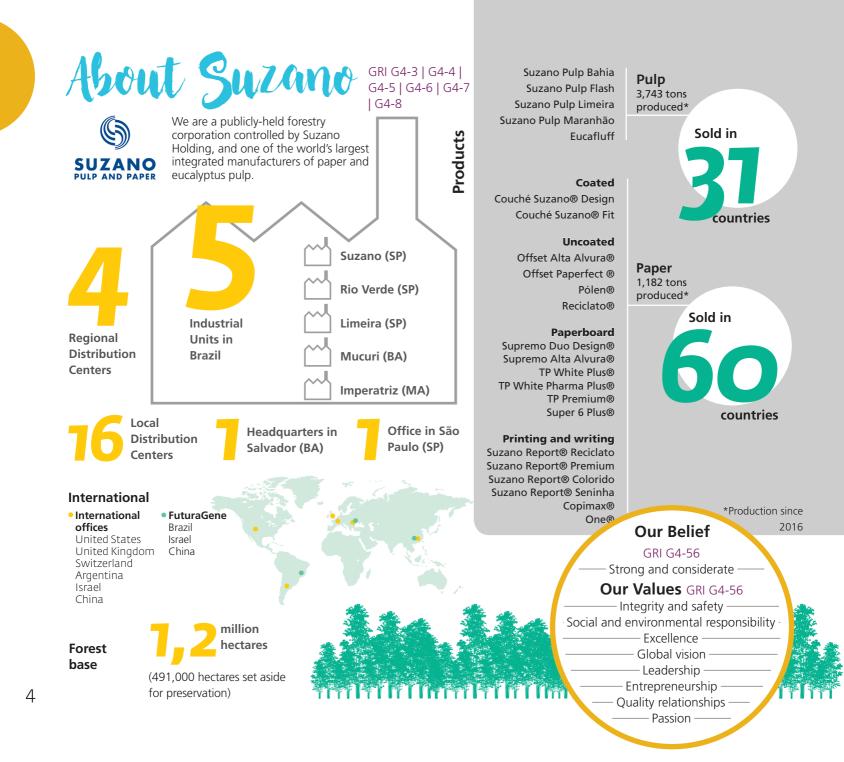


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Message GRI GA From the CEO GRI G4-1

Years like 2016, which are challenging from a macroeconomic standpoint, are an excellent opportunity for companies to further refine their values and priorities. At Suzano Pulp & Paper, unceasing efforts to improve our company advanced alongside the belief that production processes can always be improved. As a result, we continue to evolve in our mission to minimize and neutralize any negative impacts and to maximize the positive impacts stemming from our interactions with the environment and society.

On this journey, which is built atop three strategic pillars and founded on **Cultural Transformation**, we made significant progress over the past year. After setting new records, advancing on new business fronts, and strengthening social and environmental initiatives, today we are more aware of our role as a company.

In Structural Competitiveness, we achieved results for nearly all key indicators, which surpass the industry average. Eucafluff is already a reality, and tissue and lignin will join it by the end of 2017. The Adjacent Businesses now represent avenues for growth and diversification, and will reduce our exposure to fluctuations in currencies and pulp prices, both of which posed challenges in 2016.

We also significantly improved our financial results, which will bolster our preparations for the transformational movement of Redesigning the Industry.



Cultural transformation leads us tonew ways to help build the future

Despite all these accomplishments, the most important development at Suzano today is the cultural transformation we are undergoing. We are aware that in addition to evolving through new attitudes, greater autonomy, and

entrepreneurship, we must also enhance our capacity to listen, capture, and incorporate the messages we receive from clients, suppliers and community: in other words, from society as a whole. And we know that this is a neverending journey.

We consequently must further advance this cultural transformation, which can already be perceived in our plants, offices and forests, both internally and externally. One example is the Mucuri River Headwaters Project, which we began to develop in 2016 in partnership with The Nature Conservancy (TNC). The objective of this initiative to recover the headwaters of the Mucuri River is to guarantee the perpetuity of this river, and to encourage new initiatives to protect this important water resource by engaging various players in a common goal. This is what we want— to foster a win-win-win mindset.

We also raised capital in the local and international markets through an unprecedented vehicle for a Brazilian company: green Agribusiness Receivables Certificates (CRAs) and dollar-denominated Green Bonds in Latin America. All of this only becomes possible when you share the same values as everyone around you, with the green dimension of the bonds reflecting our attitudes.

On the social front, we concentrated on opportunities that offer shared gains. We have involved local communities in all dimensions and decisions in order to improve their capabilities, with these efforts supported by the community councils, forums in which participants can discuss the best ways to drive local development. The same logic applies to our client relationships, which are now stronger thanks to Suzano Mais, a program that demanded enormous flexibility from our industrial operations and required us to forge even closer relations with our clients, who are receiving increasingly better services and products through this movement launched in 2016.

And so I dedicate the results and progress we have achieved to our more than 8,000 employees, who believe and invest in the transformations to which we aspire for our company. We are very enthusiastic about our ongoing cultural evolution, the continuous pursuit of better results, the foundations we are laying for our future, and the improvements to our mills and forests. And we know that we can (and will) do much more, because we have the humility to recognize the need for constant evolution and an eternal sense of always wanting more, which are the engines of this transformation.

I also thank our clients, suppliers, communities, and shareholders for their partnerships and for sharing Suzano's conviction that the transformation will continue. And as long as we have a significant portion of society that is satisfied with what we are doing, we know we are on the right path.

