

# Sustainability **Report, 2011**



**SUZANO**  
PAPEL E CELULOSE



Members of the Suzano Internship Program, at the São Paulo office. From left to right: Priscila Fioratti, Bruno Augusto Mourão da Silva, Marcelo Keidi Muramatsu Nomura, Lucas Antonio Dian, Gabrielle Dare, Caroline Raiz Moron, Luciana Harumi Brito Nakahara, Aya Caroline Luz Nakamure, Carolina Wegener, Rafael Ferraris and Julia Masiero Martinez



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# INTRODUCTION

This report is based on **our values**; Passion, Leadership, Excellence, Entrepreneurship, Global Vision, Integrity and Safety, Quality Relationships and Social and Environmental Responsibility.

By showing our stakeholders our main actions in 2011 in the economic, social and environmental arenas, this Sustainability Report is based on our corporate values: Passion, Leadership, Excellence, Entrepreneurship, Global Vision, Integrity and Safety, Quality Relationships and Social and Environmental Responsibility. The initiatives that reflect them are described so as to make our constant pursuit for operating excellence, as well as strengthen our relationships with stakeholders more visible. The art also seeks to reflect this strategy when it takes into account the intervention of resources in the images, representing continuity and expansion. (3.1)

For the sixth consecutive year, the report was drafted based on the Global Reporting Initiative (GRI), now in its G3 edition, and fits into application level B – an advance in relation to the previous editions, which met level C – audited by Bureau Veritas Certification. Bureau Veritas made an independent verification of the Report content and provided a technical opinion in regards to compliance with GRI – G3 guidelines.

The data contained herein encompasses our operations, industrial units, forestry areas and companies in Brazil, as well as our sales offices and subsidiaries abroad. However, the limits of this edition were extended as result of the acquisitions made in 2011 (50% of the Conpacel assets and KSR distributor). The scope and method used are the same applied to the previous Report (2010) published in May 2011. The economic and financial information is described according to Brazilian standards in effect and was audited by Ernst & Young. And yet the report of miscellaneous indicators was improved compared to previous years, in relation to scope – there is an increment, among others, of the Limeira Unit data – and a comparison effect. Any changes made to the report are explained in the footnotes of the tables and can also be seen in the online version of the Report: <http://www.relatoriosuzano2011.com.br> (2.9, 3.2, 3.3, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, 3.13)

The content herein is based on answers number 15 through 40 of the questionnaires we sent out in the previous year to employees, customers, suppliers and people from the communities neighboring our units. It is also based on the results of the systematization of the contacts and demands pointed out in the dialogue tools with our audiences. Among them are the Suzano in the Field book, which contains the demands of the communities

close to our forestry units; customer satisfaction surveys; Instrument that Characterizes Traditional Communities (ICCT), through which we have identified communities with traditional traits located in the proximity of our operations; the Social Dialogue, which is made up of discussion and action forums with the communities from São Paulo State municipalities. The result of all this data collection is the following. (3.5, 4.14, 4.15, 4.16, 4.17)

Target Audience	Topics of interest	Chapter of the Report where the topic is referred to
Communities	Company practices to preserve biodiversity	<ul style="list-style-type: none"> <li>Partnership for sustainability</li> <li>Life-lasting preservation</li> </ul>
	Use of water by our plantations and mills	<ul style="list-style-type: none"> <li>Life-lasting preservation</li> </ul>
	Eucalyptus planting/food safety in the locations in which we operate	<ul style="list-style-type: none"> <li>Engaging with communities</li> </ul>
Customers	Our care with the environment and communities	<ul style="list-style-type: none"> <li>Engaging with communities</li> <li>Partnership for sustainability</li> <li>Life-lasting preservation</li> </ul>
	Our certifications	<ul style="list-style-type: none"> <li>Growth in planned cycles</li> </ul>
	Suzano growth strategies and its impacts on the production chain	<ul style="list-style-type: none"> <li>Growth in planned cycles</li> </ul>
Suppliers	Suzano growth strategies and the company's relationship with strategic audiences	<ul style="list-style-type: none"> <li>Growth in planned cycles</li> <li>Commitment to society</li> <li>Team of professionals of value</li> <li>Support to our customers' business</li> <li>Incentives for suppliers</li> <li>Engaging with communities</li> </ul>
Employees	Company practices to preserve biodiversity	<ul style="list-style-type: none"> <li>Partnership for sustainability</li> <li>Life-lasting preservation</li> </ul>
	Use of water by our plantations and mills	<ul style="list-style-type: none"> <li>Life-lasting preservation</li> </ul>
	Social projects developed in the communities	<ul style="list-style-type: none"> <li>Engaging with communities (with referral to the social projects portfolio shown on the website)</li> <li>Partnership for sustainability</li> </ul>
	Suzano growth strategies and the company's relationship with strategic audiences, mainly employees	<ul style="list-style-type: none"> <li>Growth in planned cycles</li> <li>Commitment to society</li> <li>Team of professionals of value</li> <li>Support to our customers' business</li> <li>Incentives for suppliers</li> <li>Engaging with communities</li> </ul>

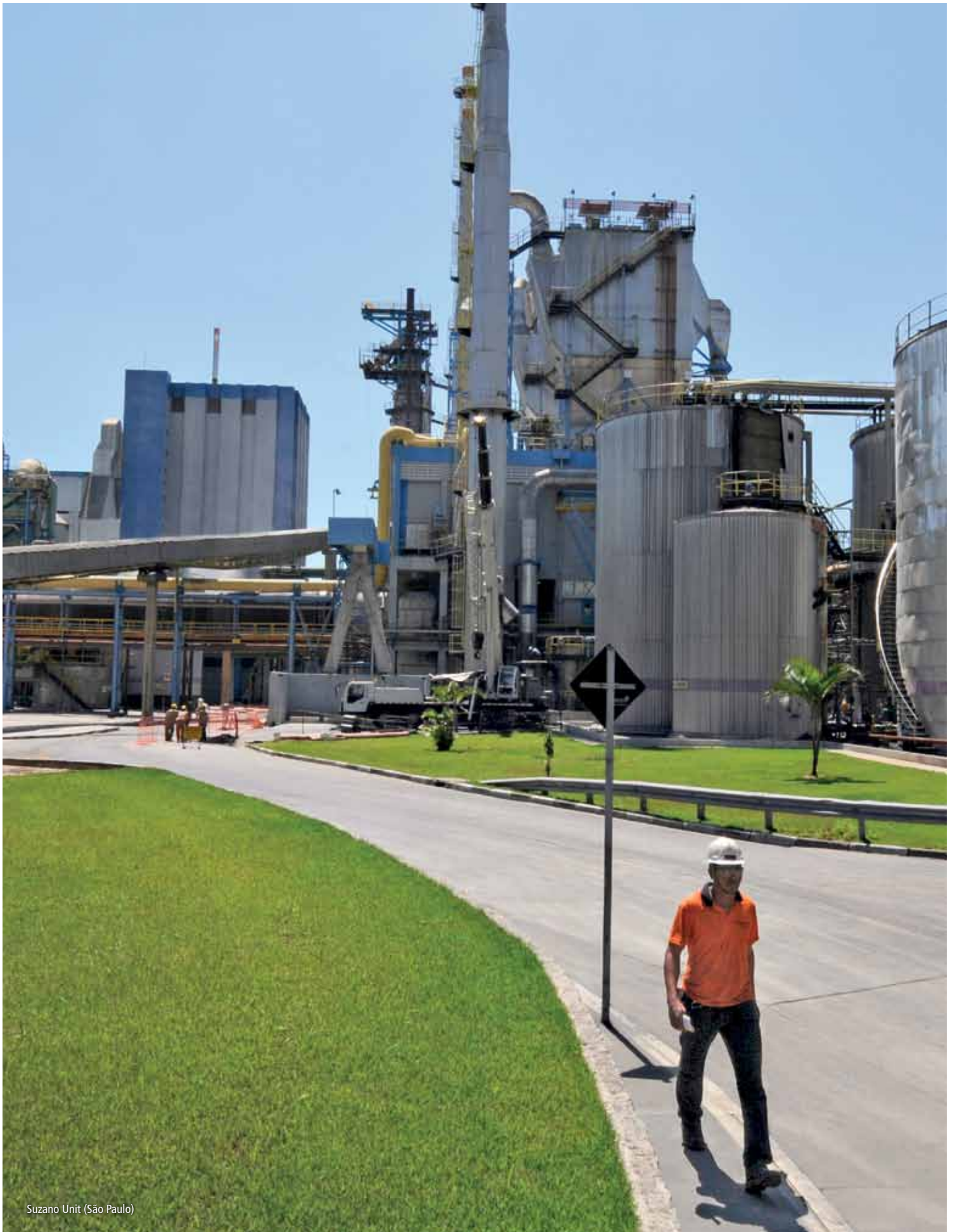
In order to clarify any doubts resulting from this document, anyone interested may contact us through the Suzano Answers Hotline (0800 774 7440 and [suzanoresponde@suzano.com.br](mailto:suzanoresponde@suzano.com.br)) or by sending an email to Investor Relations: [ri@suzano.com.br](mailto:ri@suzano.com.br). (3.4)





Employee Thiago José de  
Almeida, at FuturaGene  
Brazil (São Paulo)





Suzano Unit (São Paulo)

# MESSAGE FROM THE CEO

(1.1, 1.2, 4.9)

**In 2012** we will continue to pursue  
operating **excellence** and  
**innovation** in all of **Suzano Pulp**  
and **Paper's** operations.

The year of 2011 was marked by strong pressure on company margins in the industry, as result of cost increases, appreciation of the Brazilian Real and cost reductions. In January 2011, the CIF price of pulp in Northern Europe was US\$ 850/ton. In December, the price was at US\$ 650/ton – a 23.5% drop. The average price of our papers sold in the domestic market also dropped 4.7% in the same period. The good news is that pulp and paper prices are recovering in 2012 and at this time, the Real is at a better level for Suzano Pulp and Paper business.

We closed 2011 with a sales volume of 3.1 million tons of pulp and paper (13.8% higher compared to 2010). We planted 87,000 hectares of forests in 2011, where 34,000 hectares were within the scope of the expansion plan in the Northeast. We closed the period with 346,000 hectares of planted forests, totaling 803,000 hectares of total area. Net revenue was R\$ 4.8 billion (7.4% hike) and the EBITDA was R\$ 1.3 billion (24.5% drop). Net profit in the period was R\$ 30 million vs. R\$ 769 million, explained by the exchange rate variation and drop in EBITDA. Cash availability on December 31, 2011 was R\$ 3.3 billion. It is worth noting that debt payable in the upcoming two years total R\$ 3.5 billion, which can be translated into a comfortable liquidity horizon for the company.



This liquidity provision was obtained even with record volume of investments in 2011. Total capex was R\$ 3.2 billion, including disbursements referring to the acquisition of 50% of Conpacel, meaning R\$ 1.5 billion; investments in forestry and industrial maintenance totaling R\$ 518 million and project investments that make up the Suzano expansion plan, totaling R\$ 2.7 billion.

The company liquidity is suitable and the Maranhão Project has competitive funding, making startup feasible in the end of 2013. However, Suzano Pulp and Paper had a net debt to EBITDA ratio of 4.2 x at the end of 2011 and net debt was R\$ 5.5 billion. As widely announced, we are developing

initiatives to face leverage, especially through the sale of assets. Many banks were commissioned to advise us in relation to this priority in 2012.

The Suzano 2024 Plan is still being implemented. We have consolidated the paper distribution assets making SPP-KSR the largest printing paper distributor in South America, integrated the Conpacel production unit – now called Limeira Unit – we have advanced with the Maranhão Project implementation – which will produce 1.5 million tons of market pulp and an energy surplus of 100 MW – we have concluded the integration of our biotechnology areas into FuturaGene and we took important strides in creating the framework for Suzano Renewable Energy.



Many products were launched, among them Couché Suzano® Image, Kromma® Gloss, Suzano Report® Carbon Neutral and Report® 360. We have made important advances in our social and environmental initiatives. We have consolidated the Suzano Sustainability Committee to debate and improve our strategy and initiatives related to the topic. The Committee counts on seven external representatives, universities, NGOs and prominent companies in the sustainability field.

Here we must make a noteworthy mention and a special acknowledgment to the entire team of professionals, who have once again showed their determination and competence pursuing results for the company. Outside is shown through the acknowledgments

received from the awards Best Company in the Pulp and Paper Industry, Valor 1000 (granted by Valor Econômico newspaper), Best Company in the Pulp and Paper Industry – Best in Agribusiness (Globo Rural magazine) and, for the eighth consecutive year we have been among the Model-Companies in Social Corporate Responsibility, through our Corporate Emissions inventory (Exame Sustainability Guide).

In 2012 we will continue to pursue operating excellence and innovation in all of Suzano Pulp and Paper's operations, based on permanent improvement of our relationship with customers, suppliers, shareholders and the communities in which we operate.

**Antonio Maciel Neto**  
Chief Executive Officer





Employees Flávio  
Pinheiro Oliveira,  
Ronaldo Jardim Dias  
and Uillis Neves Cinza  
at the Itabatã (Bahia)  
seedling nursery

# PASSION

**We are motivated** by passion, which we try to convey in everything **we do**. **This value** is reflected in **our 88-year path**, in the **internal growth** plans and overall in our identity.

## FORESTRY BASE FOR BUSINESS

We are a forestry-base publicly traded company controlled by Suzano Holding and belonging to the Suzano Group, with four business segments: Pulp, Paper, Biotechnology and Renewable Energy. **(2.6)**.

Our structure includes head offices in São Paulo (São Paulo), two industrial units in Suzano (São Paulo), one in Embu (São Paulo), one in Mucuri (Bahia) one in Limeira (São Paulo) – formerly known as Conpacel, in addition to FuturaGene and Suzano Renewable Energy. And we also have SPP-KSR, the largest printing products and paper distributor in South America, resulting from the merger of SPP-Nemo, division specialized in printing products with KSR distributor, acquired in the previous year, in 2011. Our forestry area totals 803,000 hectares and is distributed in the following states: Bahia, Espírito Santo, São Paulo, Minas Gerais, Piauí, Tocantins and Maranhão – where we have also carried out construction works for a pulp industrial unit, in the city of Imperatriz, within the scope of the expansion project in the Northeast. Abroad, we have sales offices in China, the United States and Switzerland, research labs in Israel and China and subsidiaries in England and Argentina. At the end of 2011, under this framework, we had 6,200 employees and 11,200 outsourced workers. **(2.3, 2.4, 2.5, 2.8, 2.9)**.



► 6,200 employees and 11,200 outsourced workers.

Our product portfolio is made up of Suzano Pulp®, sold to 31 countries, and of approximately 30 brands of paper and board, among them Suzano Report® – highlight goes to Suzano Report® 360° and Suzano Report® Reciclato, sold in the domestic market – the Suzano Report® Premium and Suzano Report® Carbon Neutral lines sold in the foreign market.

The paperboard line is made up of TpWhite®, Art Premium®, Supremo® and Art Premium PCR®, among other products. The papers are split into four categories – coated, uncoated, cut size and paperboard – and sold in over 60 countries. **(2.2, 2.7)**

Company business performance in the year led to a net revenue of R\$ 4.8 billion and net profit was R\$ 30 million. During the period, we have guaranteed the position as second largest eucalyptus pulp producer in the world and leader in the paper market in Brazil/South America. **(2.8)**



## MISSION (4.8)

Offering 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 (4.8)

### **Strong and kind**

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

## VALUES (4.8)

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





## GROWTH IN PLANNED CYCLES

The Suzano 2024 Plan in progress projects the company to the year in which we celebrate our 100th anniversary as one of the most efficient and innovative forestry-base companies in the world. The path is to diversify business, based on the supply of profitable products and services, from renewable forests and strengthen our calling of being one of the largest pulp producers in the world. This objective is guided by our vision of the future in relation to market demands, which justifies the investments in expanding the pulp lines, producing clean energy and developing custom eucalyptus species, suitable to our needs.

These three fronts have been accomplished: a) in the expansion project in the Northeast, which includes the construction of two pulp units, one of which in Maranhão is already in progress and will start-up in 2013; b) the establishment of Suzano Renewable Energy, which is based on our experience with the concept of energy forests, and will begin to produce wood pellets for exports for energy production; and c) in the FuturaGene operations, focused on two fronts: Base Case, which means contributing to increase our productivity and reach the 700 thousand/ha mark in 2015, through the use of biotechnology, and Upside, with the expansion of the number of contracts in developing new species for our business, considering genetically modified organisms.

The advances recorded in the year are in line with our growth strategy. For such purpose, in 2012, we will improve our organizational structure to meet three basic objectives: 1) accountability for results, which means that each leader and each business will be given the autonomy, entrepreneurship and feeling of belonging; 2) increase decision-making speed, through efforts and more agility in approval hierarchy; and 3) leader training, with skills development to take on risks and responsibilities inherent to our future.

In parallel to and based on the Suzano 2024 Plan, we will also focus our efforts on making our systems and processes more suitable for this new organizational design through the Multiply Project, continuous improvement of task execution within the scope of our information systems (SAP) and automation systems (ERP), and the Productivity Project, with the goal of reviewing the costs of all processes and enabling us to do more with less resources and reach the highest level of efficiency. Both will be carried out in 2012.

Sustainability is part of all our actions and intentions and we believe that sustainability is the ability to allow growth cycles to renew themselves, which implies in building the foundation for expansion that can integrate competitive operations, social and environmental responsibility and quality relationships. Aligning our practices to this understanding can be translated into, among other

Employee Romulo  
Rodrigues, at the Limeira  
Unit (São Paulo)



achievements, the maintenance of 377,000 hectares of Forest Stewardship Council® (FSC)-certified areas and being the first company in the industry to calculate its carbon footprint and holding the widest scope of certifications: in addition to the FSC, the ISO 9001, which certifies the quality of our management system; ISO 14001, which recognizes the application of practices for efficient environmental management; OHSAS 18001, which proves that health & safety obligations were met for employees; the SA 8000, international social responsibility assessment standard; and Cerflor, Brazilian Forestry Certification Program that certifies forestry management and the chain of custody. Check out the online version and see our complete scope of certifications at [www.suzano.com.br/relatoriodesustentabilidade2011](http://www.suzano.com.br/relatoriodesustentabilidade2011).

We have an intelligence department exclusively dedicated to the matter. One of the challenges is to relate all our sustainability initiatives with the growth strategy and enable the concept to effectively permeate the entire business. We have dedicated ourselves



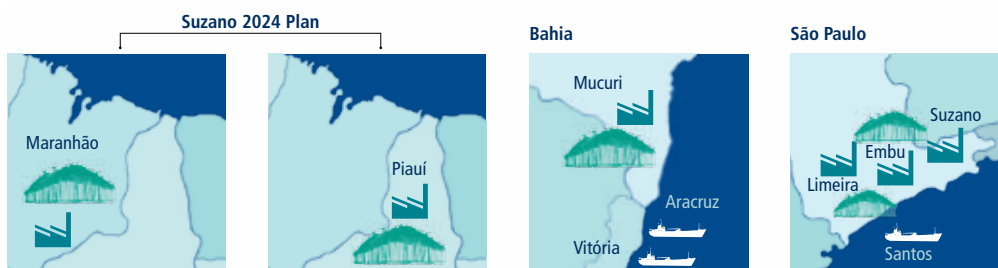
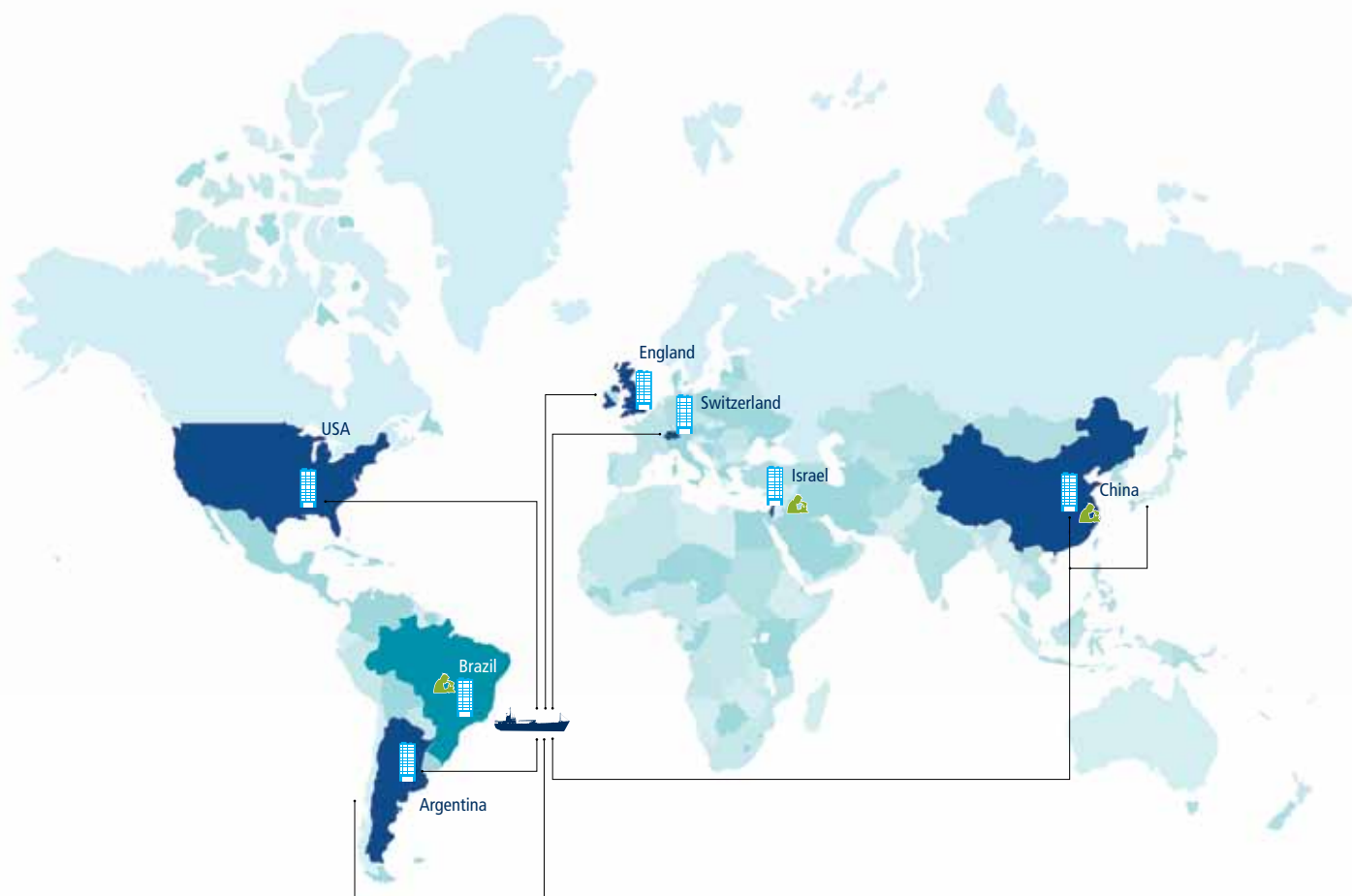
Employee Carla Doro, from  
Imperatriz (Maranhão)

to consolidate the Suzano Sustainability Consultation Committee made up of 18 professionals, including outside guests and Suzano managers. One of our officers takes part as guest at every meeting and we have three operational directors acting as board members. The objective of the committee is to promote debates and hear contributions in relation to our strategies focused on sustainability. The members get together on two occasions during the year and their suggestions strengthen the Sustainability Steering Plan framework. (4.9)

