit		With External Audit
	Examined by the GRI							

Profile	Level	Page
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4.14 Stakeholder engagement	●	7
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EC5 Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	●	54
EC6 Policy, practices, and spending on locally-based suppliers	●	66
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EN1 Materials used	●	93
EN2 Percentage of materials used that are recycled input materials	●	93
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EN5 Energy saved due to conservation and efficiency improvements	●	88 and 89
EN6 Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives	●	88
EN7 Initiatives to reduce indirect energy consumption and reductions achieved	○	–
EN8 Total water removal per source	●	83
EN9 Water sources affected by withdrawal of water	●	83
EN10 Percentage and total volume of water recycled and reused	○	–
EN11 Location and size of land inside, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	●	90 and 91
EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	●	90
EN13 Habitats protected or restored 74	●	90
EN14 Strategies, current actions and future plans for managing impacts on biodiversity	●	90
EN15 Endangered species	○	–
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EN17 Other relevant indirect greenhouse gas emissions	●	79
EN18 Initiatives to reduce greenhouse gas emissions and results obtained	●	79
EN19 Emissions of ozone-depleting substances	○	–
EN20 NOx, SOx and other significant air emissions	●	81
EN21 Total water discharge by quality and destination	●	86
EN22 Total weight of waste by type and disposal method	●	86
EN23 Total number and volume of significant spills	○	–
EN24 Weight of transported waste deemed hazardous	●	86
EN25 Water bodies and related habitats affected by discharges of water	●	86
EN26 Initiatives to mitigate environmental impacts of products and services	●	92

* A financial statements report is available on the website.

Performance Indicators	Level	Page
EN27 Percentage of products sold and their packaging materials that are reclaimed	•	92
EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	•	78
EN29 Significant environmental impacts of transporting products and other goods and materials	•	92
EN30 Environmental protection expenditures and investments	•	78
Social Indicators – Labor Practices and Decent Work		
LA1 Total workforce by employment type, employment contract and region	•	53 and 54
LA2 Total number and rate of employee turnover	•	55
LA3 Benefits provided to full-time vs. temporary employees	○	–
LA4 Percentage of employees covered by collective bargaining agreements	•	54
LA5 Minimum notice period(s) regarding operational changes	•	54
LA6 Workforce represented in health and safety committees	•	59
LA7 Rates of injury, occupational diseases, lost days, absenteeism and work-related fatalities	•	59, 60 and 61
LA8 Education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families or community members regarding serious diseases	•	60
LA9 Health and safety topics covered in formal agreements with trade unions	•	59
LA10 Average hours of training	•	58
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HR2 Significant suppliers and contractors that have undergone screening on human rights	•	66
HR3 Human rights training	•	58
HR4 Total number of incidents of discrimination	•	57
HR5 Operations identified in which the right to exercise freedom of association or collective bargaining may be at risk	•	66
HR6 Operations identified as having significant risk for incidents of child labor	•	66
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HR9 Number of incidents of violations involving rights of indigenous people	•	70
Social Performance – Society		
SO1 Programs and practices that assess and manage the impacts of operations on communities	•	70 and 72
SO2 Percentage and total number of Business Units analyzed for risks related to corruption	•	69
SO3 Employees trained in organization's anti-corruption policies and procedures	•	69
SO4 Actions taken in response to incidents of corruption	•	69
SO5 Participation in public policy development and lobbying	•	69
SO6 Total value of financial and in-kind contributions to political parties	•	69
SO7 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	•	69
SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	•	69
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PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement	•	92
PR2 Number of incidents of non-compliance with health and safety regulations	•	65
PR3 Labeling procedures	•	65
PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning information and labeling	•	65
PR5 Practices related to customer satisfaction	•	65
PR6 Adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	•	65
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Global Compact

The United Nations Global Compact relies on the engagement of the private sector to advance in the context of social responsibility, seeking to establish a global economy that is more sustainable and inclusive. The principles set forth by the Pact are aligned with Suzano's Ethics and Code of Conduct. They include commitments related to the protection of human rights, labor rights, the environment and anti-corruption.

Please find below, our performance index in relation to the ten Global Compact principles that are related to the key GRI Indicators, principles that assure the Report quality, according with GRI.