We will continue to move forward, guided by our strong and gentle spirit. Strong to encourage and mobilize transformations that go beyond our limits, generating value not just for our company and the market, but also for society and the environment. And gentle because of our belief that these transformations must benefit everyone.

Warm regards,

Walter Schalka



How we operate

Strategy and management

Our sustainable growth is based on three strategic pillars, in which we made significant progress in 2016:

Our focus on competitiveness makes new investments, new jobs and higher incomes



• Structural Competitiveness: We

implemented modifications to our plants and to the areas of support and logistics (learn more in Manufacturing Capital), but the most significant transformation was in how we serve the market. Our previous model, based on distributors, resulted in losses of synergy and made it difficult to optimize the relationship between market share and profitability. Through the Suzano Mais program, we eliminated intermediaries and forged closer relations with the end of the chain, which caused our base of active

clients to soar from 18,000 in 2013 to 35,000 in 2016.

This service model of closer relations with clients and a strong focus on service quality also helped our operating cash generation in the Paper segment to reach R\$ 960.4 million, a 29.4% increase over 2015. In the Pulp segment, we partially mitigated effects from outside factors, thanks to our rigorous cost and

expense discipline. In the fourth quarter, our pulp production costs were R\$ 570 per ton, the most competitive in the industry.

Another highlight was that our costs increased less than inflation. The average unit cost of the goods we sold was R\$ 1,390.6/ton, an increase of only 1.7% over the previous year, while inflation grew 6.3% over the same period.

Goals/targets

To achieve a cash cost of R\$ 475 per ton in 2021-22, based on 2016 figures • Adjacent Businesses: Convenience and quality were the keywords as we began production of Eucafluff, our fluff pulp made from hardwood fibers (eucalyptus). For clients, the only difference between running softwood fibers and the blend containing 50% Eucafluff is simply adding the reel to their production process. Tests conducted by our clients and international laboratories showed that diapers and sanitary napkins made from the 50% Eucafluff blend presented higher liquid absorption and retention. Incorporating hardwood pulp into tissue products also makes them softer and thinner; these performance gains translate into more comfort and dryness for end consumers. We are drawing nearer to our entry into the tissue market, with production slated to begin in the second

half of 2017. Two machines with a combined annual production capacity of 120,000 tons have already been acquired, one a 60,000-ton line to be installed at the Mucuri Unit and another with the same capacity at the Imperatriz Unit. A portion of this volume will be used to manufacture finished products internally.

Meanwhile, the Lignin project, which is operating at a

pre-industrial scale at the Limeira Unit, is advancing in line with the investment timetable. In 2016, this new business focused on better understanding the commercial aspects of the target market.

Goals/targets

To offer our products in the **TISSUE** segment in order to meet demand from the North and Northeast regions • Redesigning the Industry: The need to reduce our exposure to currency and pulp price fluctuations has led us to continually enhance our financial and risk management practices. We are extremely diligent, especially with regard to foreign exchange risk: 100% of our net debt is pegged to the U.S. dollar in order to reduce cash flow volatility, and we also maintain a solid portfolio of derivatives to manage this exposure. We also are constantly seeking opportunities to lengthen our debt maturity profile through

lower-cost and longerterm operations. Over the past few years, we have increased the share of funds raised in the capital markets. Two pioneering initiatives from 2016 deserve mention: the issuance of dollar-denominated areen bonds in the international market. and the launch of green Agribusiness Receivables Certificates (CRAs) in the Brazilian market (learn more in Financial Capital).

Because of our financial discipline, we ended the year with a leverage ratio (net debt/adjusted EBITDA) of 2.6, and net debt of R\$ 10.3 billion, down from the 2015 value.

Goals/targets

Our operating cash generation, which is the strongest in the industry in Brazil, and our financial metrics lead us to believe the company will recover its

investment grade credit rating

How we operate

Business model

	Manufacturing Capital	Intellectual Capital	Financial Capital	Human Capital	Social Capital	Natural Capital
Resources	 Logistics Industrial units Forestry units Regional and local distribution centers 	 Corporate governance Cultural diversity Business information systems Diverse knowledge and skills 	 Net revenues Bank financing/ Capital markets Asset divestments 	 Organizational structure CDirect and indirect employees and suppliers CDirect 	 Stakeholders Social responsibility policy Regional knowledge and local engagement Organizational beliefs and values 	 Soil Biodiversity Water Biomes Native and planted eucalyptus forests Natural inputs Environmental policy
Activities	 Converting inputs into products Capturing industrial, forestry and logistics efficiency (integrated) Maintaining industrial and forestry equipment Mitigating impacts 	 Operational excellence Ilntegrating technologies and systems Encouraging internal entrepreneurs Investing in research and innovation, including biotechnology Knowledge management 	 Product sales Liability management Working capital managemen Financial risk management Resource management Budget efficiency Investment analysis Information control and availability Issuing green bonds 	 Performance management Talent development and management Volunteer work Training and qualification Managing safety, health and quality of life Meritocracy 	 Active dialogue with stakeholders Fostering social development Land management Engagement in public policy Social licenses to operate Mapping of social impacts Fostering initiatives and developing projects via partnerships 	 Sustainable forest management Minimal soil preparation Biological controls Environmental licenses Social and environmental risk mitigation and optimization of opportunities Granting of water withdrawal rights
Results	 Pulp and paper production Energy generation and exports Lower greenhouse gas emissions 	 Expanding the innovation culture New business opportunities Competitive advantages Ethical integrity 	 Operating cash generation Leverage ratio (net debt/EBITDA) Net reduction in financial expenses Short and medium term liquidity Minimum return on invested capital 	 High-performance team Optimized workplace Development of people and leadership Productivity and integrity Achievement of targets Integration across areas 	 Local social, cultural and economic development Proximity with stakeholders Stronger relationships Community councils Empowerment of local leaders 	 Restoration of degraded areas Soil conservation Low use of pesticides and herbicides Landscape management Monitoring of water resources Monitoring of water
Value created	 Sustainable supply of products and services High value-added 	 Pioneering spirit and breaking of paradigms Stronger company and industry Credibility and reputation Integrated vision of business management Customer satisfaction Development of societyda sociedade 	 Financial solidity of the company and its value chain Returns for investors Perpetuity of the business Returns for investors Returns for investors Perpetuity of the business Return on capital employed Contribution to socio-economic development (national and international) 	 Engagement and commitment Balance between professional and personal life Inspiring workplace Regional development Cultural transformation Pride in belonging 	 Sustainable regional development Support for local protagonists Sustainability culture Credibility and reputation 	 Biodiversity conservation Mitigation of climate change Sustainable use of natural resources Sustainability culture