Employees André Rodrigo Dias,  
Janilson Ferreira dos Santos,  
Danilo Silva Santos and  
Claudenor Lourival Delmondes  
at the SPP-KSR (São Paulo)  
shipping area



LOCATION MAP (GRI 2.4, 2.5, 2.7)



Offices in Brazil and abroad

Ports

Laboratories

Industrial Units

Forests



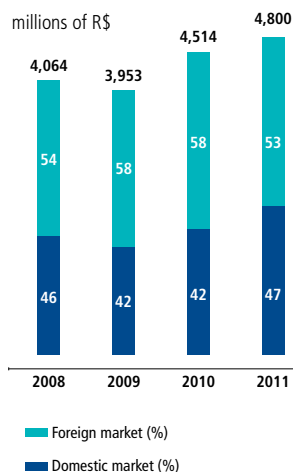


## KEY INDICATORS

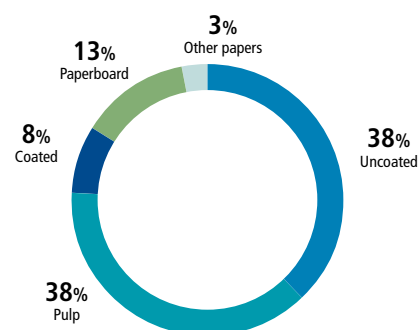
### FINANCIAL INDICATORS (2.8)

	2009	2010	2011
Net Revenue (billions of R\$)	3,953	4,514	4,800
EBITDA (millions of R\$)	1,161	1,703	1,300
Net Profit (millions of R\$)	947	769	30
Volume Sold (thousand tons)	2,896	2,763	3,100
EBITDA Margin (%)	29	38	27
Investments (millions of R\$)	659	603	3,200
Net Debt (millions of R\$)	4,111	3,421	5,500
Net Debt to EBITDA	3.5	2.0	4.2

### NET REVENUE



### NET REVENUE COMPOSITION



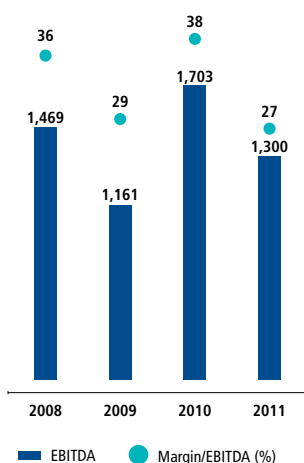
### DISTRIBUTION OF ADDED VALUE (DAV) – CONSOLIDATED (EC1)

	2009	2010	2011
<b>Personnel</b>	<b>461,578</b>	<b>513,113</b>	<b>501,033</b>
Salaries	324,426	408,504	398,149
Benefits	119,066	83,663	81,965
Employee Severance Fund (FGTS)	18,086	20,946	20,919
<b>Taxes, fees and contributions</b>	<b>321,950</b>	<b>181,572</b>	<b>164,619</b>
Federal taxes	406,527	205,401	189,228
State taxes	(88,098)	(28,120)	(28,130)
Municipal taxes	3,521	4,291	3,521
<b>Third party capital compensation</b>	<b>(510,439)</b>	<b>517,858</b>	<b>509,126</b>
Interest	516,787	548,781	523,680
Leases	61,715	73,669	72,660
Monetary Variations	(1,088,941)	(104,592)	(87,214)
<b>Earnings on invested capital</b>	<b>946,521</b>	<b>768,997</b>	<b>768,997</b>
Dividends/interest on invested capital	227,866	220,686	220,686
Retained earnings/losses for the period	718,655	548,311	548,311
<b>Total</b>	<b>1,219,610</b>	<b>1,981,540</b>	<b>1,943,775</b>



## EBITDA/MARGIN

millions of R\$



## EVOLUTION OF PRODUCTION (THOUSAND TONS) (2.8)

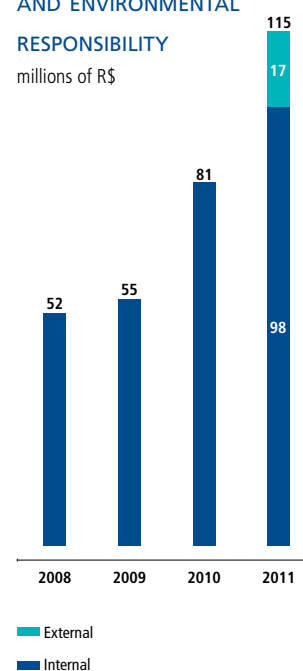
	2009	2010	2011
Total production	2,678	2,745	3,100
Market pulp	1,590	1,617	1,800
Total paper	1,089	1,128	1,300
Coated P&W paper	118	134	163
Paperboard	235	252	255
Uncoated P&W paper	736	742	869

P&amp;W: Printing &amp; writing

Our net revenue  
reached **R\$ 4.8 billion**,  
7.4% higher than in 2010

INVESTMENT IN SOCIAL  
AND ENVIRONMENTAL  
RESPONSIBILITY

millions of R\$



## ENVIRONMENTAL INDICATORS – INDUSTRIAL/FORESTRY (EN 30)

	2009	2010	2011
Investments related to the Company's production/operation	7,014	24,704	59,219
Investments in programs and/or external projects	1,256	1,542	683
Total investments in the environment	8,270	26,246	59,902





Employee Marina Valin assessing trial energy plantations for Suzano Renewable Energy in the municipality of Urbano Santos (Maranhão)



# EXCELLENCE

Allied to the **National Quality Foundation (FNQ)** management model, our **major differential** is innovation to do justice to excellence, one of our most widely **recognized values** to the market.

## MANAGEMENT IS SUPPORTED BY MANY INITIATIVES

Since 2006, our management model has been based on the concepts of the National Quality Foundation (FNQ) Management Excellence Model (MEG®) and we have carried out intensive work in order to align our management practices in all areas.

Therefore, projects such as the Internal Controls project have evolved. The goal of this project is to map our main business processes in order to identify opportunities for improvement in the controls framework to mitigate risks. We have also continued investing in the Operating Excellence Program, responsible for the consolidation of routine management at all levels of the industrial units, which in 2011 was extended to the logistics area. The project involves approximately 4,000 people in several units throughout Brazil.

In the area of Information Technology, we have adopted new communication and mobility resources, reinforced the IT infrastructure, outsourced the Data Center and evolved in our help desk and information security services, which reduced risks and rendered more productivity to processes, managed by a specialized company.

Human resources has also mapped out 54 corporate processes during the year, making them into 94 Management Process Procedures (PPG). This initiative adds more speed to execution as it defines the responsibilities of the areas involved, the flow and use of resources. Additionally, it promotes more interaction with business units and international offices.

And yet our innovation process (R&D) is based on the Open Innovation knowledge sharing model, through which one can multiply the number of professionals involved in projects that contribute to business results. At the end of the year, within the Innovation Program scope, 52 employees and 165 outside researchers took part in the initiatives, of which 66 had masters or doctorate degrees. The results of the work are reflected in the numbers: in 2010 and 2011, new products contributed to 15% of our revenues; up to then, the contribution index was 5%. One of the many tools available to work with the entire value chain is technological road mapping, which promotes meetings between interested parties in a certain project to analyze the market trends and outline the actions aligned with them.



► We follow the National Quality Foundation's (FNQ) Management Excellence Model (MEG®).



## OPERATING EXCELLENCE IN ALL AREAS

### Forestry

In 2011, we planted 86,571 hectares of forests – 33,648 of which within the Northeast expansion project alone – therefore, in total we have 803,000 hectares, of which 346,000 are planted areas.

Innovation permeates all our business, conducted starting from renewable forests whose management was marked during the year by strong actions mainly in three fronts: operating excellence, forestry productivity and sustainability.

The first involved precision agriculture technology transfer initiatives for silviculture, such as the intensification of the use of aerial and georeferenced information in planting and handling, resulting in higher quality management information and enabled more assertiveness and rationalization in input use such as herbicides, fertilizers and water. On that front we also adopted primarization initiatives, including process standardization, employee training and specialization of service providers.

In the forestry productivity field, the initiatives were based on life-long results of the genetic improvement program in traditional regions and for its consolidation into new units, such as the development of

high performance clones, specific for each microregion.

In addition to the initiatives carried out in several areas, the third front also included innovative actions, such as the replacement of plastic tubetes for seedlings, used in the Piauí nursery, with ones made from biodegradable material, reducing planting process costs and, as in other operating excellence initiatives, provided a reduction in water consumption in our operations. The pilot initiative should be extended to other areas.

For the new mills, we already count on more than two decades of experience and investment in forestry technology in the region, which enables commercial crops with productivity close to the Brazilian average in areas with little forestry tradition. This is the result of 30 years of research and development in the state of Maranhão, where tests with thousands of clones and dozens of eucalyptus species was carried out.

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.

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



## Pulp

In pulp we have advanced in our organic growth projects in the Northeast, with the objective of doubling our installed capacity by building mills in the states of Maranhão and Piauí – the decision to buy equipment for the latter will be made in 2014. In the state of Maranhão – with start-up planned for the end of 2013 – the process to obtain environmental permits and land acquisition was carried out.

In order to fulfill the need for human resources, we have created and applied the Capacitar (training) program. The differential of this initiative is that it is developed through a partnership with service providers, the government and local entities, to train professionals in industrial assembly and civil construction. Of the over 5,600 people to take part in the training, 1,600 have concluded the course in 2011 and are qualified to work in the mill construction works – which at the end of the period, involved roughly 800 professionals directly and whose earthmoving phase had been concluded. Our intention is to train 7,000 people to employ them in the works in the next two years. In order to work in the operation, another 200 professionals were undergoing training in the end of 2011. And yet we closed a contract with Finnish company, Metso, and with Siemens to purchase the main equipment for the construction of the industrial unit in Maranhão, according to plan. We have established an employee exchange program with Metso, in order to gain the knowhow and become familiar with their business culture. These initiatives that encourage education and create work and income opportunities result in an important change to the dynamics of the regional economy and strengthen the positive impact of installing our unit in the region. (partial EC7, EC8, EC9)

Another important stage has been concluded: the announcement of a financing operation contract with the Brazilian Social and Economic Development Bank (BNDES) in the amount of

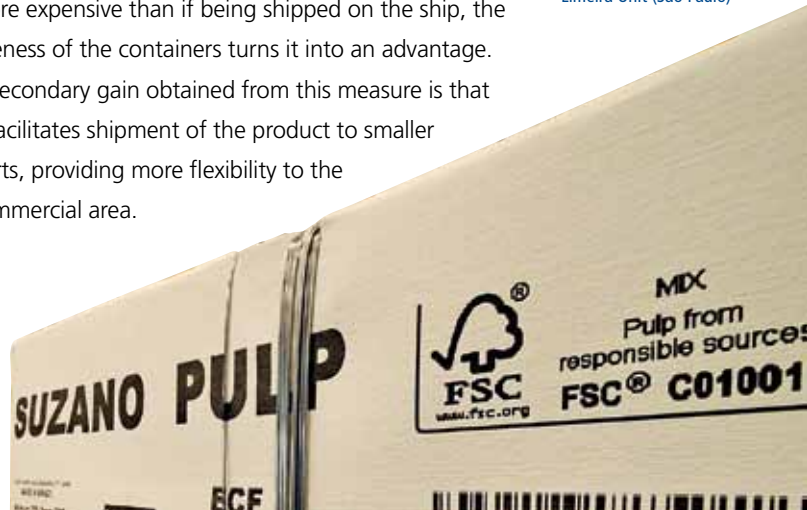
R\$ 2.7 billion to build the industrial unit in the state of Maranhão and, among other things, to implement infrastructure and the necessary support to operate the unit. And still within the Northeast expansion scope, we have concluded the most modern eucalyptus seedling nursery in the world in the Monsenhor Gil (Piauí) municipality.

The Pulp Business Unit has also innovated by joining research & development resources with commercial resources, envisioning customer needs from the pulp morphology, so as to offer them a product that can extend its productivity and competitiveness. Within that context, we have signed an important technology exchange with South China University Technology. In that sense, work is being carried out with customers in other markets.

Another fact that has marked the area in 2011 was the conclusion of the Lignin Pilot Plant (wood residue currently separated and burned in the recovery boiler to produce steam and energy), which will enable application studies of its alternative use to be intensified and enable the assessment of new market opportunities.

In logistics, a simple and innovative measure adopted in the period enabled a reduction of up to 80% of the freight cost of pulp exported to the Chinese market: the shipment of up to 10% of the product to China in containers, instead of directly on the ship. This opportunity was perceived as result of the huge volume of business between Brazil and China, causing the containers to return to China empty. Although this type of shipment is usually more expensive than if being shipped on the ship, the idleness of the containers turns it into an advantage. A secondary gain obtained from this measure is that it facilitates shipment of the product to smaller ports, providing more flexibility to the commercial area.

Suzano Pulp® bale,  
Limeira Unit (São Paulo)





Employee Rodrigo Máximo, at the Suzano Unit (São Paulo)

## Paper

The Paper Business Unit has closed 2011 with the merger of SPP-Nemo and KSR – acquired in 2010 – resulting in a conglomerate of 19 subsidiaries and consolidated the company as the largest printing product and papers distributor in South America. After the operation, SPP-KSR, which was already on Twitter, Facebook and YouTube, also updated its e-commerce platform with a new visual identity.

Paper production achieved 1.3 million tons, 14% higher than the total in 2010, consequence of the additional volume coming from the acquisition of 50% of Conpacel (currently the Limeira Unit) and the increase in the global machinery efficiency rate.

In line with the strategy of annual launches, the area has launched the Couché Suzano® Image, One®, Symetrique® Caderno and Kromma® Gloss 70 gram papers, in addition to two highlights. One of them, result of the Innovation Program, launched in 2010, is ArtPremium® PCR 30% (Post-Consumption Recycled), a paperboard that has 30% of recovered post-consumption scrap aseptic packaging in its composition. The product is FSC® – certified and was developed together with Tetra Pak – a company that provides solutions for food processing and bottling – and Ciclo, roof tile manufacturer

for construction. Post-consumption scrap is supplied by recycled material collector coops, which contributes to maintain jobs and income since the goal is to purchase 100 tons/month of the material. When separating paper scrap from the packaging, polyethylene (plastic) and aluminum is sold to Ciclo, who then reutilizes it to manufacture roof tiles. The first product generation has already avoided that 1,000 tons of waste be sent to landfills or dumps. Another innovative launch was Suzano Report® Carbon Neutral; this paper represents one more step in our climate change strategy, since the product has calculated and offset its carbon footprint. (EN2, partial EC2, EN26).

The Paper Business Unit has extended its practice of storing products for export in containers inside the mills, resulting in savings in renting storage space in bonded warehouses. Another innovation was creating the home office program for Commercial and Customer Support area employees, whose scope of work requires a high level of interaction with buyers and partners, in addition to the flexibility to meet the demands of a visit schedule. In addition to providing more comfort and quality of life for professionals, the measure adds discipline, planning and time fit management so that the best results are reached even at a distance.

Some of the Suzano Report® cut size product line



► Paper production achieved 1.3 million tons, 14% hike compared to the 2010 total.



## Renewable energy

Suzano Renewable Energy, established to operate in the biomass for energy production market, has also taken important strides during the year, in tune with our growth plans. One of them was signing a Protocol of Intent to install one or two production units in the state of Maranhão, which will involve investments in the order of R\$ 1 billion in forestry formation and facilities. The first investment cycle for the company includes

three wood pellet production units with an annual output of 1 million tons each. Suzano Renewable Energy will enter the biomass market for energy generation in 2014/2015.

The new business was already born innovative, based on the development and selection of specific eucalyptus clones, with a higher concentration of lignin in reduced harvest cycles, which translates into high production capacity and cost competitiveness.

Employee Rodrigo de Siqueira Silva, at the FuturaGene Brazil lab (São Paulo)



## Biotechnology

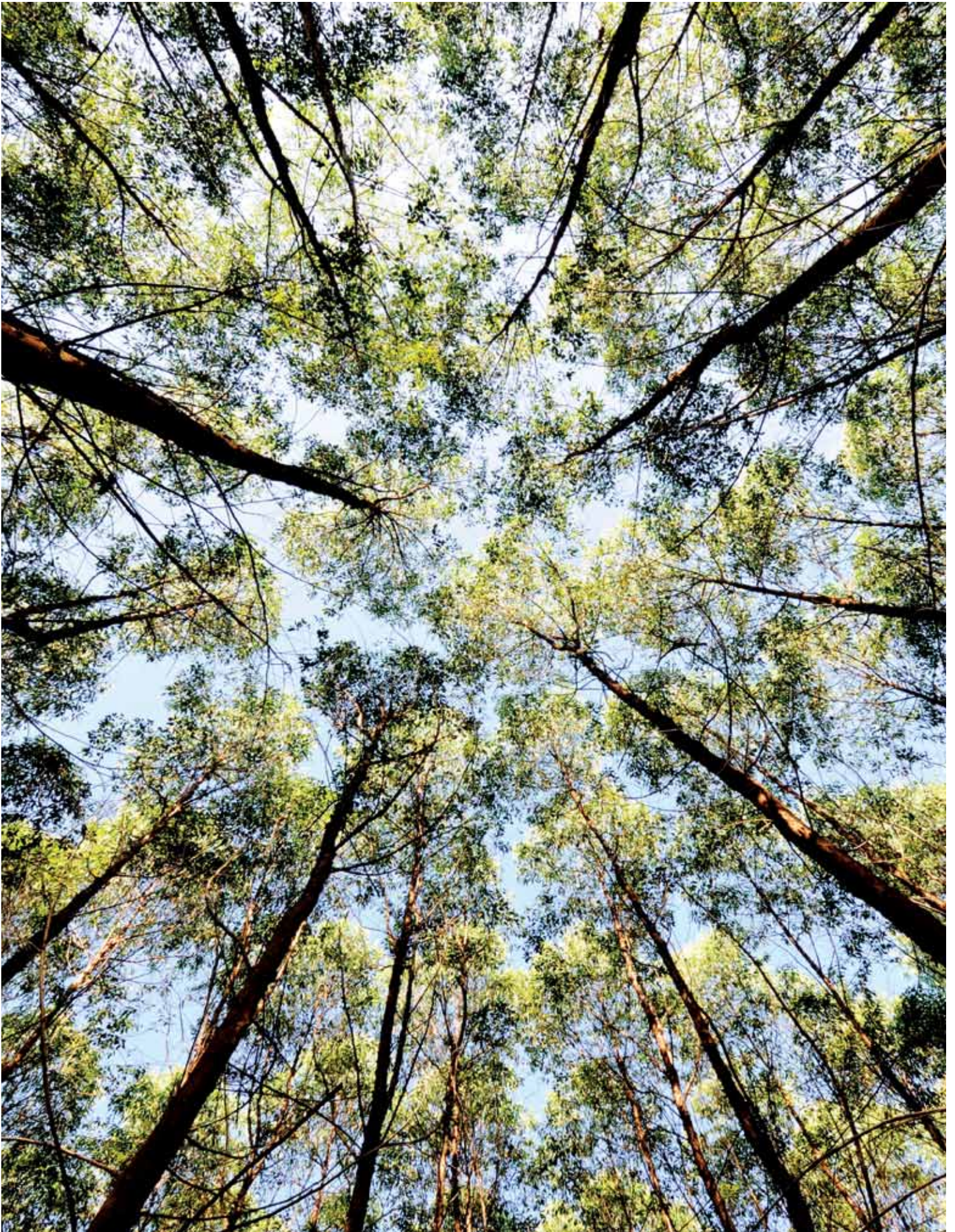
There were major advances in other fronts that encompass the Suzano 2024 Plan, among them are the consolidation and acquisition of FuturaGene and the installation of the first research and development center for the biotechnology company in China, where it operates with a dedicated team of specialists that will contribute so the country can meet the demand for sustainable fiber production and renewable energy resources.

The laboratory, located in Shanghai became the company's offices in the Asian nation. FuturaGene also has another research and development center in Israel, and promotes field tests in Brazil, China and the United States. Head offices are in England, where it carries out business based on a model that includes direct investments to develop integrated activities, license agreements, public-private partnerships and technology transfer. This business model, which gives the company a global outreach contributes directly to the social and economic growth of the main emerging countries.