GLOBAL COMPACT PRINCIPLES		GRI RELATION	PAGES
1	Respect and protect human rights	HR1, HR2, HR3	58 e 66
2	Make sure no human rights are abused	HR2, HR3	58 e 66
3	Support freedom of association in the workplace	LA4	54
4	Abolish forced labor	HR7	66
5	Abolish child labor	HR6	66
6	Eliminate discrimination in the workplace	LA10, LA11, LA13 e LA14	49, 54, 56 e 58
7	Support a precautionary approach vis-à-vis environmental challenges	EN (todos)	78 a 93
8	Promote environmental responsibility	EN1 a EN30	78 a 93
9	Encourage the employment of technologies that do not harm the environment	EN16 a EN25	79, 81, 86 e 92
10	Combat corruption in all its forms, including the use of extortion and payoffs.	SO2, SO3 e SO4	69

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SA 8000

SA 8000 is a social responsibility standard in the workplace designed to improve working conditions, ensure that worker rights are respected and that there is dignity in work relations, both within the company and in the production chain (suppliers and sub-suppliers). In 2010, we worked hard to maintain our certifications and began the process of implementing actions in the Maranhão and Piauí areas to build the base for obtaining certification in these areas. We also began a plan in preparation for expanding certification to include the offices of the SPP-Nemo branches, our paper distributor.

REQUIREMENTS	GRI RELATION	PAGES
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IV.2 – Forced and compulsory labor	HR7	66
IV.3 – Health and safety	LA6, LA7, LA8, LA9,	59 a 61
IV.4 – Freedom of association and right to collective bargaining	LA4, LA5, LA9	54 and 59
IV.5 – Discrimination	LA13, LA14, HR4, HR8	49,56, 57 and 59
IV.6 – Disciplinary practices	HR4	57
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Independent assurance statement by Bureau Veritas Certification

INTRODUCTION

Bureau Veritas Certification Brasil (Bureau Veritas) has been contracted, for the fifth consecutive year, by Suzano Papel e Celulose S.A. (Suzano), to conduct an independent verification of its 2010 Annual Sustainability Report (hereinafter referred to as Report), including analysis of the content, quality and scope thereof. The information published in the report is of full responsibility of Suzano's management. Our responsibility is limited to the independent assessment of its content according with the scope established below.

SCOPE OF WORK

Suzano requested Bureau Veritas Certification to include in the scope of work, independent verification of information relating to:

- Data and information provided in the 2010 Report;
- Suitability and reliability of complementary systems and processes used to collect, review and compile reported information;
- Assessment of the Report in accordance with the principle of Materiality, Stakeholder Engagement, Context of Sustainability, Range, Balance, Comparability, Accuracy, Regularity, Clarity and Reliability, as defined in the GRI G3 (2006) Sustainability Reporting Framework.

Excluded from the scope of our work is any verification of information relating to:

- Activities outside the defined verification period;
- Positional statements (expressions of opinion, belief, aim or future intention) by Suzano.
- Economic and financial information contained in this Report obtained from financial statements that have been analyzed by independent auditors.

METHODOLOGY

Our work was conducted in accordance with Bureau Veritas' standard protocol for Independent Verification of Sustainability Reports, based on current best practices¹ encompassing the following activities:

1. Interviews with personnel (process owners) involved in preparing the Report;
2. Analysis of documentary evidence provided by Suzano for the reporting period (2010);

3. Audit of performance information and data in relation to principles that assure quality of the report, according with GRI G3 standard³;
4. Visit to the Mucuri (Bahia), Teresina (Piauí), Imperatriz (Maranhão), Suzano (São Paulo) units as well as the São Paulo head office;
5. Review of stakeholders engagement activities developed by Suzano;
6. Systematic assessment used to determine key issues included in the Report, taking into consideration the context of sustainability and balance of the information published.

The verification process was planned and carried out in such a manner as to provide a reasonable level of verification in relation to the Report's compliance with the principles of Inclusion, Materiality and Responsiveness, as well as the accuracy of the performance information published by Suzano, thus providing an acceptable basis for our conclusions.