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How we operate

Corporate governance GRI G4-34

The year 2016 was marked by advances made by our Corporate Risk area, which further strengthened our best practices for corporate governance and the pillars of internal controls, risk management and compliance, helping to support the Cultural Transformation we are undergoing.

Internal controls impart greater solidity to our management and to our relations with employees and society We are well prepared to manage risks involving the business environment, which include risks related to finance, compliance, image, health, safety, and the environment; the Management and Audit committees conduct periodic reporting and monitoring.



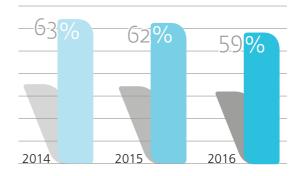
All employees are required to declare their commitment to uphold our Code of Conduct (available at www.suzano.com.br/ en/communication/ publicacoes/#relatoriosustentabilidade).

We also have an External Ombudsman Channel to receive reports of any breaches of our Code of Conduct, which are investigated and submitted to the Conduct Committee.

The Ombudsman Channel, which is operated daily by an independent company from 8 a.m. to 10 p.m., received 309 reports in 2016, 85% of which were processed and resolved during the year. Of these, 41% were considered unsubstantiated.

Furthermore, we have corporate policies that provide guidelines for ethical and transparent conduct by our directors, officers, employees and stakeholders; these include the Corporate Governance Policy, Integrated Risk Management Policy, Internal Controls Policy, and Anticorruption Policy. GRI G4-56 | G4-57 | G4-58

Rate of substantiated reports (Ombudsman)



With our stock listed on the Level 1 corporate governance segment of the São Paulo Stock Exchange (BM&FBovespa), we comply with standards that extend beyond the requirements of Brazilian corporate legislation. Besides the Bovespa Index and the Brazil 50 Index (IBrX50), our stock is listed on the Carbon Efficient Index (ICO2), which recognizes our management of greenhouse gas emissions. Through our participation in industry organizations dedicated to sustainable development, as well as through the pacts, commitments, charters, and principles to which we are a signatory, we strive to build and share value with all our stakeholders.

See GRI Additional Information/Corporate Governance for a list of the organizations in which we participate, and the commitments we have undertaken.

The internal structure we have adopted to uphold our Belief and Values and to execute our strategy comprises a Board of Directors, Executive Board and Audit Board, as well as advisory committees (Management, Sustainability & Strategy and Audit).

In 2016, we strengthened this scope by creating the Executive Department of Innovation & New Business, which conferred even more importance to this topic within the environment of our ongoing transformation.

The new department, which encompasses projects related to Research & Development (R&D) and Innovation (such as Eucafluff, Tissue, and Lignin), as well as Strategic Planning & New Business, strengthens and consolidates the strategic pillar of Adjacent Businesses.

Please access our website for more information on our ownership structure (http:// ir.suzano.com.br/corporate-governance/capitalstructure) and senior management (http:// ir.suzano.com.br/corporate-governance/boardof-directors-and-comittees).

Board of Directors

- Function: Guide decisions related to administration, supervision, and standards. Support in these activities is provided by the Management, Audit, and Sustainability & Strategy committees.
- **Composition:** Nine directors, five of whom are independent, all elected at the Shareholders Meeting.

Executive Board

- Function: Execute the guidelines established by the Board of Directors.
- **Composition:** Six executives, including the Chief Executive Officer and five executive officers for the Forestry Business Unit, Pulp & Paper Business Unit, Human Resources, Financial & Investor Relations, and Innovation & New Business.

A list of the Directors and Executive Officers and their profiles can be found at http://ir.suzano.com.br/corporate-governance/board-of-directors-and-comittees.

Risk management GRI G4-14

In 2016, we consolidated and strengthened the risk management activities undertaken by the Corporate Risks area as our corporate governance matured.

Our methodology prioritizes the most critical risks in the context of our strategic pillars in an ongoing and proactive effort to identify, assess, address, monitor, and report corporate risks, with the ultimate goal of proposing continuous improvements and increasing efficiency.

To effectively manage market risks, the company identifies, assesses and implements strategies and contracts financial instruments that

How we operate

protect against these risks; this is particularly relevant considering the delicate period we expect to result from the startup of two new pulp plants in Indonesia and Brazil, which should significantly increase supply and consequently pressure international prices as well as our business.