#### THE MARKET RECOGNIZES THE EFFORT (2.10)

- **Best Company in the Pulp and Paper Industry** – Valor 1000 Award, from the Valor Econômico daily.
- **Best Company in the Pulp and Paper Industry** – for the second consecutive year, from the IstoÉ Dinheiro magazine ranking.
- **Best Company in the Pulp and Paper Industry – Best in the Agribusiness** – For the second consecutive year, from Globo Rural magazine.
- **Model-company in sustainability in Brazil** – For the eighth consecutive year, for our case in Innovation in Sustainability, from the Exame Guide to Sustainability.
- **The Most Admired Companies in Brazil** – First place in the Pulp and Paper segment in the Carta Capital magazine yearbook.
- **Highlights in the Pulp and Paper Industry Award – ABTCP** – Winner in the categories Manufacturer of Printing Papers, Social Responsibility and Sustainability.
- **One of the ten most globalized companies in the Country** – For the second consecutive year, according to the Brazilian Transnational ranking, developed by Fundação Dom Cabral.
- **DCI 2011 Award** – Most admired company in the Pulp and Paper industry, promoted by the DCI daily.
- **7th Mogi News/Chevrolet Social Responsibility in the Alto Tietê Award** – Awarded to the Formare School and Voluntary Portal projects.
- **Best HR Professional in the Pulp and Paper industry** – Title awarded by Você RH magazine, an Abril publishing house publication, to our CHRO, Carlos Alberto Griner.
- **Friend of Sports Entrepreneur** – Granted by the Ministry of Sports to companies that contribute the most with the segment through the Sports Incentives Bill. We ranked second in the state of Bahia.
- **Aquino Porto Printing Excellence Award (Goiás)** – Awarded to SPP-KSR in the Top of Mind Supplier category, granted by the Printing Industries Union of the State of Goiás (SIGEGO) and by the Brazilian Association of Printing Industry in Goiás (ABIGRAF-GO).
- **Graphprint Award** – which granted the 2011 suppliers in its 11th edition. Once again Suzano was among the awardees in the Paperboard, Coated, Uncoated and Recycled Papers lines. The award was also received by SPP- KSR as the Best Printing Paper and Products Distributor. Suzano was awarded in all its editions and the distributor won eight times as SPP-Nemo, once as KSR and in the last edition as SPP-KSR.









Service provider  
Adalberto Saraiva Souza  
Junior, from Fortes  
Engenharia, at the  
Imperatriz mill works  
(Maranhão)



# ENTREPRENEURSHIP

**Value imprinted in our DNA,**  
entrepreneurship is translated into  
the **constant pursuit of business**  
**opportunities** and the ability of **adjusting**  
**ourselves** to different scenarios.

## PERFORMANCE WITH RESULTS

The year of 2011 has posed many challenges, resulting from turmoil in the global economy, which has reduced the global growth rhythm. In Brazil, as a consequence of this scenario, there was a retraction in some segments, which required austerity on our side and focus on internal processes, so as to increase productivity and collect subsidies to face the scenario and preserve our growth plans and the future.

In the Pulp Business Unit, although the European market cooled down its demand, reflection of the crisis in the Euro zone countries and its impact on the global economy, we were successful in selling our production. In order to do that, we allocated our sales in other markets, according to the margin set forth by our commercial policy and contracts, seeking to take advantage of business opportunities through a globalized

Suzano Renewable Energy  
team at the office in the  
municipality of Chapadinha,  
in Maranhão



internal sales framework. As a result, we sold our entire inventory, which ended the year much lower than the industry average – 44 days. The balance of the period was the production and sale of 1.8 million tons, 13% higher than 2010 as a result of the additional volume of the Limeira Unit (formerly Conpacel) and the additional sales opportunities in the domestic market, responsible for 20% of the volume sold. The other 31% were destined for Europe, 36% for Asia, 11% for North America and 2% for South/Central America, reaching 1.4 million tons, a 10% export pulp volume increase compared to 2010.

In the Paper Business Unit, 1.3 million tons was sold, 15.5% higher than 2010, as result of the acquisition of 50% of Conpacel and KSR. Exports totaled 532,000 tons and were sent to South, Central (17%), Europe (9%) and North America (12%). Latin America, including Brazil, accounted for 77% of our sales, which represents a three percentage point growth compared to 2010. We kept our domestic leadership in the markets in which we operate. Sales in the domestic market achieved 803,000 tons in 2011, that is, 25% higher than the previous year.

Employee Izaías Vieira Barbosa controlling and moving Suzano Pulp® bales in the warehouse, at the Mucuri Unit (Bahia)







SPP-KSR warehouse  
in São Paulo



New packaging for Suzano  
Report® Colored papers

### NUMBERS SHOW BALANCE

In the year, we recorded record net revenue of R\$ 4.8 billion, 7% higher than the previous year, where R\$ 2.8 billion resulted from the paper segment and R\$ 2 billion from market pulp. Pulp and paper sales share in the foreign market in our net revenue was 54% or R\$ 2.6 billion. In 2010, it was 58%.

The cost of products sold (COPS) was R\$ 3.8 billion in the year, 20% higher than recorded in 2010, mainly resulting from: higher volume and mix sold; from the increase of cost of wood, explained partly from a higher share of wood in third party wood supply; increase in input prices; increase in the consumption of lime; increase in costs in maintenance downtime throughout the year due to the integration with the Limeira Unit; and higher logistics costs in Brazil. Therefore, unit COPS was R\$ 1,200/tons in the year, a 5% rise compared to 2010.

Administrative expenses totaled R\$ 334 million in the period (R\$ 288 million in the previous year), this increment was a result of: reclassifying expenses of the Limeira Unit, previously accounted as costs since it was operated through the Conpacel consortium; expenses with the Suzano 2024 Plan expansion projects; and expenses with labor adjustments and personnel restructuring, in addition to third party services such as consulting and advisory services.

Expenses with sales totaled R\$ 248 million (R\$ 228 million in 2010). The increase was a result of more expenses with logistics and personnel, since there was an increase in

the volume sold in the domestic market and from changes from the recent acquisitions (Conpacel and KSR), in addition to third party services.

Other operating revenues totaled R\$ 182 million, positively impacted by: accounting gain from acquiring Conpacel and KSR assets, partially offset by writing off fixed assets; from the gain in the actuarial liability reduction; for updating the fair market value of biologic assets; from the sale of fixed assets; and from the sale of rights in relation to the Eletrobrás Standard-Unit credit. In 2010, other revenues totaled R\$ 324 million, impacted positively and especially as result of non-recurring items in the net amount of approximately R\$ 260 million, consequence of disposing assets in the state of Minas Gerais.

Cash generation in the year, measured by the EBITDA, was R\$ 1.3 billion, and the margin was 27%, mainly resulting from: increase in sales volume of pulp and paper, with the integration of the Limeira Unit; increase of paper sales in the domestic market; pulp and paper price reductions throughout the year; COPS unit increment; Brazilian real currency appreciation compared to the US dollar; from the accounting gain in the Conpacel and KSR acquisition (non cash flow effect); and the gain in updating the fair market value of biologic assets (non-cash flow effect). In 2011, EBITDA was R\$ 1.7 billion, positively impacted by the disposal of non-recurring assets.

**Our investments totaled R\$ 3.2 billion, where R\$ 518 million were for maintaining current capacity, of which R\$ 170 million in the industrial area and R\$ 348 million to the forestry area.**

Our net profit, on the other hand, was R\$ 30 million, reflection of the accounting result of the net money and currency exchange variations, impacted by the appreciation of the Brazilian real and the reduction of the EBITDA.

Gross debt at the end of the period was R\$ 8.7 billion, where 53% was in foreign currency and 47% in domestic currency. We contracted debt in foreign currency as a natural hedge, given that over 50% of our revenues come from exports. This structural exposure allows the Company to take out export financing in US dollars at more competitive costs than the local lines of credit and reconcile financing payment with inflow of sales payments. At the end of the period, gross debt was made up of 74% maturities in the long term and 26% in the short term. We focused our efforts on seeking finance lines with longer tenures and more attractive costs.

Net debt at closing of the period was R\$ 5.5 billion, with a net debt to EBITDA of 4.2 x, mainly resulting from the EBITDA reduction and the increment of the gross debt, consequences of the 13% exchange rate variation on the annual balance sheet exposure between opening (R\$ 1.67/US\$) and closing (R\$ 1.88/US\$), with an accounting impact on debt linked to the foreign currency.

In the year, investments totaled R\$ 3.2 billion, where R\$ 518 million were for maintaining current capacity, of which R\$ 170 million in the industrial area and R\$ 348 million to the forestry area.

SALES VOLUME:

3,1

million tons of pulp and paper – 13.8% higher than 2010.





## 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 (São Paulo Stock Exchange), where 10,940,881 shares are in treasury, 6,786,194 common shares and 4,154,687 preferred shares. At the end of December, SUZB5 shares were quoted at R\$ 6.74. The daily average of trade was 2,900 and financial volume reached R\$ 13 million. Free float was at 43.3%. Suzano's market value on December 31, 2011, was R\$ 2.8 billion. Our shares are part of Level 1 corporate governance and were included in the stock market's Corporate Sustainability

Index (ISE) for the seventh year in a row.

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.

During a meeting held on December 22, the Board of Directors approved the Executive Officers proposal to pay interest on equity capital, in the gross amount of R\$ 96 million, which were credited to shareholders on December 29 and paid on March 15, 2012.

Pulp dryer, Mucuri Unit (Bahia)

## SHARE DISPERSION (NUMBER OF SHAREHOLDERS PER ASSET LEVEL)

Share levels	2009		2010		2011	
	No. of shareholders	Number of shares	No. of shareholders	Number of shares	No. of shareholders	Number of shares
Over 5.0 million	14	191.3	14	263.0	14	261.5
From 2.0 to 4.99 million	13	38.5	13	39.1	16	48.4
From 1 to 1.99 million	13	17.3	18	25.4	16	23.9
From 500 thousand to 0.99 million	25	17.2	34	22.4	28	18.7
From 200 to 499 thousand	73	22.2	75	23.5	65	21.4
From 50 to 199 thousand	156	15.8	179	18.5	162	15.4
From 10 to 49 thousand	354	8.0	450	10.1	507	11.0
From 100 to 9.9 thousand	3,404	4.2	5,517	6.9	6,082	8.5
Less than 100 shares	1,104	28.5	1,168	0.0	1,095	0.0
<b>Total</b>	<b>5,156</b>	<b>314.5</b>	<b>7,468</b>	<b>408.9</b>	<b>7,985</b>	<b>408.9</b>





Employee Lucas do  
Nascimento, at the  
Mucuri Unit (Bahia)



# LEADERSHIP

Transparency, **ethical conduct** and effective management of inherent risks to **our business** are **essential** attributes for us to maintain the leadership in the **paper market** and stay in the spotlight in the **pulp segment**.

## GOVERNANCE WITH PRINCIPLES

Our corporate governance and the relationship with capital markets and shareholders are based on three assumptions, Defined Controlling Group, Capital Markets and Professional Management, and are characterized by the principles of equality, responsibility, transparency and accountability.

Internal guidelines are being addressed in the Code of Conduct, which is managed by a Committee of Conduct responsible for executing ethical business and for a transparent dialogue with all stakeholders. The document sets forth, among other topics, that our management, managers and employees must inform their direct supervisors immediately if: a) any act or commercial transaction under their responsibility involves companies where any of their relatives may work; and b) if they are part of any partnerships held by them or by relatives and friends as well any commercial, financial or economic interests that may cause a conflict of interest. They also must not contract nor induce the hiring of relatives or any person with which they maintain a personal

connection in a direct report position or service provider without informing their immediate supervisor and the Human Resources area in advance. The Board of Directors internal operating rules also reinforce these provisions, which sets forth that a member may not vote if in conflict of interest with the matter to be deliberated by the body. **(4.6, 4.8)**

Employees Nanci Moreira  
Hutter and Bruno Domiciano  
Magalhães at the SPP-KSR  
office (São Paulo)



In addition to our framework we have the External Ombudsman, managed by an independent company, prepared to duly receive and forward claims of any eventual ethical deviations, which can be made by phone (0800 771 4060) or email: [ouvidoriaexterna@austernet.com.br](mailto:ouvidoriaexterna@austernet.com.br). And yet for investors and capital markets, we have two other communication channels at their disposal where they can obtain data and complementary information in order to clearly analyze our performance and our alignment to our strategy: email: [ri@suzano.com.br](mailto:ri@suzano.com.br) and phone# (+55 11) 3503-9061.

We are part of Level 1 corporate governance at BM&FBovespa and, for the seventh consecutive year, we are part of the institution's Corporate Sustainability Index (ISE), whose objective is to reflect the return of a portfolio made up of shares from companies that are recognized for their commitment to social responsibility and sustainability and also for promoting good practices in the Brazilian corporate environment.

To audit our results, internal controls and accounting practices, we have resorted to internal and external audits, provided by Ernst & Young Terco Independent Auditors, who are also responsible for auditing our financial statements. The Audit Committee receives their diagnosis where they debate and attest them.

So as to act upon corporate governance, we have a framework made up of a Board of Directors, Executive Board and by a permanent Tax Committee. It is also made up of committees, subcommittees and workgroups, through which employee issues and demands can be submitted to the Board of Directors and Executive Board. **(4.1, 4.4)**

Members of the Board of Directors are chosen according to law in force, and it is



Employee Matheus Ferreira  
Rusca at the eucalyptus  
plantation in Mucuri (Bahia)

defined during the General Shareholders' Meeting. Therefore, their background and experiences are taken into account as well as their knowledge about relevant topics to our business, such as sustainability, finance, innovation and crisis management, among others. That excellence was reinforced in 2011 by consolidating the Suzano Sustainability Consultation Board, whose external participants, academia and third sector representatives, among others, contribute to our executives to establish sustainable strategies and guidelines for our operations. **(4.7 4.9)**

The compensation policy is also aligned with legislation in force and it is defined during the General Shareholders' Meeting. Board members are compensated in a differentiated manner, according to their dedication: the ones that do not dedicate themselves on a full-time bases receive 100% fixed compensation; when integrally dedicated, the percentage is approximately 60% of fixed compensation and 40% variable. In 2011, board member and officer compensation totaled R\$ 38 million. **(4.5)**



► In 2011 we consolidated the Suzano Sustainability Consultation Board, whose external participants, contribute to our executives to establish sustainable strategies and guidelines for our operations.



## Board of Directors

The body is made up of nine board members, of which eight are older than 50 and one is between 30 and 50 years old; four of them are independent. The members have a three year term and gather every quarter, and when needed, extraordinarily. In 2011 there were 24 meetings. (4.3, 4.9 and LA13)

- **David Feffer** – Chairman
- **Boris Tabacof** – Vice president
- **Daniel Feffer** – Vice president
- **Antonio de Souza Corrêa Meyer** – Member of the board
- **Cláudio Thomaz Lobo Sonder** – Member of the board
- **Jorge Feffer** – Member of the board
- **Oscar de Paula Bernardes Neto** – Member of the board
- **Marco Antonio Bologna** – Member of the board
- **Nildemar Secches** – Member of the board

## Officers

Six professionals make up the Executive Board, five of which are aged between 30 and 50 and two are over 50 years old. (LA13)

- **Antonio Maciel dos Santos Neto** – Chief Executive Officer
- **Andre Dorf** – Chief New Business Officer
- **Alberto Monteiro de Queiroz Netto** – Chief Finance and IR Officer
- **Carlos Alberto Griner** – Chief Human Resources Officer
- **Carlos Aníbal Fernandes de Almeida Júnior** – Business Unit Head – Paper
- **Ernesto Peres Pousada Júnior** – Executive Operations Officer

## Tax Committee

- **Luiz Augusto Marques Paes** – Effective
- **Rubens Barletta** – Effective
- **Jaime Luiz Kalsing** – Effective

*(The Board of Directors and Executive Board and Tax Committee member profiles can be seen in the reference form available at [www.suzano.com.br/ri](http://www.suzano.com.br/ri))*

#### RISKS MANAGED ON ALL FRONTS (4.11)

We maintain our own governance framework for the risk management process, based on the Coso (Committee of Sponsoring Organizations of the Treadway Commission) methodology, we promoted establishing objectives, identifying events, assessing risks, response to risks, control activities, information, communications and monitoring. All these phases are carried out within the scope of:

- Workgroups, responsible for Business Unit activities, who originate risks, manage and mitigate them;
- Internal controls, who establish risk policies, the governance framework and the reporting standards and mechanisms for information in order to facilitate management;
- Strategy Committee, who validates and approves the initiatives defined to mitigate risks, in line with our strategy;
- Executive Board, responsible for approving key documents in relation to risks, monitor exposure status, Business Unit mitigation plans and the status of high risks, prioritize risk treatment and approve or disapprove resources to deal with risks; and
- Audit Committee/Board of Directors, who ratifies the key documents and becomes aware of priority risks and actions to deal with them.

Employee Wellington Reis Lima at the works for the new mill in Imperatriz, in Maranhão





Under this framework, in 2011 we established 20 priority risks to business, in the Finance, Strategy, Regulatory and Operating categories. In relation to previously identified risks in 2009, 13 were maintained, four excluded and seven included.

We also count on a no surprise policy, meaning that we avoid to a maximum any negative surprises by adopting preventive actions. Therefore, the Risk Management Committee's role is essential since they must map the risks and propose actions to neutralize them or mitigate them – and this action must also be adopted by the managers in each department. At the strategic level, the task of identifying, assessing and managing risks is the responsibility of the Excellence Committee according to the National Quality Foundation (FNQ). (4.11)

(These details can be seen in the reference form available at [www.suzano.com.br/ri](http://www.suzano.com.br/ri)) (1.2)

**We maintain our own governance framework for the risk management process, based on the Coso (Committee of Sponsoring Organizations of the Treadway Commission) methodology.**





Employees Noga  
Barimboim and Yaarit  
Wainberg at the  
FuturaGene lab in Israel



# GLOBAL VISION

Through **our products**, we are present in **60 countries**, where **our operations** are based on **global vision**, while also prides itself on **respecting regulations, culture** and the **local way of doing business**.

## SPOTLIGHT ON INTERNATIONALIZATION

Innovation is also reflected in the way we position ourselves and do business in the foreign market, which drives our internationalization strategy. The idea to transform information into knowledge has been positively and strongly reflected in our relationship with customers serviced through our framework outside Brazil; our sales offices in Shanghai (China), Fort Lauderdale (USA) and Nyon (Switzerland), the subsidiaries Sun Paper, in England, and Stenfar, in Argentina, and the research labs in Israel and China, in addition to 15 terminals. Together, our units drive the business responsible for over 60% of our revenues.

Being closer to them has enabled us to increase our proactivity meaning that we anticipate customers demands in relation to not only deliverables but also in relation to sustainability matters, a topic which is becoming more and more relevant in the entire world and also in the sales area. They are informed about our actions applied to business and have their requirements met, which is the case of an extensive questionnaire that was submitted to Suzano Renewable Energy when they requested to supply wood pellets for power generation to the European market.

Other initiatives carried out to tighten the relationship with communities in the countries in which we operate. One of them is the Lignodeco project, which involves our participation in a consortium with universities and research centers in Spain, Finland, Denmark and France, as well as in Brazil. By directing research related to the deconstruction of eucalyptus wood, the project tries to identify sustainable alternatives for high quality pulp production, biofuels and organic origin chemical products.

Employee José Nedilo  
Antunes de Castro,  
at São Paulo head offices





In May 2011, we participated in the 11th Rainforest Alliance Gala Dinner, held at the Museum of Natural History in New York, in the United States

In order to promote a key moment of our international expansion, the Pulp Business Unit promoted a Dinner Meeting in China, for our main Asian customers. The event, held after the China Pulp & Paper Conference in Xiamen, was held in Mandarin.

Our executives based out of our China, United States and Europe offices also participated in three meetings with the Brazilian team, during the year, to align our sales strategies. Additionally, we continued with our professionals exchange program between countries, so they can become more familiar with local culture of doing business.

China now also has a FuturaGene research and development center since the country has a substantial market for the company. Previously, in the past seven years, the company was operating in the country through partnerships with research institutes and universities. A challenge that is being overcome by the company is the creation of a unified innovation culture made up of diverse teams like the ones in Brazil, China and Israel – where another research and development center is kept. To do that, in 2011 there was a widespread exchange of professionals, especially Israel and Brazil, to align science organization on several paths.



## INTERNATIONAL OFFICES (LA1)

Unit	Nr. of Employees	Expats
Stenfar – Argentina	136	0
Suzano Pulp and Paper America – USA	21	1
Sun Paper – England	6	0
Suzano Pulp and Paper Europe – Switzerland	18	3
Suzano Pulp and Paper Asia – China	9	0
<b>Total</b>	<b>190</b>	<b>4</b>

FuturaGene lab inaugurated in  
Shanghai, China

And yet the Paper Business Unit, in tune with the strategy of strengthening regionalized service, restructured their sales process in Latin America. The base of the sales cell North Latin America, which includes Peru to Mexico, was transferred to Suzano Pulp and Paper America, in Fort Lauderdale (USA), since it is faster and cheaper for their executives to travel to those countries and meet the needs of our customers and consequently to increase productivity. As important as the increase in sales volume, there was a hike from 122,600 thousand tons to 126,900 thousand tons since the measure was adopted, in the beginning of 2011 – we gained proximity to buyers, which

results, among other benefits, in identifying new business opportunities. Sales restructuring did not reach South Latin America, which continued to service Mercosur countries, Bolivia and Chile out of São Paulo.

Among the achievements during the year in relation to our international operations, Suzano Pulp and Paper America was recommended for the ISO 9001 standard certification, encompassing the pulp and paper scope. The Quality Management System at the office had been audited and recommended for certification by Bureau Veritas.

Marcos Stolf and Andre Dorf  
in a meeting at the Suzano  
Renewable Energy office in  
São Paulo

Employee Wesley  
Batista Rocha, at the  
Mucuri Unit (Bahia)





# INTEGRITY AND SAFETY

This value is the pillar of **our relationship with governments** with which we seek to contribute by developing **public policies** that result in **social advances**.

## COMMITMENT TO SOCIETY

We base our relationship with governments, government bodies and government organizations and non-governmental organizations on transparency and dialogue. This behavior applies even before we enter certain regions. In Maranhão, for instance, before we began building the pulp unit we had many meetings with city hall, local leaders, environmental bodies and educational centers, where we could promote our plans and our way of operating and we listed and considered the communities interventions.

Service provider from JFI Silvicultura SC Ltda, at the seedling nursery in Alambari (São Paulo)

Additionally, we do omit ourselves in relation to major issues that affect the segments in which we operate. An example of that is the improper use of tax exempt paper, that is, the practice of purchasing the product with tax exemption when the paper will not be used for learning purposes. Through the work of the Brazilian Pulp and Paper Association (Bracelpa), we worked together with other companies in the industry to fight illegality, which results in tax evasion and jeopardizes the agents of the paper economic chain that strictly comply with their fiscal and tax obligations.