OUR FINDINGS

- Within the scope of our work, the information and data presented in the Report were deemed to be accurate and free of any significant error or false statements and accessible to and easy for stakeholders to understand;
- Most of the information included in the Report was obtained from and managed by Suzano Integrated Management System, which is certified by the following internationally recognized standards: ISO 9001/2008, ISO 14001/2004 and OHSAS 18001/2007;
- Internal published information collection, analysis and compilation mechanisms, as well as the control of relevant documents and its traceability, may be considered to be reliable;
- In 2010 Suzano created the sustainability intelligence department whose focus was to consolidate all of the information related to GRI indicators;
- In the State of the Piauí activities are still primarily concentrated in silviculture; In the state of Maranhão we confirmed that the definition of the basic engineering phase of the new unit was being carried out, as detailed in the Report. Thus it was clear that there was no expansion of industrial units since the last published Report;

- Regarding the Principles of Materiality and Stakeholder Engagement, the same methodology applied in previous years continued to be used. In 2010 in particular, a questionnaire was sent to the stakeholders who had already been consulted in 2009, and the Company systematized existing tools, such as the Social Performance and Operational Dialogs Matrix, seeking to increase stakeholder interaction in the regions where forestry management units are located;
- Suzano's goals and objectives are detailed in a disperse manner throughout the Report, making it difficult for the reader to understand the performance of the processes in terms of sustainability, with the exception of those covered by the published GRI indicators;
- Based on our verification, we have concluded that the Report was prepared in compliance with content and quality criteria specified in the GRI G3 Framework, meeting the Principles therein established and covering the required indicators in an adequate manner, and therefore classify Suzano at a C+ level of application.

OPPORTUNITIES FOR IMPROVEMENT

- We reiterate the need to further train personnel responsible for preparing the information related to GRI performance indicators. Production of data compliant with the "Group of Indicator Protocols" specified in the Sustainability Reporting Framework (GRI G3) is extremely important;
- Establish a formal procedure that engages all relevant stakeholder groups in order to establish a medium-to long-term strategy in determining materiality. Seek greater interaction with the following groups: Market Analysts, Forestry Wood Partners and NGOs;
- Goals and objectives could be detailed in a more systematic and objective manner, clearly showing the reader what Suzano's priorities are in terms of sustainable development;
- Specify management controls for many of the GRI-G3 indicator categories, thus increasing compliance with the GRI Framework protocol Levels of Application;
- Taking into consideration recent development of the so-called MAPITO region (southern Maranhão and Piauí and northern Tocantins), Suzano could improve the method it uses to identify and evaluate material subjects for future publications;

- Consider the presentation of more information regarding the use and availability of water resources at the Forestry Business Units. In the MAPITO region, this matter is extremely important and should be adequately covered in future reports.
- Specify in the Risk Management chapter how Suzano assesses environmental and social matters in the process of expansion in the Brazilian northeast;
- Submit the Report to Stakeholders deemed to be opinion makers for their evaluation, publishing their opinions in an attempt to increase transparency in relation to the Principles of Stakeholder Engagement and Materiality;
- Suzano recently acquired a biotechnology company and disclosed that it intends to set up a renewable energy company in 2011. Seeking compliance with the GRI Protocol, the importance of these new activities should be analyzed in relation to the impacts on sustainability and the level of Suzano's control or influence;

STATEMENT OF INDEPENDENCE AND IMPARTIALITY

Bureau Veritas Certification is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with almost 180 years history in providing independent assurance services.

No member of the assurance team has a business relationship with Suzano. We conducted the assurance review in an independent manner, and believe that there was no conflict of interest.

Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities.

CONTACT

Bureau Veritas Certification is available to clarify any questions at its website www.bureauveritascertification.com.br/faleconosco.asp or by telephone: (+5511) 5070-9800.

¹ Bureau Veritas' independent assurance protocol is based on the International Standard on Assurance Engagements (ISAE 3000) and GRI Sustainability Reporting Framework.

Corporate Information (GRI 3.4)

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Shares – Brazil

BM&FBovespa – São Paulo Stock Exchange (São Paulo)
Common share ticker symbol: SUZB3 (traded in lots of 100 shares)
Preferred share ticker symbol: SUSZB5 and SUZB6

Shares – Europe

Latibex – Latin American Stock Exchange (Madrid - Spain)
Preferred Class “A” share ticker symbol: brsuzbacnpa3

Shares – United States

ADR1 Program, shares traded in the OTC market; each ADR represents three shares.

Composition of the equity capital

Class of shares	Number of shares
Common stock	140,039,904
Class A preferred stock	266,926,398
Class B preferred stock	1,926,099
Total	408,892,401

Custodian Bank

Banco Itaú
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Torre Eudoro Villela
04344-902 – São Paulo (SP)

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The Bank of New York
101 Barclay Street – New York, NY – 10286 – USA

Liquidity Provider

Credit Suisse S.A. Corretora de Títulos e Valores Mobiliários
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Suzano Pulp and Paper Annual Sustainability Report

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Mayo 2011

Please feel free to contact us to answer any questions and/or make suggestions regarding the content of this report, through the following communication channels:

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