Despite our results in the Paper segment, we still rely heavily on exchange rate behavior due to the high volume of pulp we export. To manage impacts on our results in adverse scenarios, we have processes to monitor exposure and policies for conducting risk management. These policies establish the limits and instruments to be used in order to: (i) protect cash flows from currency mismatches, (ii) mitigate exposure to interest rates, (iii) reduce the effects from commodity price fluctuations, and (iv) change debt indexers.

Our operations also are exposed to operational risks that could result in the partial or temporary stoppage of our operations and production losses. These stoppages could be caused by factors associated with equipment failures, accidents, fires, strikes, wear over time, or exposure to inclement weather and natural disasters. Among other consequences, such events could result in severe damage to our assets, reductions in production volume, or increases in production costs, and as a result would have an adverse effect on our financial situation.

In addition to the risks mentioned above, adverse weather and climate events could directly impact our forest base and logistics operations or significantly reduce the flows of the rivers that supply our plants, causing impacts to our forestry and industrial units.

To help prevent such events, we conduct a Greenhouse Gas Emissions Inventory that allows us to quantify and reduce these emissions, and we also participate in forums and movements addressing this topic.

In Bahia, we also analyze historical weather conditions in our operating regions to better understand the specific characteristics of that environment and the relationship between the soil, plants, and the weather, which helps support our risk management. Findings like these can lead to the development of clones which are better adapted to drought and pests, for instance. We also continue to invest in wastewater treatment processes.

The Ecofuturo Institute and the São Paulo State Environmental Department (SMA) formed a partnership to promote the development, dissemination and assessment of models for forests managed for ecological and economic purposes. The aim is to provide incentives and support for rural land owners to restore their legal reserves, which are the areas on their properties that must be permanently covered by forests and may be commercially explored through sustainable forest stewardship.



Recognition 2016

- **150 Best Companies to Work For:** For the second straight year, Suzano appeared in the ranking compiled by the magazine Você S/A. Our Happiness at Work Index (IFT) rose three percentage points over the prior year, to 74.7%.
- **Best Companies for Launching a Career:** We were included in this ranking based on a survey conducted by Você S/A in partnership with Fundação Instituto de Administração (FIA) and Cia de Talentos.
- **MarCo:** For the third straight year Suzano garnered this award as Brazil's most prestigious pulp and paper company, according to the magazine Época Negócios.
- **CEO of the Year:** For the second year in a row our Chief Executive Officer, Walter Schalka, was elected CEO of the Year in Latin America by RISI, the leading provider of information to the global forestry industry.
- **ABTCP 2016:** We won the award sponsored by the Brazilian Pulp and Paper Technical Association (ABTCP) for the categories Market Pulp Manufacturer and Innovation (R&D and Technology).
- **New Finance Talent Award:** In addition to winning the new talent award, we also won the Golden Tombstone in the Debt Market category, for the first issuance of dollar-denominated green bonds in Latin America.
- **IPL Award Portraits of Reading:** This achievement, which we shared with the Ecofuturo Institute, consists of recognition from the Pró-Livro Institute for our joint involvement in the Ecofuturo Community Library Project.

- **Graphprint Award:** We were recognized in the 15th edition of this award in the following categories: Coated Printing & Writing Papers, Recycled Papers, and Paperboard.
- **Communication:** Suzano was recognized for the second straight year as one of the Companies that Best Communicate with Journalists, in the award sponsored by the magazine Negócios da Comunicação and the Center for Communication Studies (Cecom).
- **Pini:** We won the Fernando Pini Award for Printing Excellence in the categories Coated & Uncoated Paperboard for Printing and Coated Paper for Printing.

In the IPL – Portraits of Reading Award, the Ecofuturo Institute was recognized for the Ecofuturo Community Library project, which since 1999 has built 107 community libraries in 12 Brazilian states. Sixty of these libraries were sponsored by Suzano Pulp and Paper, which was honored for its support and investment as a sponsor of the Institute and the direct sponsor of the libraries. This initiative was selected from the Production Chain category by a panel comprised of specialists in the field of education. This is the first edition of the award, which recognizes organizations that adopt practices to encourage reading.

Transporent Reporting

In this annual publication, we present our activities in 2016 to all our stakeholders and the general public, along with our interactions with different groups in all dimensions of sustainability. The document was inspired by the methodology of the International Integrated Reporting Committee (IIRC) and adopts the framework of the Global Reporting Initiative (GRI), version G4, "in accordance with" Core option. It also reports on our actions in line with the Global Compact, a United Nations (UN) initiative to which we are a signatory. GRI G4-28 | G4-30 | G4-32

Community engagement in decision-making processes strengthens regional development The document, which was not submitted to external verification, contains certain restatements of data from 2015 (which are indicated) but does not contain any changes in boundaries and scope in relation to the previous report for fiscal year 2015, which was published in July 2016. GRI G4-22 | G4-23 | G4-29 | G4-33

The parameters for the contents of the report were based on a process conducted by a specialized consulting firm to identify the topics, using a methodology that included Identification (analysis of secondary sources to compile key topics), Prioritization (consultation of stakeholder perceptions), Analysis, and Validation of the results. Internal interviews (with senior management) and external interviews (representatives from NGOs, clients, experts, and investors) were conducted, as well as online consultations with 284 employees. The findings indicated nine material topics, which are shown in the following table along with their corresponding GRI aspects. GRI G4-18 | GRI G4-19 | G4-24 | G4-25 | G4-26 | G4-27