Employees Edwilson André da Silva and Júlio Maria de Souza, at the Rio Verde Unit (São Paulo)

Another polemic situation in relation to which we positioned ourselves in 2011, is the theft and burning of native wood (Atlantic Rainforest) in Bahia and eucalyptus to feed the illegal charcoal trade. More than just being a victim of these practices, we support actions and campaigns that fight it, such as “Illegal charcoal is a crime”, from the Bahia Association of Forestry Base Companies (ABAF), since we agree that it is harmful to society and the environment. Among them are the use of child labor, school truancy, tax dodging and native wood harvesting. Additionally, we are part of the Crises Committee in the South of Bahia, spearheaded by the State Public Attorney and made up of many other organizations to monitor the issue and adopt effective measures. [\(HR6, SO5\)](#)



Service provider Maria Célia Silva dos Santos at the seedling nursery in Monsenhor Gil (Piauí)



We also take part in the Forestry Dialogue, an initiative with a national scope that facilitates interaction with forestry base industry company representatives, environmental organizations and social movements to build a common view and agenda. This objective is regionally replicated thanks to maintaining forestry forums. This year, the Forestry code was a thoroughly discussed topic, closed with a group stance as result of its relevant and high potential impact in natural forests preservation in Brazil. (SO5)

We are a member and associated with other organizations and we are signatory to commitments related not only to the markets in which we operate such as the social and environmental, as the following list shows. Accordingly, we contributed to the development of public policies, especially through a partnership with representative entities of the segments in which we operate.

(4.12, 4.13, SO5)

Employees Ronaldo Neri Pereira, at the Embu Unit (São Paulo), and Sueli Silva, Joyce Negrelli Carrieri Ticianeli and Nanci Priscila Zanatta Goncalves, at Suzano Renewable Energy (São Paulo), participating in the workout on the job provided by the Quality of Life Program



Global Compact (Global Pact)	<a href="http://www.pactoglobal.org.br">www.pactoglobal.org.br</a>
Eight Millennium Objectives	<a href="http://www.objetivosdomilenio.org.br">www.objetivosdomilenio.org.br</a>
Corporate Pact for Integrity and Against Corruption	<a href="http://www.ethos.org.br">www.ethos.org.br</a>
Brazilian Pact for the Eradication of Slave Work	<a href="http://www.ethos.org.br">www.ethos.org.br</a>
Corporate Charter for the Preservation and Sustainable Use of Biodiversity (MEB)	<a href="http://www.mebbrasil.org.br">www.mebbrasil.org.br</a>
Sustainable Amazon Forum	<a href="http://www.forumamazoniasustentavel.org.br">www.forumamazoniasustentavel.org.br</a>
Ethos Institute for Companies and Social Responsibility	<a href="http://www.ethos.org.br">www.ethos.org.br</a>
Brazilian Corporate Committee for Sustainable Development (CEBDS)	<a href="http://www.cebds.org.br">www.cebds.org.br</a>
Brazilian Pulp and Paper Association (Bracelpa)	<a href="http://www.bracelpa.org.br">www.bracelpa.org.br</a>
Brazilian Technical Pulp and Paper Association (ABTCP)	<a href="http://www.abtcp.org.br">www.abtcp.org.br</a>
Brazilian Association of Forest Plantation Producers (ABRAF)	<a href="http://www.abraflor.org.br">www.abraflor.org.br</a>
Florestar São Paulo	<a href="http://www.floresta.org.br">www.floresta.org.br</a>
Forest Stewardship Council® – FSC	<a href="http://www.fsc.org.br">www.fsc.org.br</a>
World Business Council for Sustainable Development (WBCSD)	<a href="http://www.wbcsd.org">www.wbcsd.org</a>
The Nature Conservancy (TNC)	<a href="http://portugues.tnc.org/tnc-no-mundo/americas/brasil/index.htm">http://portugues.tnc.org/tnc-no-mundo/americas/brasil/index.htm</a>
World Wide Fund for Nature (WWF)	<a href="http://www.wwf.org.br">www.wwf.org.br</a>
The 2°C Challenge Communiqué	<a href="http://www.2degreecommunique.com/The-Communique.aspx">www.2degreecommunique.com/The-Communique.aspx</a>



Anna Karolinne Raposo  
Santos, student of the  
Metallic Structure Welder  
Course – Capacitar  
(Training) Program



# QUALITY RELATIONSHIPS

We pursue this **value** because we recognize that the success of **our business** is due to **people's contributions**, especially **our employees**, our most important asset.

## TEAM OF PROFESSIONALS OF VALUE

Our guidelines in relation to Human Resources management are conducted under the light of strengthening the internal culture based on our values, which complies with the Suzano 2024 Plan. Therefore, innovation is being conveyed in the idea of taking the utmost advantage of our systems without having to increase resources. The result of this strategy was the complete integration of our culture with the new FuturaGene, Suzano Renewable Energy and Limeira Unit operations. The same idea drove the integration of SPP with KSR.

Within the scope of "HR for Growth", that seeks to prepare the teams for our planned expansion, the major project of the year was the Capacitar (Training), for training professionals in Maranhão, carried out through a consortium with companies in the region. The concept, applied as from a social



Employees Danilo Fontoura, Caio Oliveira, Renan Ferraz and Lucas do Nascimento, at the Mucuri Unit (Bahia)

and economic diagnosis that pointed to job generation and increasing the level of education in the community as the main demands, also based the investments on infrastructure. Thus, we joined hands with Senai (National Service for Industrial Training) and the Federal Education, Science and Technology Institute of Maranhão (IFMA) and created the necessary framework to train people in the facilities of both organizations, as a loan for use agreement and donation. Therefore the project transcends our needs and could remain as a benefit to the community. (LA 11)



Employee Angela Maria Vieira da Silva,  
at FuturaGene Brazil (São Paulo)



Employee Joel Americano Mendes Rodrigues,  
at the Embu Unit (São Paulo)



Employee Ana Lúcia Costa,  
at the Mucuri Unit (Bahia)

## TOTAL WORKFORCE BY EMPLOYMENT TYPE AND EMPLOYMENT CONTRACT – SUZANO PULP AND PAPER (LA1)

	2009			2010			2011		
	Works full time	Part time	Total	Works full time	Part time	Total	Works full time	Part time	Total
Directors*	11	–	11	15	–	15	12	0	12
Managers	359	–	359	425	–	425	261	0	261
Other management positions**	–	–	–	–	–	–	312	0	312
Specialists	733	1	734	784	1	785	1,019	1	1,020
Back office	370	–	370	485	–	485	785	0	785
Operational	2,387	–	2,387	2,642	–	2,642	3,809	0	3,809
<b>Subtotal***</b>	<b>3,861</b>	<b>1</b>	<b>3,862</b>	<b>4,351</b>	<b>1</b>	<b>4,352</b>	<b>6,198</b>	<b>1</b>	<b>6,199</b>
Interns****	–	–	–	–	–	–	204	0	204
Total fixed outsourced personnel***	–	–	–	–	–	–	11,217		
% of outsourced/own employees – 1***	–	–	–	–	–	–	81		
<b>Total</b>	–	–	–	–	–	–	<b>17,620</b>		

\*Includes elected and nominated

\*\* Category included in this Report, after the Managers category was divided (includes coordinators and supervisors)

\*\*\*In the Subtotal column, the 2009 and 2010 results were reported as Total up to the 2010 Sustainability Report.

\*\*\*\*Categories included in this Report. We no longer have trainees – that is why we eliminated the column that reported them. The number of trainees in the previous years can be seen in the 2010 Sustainability Report.

## TOTAL WORKFORCE BY EMPLOYMENT TYPE AND EMPLOYMENT CONTRACT – SUZANO RENEWABLE ENERGY (LA1)

Category	2011		
	Full time	part time	Total
Directors	3	0	3
Managers	5	0	5
Specialists	9	0	9
<b>Total</b>	<b>17</b>	<b>0</b>	<b>17</b>

## TOTAL WORKFORCE BY EMPLOYMENT TYPE AND EMPLOYMENT CONTRACT – FUTURAGENE (LA1)

Category	2011		
	Full time	part time	Total
Managers	4	0	4
Other management positions	3	0	3
Specialists	6	0	6
Back office	3	0	3
Operational	3	0	3
<b>Total</b>	<b>19</b>	<b>0</b>	<b>19</b>





Employee Adriana Damas dos Santos Nogueira,  
at the Suzano Unit (São Paulo)



Employee Pedro Matias de Oliveira,  
at the Rio Verde Unit (São Paulo)



Employee Mariana Pastori Silveira,  
at the São Paulo office

As result of absorbing FuturaGene's staff and the Limeira Unit staff, and also since there were new hires for the expansion in the Northeast, we closed 2011 with a headcount of 6,235 employees, 30% higher than the previous year, and they were involved in the guidelines and integration actions and homogeneity of the business culture. (LA 11)

#### PROFILE PER REGION\* – SUZANO PULP AND PAPER (LA13)

Category	2011				
	South	Southeast	Midwest	Northeast	North
Directors	0.0%	100.0%	0.0%	0.0%	0.0%
Managers	0.4%	73.2%	0.0%	26.4%	0.0%
Other management positions	1.0%	64.4%	1.3%	32.7%	0.6%
Specialists	1.5%	75.0%	0.5%	22.5%	0.6%
Back office	1.5%	55.5%	2.3%	40.0%	0.6%
Operational	0.3%	52.8%	0.2%	46.6%	0.1%
<b>Subtotal</b>	<b>0.7%</b>	<b>58.3%</b>	<b>0.6%</b>	<b>40.2%</b>	<b>0.3%</b>
Interns	0.0%	65.2%	0.0%	34.8%	0.0%
<b>Total</b>	<b>0.7%</b>	<b>58.5%</b>	<b>0.6%</b>	<b>38.9%</b>	<b>1.4%</b>

\*As from this Sustainability Report, data will from now on be reported per position in each region. The number of total employees per region can be seen in the 2010 Sustainability Report.

#### PROFILE PER REGION – SUZANO RENEWABLE ENERGY (LA13)

Category	2011				
	South	Southeast	Midwest	Northeast	North
Directors	0.0%	100.0%	0.0%	0.0%	0.0%
Managers	0.0%	80.0%	0.0%	20.0%	0.0%
Specialists	0.0%	100.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>0.0%</b>	<b>94.1%</b>	<b>0.0%</b>	<b>5.9%</b>	<b>0.0%</b>

NOTE: We believe that the Profile table per region for FuturaGene is unnecessary, given that 100% of the company's employees are based out of the Southeast.



Employee Rodrigo dos Santos Cunha, at the Suzano Unit (São Paulo)



Employee Samira Faber Sorribas, at SPP-KSR (São Paulo)



Employee Amarildo Brás Gomes Calheiro Junior, at the Limeira Unit (São Paulo)

#### PROFILE PER GENDER (IN %) – SUZANO PULP AND PAPER (LA13)

	2009		2010		2011	
	Women	Men	Women	Men	Women	Men
Directors	0	100	0	100	0	100
Managers	8	92	11.1	98.9	13	87
Other management positions*					8	92
Specialists	29	71	34.5	65.5	35	65
Back office	28	72	25.4	74.6	28	72
Operational	2	98	3.9	96.1	7	93
<b>Subtotal **</b>	<b>10</b>	<b>90</b>	<b>12.5</b>	<b>87.5</b>	<b>14</b>	<b>86</b>
Interns***	–	–	–	–	48	52
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>15</b>	<b>85</b>

\* Category included in this Report, after the Managers category was divided.

\*\*In the Subtotal column, the 2009 and 2010 results were reported as Total up to the 2010 Sustainability Report.

\*\*\* Category included in this Report. We no longer have trainees – that is why we eliminated the column that reported them. The gender of trainees in the previous years can be seen in the 2010 Sustainability Report.

#### PROFILE PER GENDER (IN%) – SUZANO RENEWABLE ENERGY (LA13)

Category	2011	
	Women	Men
Directors	0	100
Managers	0	100
Specialists	56	44
<b>Total</b>	<b>29</b>	<b>71</b>

#### PROFILE PER GENDER (IN%) – FUTURAGENE (LA13)

Category	2011	
	Women	Men
Managers	25	75
Other management positions	33	67
Specialists	67	33
Back office	67	33
Operational	67	33
<b>Total</b>	<b>53</b>	<b>47</b>





Employee Adriano José Gonçalves Inocêncio,  
at the Rio Verde Unit (São Paulo)



Employee Heluanne Ribeiro de Almeida,  
at the Teresina office (Piauí)



Intern Gabriel Paci Rocha,  
at the Limeira Unit (São Paulo)

#### PROFILE PER AGE GROUP (IN %) – SUZANO PULP AND PAPER (LA13)

	2009			2010			2011		
	less than 30 years old	From 30 years to 50 years old	over 50 years old	less than 30 years old	From 30 years to 50 years old	over 50 years old	less than 30 years old	From 30 years to 50 years old	over 50 years old
Directors	0	63.6	37.4	0	80	20	0	75	25
Managers	6.1	74.9	18.9	8.2	75.1	16.7	5	77	18
Other management positions*	–	–	–	–	–	–	5	80	15
Specialists	24.5	62	13.5	28.9	58.2	12.9	28	60	12
Back office	35.1	55.9	8.9	33	56.9	10.1	29	63	8
Operational	33.3	61.1	5.6	35.6	58.6	5.8	33	62	6
<b>Subtotal**</b>	<b>29.2</b>	<b>62.1</b>	<b>8.8</b>	<b>31.3</b>	<b>60</b>	<b>8.7</b>	<b>29</b>	<b>63</b>	<b>8</b>
Interns***	–	–	–	–	–	–	100	0	0
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>31</b>	<b>61</b>	<b>8</b>

\* Category included in this Report, after the Managers category was divided.

\*\*\*In the Subtotal column, the 2009 and 2010 results were reported as Total up to the 2010 Sustainability Report.

\*\*\*\*Category included in this Report. We no longer have trainees – that is why we eliminated the column that reported them. The gender of trainees in the previous years can be seen in the 2010 Sustainability Report.

#### PROFILE PER AGE GROUP (IN%) – SUZANO RENEWABLE ENERGY (LA13)

Category	2011		
	less than 30 years old	From 30 years to 50 years old	over 50 years old
Directors	0	100	0
Managers	0	100	0
Specialists	33	67	0
<b>Total</b>	<b>18</b>	<b>82</b>	<b>0</b>

#### PROFILE PER AGE GROUP (IN%) – FUTURAGENE (LA13)

Category	2011		
	less than 30 years old	From 30 years to 50 years old	over 50 years old
Managers	0	75	25
Other management positions	0	100	0
Specialists	0	100	0
Back office	67	33	0
Operational	100	0	0
<b>Total</b>	<b>26</b>	<b>68</b>	<b>5</b>

## TURNOVER RATE PER REGION (BRAZIL) – SUZANO PULP AND PAPER (LA2)

2009				
	South	Southeast	Midwest	Northeast
Hires	0	247	0	505
Terminations	9	251	1	183
Turnover rate (%) – termination	52.20	11.30	34.30	13.90
Turnover rate (%) – Total termination	12.50			

2010				
	South	Southeast	Midwest	Northeast
Hires	1	312	1	538
Terminations	2	219	0	147
Turnover rate (%) – termination	14.50	9.50	0.00	8.40
Turnover rate (%) – Total termination	9.10			

2011*										
Region	South		Southeast		Midwest		Northeast		North	
	Traditional turnover	Termination turnover	Traditional turnover	Termination turnover	Traditional turnover	Termination turnover	Traditional turnover	Termination turnover	Traditional turnover	Termination turnover
Subtotal (in %)	37.7	47.1	12.2	10.8	36.0	46.6	18.8	7.9	31.6	42.1
Interns (in %)	0.0	0.0	4.3	8.6	0.0	0.0	4.3	8.5	0.0	0.0
Total (in %)	37.7	47.1	11.8	10.7	36.0	46.6	18.4	8.0	31.6	42.1

\*In 2011, we changed reporting for this indicator and maintained the report for the previous years for the purposes of keeping the track record. In the new format, "Traditional turnover" shows the level of refreshing people, since it measures headcount replacement or increase and "termination turnover" means restructuring or downsizing.





## TURNOVER RATE PER REGION – SUZANO RENEWABLE ENERGY (LA2)

2011										
Region	South		Southeast		Midwest		Northeast		North	
	Traditional turnover	Termination turnover	Traditional turnover	Termination turnover	Traditional turnover	Termination turnover	Traditional turnover	Termination turnover	Traditional turnover	Termination turnover
Total (in %)	0.0	0.0	38.4	20.9	0.0	0.0	300.0	0.0	0.0	0.0

## TURNOVER RATE PER REGION – FUTURAGENE (LA2)

2011										
Region	South		Southeast		Midwest		Northeast		North	
	Traditional turnover	Termination turnover	Traditional turnover	Termination turnover	Traditional turnover	Termination turnover	Traditional turnover	Termination turnover	Traditional turnover	Termination turnover
Total (in %)	0.0	0.0	21.0	12.0	0.0	0.0	0.0	0.0	0.0	0.0

## TURNOVER RATE PER GENDER\* – SUZANO PULP AND PAPER (LA2)

2011				
	Female		Male	
	Traditional turnover	Termination turnover	Traditional turnover	Termination turnover
Subtotal (in %)	25.8	13.3	13.6	9.4
Interns (in %)	1.8	3.5	6.4	12.8
Total (in %)	23.3	12.3	13.5	9.5

\*As from this Sustainability Report, the data will be reported according to the traditional turnover rate (which shows refreshing rate of people in the company, since it measures headcount replacement or increase) and termination turnover (which means restructuring or downsizing). The report for previous years can be seen in the 2010 Sustainability Report.

Alambari nursery  
(São Paulo)

## TURNOVER RATE PER GENDER – SUZANO RENEWABLE ENERGY (LA2)

2011				
	Female		Male	
	Traditional turnover	Termination turnover	Traditional turnover	Termination turnover
Total (in %)	47.1	23.5	39.0	19.5

## TURNOVER RATE PER GENDER – FUTURAGENE (LA2)

2011				
	Female		Male	
	Traditional turnover	Termination turnover	Traditional turnover	Termination turnover
Total (in %)	19.4	12.9	22.4	11.2

#### TURNOVER RATE PER AGE GROUP – SUZANO PULP AND PAPER (LA2)

2011						
	less than 30 years old		From 30 years to 50 years old		over 50 years old	
	Traditional turnover	Termination turnover	Traditional turnover	Termination turnover	Traditional turnover	Termination turnover
Subtotal (in %)	24.8	11.5	11.8	9.4	8.7	10.5
Interns (in %)	4.3	8.6	0.0	0.0	0.0	0.0
Total (in %)	22.7	11.2	11.8	9.4	8.7	10.5

#### TURNOVER RATE PER AGE GROUP – SUZANO RENEWABLE ENERGY (LA2)

2011						
	less than 30 years old		From 30 years to 50 years old		over 50 years old	
	Traditional turnover	Termination turnover	Traditional turnover	Termination turnover	Traditional turnover	Termination turnover
Total (in %)	80.0	0.0	33.3	25.0	0.0	0.0

#### TURNOVER RATE PER AGE GROUP – FUTURAGENE (LA2)

2011						
	less than 30 years old		From 30 years to 50 years old		over 50 years old	
	Traditional turnover	Termination turnover	Traditional turnover	Termination turnover	Traditional turnover	Termination turnover
Total (in %)	8.7	0.0	24.0	19.2	100.0	0.0

In 2011, our Performance Assessment System moved on to the back office level in all internal areas and company new businesses, achieving 35% of employees evaluated. This year, we have developed a specific IT system for the HR department, integrated to SAP, that

keeps the history of our assessment process, strengthening performance management based on meritocracy.

The framework of our model, which feeds our compensation system, is consolidated by measuring the results and compliance with

our values. (LA11, LA12)

Motivated by the idea of providing professional growth opportunities, we opened up an internal selection process for employees interested in relocating to the new industrial unit in the city of Imperatriz (Maranhão). In the first phase, there were 55 positions in the fiber line, drying, recovery and utilities.

Employees Denise Landi Duarte and Karen Andrea Maluf Gomiero, at the São Paulo office





### TRAINING – HOURS AND EMPLOYEES TRAINED – SUZANO PULP AND PAPER – LA10

Category	Average hours per employee
Directors	18
Managers	29
Other management positions	39
Specialists	26
Back office	18
Operational	53
<b>Subtotal</b>	<b>42</b>
Interns	29
<b>Total</b>	<b>41</b>

We also increased the level of the integrity-related topics, set forth in our Code of Conduct, which resulted in a higher number of calls submitted to the External Ombudsman (0800 771 4060). There was a total of 343 in the period, 48% higher than 2010, which we believe is positive since it reveals the channel's credibility and enables us to guide the improvement initiatives.

One of the measures to guarantee compliance with the Code of Conduct was the development of the General Principles of Conduct Against Child and Slave Labor and

### TRAINING – HOURS AND EMPLOYEES TRAINED – SUZANO RENEWABLE ENERGY (LA10)

Category	Average hours per employee
Directors	36
Managers	36
Specialists	20
<b>Total</b>	<b>26</b>

### TRAINING – HOURS AND EMPLOYEES TRAINED – FUTURAGENE (LA10)

Category	Average hours per employee
Managers	23
Other management positions	45
Specialists	36
Back office	26
Operational	4
<b>Total</b>	<b>30</b>

the General Principles of Conduct Against Fraud and Corruption, which establish the basic guidelines to avoid offenses, mitigate risks and fight them in a more effective manner. Additionally, we made an e-learning module available for employees, specifically created to disseminate these supplementary procedures of the Code of Conduct. (HR3, SO2)

Employees Flávio Pinheiro Oliveira, Ronaldo Jardim Dias and Uillis Neves Cinza at the Itabatã (Bahia) seedling nursery



#### HUMAN RIGHTS TRAINING – SUZANO PULP AND PAPER (HR3)\*

Category	Average hours per employee
Directors	1
Managers	7
Other management positions	7
Specialists	9
Back office	9
Operational	8
<b>Subtotal</b>	<b>8</b>
Interns	22
<b>Total</b>	<b>9</b>



Employee Áquila Afonso  
Evangelista, at the Mucuri  
Unit (Bahia)

#### HUMAN RIGHTS TRAINING – SUZANO RENEWABLE ENERGY (HR3)\*

Category	Average hours per employee
Directors	0
Managers	15
Specialists	8
<b>Total</b>	<b>10</b>

#### HUMAN RIGHTS TRAINING – FUTURAGENE (HR3)\*

Category	Average hours per employee
Managers	8
Other management positions	7
Specialists	4
Back office	3
Operational	2
<b>Total</b>	<b>5</b>

(\*) In 2010, 16% of training hours from the Health & Safety team were focused on Human Rights.