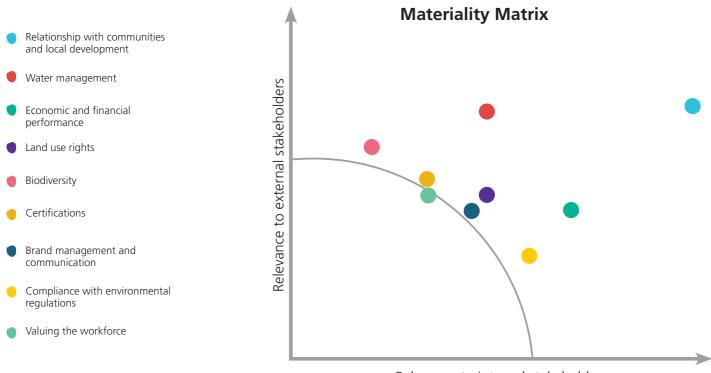
With regard to the boundaries of the impacts associated with relevant topics within the organization, we believe that all operations are contemplated by the materiality process. Meanwhile, to establish the boundaries outside of the organization, we considered the perceptions of the occurrence of impacts among the publics consulted. The results follow. GRI G4-28 | G4-30 | G4-32

Material Topics	Corresponding GRI aspects	The aspect is material within the organization GRI G4-20	The aspect is material outside the organization GRI G4-21	
	Indirect economic impacts			
Relationship with communities and local development	Environmental grievance mechanisms			
	Local communities	Yes (all operations)	Yes (experts, investors, NGOs, UNC clients)	
	Grievance mechanisms for impacts on society	(un operations)		
	Market presence			
Water	Water	Yes	Yes (UNC clients, employees)	
management	Effluents and waste	(all operations)	res (one clients, employees)	
Economic and financial performance	Economic performance	Yes (all operations)	Yes (UNC clients, employees)	
	Indirect economic impacts			
Land use rights	Local communities	Yes	Yes (employees)	
Land use rights	Environmental grievance mechanisms	(all operations)		
	Unfair competition			
Biodiversity	Biodiversity	Yes (all operations)	Yes (investors, NGOs, employees)	

Material Topics Corresponding GRI aspects		The aspect is material within the organization GRI G4-20	The aspect is material outside the organization GRI G4-21	
	Supplier environmental assessments			
	Supplier assessment for labor practices			
	Freedom of association and collective bargaining			
	Child labor		Yes (UNC clients, employees)	
Certifications	Forced or compulsory labor	Yes (all operations)		
	Assessment	(an operations)		
	Supplier human rights assessment			
	Human rights grievance mechanisms			
	Supplier assessment for impacts on society			
Brand management and communication	There are no GRI aspects directly related to the material topic identified	Yes (all operations)	Yes (investors, experts, UNP clients)	
Compliance with	Compliance			
environmental	Supplier environmental assessment	Yes (all operations)	Yes (UNC clients, employees)	
regulations	Environmental grievance mechanisms	(all operations)		
	Employment			
	Labor relations			
	Occupational health and safety			
	Training and education			
Valuing the	Diversity and equal opportunity	Yes	Yes (employees)	
workforce	Equal remuneration for women and men	(all operations)		
	Supplier assessment for labor practices			
	Labor practices grievance mechanisms			

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Materiality



Relevance to internal stakeholders

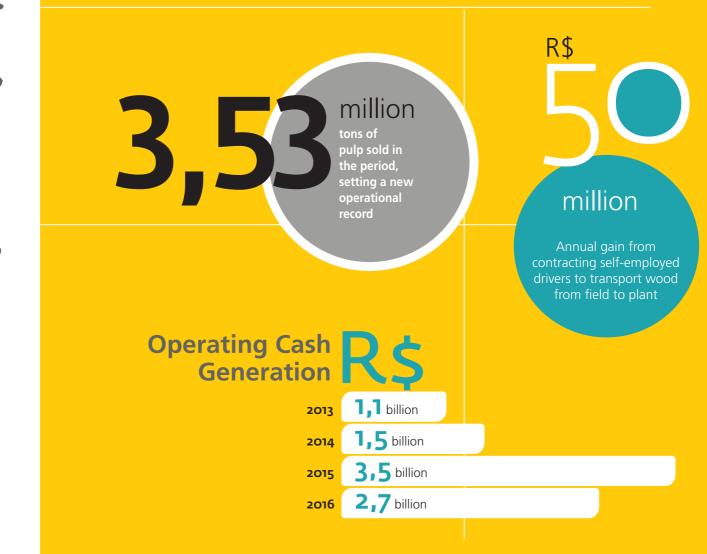
All the topics deemed material, along with their respective aspects and indicators, are included in this report (organized into blocks corresponding to Intellectual, Manufacturing, Financial, Human, Social, and Natural capital) and on the website www.suzano.com.br/en/communication/ publicacoes/#relatorio-sustentabilidade. The following channels are available for you to submit your questions or comments regarding this publication: GRI G4-31

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Corporate Communication comunicasuzano@suzano.com.br

Strategies

Forestry logistics → eliminate intermediation in transportation International logistics → full vessel model Outbound logistics → proximity to clients



Manufacturing Capital

Operations GRI G4-9

The main products in our portfolio present different dynamics. The Paper segment focuses on the domestic market and provides more stable cash flow, while the Pulp segment primarily serves export markets and is more susceptible to exogenous factors like fluctuations in commodity prices and currencies.