These actions add to other practices through which we have demonstrated that we appreciate work: compensation compatible with the industry and regions where we operate and benefits granted to all hires that go beyond legal requirements, such as health insurance, life insurance and private pension plan with contribution defined by Suzano Prev. In 2011, the amount destined by the company to the private pension plan was R\$ 5.1 million covering 2,455 employees. (LA3, EC3)

We also have ways to promote the integration of our employees with communities. One of them is the Volunteer Program; in 2011 to celebrate the Decade of Volunteers, instituted by the United Nations Organization (UN) it involved a reflection of its path and achievements, providing new opportunities to encourage fulfilling one's role as a citizen and playing a social part. The main tool is the Suzano Volunteer Portal, which disseminates institutional initiatives and has an area to exchange experiences.



## HIRING LOCAL LABOR (IN %) – SUZANO PULP AND PAPER (EC7)

Category	2011				
	South	Southeast	Midwest	Northeast	North
Directors	0.0	0.0	0.0	0.0	0.0
Managers	0.0	76.2	0.0	7.1	0.0
Other management positions	0.0	66.7	0.0	0.0	0.0
Specialists	42.9	83.9	50.0	40.8	50.0
Back office	100.0	89.6	0.0	52.6	0.0
Operational	100.0	86.9	100.0	78.8	0.0
<b>Total</b>	<b>55.6</b>	<b>85.3</b>	<b>66.7</b>	<b>70.5</b>	<b>50.0</b>

NOTE: To calculate local labor, we considered the employee's birth location compared to the location where the employee was hired, since we cannot identify employees that have always lived in the regions in which they were hired through our system. Thus, for employees born in São Paulo, but raised in Maranhão, the hire was not considered as local labor.

## HIRING LOCAL LABOR (IN %) – SUZANO RENEWABLE ENERGY (EC7)

Category	2011				
	South	Southeast	Midwest	Northeast	North
Directors	0.0	0.0	0.0	0.0	0.0
Managers	0.0	50.0	0.0	0.0	0.0
Specialists	0.0	40.0	0.0	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>37.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Employees Marco Aurelio Zaia and Lucas Messa da Silva, at the Limeira Unit (São Paulo)



#### RELATION BETWEEN BASE-SALARY PER GENDER (%) – 2011\* – SUZANO PULP AND PAPER (LA 14)

Category	Percentage		Nr. of wages		Difference in number of wages	
	Male/Female	Female/Male	Male/Female	Female Male	Male/Female	Female/Male
Directors	NA	NA	NA	NA	NA	NA
Managers	106.0	94.0	1.1	0.9	0.1	- 0.1
Other management positions	102.0	98.0	1.0	1.0	0.0	0.0
Specialists	118.0	85.0	1.2	0.8	0.2	- 0.2
Back office	194.0	52.0	1.9	0.5	0.9	- 0.5
Operational	218.0	46.0	2.2	0.5	1.2	- 0.5
<b>Total</b>	<b>112.0</b>	<b>89.0</b>	<b>1.1</b>	<b>0.9</b>	<b>0.1</b>	<b>- 0.1</b>

\*We changed how we report this indicator. However, the report for previous years can be seen in the 2010 Sustainability Report.

#### RELATION BETWEEN BASE-SALARY PER GENDER (%) – 2011\* – SUZANO RENEWABLE ENERGY (LA 14)

Category	Percentage		Nr. of wages		Difference in number of wages	
	Male/Female	Female/Male	Male/Female	Female/Male	Male/Female	Female/Male
Directors	NA	NA	NA	NA	NA	NA
Managers	0.0	0.0	0.0	0.0	0.0	0.0
Specialists	126.0	79.0	1.3	0.8	0.3	- 0.2
<b>Total</b>	<b>364.0</b>	<b>27.0</b>	<b>3.6</b>	<b>0.3</b>	<b>2.6</b>	<b>- 0.7</b>

#### RELATION BETWEEN BASE-SALARY PER GENDER (%) – 2011\* – FUTURAGENE (LA 14)

Category	Percentage		Nr. of wages		Difference in number of wages	
	Male/Female	Female/Male	Male/Female	Female/Male	Male/Female	Female/Male
Managers	179.0	56.0	1.8	0.6	0.8	- 0.4
Other management positions	110.0	91.0	1.1	0.9	0.1	- 0.1
Specialists	176.0	57.0	1.8	0.6	0.8	- 0.4
Back office	83.0	120.0	0.8	1.2	- 0.2	0.2
Operational	100.0	100.0	1.0	1.0	0.0	0.0
<b>Total</b>	<b>149.0</b>	<b>67.0</b>	<b>1.5</b>	<b>0.7</b>	<b>0.5</b>	<b>- 0.3</b>





Seedling nursery,  
Itabatã (Bahia)





Employees Anderson Rosa  
Mainardes, Francisco de Assis  
Pinto and Bruno Henrique  
Alvino, at the Limeira Unit  
(São Paulo)

The Volunteer Program is focused on education: employees work in projects such as the Formare School, Suzano at School, Reading Promoters, in addition to taking part in specific initiatives. We closed 2011 with 3,806 participations, which shows our engagement with the volunteer work culture.

Through a partnership with the Iochpe Foundation, the Formare School involves volunteer educators, training young people for the job market. Our wish to associate the

project, which was previously strictly social, with the Human Relations department came true by changing the criteria to hire people on to our staff. Thus we extended the possibility of hiring students that finish the courses in the Formare schools at the Suzano, Mucuri and Embu units.



At the Limeira Unit, there was already a Formare school installed, so we began the migration process to the new model. During the seven years of the project, 693 volunteers have worked at the industrial units, educating 308 youngsters from the neighboring communities. By changing the criteria, we enabled a 175% increase in hiring these youngsters at the company. Today we have a total of 60 youngsters working at Suzano in several different areas.

And yet the Suzano at School program, developed in 2009 had 271 employee volunteers, that teach modules about careers and business to students from public schools, for elementary and high school. The project was developed together with Junior Achievement, and allows youngsters to be in contact with executives and professionals from many company segments providing a benchmark for the labor market, which

inspires and encourages students to conclude their studies and guide their careers. (SO1)

We have two other areas of attention within the Disabled People Inclusion Program, which recruits, selects and educates professionals to make up our staff. In 2011, we absorbed 31 people, including hires and rehabilitations, closing the period with 181 professionals with deficiencies. We work intensely on the selection process with the purpose of strengthening the basis to recruit these professionals. In 2011, we launched an awareness campaign, including Diversity Month, the Refer a Friend project and focus groups with people with deficiencies and managers so we could identify areas for improvement in the inclusion program. In relation to the topic, we have a Conduct Adjustment Term (TAC) with the Public Attorney's Office of the work carried out in Eunápolis (Bahia).

Formare School students at the Embu Unit (São Paulo)



## VOLUNTEER WORK (SO1)

Project	2010	2011
Suzano at School (Bahia)	45	34
Suzano at School (São Paulo)	46	28
Formare Suzano	138	131
Formare Mucuri	67	105
Formare Embu	45	45
Formare Limeira	91	127
<b>Total</b>	<b>432</b>	<b>470</b>

We have also continued with our health, safety and quality of life initiatives, among them the Zero Accident Program, Safety Dialogs and the Family Assistance Program (PASSO). Within the Zero Accident program scope we have developed and applied the

Linha Mestra (Master Line), an educative safety tool for accident prevention at all our units.

The industrial and forestry managers took part in a specific training course to implement the program and disseminate its concepts to their teams. We developed pocket manuals from the supporting material with rules about appropriate behavior in mill operations, forestry areas and in distribution activities. The small manuals provide guidelines about safety devices, hazardous substances, speed limits, working in heights, recording occurrences and consequence management processes.

In the continuous improvement process, we have adopted a stricter management methodology in relation to this issue, and this has increased our levels of accident frequency rates compared to the previous year.

## DIVERSITY MANAGEMENT – EMPLOYEES WITH DEFICIENCIES (%) (LA13)

	2009	2010	2011
Directors	0.0	0.0	0.0
Managers	0.3	0.2	0.0
Other management positions*	–	–	1.0
Specialists	1.0	1.3	1.8
Back office	3.2	9.3	7.4
Operational	2.8	3.2	2.7
<b>Total</b>	<b>2.3</b>	<b>3.2</b>	<b>2.9</b>

NOTE: Suzano Renewable Energy and FuturaGene do not have employees with deficiencies.

\* Category included in this Report, after the Managers category was divided.

## SEVERE DISEASES ASSISTANCE PROGRAMS – 2011 (LA8)

	2010			2011		
	A	B	C	A	B	C
Education/training	X			X		
Counseling	X	X		X	X	
Risk prevention/control	X			X		
Treatment (health insurance)	X	X		X	X	

A – Workers  
B – Workers' family members  
C – Community members



## HEALTH AND SAFETY MANAGEMENT\* (LA7)

	2009	2010	2011
Accident frequency rate	3.08 <sup>(1)</sup>	3.01 <sup>(1)</sup>	5.86
Days away from work rate	16.46 <sup>(2)</sup>	19.94	54.7
Absenteeism rate	0 <sup>(3)</sup>	2.1	1.7
Absolute number of casualties	1 <sup>(4)</sup>	1 <sup>(5)</sup>	0

\* Our records follow the NBR 14.280 standard.

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

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

<sup>(3)</sup> Takes into account all absences during the year.

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

<sup>(5)</sup> Casualty of a company employee at the Suzano Unit, São Paulo.

Employees Jonathan Ferreira de Assis and Devan Soares Machado, at the Mucuri Unit (Bahia)

## OCCUPATIONAL HEALTH AND SAFETY (LA7)

Frequency rate with days away from work		
	2010	2011
Suzano	1.3	1.84
Rio Verde	2	7.94
Mucuri	0.56	2.02
Embu	1.76	1.76
Limeira	–	0.32
São Paulo Forestry Unit	0.49	0.98
Limeira Forestry Unit	–	1.68
Bahia/Minas Gerais Forestry Unit	0	1.48
Maranhão Forestry Unit	0	0.30
Piauí Forestry Unit	0	0.39
SPP-KSR	5.2	2.23
São Paulo Office	0	0
<b>Total</b>	<b>0.52</b>	<b>1.30</b>

Frequency rate without days away from work		
	2010	2011
Suzano	3.69	10.81
Rio Verde	0	11.91
Mucuri	4.11	7.63
Embu	8.81	7.02
Limeira	–	4.73
São Paulo Forestry Unit	1.98	3.92
Limeira Forestry Unit	–	2.24
Bahia/Minas Gerais Forestry Unit	0.81	2.71
Maranhão Forestry Unit	1.8	1.19
Piauí Forestry Unit	3.36	2.34
SPP-KSR	2.6	6.69
São Paulo Office	0	0
<b>Total</b>	<b>2.49</b>	<b>4.56</b>

Days away from work rate		
	2010	2011
Suzano	18	79
Rio Verde	200	167
Mucuri	49	45
Embu	26	9
Limeira	0	5
São Paulo Forestry Unit	2	12
Limeira Forestry Unit	–	36
Bahia/Minas Gerais Forestry Unit	0	114
Maranhão Forestry Unit	0	40
Piauí Forestry Unit	0	23
SPP-KSR	29	11
São Paulo Office	0	0
<b>Consolidated</b>	<b>19.00</b>	<b>54.70</b>

\*Up to 2009 data from Maranhão and Piauí Units were reported together. As from 2010, the company began to report figures separately.





Event with environmental educator  
Marcos Sorrentino at Parque das  
Neblinas (São Paulo)

## SUPPORT TO OUR CUSTOMERS' BUSINESS

We go way beyond supplying customized products and services to our customers when we contribute to include sustainability to their businesses. An example is the reverse logistics used for Suzano Report® paper packaging. The initiative is dubbed Suzano Report® Brigade and it is developed together with TerraCycle® do Brasil, a company specialized in waste collection and green products manufacturing. Their goal is to reduce the environmental impact of the disposal of cut size paper packaging. The idea is to encourage a voluntary joint action to recover the material and promote new uses, in addition to raising funds for social welfare institutions. Through this program, people collect used paper packages of any size or brand, and send them to TerraCycle® to be reused and turned into new products.

In 2011, more than 580 waste collection teams, in 21 Brazilian states, have already joined the Report® brigade. The program avoided that over 61 thousand packages were disposed of incorrectly, turning them into pencil cases and notebook covers, for instance. The packages are sent by the consumers – who register their Collection Teams at [www.terracycle.com.br/brigadas](http://www.terracycle.com.br/brigadas) – by mail, free of charge. Each package is worth two points (R\$ 0.02). The accumulated amount is sent to nonprofit institutions chosen by the Collection Team. (EN27)

One of our innovations this year was to launch the SPP-KSR Facilidades line of credit, which resulted from the integration of SPP-Nemo and KSR operations, adding other benefits to the distribution channel, such as increasing the service levels and face-to-face interaction in the main regions of the country. SPP-KSR Facilidades offers advantages to our customers such as payments in up to four installments, and direct payments in 60, 90 and 120 days as from the date of purchase, with a private label card free of annual or management fees.

To tighten our bond with our customers, we try to integrate them in our Visitor Program – which is also open to the community and to our employees' families. The monitored visits can be made at the Mucuri Unit (Bahia) and at the Suzano and Limeira Units (São Paulo). In 2011, we received a total of 1,534 visitors.

Our products and services are also constantly improved based on our customers' perception. In order to measure it, we conduct surveys biannually, and in 2010, the last year in which they were carried out, resulted in a 71% of satisfaction level in paper and 66% in pulp.

(Partial PR5)



► Through our partnership with TerraCycle®, Suzano Report® packaging turns into ecofriendly products



## INCENTIVES FOR SUPPLIERS

We try hard to continuously strengthen our cooperation relationships with our suppliers – a total of 6,260 at the end of 2011. We offer tools and opportunities for them to develop their businesses, we encourage them to adopt sustainable practices, and we value compliance with those guidelines. So much so, that during the Sustainability Steering Plan review we decided to further involve them in

our processes. An example of this behavior was the first workshop held for suppliers to address climate change. The event, attended by 41 partners, aimed at communicating our adherence to the CDP – Supply Chain, which consists of sending out questionnaires to critical suppliers in order to map and understand how they address the topic in their companies. This work is headed by the British Non-Governmental Organization Carbon Disclosure Project (CDP), which holds the largest global data-base on corporate climate governance and greenhouse gas (GHG) emission inventory.

**Our products and services are also constantly improved based on the customer's perception. We have reached a 71% customer satisfaction level in paper and 66% in pulp.**



Antonio Maciel Neto at the 5th Suzano Suppliers Award, held at the Brazilian British Centre, in São Paulo



Employee Roberto Lima  
de Azevedo, at the Suzano  
Unit (São Paulo)

We also prefer hiring local labor, since it is a way to contribute to develop the communities and strengthen our relationship with them. This policy has been guiding our entry in the state of Maranhão, where 70% of the employees are locals, and to continue the building phase for the pulp production unit, we have met with several suppliers and discussed deadlines, safe work practices, and risks inherent to the works. Likewise, contracting Metso, a Finnish company, we went beyond just contracting an equipment supplier, we also included employee exchange.

The highlight of the year, however, were the results from our encouragement work and technical support to wood suppliers in the states of Bahia, Minas Gerais and Espírito Santo, in order to pursue and obtain the Forest Stewardship Council® (FSC) certification for their forestry management. We have adopted a new methodology to obtain group certification, which enables forestry producers to share the process costs. The result was that a group of 12 members of the landowner development program obtained the certification during this period. Together they own 9,300 hectares of eucalyptus planting area. Another four groups, which together total 51 producers and planting area of 17,600 hectares, have already been recommended to receive the certification by the end of the period. Together, the certified and recommended areas represent 44% of our forests part of the development program in the state of Bahia. At the same time, we monitor the farmers audited in 2010 so they meet the necessary requirements for certification. We also monitor certified producers so they can maintain the seal. It bestows more safety to business since the certified products we sell now are backed by raw material, which is also certified.

#### AMOUNT SPENT PER SUPPLIER – 2011 (EC6)

State	Amount (R\$)	%
São Paulo	1,769,032,502.42	37.22
Paraná	1,125,715,539.80	23.68
Bahia	586,130,496.71	12.33
Espírito Santo	386,687,342.92	8.14
Maranhão	381,371,167.74	8.02
Minas Gerais	179,384,093.58	3.77
Rio de Janeiro	78,267,099.83	1.65
Pernambuco	63,180,598.39	1.33
Piauí	41,920,129.66	0.88
Tocantins	23,317,982.30	0.49
Outros	118,224,990.07	2.49
<b>Total</b>	<b>4,753,231,943.42</b>	<b>100</b>



One other achievement for this period was the expansion of the Forestry Partnership Program, benefiting landowner development producers in the states of Bahia, São Paulo, Maranhão and Piauí. The initiative shows our commitment to develop regions where we operate with sustainability and it is organized in two branches: Green Income, for small landowners, and Invest Green, for larger properties. In both, partners can use up to 60% of their land to plant forests and save the remaining area for other farming activities and also for environmental protection. With this framework, our goal is to offer special services to small farmers, such as technical support, more benefits, subsidizing some activities and guaranteed purchase of at least 95% of the wood produced.

To value the results from suppliers work, as well as the partnership with us, we also promote the Suzano Suppliers Award every year. In 2011, the award was granted to winners in the categories of Raw Material, Services, Logistics and Innovation. The supplier of the year was MSC Mediterranean Shipping do Brazil.

#### ACTIVE SUPPLIERS PER REGION (EC6)

Region	2009		2010		2011	
	Suppliers	%	Suppliers	%	Suppliers	%
São Paulo	2,019	71.37	2,425	66.42	3,609	57.65
Bahia	181	6.40	308	8.44	750	11.98
Espirito Santo	170	6.01	232	6.35	453	7.24
Minas Gerais	–	–	126	3.45	225	3.59
Maranhão	–	–	149	4.08	492	7.86
Piauí	–	–	103	2.82	213	3.40
Tocantins	–	–	7	0.20	33	0.53
Others	–	–	301	8.24	485	7.75
<b>Total</b>	<b>2,370</b>		<b>3,651</b>	100	<b>6,260</b>	100

Employees Edilson Alves, Socorro Teixeira and Hildebrando Moreira, from the office in Teresina (Piauí), receive the visit of landowner development program member Braz Quintans





Urbano Santos  
Education Center, in  
the state of Maranhão



# SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Our relationship with communities, our **commitment to education** and our effort to preserve the environment aim at promoting the **full exercise of citizenship** and obtaining the social license for our operations.

## ENGAGING WITH COMMUNITIES (1,2)

Our relationship with the communities where we operate is guided by our commitment with its development, and above all, by our respect towards local reality. The opportunities are identified by the Social and Environmental Diagnosis. The results from all the areas where we operate in 2010 guided the planning and adjustments for actions in 2011.

The work involves tools structured inside the company, in particular the book *Suzano em Campo* (Suzano in the Field) a tool for active dialogue through which we register all requests from the community, ensuring explanations, supporting local actions, and answering questions about our operations. We also introduced Sispart (Stakeholders' Demands Management System), a *software* that enables us to record and follow-up stakeholders' requests, with an approval flow and detailed status reports. In July, we started to record the requests from 2011 in the system, including retroactive ones. Among the 793 requests received during the year, 268 refer to infrastructure, 121 to education, and 115 to community development. Of all requests, 270 were granted, of which 54 were for education and 33 for community



Reading is Necessary  
Community Library, at  
the California Settlement  
(Maranhão)

development. The amount invested during the year to meet community demands alone, totaled R\$ 129,600. (EC8)

Another tool is the Traditional Community Characterization Inventory (ICCT) tool. Through interviews with the communities carried out by anthropologists, we were able to identify five groups of traditional activities in the areas we influence and create an action plan guided by respect that appreciates popular culture.

When we start any operation, we map all the communities in the area where we operate in a radius of up to three kilometers and we apply the Social Inventory, a tool that gathers basic information on the history and main characteristics of these communities. Thus, we can identify local social assets and tighten our relationship with these people.

In 2011 we developed 86 inventories, which were used in the rounds of conversation, a dialogue model that enables mapping opportunities for community development actions and improving the quality of life in rural communities in the areas where we operate. Each of these rounds are attended by 25 to 30 people, and may include healthcare

agents or representatives from organizations related to the topic being discussed, invited to contribute to the discussion. During the year, more than 3,000 families participated in these rounds of conversation conducted by the regional unit in Urbano Santos (Maranhão) and regional units in Teresina (Piauí). (S01)

Therefore, based on the tools that enable focusing on regional needs, we have developed several private social investment actions. They are in line with the Eight Millennium Development Goals and with the Global Compact principles. We also acknowledge the ISO 26.000 as a reference document that establishes social responsibility guidelines.



PARCERIA SOCIAL

► Educate and Train (Educar e Formar) Program, in partnership with the Ayrton Senna Institute and city halls, has ended the year being implemented in all public schools from 20 municipalities located in the states of Maranhão, Piauí, Bahia, Espírito Santo and Tocantins.

Enchanted Symphony  
Project, Golfinho Cultural  
Center, Mucuri (Bahia)







Sustainable Extractivism  
Project:

One of our projects on local economic development is Community Agriculture, implemented in the states of Piauí, Maranhão and Bahia. In total, 828 families received the benefits this year, in the cities of Caravelas (BA), Conceição da Barra (ES), Urbano Santos (MA), Anapurus (MA), Santa Quitéria (MA), São Benedito do Rio Preto (MA) and Chapadinha (MA), among others. The initiative is all about introducing community fields for agricultural training, which includes technical support, soil analysis, liming and fertilization, and cultivation for consortium planting of beans, corn, rice and cassava. The project's premise is to guarantee food safety for the communities based on regional actions and sustainable development. (EC8)

Likewise, the Sustainable Fish Farming Project aims at generating work and income for fishermen from the Mucuri River members of the Z-35 Fishing Community, in the city of Mucuri (Bahia), by farming tilapia in net-tanks.

By the end of the period, 14 net-tanks were installed and monthly production was approximately 2.5 tons of tilapia. We took part in the initiative's management group and we invested in consulting and purchasing equipment to make it feasible. (EC8)

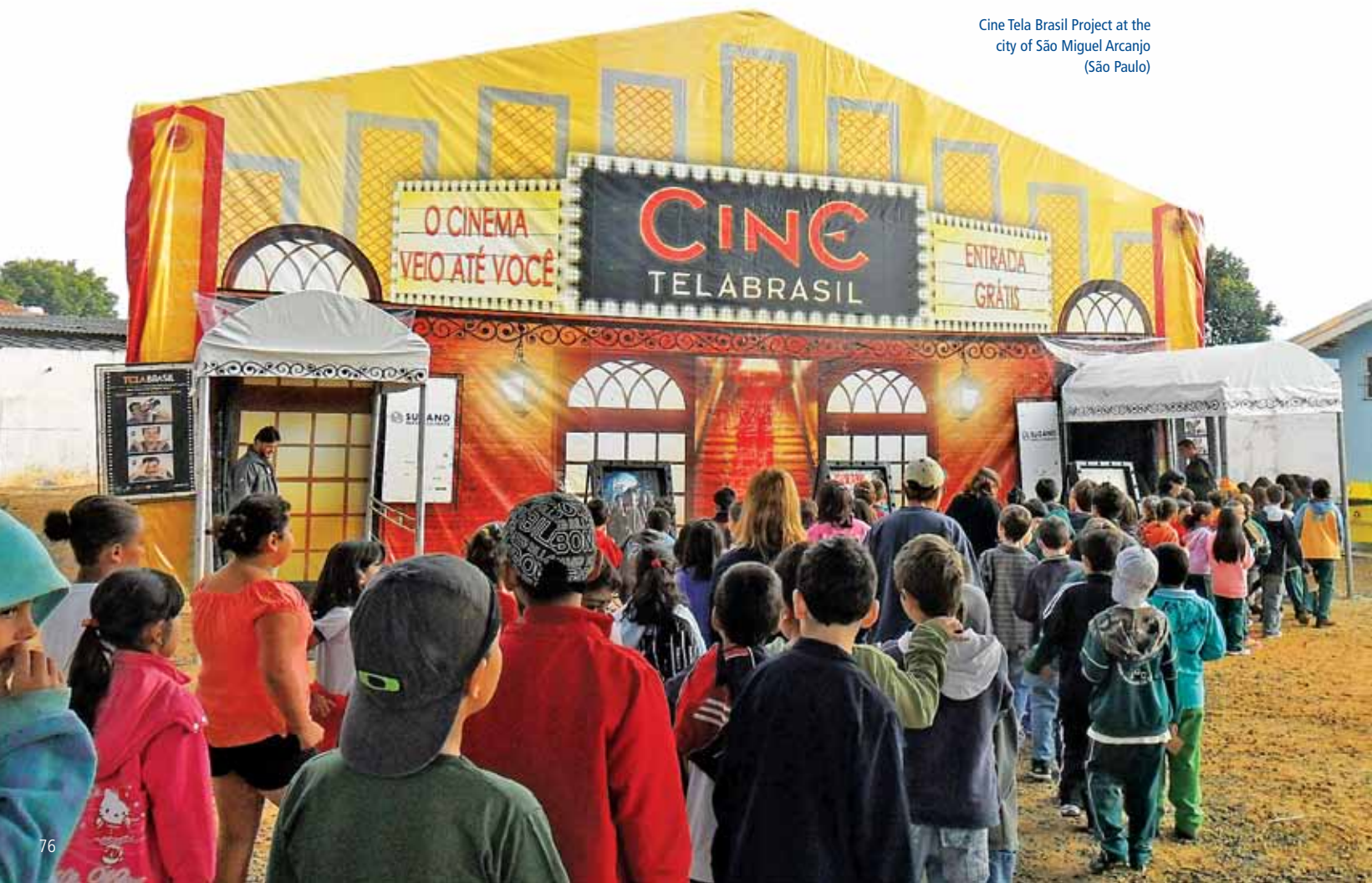
Community Agriculture  
Project helping the  
community's economic  
development at Urbano  
Santos (Maranhão)



Several other social projects were added to our portfolio in 2011 coming from the Limeira Unit. Furthermore, we used the federal law to encourage culture (Rouanet Law) to sponsor Cine Tela Brasil and Oficina Tela Brasil. Cine Tela Brasil offers free screening of movies for people who lack access to conventional movie theaters, and has gathered more than 10,000 participants during the year, in the cities of Santa Quitéria do Maranhão, Parnarama and Cidelândia, in the state of Maranhão; Carlos Chagas and Nova Viçosa, in the state of Bahia, and São Miguel Arcanjo and Pilar do Sul, in the state of São Paulo. Oficina Tela Brasil, whose goal is to produce local documentaries through training courses and workshops for students from municipal public schools, has involved over 150 people during this period, from communities in the cities of Imperatriz

and Açailândia (MA), Monsenhor Gil (PI), Itabata (BA), Suzano and Embu (SP). Nine other projects were developed through tax incentive laws (Rouanet and Sports Incentive), of which we can point out Arte Cidadã. This project trains educators through circus arts, which promotes re-inventing educational practices. We also highlight the restoring and republishing of two books: *Edição Comemorativa do Jornal Luiziense* (1921) and *Usos e Costumes* (1949). The 4th Northeast Basketball Supercup was also sponsored by the Sports Incentive Law, and included 100 teams and more than 4,000 athletes from all the states in the Northeast.

Cine Tela Brasil Project at the city of São Miguel Arcanjo (São Paulo)







Community in Monsenhor Gil, state of Piauí, learning about the Sustainable Extractivism Project

One other important initiative is the Digital Inclusion Program, which offers training workshops and invests in Community Tele Centers by donating equipment, enabling access to computers. This initiative is carried out in Maranhão in the cities of Urbano Santos, Belágua, São Benedito do Rio Preto, Parnarama, and in Piauí, in the cities of Palmeirais, Elesbão Veloso and Passagem Franca do Piauí.

The Educar e Formar (Educate and Train) Program, in partnership with the Ayrton Senna Institute and city halls, closed the year being implemented in all public schools from 20 municipalities located in the states of Maranhão, Piauí, Bahia, Espírito Santo and Tocantins. The initiative provides learning support for children in elementary school, in addition to renovating school units. In 2011, we spent R\$ 7 million to maintain the program. Total resources invested since the beginning of the program have enabled us to refurbish 119 schools, and, in 2011, more than 200,000 students and teachers benefited from it. **(EC8)**

*(Visit our website to find out more about these and all the other social and environmental projects promoted by Suzano [www.suzano.com.br/relatoriodesustentabilidade2011](http://www.suzano.com.br/relatoriodesustentabilidade2011) **(SO1)**)*

To hear the community and identify their needs, we maintain the Suzano Answers hotline, a permanent communication channel which was set up to answer questions and take suggestions and criticisms by phone (0800 774 7440) and by email ([suzanoresponde@suzano.com.br](mailto:suzanoresponde@suzano.com.br)). In 2011, we received 4,058 calls, of which 1,449 were made by people from the community. Of the total, 3,344 were requests for information about Suzano and 334 were requests for information about products, which equals almost 91% of the total number of calls. The number of complaints corresponds to 1.02% of the calls.

#### SUZANO RESPONDE (SUZANO ANSWERS HOTLINE)

Motivation	# of calls
Company Information	3,344
Product Information	334
Request for assistance	173
Request for information (other)	108
Complaints	41
Other	27
Consulting by phone	17
Suggestions	6
Compliments	6
FAQs	2

## PARTNERSHIP FOR SUSTAINABILITY

The Ecofuturo Institute is a non-governmental organization, maintained by Suzano, with autonomous actions in education and environmental projects with the mission of producing and disseminating knowledge and practices to build a sustainability culture together. It works to influence public policies by partnering with institutions, companies, the government, researchers, the community and universities. (S05)

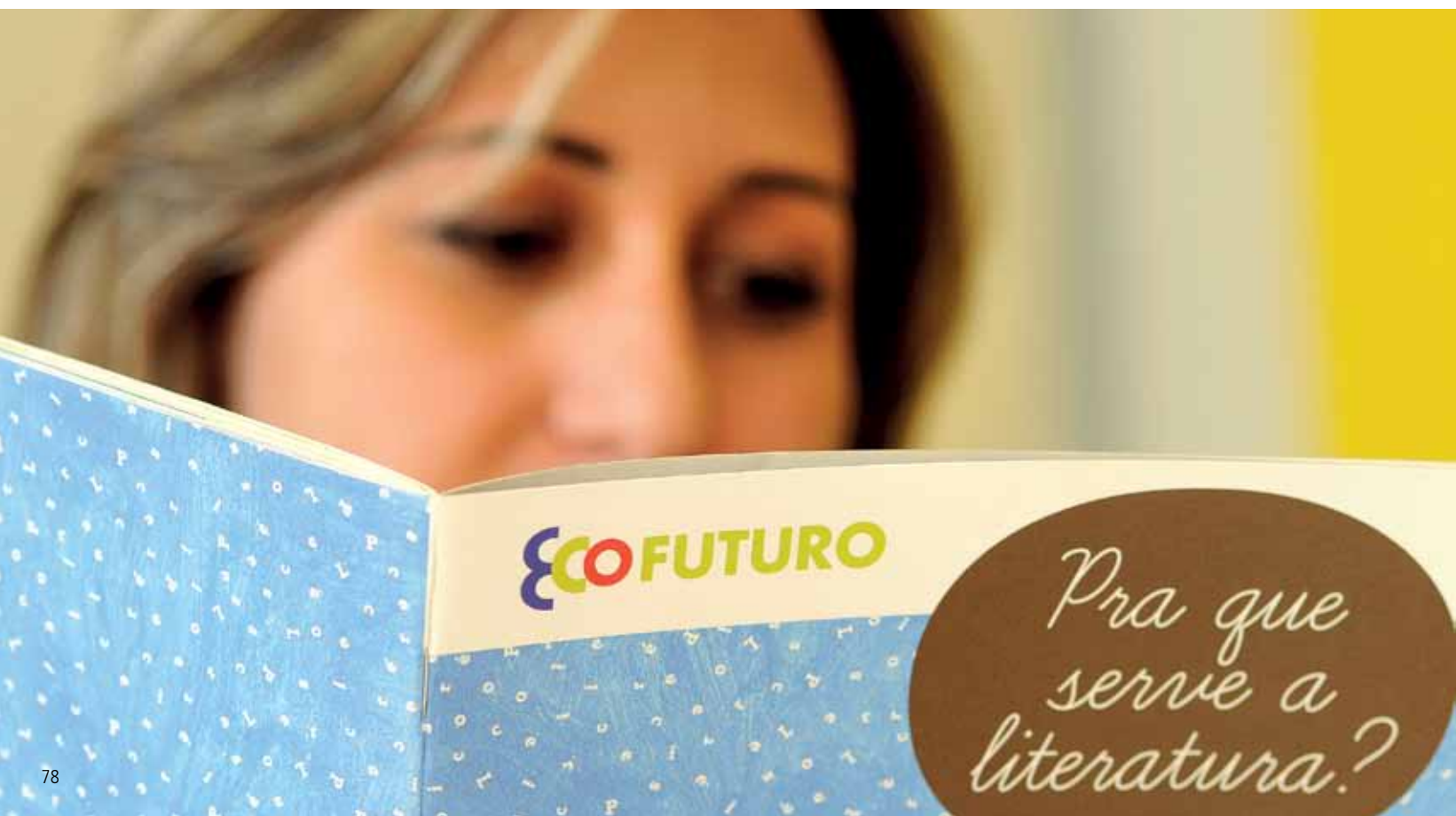
The Institute carries out its actions on the education front through the Ler é Preciso (Reading is Necessary) program, which includes the projects Ler é Preciso Community Library, Indicators, Ler e Escrever é Preciso (Reading and Writing are Necessary) Cultural Contest, National Day of Reading and Ecofuturo Education for Sustainability Award. On the environmental front, the actions are carried out at the Parque das Neblinas park and at the Ecofuturo Reserves.



Teatro Mágico Group at the 7th Ler e Escrever é Preciso (Reading and Writing is Necessary) Cultural Contest awards in São Paulo:

Within the Ler é Preciso scope, three Community Libraries were installed in Maranhão in 2011. Including those, there is a total of 88 units, distributed throughout 11 Brazilian states, which house a total collection of 143,426 books and 101 computers. They are visited by about 40,000 users per month. A survey carried out about the impact of the libraries showed that the program has boosted the natural progress of the approval rates by 156% and reduced the school dropout rate by 46% in schools neighboring the units, from 2000 to 2005.

Employee Rachel Barbosa Gomes Carneiro, from the Ecofuturo Institute, at the São Paulo office





During the National Day of Reading celebrated on October 12th, encouraging the habit of starting to read literature during pregnancy has involved this year alone, 50 institutions that embrace the cause and has reached 3 million people through actions and content dissemination on the internet. One of the events, held at the City Library of São Paulo in partnership with the State Department of Culture included the attendance of several renown authors. Furthermore, the partnership signed by the Institute with the Ministry of Culture and the Brazilian National Library Foundation has resulted in inviting professionals from public libraries and reading and culture centers from all over the country to promote reading literature on October 12th, a National holiday. The practice represents the beginning of a national mobilization for public policies that provide the means for libraries to open daily, even at night, on weekends and holidays.

At the 7th Ler e Escrever É Preciso Cultural Contest, students, teachers, social educators and librarians were encouraged to read, think and write about the topic "Let's take care of life". More than 4,500 essays were sent, from all regions of the country, in addition to more than 90,000 page views on the website, of which 15,000 were for the virtual library to read the essays written for the project. The highlight of the contest was the diversity of participants: almost 500 essays were sent by prisoners and educators from Fundação de Amparo ao Preso (Prisoner Support Foundation) (Funap), and more than 800 came from the ProJovem Adolescente (Pro-youth teenager), a program from the Ministry of Social Development. The 60 winning essays were published in a book called *Cuido Logo Existo (I care, therefore I exist)*. A *Gramática do Cuidado (The grammar of care)*, available at [www.ecofuturo.org.br/concursocultural](http://www.ecofuturo.org.br/concursocultural).



Event at the City Library of São Paulo to celebrate the National Day of Reading

The Parque das Neblinas park, managed by Ecofuturo, is in a region declared World Heritage by UNESCO and was the first Advanced Station in the Green Belt Biosphere Reserve of São Paulo. In 2011, the park was visited by 2,800 people and enabled the training of 18 monitors. The forestry products management program included 60 landowners from the surrounding areas, which resulted in an income of R\$ 480,000 for the community. Park management combines rainforest preservation and benefits for the local population, through ecotourism, environmental education, and sustainable use of forestry products.

The Ecofuturo Reserves program, for landowners, government agencies, non-governmental organizations and companies who own forest reserves, carried out more than ten diagnosis projects to create, apply, and manage preservation units and other natural areas in different states in Brazil. In this manner, the program has contributed to protect and recover the natural environment and to develop the communities in the surrounding areas.



Effluent Treatment Facility (ETE),  
Limeira Unit (São Paulo):

## LIFE-LASTING PRESERVATION

The concept of environmental preservation and the need for the conscientious use of natural resources are widespread – and we work hard for them to be fully applied – in our business areas, operations and in dealing with stakeholders. This is a result of the maturing of the company's internal culture to understand the need to integrate the dimensions of sustainability.

In 2011, in line with that concept, we invested R\$ 63.4 million in operating measures in order to mitigate the impacts of our industrial activities. One of the results was a significant reduction of particulate material emitters at the Mucuri Unit. In 2012, the mill will house a composting unit responsible for absorbing all industrial waste, which will be part of a compost that will be used in our forest areas. By re-using waste, we add value to it, turning waste into product. This measure has already been adopted at the Limeira Unit and it will also be extended to the Suzano Unit in 2012.

And yet another plan for the next period is to change the energy matrix at the Mucuri Unit from fuel oil to natural gas. The project was approved in 2011 and will reduce the

use of fuel oil by 80% at the mill. In regards to water consumption, we are working hard to face the challenge to reduce it. So much so, that at the Suzano Unit, we have reduced water consumption from 44 m<sup>3</sup> per ton to about 34 m<sup>3</sup> per ton. Our goal is to reach 26 m<sup>3</sup> per ton by 2017. **(EN26)**

The Limeira Unit, in turn, produces 50% of the energy it uses, thanks to two turbogenerators that operate from steam produced by five boilers: Three recovery boilers and two auxiliary boilers – one runs on natural gas and the other runs on biomass (wood chips resulting from pulp production at the mill itself). Furthermore, the mill has an Internal Energy Preservation Committee (CICE), with one representative from each department. The Committee meets once per month to discuss possibilities to improve energy efficiency, which includes replacing equipment and rational energy use programs, among others. **(EN5)**

At the Embu Unit, we started up an aseptic packaging waste recovery center with an output capacity of 700 tons of fibers per month – currently 200 tons are processed. The



## REUSE OF MATERIALS (EN2)

		2010	2011
Rio Verde	Recycled materials used	Post-consumer scrap	6,438 t
		Pre-consumer scrap	23,904 t
		Percentage of recycled inputs	43.0
Embu	Recycled materials used	Post-consumer scrap	424 t
		Pre-consumer scrap	5,949 t
		Percentage of recycled inputs	12.6

\*Values referring to 2010 were reviewed.

material is used to manufacture ArtPremium® PCR 30%, a paper launched in the period.

These and other operating measures are combined with forestry practices to reduce the impact of our activities. One of them is connecting strips of Atlantic Coastal Rainforest scattered in our areas by planting consortium eucalyptus with native species between them

– the so-called ecological corridors. (EN12)

At the Forestry Unit, we have invested R\$ 7.2 million in monitoring and preserving natural resources, restoring, and creating environmental education programs, among others. (EN30)

Our commitment to biodiversity can also be seen in our partnership signed in 2011 with



Parque das Neblinas park (São Paulo)



## EFFLUENT AND WASTE MANAGEMENT (EN 21, EN 22, EN 24 and EN 25)

Mucuri Unit				
		2009	2010	2011
Total water discharge; quality and destination	Flow of disposed liquid effluents (Mucuri River)	5,278 m <sup>3</sup>	4,892 m <sup>3</sup>	5,006 m <sup>3</sup>
	Organic load (DBO5) in the final effluent (total)	1,684 t	1,295 t	986 t
	Chemical oxygen demand (COD) in the final effluent (total)	19,795 t	19,668 t	22,727 t
	Absorbable halogens (AOx) in the final effluent (total)	85 t	125 t	133 t
Total weight of waste per type and disposal method	Hazardous waste	52.8 t	15.4 t	13.9 t
	Non-hazardous waste	262,397 t	398,753 t	428,177 t
Weight of waste transported, imported, exported, or treated that is deemed hazardous under the terms of the Basel Convention	Recycling	7,671 t	6,986 t	3,209 t
	Recovery	37,838 t	–	–
	Incineration	12,361 t	–	–
	Landfill	70,748 t	221,936 t	251,727 t
	On-site storage	133,779 t	50,745 t	–

Suzano Unit				
		2009	2010	2011
Total water discharge; quality and destination	Flow of disposed liquid effluents (Tietê River) (Flow)	2,850 m <sup>3</sup> /h	2,617 m <sup>3</sup> /h	2,722 m <sup>3</sup> /h
	Organic load (DBO5) in the final effluent (total)	649 t	640 t	643 t
	Chemical oxygen demand (COD) in the final effluent (total)	4,377 t	4,021 t	4,204 t
	Absorbable halogens (AOx) in the final effluent (total)	24.31 t	18.00 t	23.85 t
Total weight of waste per type and disposal method	Hazardous waste	27 t	63 t	74 t
	Non-hazardous waste	86,672 t	113,168 t	125,061 t
Weight of waste transported, imported, exported, or treated that is deemed hazardous under the terms of the Basel Convention	Reuse	59,586 t	36,236 t	18,744 t
	Recycling	–	33,266 t	89,621 t
	Composting	NA	NA	1,694.7 t
	Recovery	–	10,757 t	11,970 t
	Incineration	7.64 t	0.02 t	3.62 t
	Landfill	27,119 t	33,299 t	33,753 t
	On-site storage	30,000 t	33,299 t	41,339 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	91,067 m <sup>3</sup> /h	114,000 m <sup>3</sup> /h	97,920 m <sup>3</sup> /h
	Flow of disposed liquid effluents (Tietê River)	2,850 m <sup>3</sup> /h	2,617 m <sup>3</sup> /h	2,722.8 m <sup>3</sup> /h



Rio Verde Unit				
		2009	2010	2011
Total water discharge; quality and destination	Total of disposed liquid effluent (Tietê River)	842,815 m³	796,360 m³	630,720 m³
	Organic load (DBO5) in the final effluent (total)	118 t	64 t	63 t
	Chemical oxygen demand (COD) in the final effluent (total)	301 t	144 t	142 t
Total weight of waste per type and disposal method	Hazardous waste	<1 t	3.28 t *	<1 t
	Non-hazardous waste	2,086 t	9,571 t	3,010 t
Weight of waste transported, imported, exported, or treated that is deemed hazardous under the terms of the Basel Convention	Reuse	1,334 t	0	0
	Recycling	–	8,288 t	2,861 t
	Recovery	–	744 t	915 t
	Incineration	< 1 t	0.01	–
	Landfill	390.8 t	427.48 t	295.6 t

Embu Unit				
		2009	2010	2011
Total water discharge; quality and destination	Organic load (DBO5) in the final effluent (total)	2.5 t	1.9 t	2.7 t
	Chemical oxygen demand (COD) in the final effluent (total)	37.6 t	33.3 t	31.4 t
Total weight of waste per type and disposal method	Hazardous waste	3.0 t	85.5 t	2.4 t
	Non-hazardous waste	2,057 t	3,035 t	1,990 t
Weight of waste transported, imported, exported, or treated that is deemed hazardous under the terms of the Basel Convention	Reuse	519 t	233 t	251 t
	Recycling	809.5 t	954.2 t	1,125.0 t
	Incineration	0,0035 t	1.84 t	–
	Landfill	2,057 t	1,979 t	1,990 t
	On-site storage	2.96 t	0	2.40 t

Limeira Unit				
		2009	2010	2011
Total water discharge; quality and destination	Total of disposed liquid effluent (Piracicaba River) (flow)	2,767 m³/h	2,782 m³/h	2,799 m³/h
	Organic load (DBO5) in the final effluent (total)	243.91 t	259.05 t	225.63 t
	Chemical oxygen demand (COD) in the final effluent (total)	5,742.18 t	6,138.57 t	5,011.67 t
Total weight of waste per type and disposal method	Hazardous waste	74.44 t	70.50 t	89.69 t
	Non-hazardous waste	151,719.85 t	157,427.08 t	108,777.30 t
Weight of waste transported, imported, exported, or treated that is deemed hazardous under the terms of the Basel Convention	Recycling	131.00 t	134.52 t	125.16 t
	Composting	91,023.78 t	108,231.41 t	131,414.96 t
	Landfill	1,350.59 t	1,471.82 t	1,779.54 t

\* The amount of hazardous waste from the Rio Verde Unit referring to 2010 was reported in KG. The measure unit was changed to tons.