In this context, we sold 1.20 million tons of paper in 2016; 834 thousand tons of this total were sold on the domestic market and 362 thousand tons were exported. Although domestic demand has contracted, our commercial strategy and gains captured through the Suzano Mais program have allowed us to expand our market share. At the same time, our sales of pulp reached 3.53 million tons, a new record. (See the amounts in BRL in the Financial Capital section).

In addition to maintaining our commercial strategies for both businesses (deconsolidating our focus for paper clients, and adding value for pulp), we acquired forests that will allow us to reduce our average supply radius, and with it our pulp production cost, while decreasing our GHG emissions. GRI G4-13

In addition to this transaction, which involved 75,000 hectares of land in the states of Maranhão and Tocantins, we acquired 100% of the shares issued by Mucuri Energética S.A., which owns a small hydropower plant in the state of Minas Gerais. Our operations aim to improve service quality and shorten the distance between our products and clients



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We also invested in the acquisition of 7.5 million cubic meters of eucalyptus forests planted by Eco Brasil in the state of Tocantins this year. This investment will help us support the expected expansion in production at the Imperatriz Unit.

Logistics

With annual expenses of R\$ 1.9 billion, or nearly 20% of our net revenue in 2016, the Logistics area made progress on actions to cut costs and increase efficiency.

In forestry operations, we intensified our efforts to eliminate intermediaries in transporting wood from the forests to the plants, and ended the period with 65% of all freight services at the Mucuri and Imperatriz units provided by self-employed drivers. Annual savings from this model range from R\$ 45 million to R\$ 50 million, which is significant considering that forestry logistics account for 34% of total logistics costs.

Lightweight trailers, which are more stable and can carry 10% more wood, already make up 35% of our fleet. Our plan is to equip 100% of the fleet with these trailers, which also will bring significant environmental gains.

In our international logistics, we are increasingly adopting a full vessel model (in which vessels only carry pulp from a single company). We ended the year with 33 ships operating under this model, which alongside efforts to find lower fees and redesign international routes led to savings of more than R\$ 20 million. In 2017, we plan to adopt this model for 80% of shipments.

In Maranhão, we also improved transportation operations from the plant to the Port of Itaqui, which, our port operations, average daily loading increased from 9,000 to 18,000 tons by the end of 2016; this means less time spent waiting to moor and load ships, as well as lower costs. All of these outcomes are the product of process reviews, the use of equipment, and modifications to teams, which includes our logistics provider insourcing port workers who previously were contracted under

since 2016, is carried out entirely by rail. In

a self-employed model. With the support of legal provisions, we opened a bidding process and hired and trained workers, who now work using clear methodologies and processes; this also has helped reduce accidents.

We made similar strides with our outbound logistics (from plant to client) in the domestic market by renovating, moving and/or expanding six Distribution Centers in Londrina (PR), Porto Alegre (RS), Campinas (SP), Fortaleza (CE), Recife (PE) and Belém (PA). These changes, which are in line with the Suzano Mais program, seek to place us closer to our clients and supported growth of 30% in sales to the middle market.

We plan to equip 000% of our fleet with lightweight trailers that are more stable and can carry 0% more wood



Annual yield gain from traditional genetic enhancement Lower costs for tillage

million

Recurring reduction in CAPEX in 2016

Focus on productivity:

In fertilizing In weed control

In weed contro

In thage

In harvesting

e E E

R\$

Technology is the foundation of our work on three fronts:

Biotechnology

Traditional genetic enhancement

Integrated pest management

Knowing that the culture of innovation must be strengthened internally so it is not limited to the Innovation & New Business Executive Department, every year we work to ensure that this attitude expands its influence. This goal is reinforced by our Adjacent Businesses pillar, which has led to the production launch of the world's first hardwood fluff pulp, a product that is already certified by the Forest Stewardship Council® (FSC® - C010014), and to our entry into the Tissue and Lignin segments.

We also continued our research to find other products we can transform into new businesses and meet the needs of the market, in keeping with the global tendency to use more renewable sources and adopt a circular economy. For example, lignin fits into this concept since it substitutes oil-based products in the composition of many products, such as phenolic resins and thermoplastic compounds.

Another equally important decision was to build two Tissue plants at the Mucuri and Imperatriz units; from these plants, we will supply markets in the North and Northeast of Brazil. We developed higher-quality products for this region of the country that features the strongest growth in demand.

Our subsidiary, FuturaGene, continues the development of sustainably engineered trees (SETs) for sustainable intensification of forestry, a field in which we are a global reference. After obtaining approval for commercial deployment of a yield-enhanced eucalyptus variety from the Government of Brazil in 2015, we are conducting expanded field trials with crosses of this variety in order to select the best performing clones for the different regions where Suzano operates. We have also made progress in our yield protection platform, with a focus on weed, insect and disease control. In China, we have developed a pioneer project on desert species that couples economic off-take with environmental and social benefits on degraded lands.

Innovation in forestry technologies is an important ally in biotechnology, genetic transformation, and other lines of work such as traditional genetic enhancement, which has led to an 0.8% per year increase in yield. The gains from this practice extend to the environment: by identifying and developing new eucalyptus clones that are more drought resistant and require less water to grow, we create advantages for the management of surrounding forests and water resources.

Biological pest control is another technology we have adopted on a large scale. An example of its effectiveness can be seen in spraying the bacteria Bacillus thuringiensis to combat the eucalyptus brown looper caterpillar (Thyrinteina arnobia), which attacks planted forests and reduces forest yields in various regions of Brazil, especially in Bahia.

In 2016, we began mechanizing post-planting irrigation with automated equipment, which captures productivity gains in field operations and reduces water consumption.