\*\* The amount of hazardous waste referring to 2009 is due to waste remaining from the building of Mucuri's Line II. Additionally, until 2009 non-hazardous waste was sent to a warehouse. As from 2010 that waste is sent to a landfill until we sign the agreement to build a composting unit, which will start-up in 2012.

## MATERIAL CONSUMPTION (EN1 and EN2)

Mucuri Unit					
			2009	2010	2011
Materials used by weight or volume	Renewable	Wood consumption (total)	2,544,449 t	2,841,126 t	2,817,829 t
		Consumption of starch, post-consumer scrap, pre-consumer scrap, primary sludge and pulp	–	11,142 t	11,640 t
	Non-renewable	Consumption of caustic soda, sodium sulphate, virgin lime, calcium carbonate and optical bleach, chlorine dioxide and sulfuric acid. (total)	281,129 t	299,063 t	345,695 t
TOTAL		Material consumption (total)	2,836,901 t	3,151,331 t	3,175,164 t
		Percentage of renewable materials	90	91	89

Suzano Unit					
			2009	2010	2011
Materials used by weight or volume	Renewable	Wood consumption (total)	1,305,704 t	1,345,171 t	2,066,379 t
		Consumption of starch, pulp (paste), and post-consumer scrap	–	23,647 t	27,457 t
	Non-renewable	Consumption of caustic soda, calcium carbonate, sodium sulphate, kaolin, optical bleach, chlorate, sulfuric acid and virgin lime. (total)	249,268 t	160,125 t	159,103 t
TOTAL		Material consumption (total)	1,554,972 t	1,577,718 t	2,252,939 t
		Percentage of renewable materials	84	89	96

Rio Verde Unit					
			2009	2010	2011
Materials used by weight or volume	Renewable	Consumption of starch, primary sludge, post-consumer scrap, pre-consumer scrap and pulp	–	65,208 t	54,510 t
	Non-renewable	Consumption of caustic soda, optical bleach and calcium carbonate (total)	4,790 t	5,525 t	2,498 t
TOTAL		Material consumption (total)	46,754 t	70,733 t	57,008 t
		Percentage of renewable materials	90	92	96

Embu Unit					
			2009	2010	2011
Materials used by weight or volume	Renewable	Consumption of starch, post-consumer scrap, pre-consumer scrap and pulp (total)	38,155 t**	43,413 t	26,103 t
	Non-renewable	Consumption of caustic soda, optical bleach and calcium carbonate (total)	NA	7,146 t	6,650 t
TOTAL		Material consumption (total)	NA	50,559 t	32,753 t
		Percentage of renewable materials	NA	86	80

Limeira Unit					
			2009	2010	2011
Materials used by weight or volume	Renewable	Wood consumption (total)	973,570.50 t	1,004,568.18 t	973,570.50 t
		Consumption of starch, sludge, pulp (total)	732,242.32 t	731,356.85 t	748,920.61 t
	Non-renewable	Consumption of caustic soda, sodium sulphate, lime, calcium carbonate, optical bleach, chlorine dioxide, chlorate and sulfuric acid. (total)	124,244.96 t	124,536.55 t	125,598.33 t
TOTAL		Material consumption (total)	1,830,057.78 t	1,860,461.58 t	1,848,089.44 t
		Percentage of renewable materials	93	93	93

\*The totals for renewable and non-renewable materials from years 2009 and 2010 were changed from the ones published in the two previous reports due to the addition of components that were not accounted for until now.

\*\* At the Embu Unit, in 2009, only the consumption of pulp was considered.



non-governmental organization *The Nature Conservancy (TNC)*, through which all our forest areas will have a preservation plan. The project began in the state of São Paulo, where TNC has assessed the natural areas in our properties, which total over 60,000 hectares of Atlantic Coastal Rainforest and approximately 27,000 hectares of cerrado (Brazilian Savannah). The assessment resulted

in a Conservation Area Plan (CAP), with strategies to preserve biodiversity. Our goal is to extend the same planning to the forestry areas in the states of Bahia, Minas Gerais, Paraná, Espírito Santo, Piauí, Maranhão and Tocantins. (EN12, EN13, EN14)

We also maintain the Integrated Fauna and Flora Monitoring Program in High Conservation Value Forests (HCVF) and in

## PRESERVATION UNITS IN AREAS NEIGHBORING SUZANO (EN11)

<b>Forestry Business Unit (UNF) – Bahia</b>	EPA Costa Dourada
	EPA Conceição da Barra
	Floresta Nacional do Rio Preto (National Forest)
	Parque Estadual de Itaúnas (State Park)
	Reserva Biológica Córrego Grande (Biological Reserve)
	Reserva Biológica Córrego do Veado (Biological Reserve)
	Reserva Biológica de Sooretama (Biological Reserve)
	Reserva Extrativista Cassurubá (Extractivist Reserve)
<b>UNF – São Paulo</b>	EPA de Botucatu*
	Parque Estadual de Carlos Botelho (State Park)
	Parque Nacional da Serra do Mar (National Park)
	Estação Ecológica Angatuba (Ecological Reserve)
	Estação Ecológica Santa Maria (Ecological Reserve)
	Parque Estadual Vassanunga (State Park)
	Environmental Protection Area Piracicaba-Juqueri-Mirim
	Horto Florestal and Edmundo Navarro de Andrade Museum (Natural Heritage Area)
	Estação Ecológica Itirapina (Ecological Reserve)
	Environmental Protection Area Corumbataí-Botucatu-Tejupá
	Estação Ecológica São Carlos (Ecological Reserve)
	Estação Ecológica Sebastião Aleixo da Silva or Bauru (Ecological Reserve)
	Estação Ecológica Caetetus (Ecological Reserve)
	Environmental Protection Area Bacia do Rio Paraíba do Sul
	Parque Estadual Intervales (State Park)
	Estação Ecológica Paranapanema (Ecological Reserve)
	Estação Ecológica Itapeva (Ecological Reserve)
	Reserva Biológica de Paranapiacaba (Biological Reserve)
	Parque Ecológico Nascente do Tietê (Ecological Park)
	Nascentes do Tietê (Natural Heritage Area)
	EPA Piracicaba-Juqueri-Mirim

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

Note: With the inclusion of the Conpacel forestry areas, other preservation units neighbor our areas. However, that assessment is still in progress.



Parque das Neblinas park (São Paulo)

**297 hectares** or approximately **40% of the total area** is earmarked for **environmental preservation** (PPA, LR and others)

High Conservation Value Areas (HCVA) in the states of Bahia, Espírito Santo, Minas Gerais and São Paulo. Within this initiative we concluded the 2nd Campaign for the Integrated Fauna Monitoring Program, in São Paulo, which revealed the good state of conservation of the areas, where we can find 582 species including avifauna, herpetofauna, and terrestrial and flying mammal fauna. Several of them are endemic, endangered and sensitive to environmental changes. Also a part of the Integrated Program, the biodiversity conservation plan has already carried out studies in the areas contained in the cerrado and Atlantic Coastal Rainforest biomes in the states of Bahia and São Paulo. And yet another action was to monitor and prepare the Rupestrian Fields Management Plan, at Itararé (São Paulo) and at the Limeira Unit (São Paulo). (EC12, EN14)

#### ENVIRONMENTAL PROTECTION EXPENDITURES AND INVESTMENTS (INDUSTRIAL AND FORESTRY) (EN30)

Department	Amount (R\$)
Emissions	10,763
Water	3,484
Effluents	26,591
Energy	3,979
Waste	8,703
Natural Resources	5,705
Others	676
<b>Total</b>	<b>59,902</b>

#### USE OF LAND — OWN PROPERTIES (EN11, EN13)

Type of use	Area (in ha) 2010	Area (in ha) 2011
Plantation	310,000	346,201
Available for plantation	87,000	118,170
Preservation	256,000	297,531
Infrastructure	29,000	40,759
<b>Total</b>	<b>682,700</b>	<b>802,661</b>



The topic of climate change encompasses our ongoing pursuit to adopt the best practices in Greenhouse Effect Gas Emission (GHG) management, which consists of the quantification, reduction and offsetting pillars.

We stand out in the quantification pillar, as we are the first Latin American company and the first company in the pulp and paper industry in the world to calculate the carbon footprint based on the PAS 2050 methodology and receive the *Carbon Reduction Label*, granted by Carbon Trust. Measuring the carbon footprint, meaning to quantify GHG emissions during the whole product life cycle, began in 2010 with Suzano Pulp® produced at the Mucuri Unit (Bahia), its first results were disclosed as from the following fiscal year. This practice was extended to the products Alta Alvura®, Paperperfect®, Symetrique® and to the Suzano Report® printing and writing paper line, also certified by Carbon Trust.

Moreover, aiming to quantify emissions, eight years ago we developed the Corporate GHG Emission Inventory to calculate emissions of certain steps of the production chain, taking into account the direct emissions from operating activities (Scope 1), indirect emissions from electric energy consumption (Scope 2), and other emissions related to production chain activities not controlled by Suzano (Scope 3), according to the GHG Protocol by the World Resources Institute (WRI). The result accrued in 2010 was 1,068,267.2 tons of equivalent CO<sub>2</sub> for the three Scopes. The 2011 inventory is under development and will be disclosed in the next Sustainability Report. (HR3, SO2)

Eucalyptus Forest in  
Mucuri (Bahia)

Compared to previous years, there were some changes in the emissions outcome due to the review of inventories – consequence of continuous improvement of the data collection, tracing, and reliability processes.

The following chart presents the track record of Scope 1 emissions in our mills located in the States of São Paulo (Suzano, Rio Verde and Embu) and Bahia (Mucuri). From this, it is possible to identify that direct emissions, those we have control over, are at the same levels in some units whereas in others the levels were reduced as a result of the continuous improvement of industrial processes.

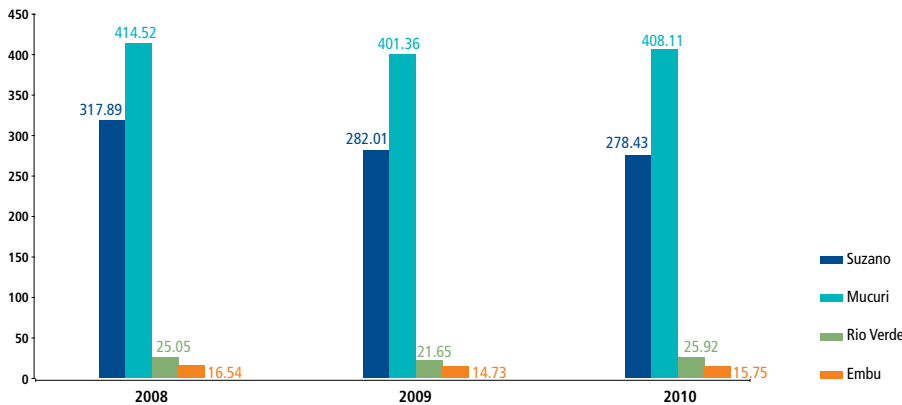
In relation to the work carried out in the second pillar – which encompasses GHG emissions reduction – Carbon Trust recertification deserves special mention. In addition to communicating the amount of emissions of each product during its life cycle, the Carbon Reduction Label shows the company's commitment to carbon footprint

reduction. Every two years, Carbon Trust verifies the footprint calculation in order to identify GHG emissions reduction and recertify products, authorizing the use of the Carbon Reduction Label on their packaging. More details about the reductions obtained during the re-certification process, as well as carbon footprint figures, can be seen at: [www.pegadadecarbonosuzano.com.br](http://www.pegadadecarbonosuzano.com.br).

In order to include the third pillar, in 2011 we launched Suzano Report® 360° paper; this case is represented on the following infographic showing the calculated, verified, and offset carbon footprint certified by Carbon Trust. In order to offset emissions, we developed a carbon credit basket, acquired from the voluntary market from projects that involve power generation through renewable resources and waste management. These credits follow globally recognized standards according to extremely strict social and environmental criteria, such as the Gold Standard, the Voluntary Carbon Standard and the Social Carbon Standard.

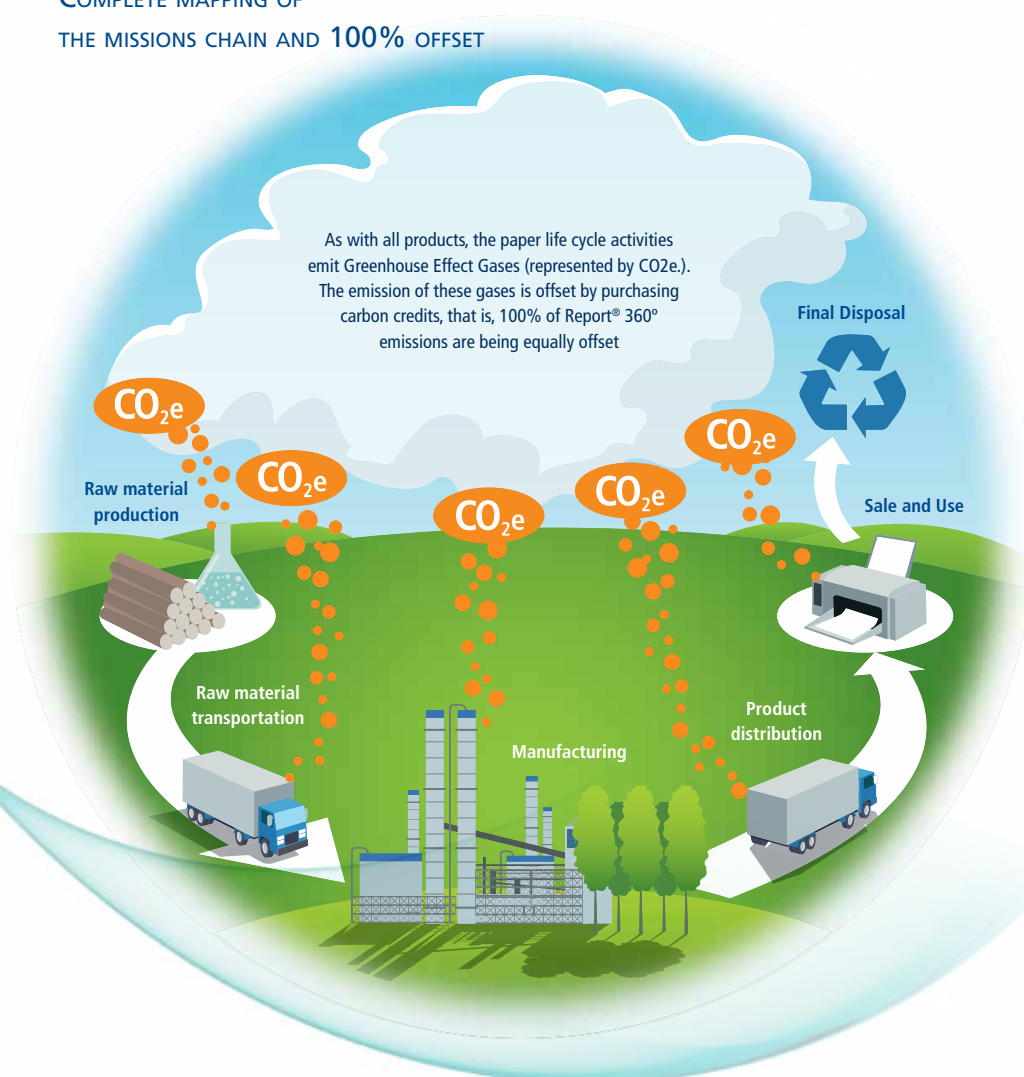
In 2011, all of these management processes related to climate change efforts required investments in the order of R\$ 866,000.

ESCOPE 1 (IN THOUSAND TONS OF CO<sub>2</sub>E) (EN20)





## COMPLETE MAPPING OF THE MISSIONS CHAIN AND 100% OFFSET



Our efforts related to climate change comply with the strategy of seeking sustainable activities and assuring customers and consumers transparent results by adopting the best practices. Moreover, they represent

a business opportunity, given the growing demand of consumers for sustainable products. In 2011, all of these management processes related to climate change efforts required investments in the order of R\$ 866,000. (EC2)

### EMISSION INVENTORY\* (EN16, EN17, EN29)

	2009	2010
Scopes 1 and 2 – total GHG emissions (in t of CO <sub>2</sub> )	732,657.3	754,348.3
Scope 3 – Indirect GHG emissions (in t of CO <sub>2</sub> )	161,926.9	313,882.9

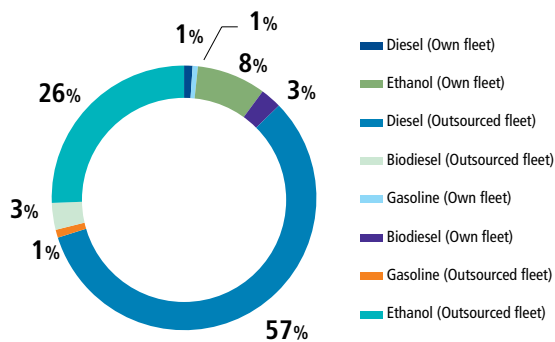
\* **Scope 1:** Direct GHG emissions, Greenhouse Gas (GHG) Emissions from the company itself (physical emissions) which encompasses emissions from the burning of fuel, manufacturing processes, waste treatment, and company transportation.

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

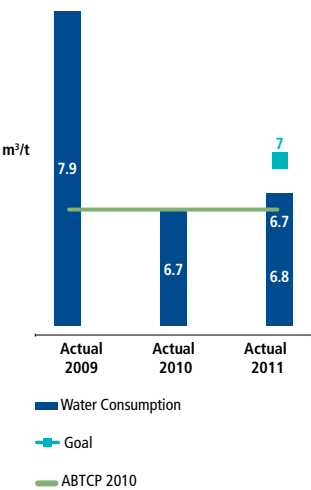
**Scope 3:** Other indirect GHG emissions, all of the other sources of emissions possibly attributed to the company's activities. Outsourced transport services were included in this scope.

# ENVIRONMENTAL INDICATORS OF ENERGY AND WATER CONSUMPTION

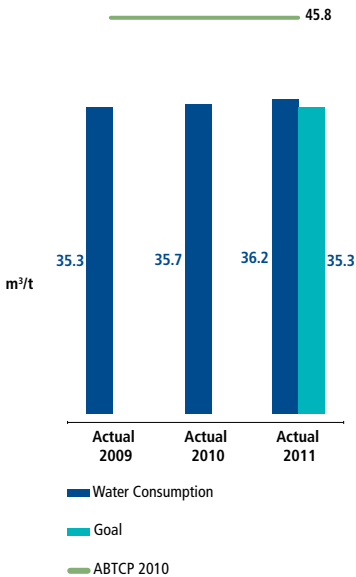
DIRECT ENERGY CONSUMPTION (2011) – SUZANO PULP AND PAPER (EN3)



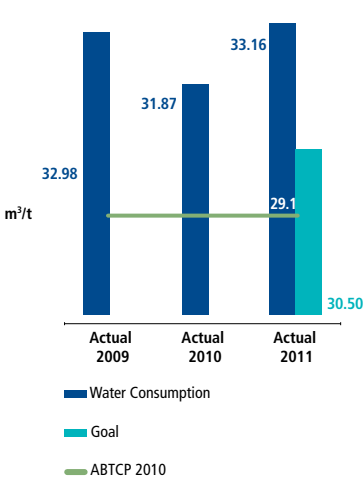
SPECIFIC WATER CONSUMPTION – EMBU UNIT (EN8)



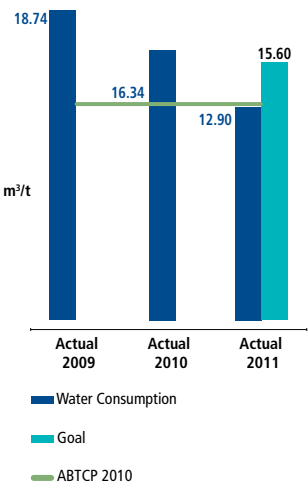
SPECIFIC WATER CONSUMPTION – LIMEIRA UNIT (EN8)



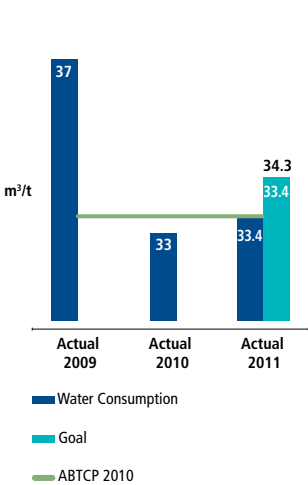
SPECIFIC WATER CONSUMPTION – MUCURI UNIT (EN8)



SPECIFIC WATER CONSUMPTION – RIO VERDE UNIT (EN8)

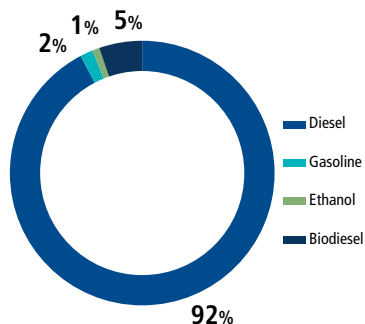


SPECIFIC WATER CONSUMPTION – SUZANO UNIT (EN8)

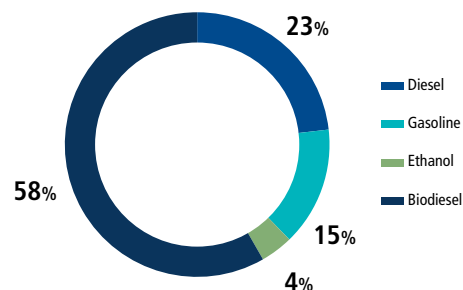




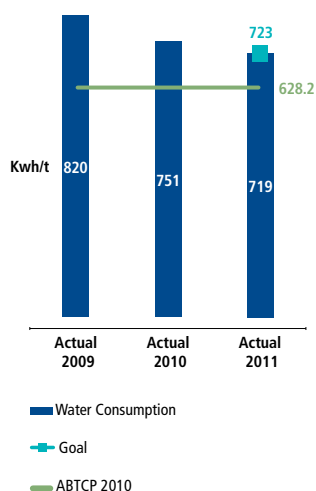
### DIRECT ENERGY CONSUMPTION (OUTSOURCED FLEET) – SUZANO PULP AND PAPER (EN3)



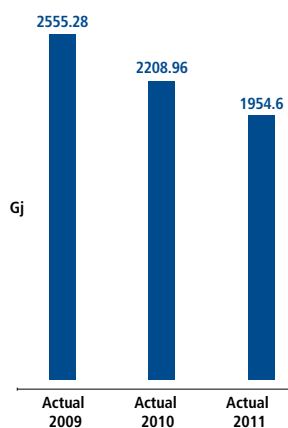
### DIRECT ENERGY CONSUMPTION (OWN FLEET) – SUZANO PULP AND PAPER (EN3)



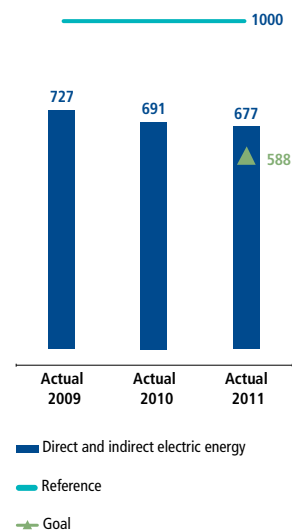
### ELECTRIC ENERGY CONSUMPTION – EMBU UNIT (EN3, EN4)



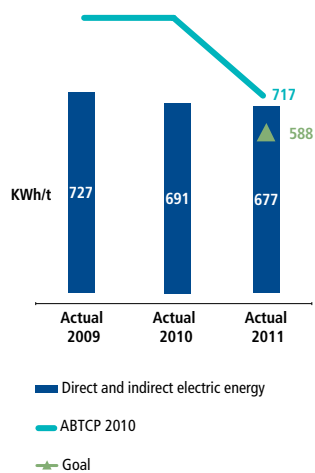
### ELECTRIC ENERGY CONSUMPTION – SÃO PAULO OFFICES (EN4)



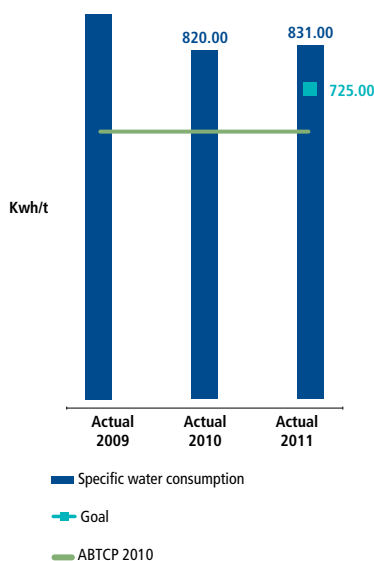
### ELECTRIC ENERGY CONSUMPTION – LIMEIRA UNIT (EN3, EN4)



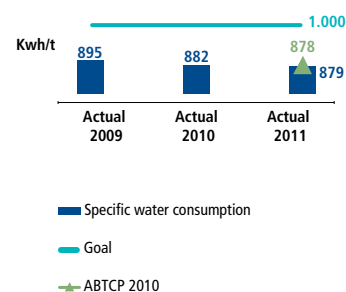
### ELECTRIC ENERGY CONSUMPTION – MUCURI UNIT (EN3, EN4)



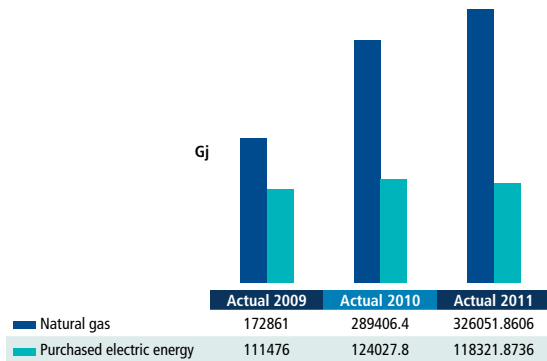
### ELECTRIC ENERGY CONSUMPTION – RIO VERDE UNIT (EN3, EN4)



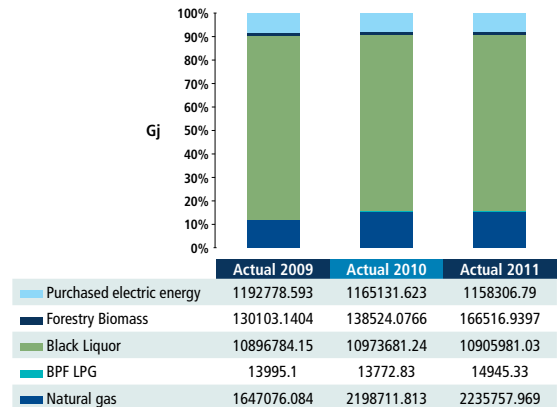
### ELECTRIC ENERGY CONSUMPTION – SUZANO UNIT (EN3, EN4)



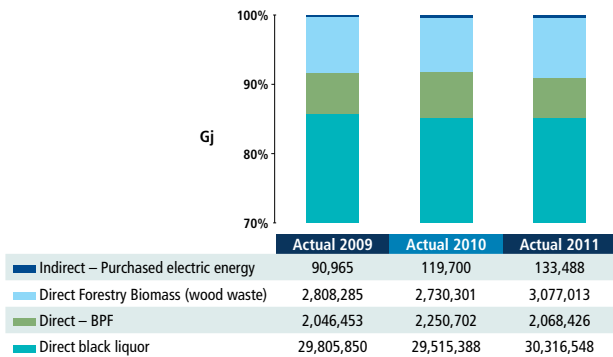
### DIRECT AND INDIRECT ENERGY CONSUMPTION – EMBU UNIT (EN3, EN4)



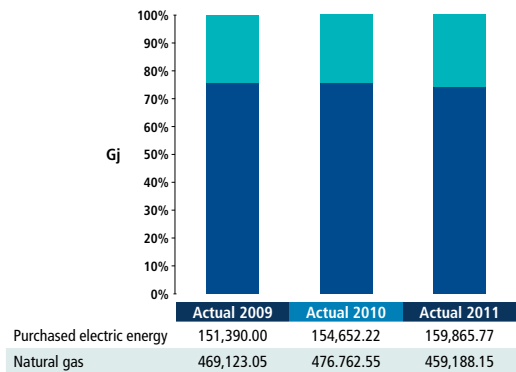
### DIRECT AND INDIRECT ENERGY CONSUMPTION – LIMEIRA UNIT (EN3, EN4)



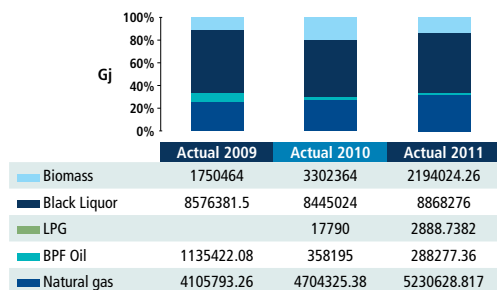
### DIRECT AND INDIRECT ENERGY CONSUMPTION – MUCURI UNIT (EN3, EN4)



### DIRECT AND INDIRECT ENERGY CONSUMPTION – RIO VERDE UNIT (EN3, EN4)

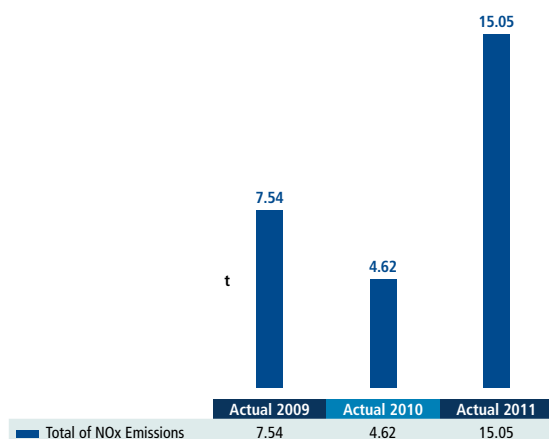


### DIRECT AND INDIRECT ENERGY CONSUMPTION – SUZANO UNIT (EN3, EN4)





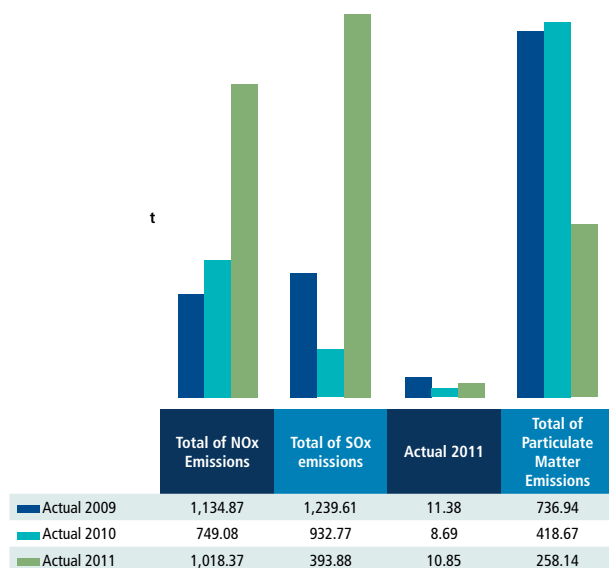
### TOTAL EMISSIONS – EMBU UNIT (EN20)



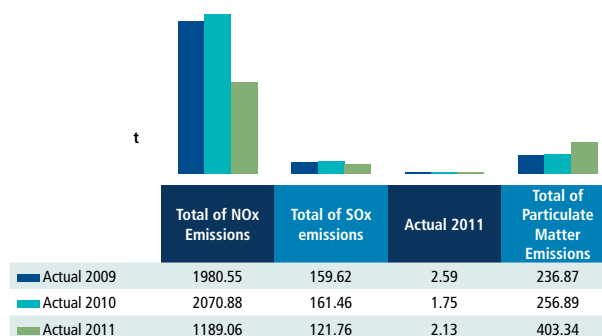
### TOTAL EMISSIONS – LIMEIRA UNIT (EN20)



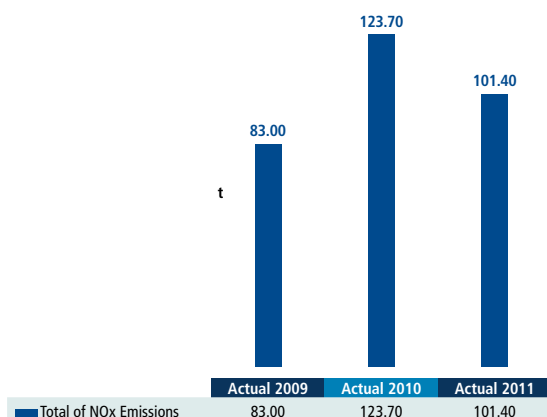
### TOTAL EMISSIONS – MUCURI UNIT (EN20)



### TOTAL EMISSIONS –SUZANO UNIT (EN20)



### TOTAL EMISSIONS – RIO VERDE UNIT (EN20)



## Supplement – GRI Indicators

4.2	Indicate whether the Chair of the highest governance body is also an executive officer <b>The chairman of Board of Directors, David Feffer, does not hold office at the Executive Board</b>
4.10	Processes for evaluating the highest governance body's own performance <b>We do not have formal self-evaluation processes for the Board of Directors members.</b>
EC4	Significant financial assistance received from government <b>The Company investment projects count on financial support from the BNDES, BNB and FINEP – Details can be seen in the 2011 Financial Statements.</b>
EN23	Total number and volume of significant spills <b>Spills are treated according to specific procedures. Throughout the year, there were no significant spills. All incidences and emergencies were duly resolved without significant impact to natural resources.</b>
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. <b>In the year, we received neither fines nor other important sanctions. By the end of period, together with other companies in the industry, we signed the Conduct Adjustment Term (CAT) with the State Attorney's Office of the state of Bahia for environmental compliance by forest producers that take part in the company's landowners development program. Moreover, we continued the activities related to the CAT signed with the Department of the Environment of State of São Paulo for compliance with permanent preservation areas.</b>
EN29	Significant environmental impacts from transporting products and other goods and materials. <b>During the year, there were no records of significant wood transportation impacts.</b>
LA4	Percentage of employees covered by collective bargaining agreements. <b>100% of direct employees are regulated by collective bargaining agreements; however, officers, executive and functional managers are not covered by two clauses that set forth salary increases and bonuses.</b>
LA5	Minimum prior notice period(s) regarding operational changes. <b>We do not have any minimum prior notice period established for communicating relevant operational changes.</b>
LA6	Workforce represented in health and safety committees. <b>100% of the workforce is represented by Health and Safety Committees, installed in all of our operational units.</b>
LA9	Health and safety topics covered by formal Union agreements. <b>We have established collective bargaining agreements with the unions representing our employees, valid for all staff, which, among other measures, guarantee the use of personal protection equipment and the right to refuse to work under unsafe working conditions.</b>
HR1	Significant investment agreements that include human rights clauses or submitted to evaluation related to human rights. <b>100% of our standard agreements include clauses related to human rights, which is reviewed by annual audits at our critical suppliers facilities.</b>
HR2	Critical suppliers and contractors that have undergone Human Rights evaluations. <b>In 2011 – 21 evaluations were performed, corresponding to 5% of critical suppliers.</b>
HR4	Total number of discrimination incidents and measures taken. <b>In this period, there were no discrimination records in our internal channels reporting this type of occurrence.</b>
HR5	Operations identified in which the right to exercise freedom of association or collective bargaining may be at risk. <b>In 2011, there were no occurrences in which the right to exercise freedom of association or collective bargaining could be at stake.</b>
HR 7	Operations identified as having significant risk of forced or compulsory labor <b>There were no occurrences in 2011. The SA8000 and FSC Certifications audits map such potential occurrences.</b>



Number of incidents of violations involving rights of indigenous people.

- HR9** At the municipality of Grajaú (Maranhão) there is an indigenous community in our area of influence. By means of the Traditional Communities Characterization Tools (TCCT), we also identified other traditional groups, such as Quilombolas (slave descendants) and the quebradeiras de coco babaçu (babassu coconut breakers) who, just like the indigenous people, have their rights respected by our operations.

- SO2** Percentage and total number of Business Units analyzed for corruption-related risks:  
**In the global scope audit process carried out this year, potential risks and ethical deviations (example: of donation process, suppliers contracting, relationship with customers) were identified.**

- SO3** Employees trained in anti-corruption policies and procedures.  
**Modules and training on this topic was still being carried out at the end of 2011, therefore we cannot provide those figures.**

- SO4** Actions taken in response to corruption incidents.  
**There were no cases reported in 2011.**

- SO6** Total value of financial and cash contributions to political parties.  
**As we allocated resources to political parties through transparent transactions in 2011, the account was rendered to the Superior Electoral Court regarding such donation; this data is available on their website ([www.tse.gov.br](http://www.tse.gov.br)).**

- SO7** Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.  
**There was no suit filed against us on this matter in 2011.**

- SO8** Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations  
**We received neither fines nor sanctions of any kind for non-compliance with laws and regulations.**

- PR1** Product life cycle stages in which health and safety impacts are assessed.  
**All products' life cycles are assessed, including research and development, certifications, production, marketing and promotion, storage, distribution and supply, usage, availability, reuse and recycle.**

- PR2** Number of incidents of non-compliance with health and safety regulations  
**In 2011, there was no case of non-compliance with health and safety regulations.**

- PR3** Labeling procedures  
**The packaging and safety data sheet of our pulp contains all the information about added products and services. The paper area fully complies with Brazilian regulation on this matter.**

- PR4** During the year, we received 5 official notifications for packaging non-compliance. They all refer to A4 size PAPER, REPORT brand, nominal content 210mm, PLASTIC packaging – due to the absence of data related to length, its multiples and sub-multiples. The total amount of all these official notifications is R\$ 17,000.  
**The identity of the entire Report® line was changed in 2008, including Report® Multipurpose paper; however, we were not able recall all products from the market before the changes; that is the reason why we still receive those official notifications.**

- PR6** Compliance to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.  
**We effectively comply with legislation in force in relation to the matter and we do not comply with any voluntary code related to marketing communications.**

- PR7** Incidents of non-compliance with regulations.  
**There were no cases of non-compliance with regulations in 2011.**

- PR8** Substantiated complaints regarding breaches of customer privacy.  
**In 2011, there was no record of complaints against breach of customer privacy.**

- PR9** Fines for non-compliance with laws and regulations concerning the provision and use of products and service.  
**We did not receive any fine for non-compliance with laws and regulations concerning the provision and use of products and service in 2011.**

# GRI Summary

GRI (3.12)

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• Respondido    ◐ Respondido parcial    ○ Não respondido



		2002 "according to"	C	C+	B	B+	A	A+
Required	Self-declared				✓			
Optional	Examined by third parties				✓	With third party verification		With third party verification
	Examined by the GRI							

Profile	Level	Page
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\* Relatório de Demonstrações Financeiras disponível no site

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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 principles of Global Compact that are related to the key GRI Indicators, principles that assure the quality of the Report, according to the GRI.

Ten Principles of Global Compact		Relation with GRI
1	Respect and protect human rights	HR1, HR2 and HR3
2	Make sure no human rights are abused	HR2 and HR3
3	Support freedom of association in the workplace	LA4
4	Abolish forced labor	HR7
5	Abolish child labor	HR6
6	Eliminate discrimination in the workplace	LA10, LA11, LA13 and LA14
7	Support a precautionary approach vis-à-vis environmental challenges	EN (all)
8	Promote environmental responsibility	EN1 – EN30
9	Encourage the employment of technologies that do not harm the environment	EN16 – EN25
10	Fight corruption in all its forms, including the use of extortion and payoffs.	SO2, SO3 and SO4

# Independent assurance statement by Bureau Veritas Certification



## INTRODUCTION

Bureau Veritas Certification Brazil (Bureau Veritas) has been contracted by Suzano Pulp and Paper S.A. (Suzano), to conduct an independent verification of its Annual Sustainability Report (hereinafter referred to as Report), including analysis of the content, quality and scope thereof referring to the year 2011. Information published in the report is the sole responsibility of Suzano's administration. Our responsibility is limited to the independent assessment of its content according with the scope established below.

## PROJECT SCOPE

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

- Data and information provided in the 2011 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 Global Reporting Initiative (2006).

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, and statements of future commitment.
- 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 practices<sup>1</sup> 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 (2011);
- 3 Audit of performance information and data in relation to principles that assure quality of the report, according with GRI G3;
- 4 Visit to the Mucuri (Bahia), Imperatriz (Maranhão), Suzano (São Paulo), Limeira (São Paulo) units as well as the São Paulo head offices;
- 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 work was planned and carried out to provide limited, rather than absolute assurance, offering appropriate basis for our conclusions.

## TECHNICAL OPINION

- We confirmed that there is a specific systematization for data collection related to the development of the Report in order to facilitate the standardization of answers from different Suzano units, mainly related to quantitative indicators. This improvement allowed for greater compliance to GRI-G3 Guidelines;
- Facilities and existing processes in the State of Piauí were not visited by our field team due to the few activities taken place during the assessed period. We analyzed documentary evidences about information reported on the activities performed in that State;
- In relation to the EN16 indicator (Direct and Indirect GHG emissions), it is important to point out that fleet emissions by KSR distributor were not accounted for, acquired by Suzano in 2011. The system used to calculate the carbon footprint was certified by Carbon Trust. Our team did not perform specific assessment on data collection methodology and consistency for GHG inventory;
- The themes of interest presented in the Report were partially extracted from the engagement process carried out in the fiscal year of 2010. In 2011, Suzano continued using continuous engagement tools to work on the themes of interest already identified in 2010, mainly with the "Communities" and "Customers". However, we do not confirm any advances in the process of engagement with other stakeholders, such as NGOs, wood suppliers (landowners development program) and market analysts;

<sup>1</sup> The Bureau Veritas independent assessment protocol is based on the International Standard on Assurance Engagements (ISAE 3000), and the GRI Guidelines for Sustainability Reports



- In order to advance in the Principle of Balance a critical analysis of Report content throughout the years must be carried out. We posed a challenge to Suzano in our previous year's Statement in the sense of gathering some criticism from opinion leaders and stakeholders. We did not see any progress in this process;
- Other opportunities of improvement already pinpointed in 2011, which could be better worked on in this report are in the next chapter of this Statement;
- Suzano acquired the Limeira Unit (Conpacel) in 2011, which we visited. We saw high level of data integration of this unit with Suzano's management system, therefore this report already includes qualitative and quantitative data related to its process;
- According to the scope of verification, the Report's information and data were accurate and free from significant mistakes or misrepresentation, accessible, and understandable for stakeholders;
- A significant part of information included in the Report has been obtained and managed by Suzano's Integrated Management System, certified by the ISO 9001/2008, ISO 14001/2004 and OHSAS 18001/2007 management system standards;
- Based on our assessment, we concluded that the Report has been developed in compliance with GRI-G3 criteria for content and quality, meeting the Principles established thereto and suitably presents the necessary indicators, conferring to Suzano the level of B+.

#### OPPORTUNITIES FOR IMPROVEMENT

- HR1/HR2/HR6/HR7
- Goals and objectives should be detailed in a more systematic and objective manner, clearly showing the reader Suzano's priorities in terms of sustainable development;
- 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 expansion process in the northeast of Brazil;
- Disclose more detailed information on Suzano's primarization efforts, taking into account that this matter has been discussed at legal and social levels in the country;

- Provide more consistent reporting about dealing with claims (receipt, analysis and response) under the responsibility of the Company's ethics committee and ombudsman. Indicators SO4 and HR4 are closely related to the communication channels managed by the ethics committee and ombudsman. More transparency in presenting this process will improve Report compliance to these indicators.
- Develop a work methodology that could lead to manifestations from stakeholders about Report content, mainly in relation to adherence to the Principles of Balance and Materiality. More interaction with opinion leader stakeholders may provide significant gains for future reports.

#### 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](http://www.bureauveritascertification.com.br/faleconosco.asp) or by telephone (5511)5070-9800.

**São Paulo, May 2012**

**Alexander Vervuurt**  
Auditor-leader Assurance Sustainability Reports (ASR)  
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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.

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### LIQUIDITY PROVIDER

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D'Lippi Comunicação Integrada

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## PRINTING

D'Lippi Print (FSC®-certified printing company)

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We would like to thank all employees and business partners that participated in preparing this edition and, especially, those who gave us their pictures to use in this report.

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Suzano Pulp and Paper papers are produced from renewable eucalyptus forests. Each tree used was planted specifically for this purpose.

May 2012

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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