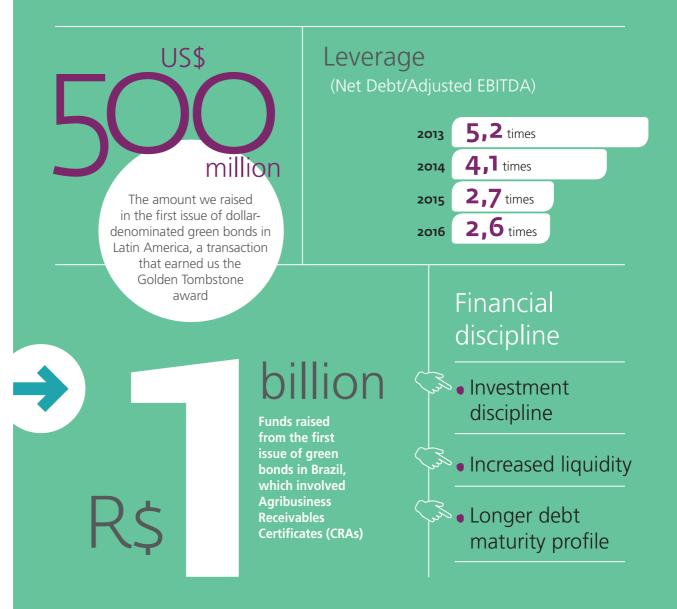
At all our units, we have made strides in our mechanization processes by adopting new technologies that permit automated fertilizing, weed control, and harvest. These new technologies employ modern tractors equipped with GPS and guidance equipment to ensure perfectly parallel lines during tillage and subsequent forestry operations.

> Research allows the development of new products and more efficient use of natural resources



Financial Capital

In 2016, our operating cash generation amounted to R\$ 2,7 billion, the best performance in the Brazilian paper industry



In 2016, external factors proved highly challenging. Pulp prices and exchange rates, which are key factors in our business, exhibited very different behavior: pulp prices fell throughout most the year, while currency fluctuations impacted exporting companies like us. The lower pulp price alone had an impact on our annual results exceeding R\$ 1 billion. Even so, we ended the year with an operating cash flow of R\$2.7 billion, the best performance in the Brazilian pulp and paper industry.

Even though we were affected by exogenous factors, we performed well in the areas we are able to manage, offsetting part of the losses from prices through significant gains in productivity. In the Paper segment, we obtained important gains in prices and advanced in our strategy to be closer to our end consumers; this strategy made our margins more sustainable, reduced our credit risks, and helped keep delinquency rates in line with the previous year.

With our business portfolio balanced between paper and pulp, we compensated fluctuations in one market with counter measures in the other, consequently achieving sustainable results and superior cash generation.

Another factor that contributed to our good performance in 2016 is our disciplined use of capital, a characteristic that led us to postpone the planned investment to expand the Mucuri Unit. At Imperatriz the expansion was already underway and remained on track, and will expand our production capacity by 10% by the end of 2017.

Our drive to position ourselves with regard to a global trend (namely the green economy) and reinforce our reputation for using practices that contribute to sustainable development led us to emit US\$ 500 million in dollar-denominated green bonds, a groundbreaking event in Latin America. This was followed by the first issuance of green bonds in Brazil, raising R\$1 billion through Agribusiness Receivables Certificates (CRAs). Our goal is to invest the proceeds

Net revenue breakdown (R\$ '000)	2014	2015	2016
Net revenue – Export market	4,214,259	7,093,098	6,558,014
● Pulp	3,241,907	5,781,113	5,435,401
Paper	972,352	1,311,985	1,122,613
Net revenue – Domestic market	3,050,340	3,131,263	3,324,299
● Pulp	609,396	822,294	706,488
Paper	2,440,944	2,308,970	2,617,811
Total net revenue	7,264,599	10,224,361	9,882,313
● Pulp	3,851,303	6,603,406	6,141,889
Paper	3,413,296	3,620,955	3,740,424
Cost of goods sold	(5,355,664)	(6,184,246)	(6,571,622)
Gross income	1,908,935	4,040,115	3,310,691
Selling expenses	(300,796)	(409,986)	(408,810)
General and administrative expenses	(392,761)	(455,629)	(427,100)
Other operating income	14,191	(104,516)	(1,150,561)
EBIT	1,229,569	3,069,984	1,317,093
Depreciation. depletion and amortization	1,216,132	1,419,477	1,403,518
Adjusted EBITDA	2,452,010	4,593,677	3,905,875
Adjusted EBITDA margin (%)	33.8	44.9	39.5
Net financial result	(1,593,512)	(4,428,505)	1,101,100
Earnings before Income Tax	(363,943)	(1,358,521)	2,418,193
Income and Social Contribution taxes	102,437	433,167	(726,195)
Net income	(261,506)	(925,354)	1,691,998
Gross debt	13,760,585	14,917,342*	14,012,779
Cash	3,686,115	2,448,096	3,695,312
Net debt	10,074,470	12,469,246*	10,317,467
Net Debt/Adjusted EBITDA ratio (x)	4.1	2.7	2.6

Financial Capital

in projects that create shared value, especially on the environmental front, which will be monitored by a specialized independent auditor.

Against this backdrop, the opportunity arises to participate in constructing the green bonds market in Brazil and help steer local financial markets towards best practices which are already adopted internationally.

Capital markets

Despite maintaining a balanced portfolio, the fact that pulp accounts for 65% of our business caused us to suffer stronger impacts from currency and product-price fluctuations in the stock market as well. Our stock is traded on the BM&FBovespa as SUZB3 (common shares), SUZB5 (class "A" preferred shares), and SUZB6 (class "B" preferred shares). The most liquid securities are the class "A" preferred shares (SUZB5), the prices of which have fallen by 22% since the end of the previous year. At the same time, the benchmark Brazil Index (Ibovespa) increased by 39%.

Our effort to understand and meet the needs of our investors was reflected in the recognition garnered by our Investor Relations Manager, Michelle Corda, who was named Best IR Professional in the Pulp & Paper Industry in the 2016 Latin America Executive Team.

Outlook

For 2017, once again we envisage distinct dynamics in our two main businesses. The area of Paper, where we hold the highest market share in Brazil, should benefit from a potential recovery in the country's economy. For Pulp, the challenge is more generalized, given the new capacities slated to come online and uncertainties with regard to pulp prices.

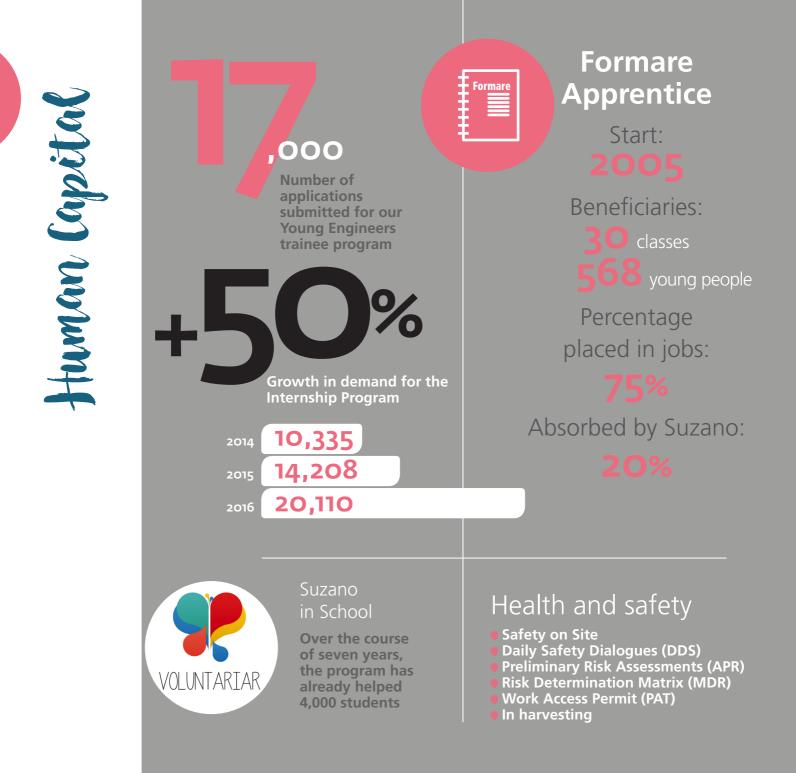
However, the pulp market grows every year, since its end product, paper, is a consumer good with demand is linked to worldwide economic growth. This logic is valid even if the function of the product changes, since a decline in the consumption of printing and writing paper can be offset by higher consumption of packaging and sanitary paper. With this in mind, the startup of new pulp production capacities (slated to begin in 2018) should initially have an adverse effect, but the market should gradually absorb this additional supply.

In this context, our competitive advantages are our strong focus on the long term and on financial discipline. So much so that, during a turbulent period like 2016, we implemented various measures to ensure the sustainability of our business: we adopted greater selectivity in our investment plan, maintained a larger liquidity cushion, and lengthened our debt maturity profile.

Although we reallocated certain investments during the year to take advantage of good opportunities like acquiring land to expand our forest base, total investments remained in line with our plan for the period. For 2017, we intend to invest approximately R\$ 1.8 billion, R\$ 1.1 billion in maintaining our operations and the remainder in Adjacent Businesses and in projects such as expanding production capacity at the Imperatriz plant and retrofitting the Mucuri wastewater treatment plant. (See GRI Additional Information/Financial Capital for a summary of Distribution of Value Added (DVA) for fiscal years 2015 and 2016).



"Suzano anticipated a global trend and became the first company to issue green bonds in the Brazilian market. This bold move yielded good results, with demand for these bonds exceeding supply threefold, proving once again that betting on the low-carbon economy is good business. It was not by chance that the Brazilian Business Council for Sustainable Development (CEBDS) and the Brazilian Federation of Banks (Febraban) launched a guide to promote these so-called green bonds in Brazil in 2016. And Suzano, without a doubt, will serve as an inspiration for all companies in Brazil."



Human Capital

Employees

In order to boost employee satisfaction, in 2016 through the scope of our United and Integrated project we invested in a cultural transformation centered on developing our people, particularly leaders, and strengthening the decision-making hierarchy. The idea is to become increasingly lighter and more agile, in turn strengthening our capacity to attract and retain talent.

With this same goal in mind, we made closer connections with young aspiring professionals by visiting and maintaining close contact with junior companies, career centers and universities, which resulted in a record number of applications (17,000) for our Young Engineers training program, an increase of 110% over the previous year. Of this total, 22 candidates were hired to work at our facilities. Interest in our Internship Program also registered a 50% increase, with 20,000 applicants during the year and 140 hires.

We ended the year with 7,762 employees; given the nature of our business, 6,726 were men and 1,036 were women. Outsourced workers totaled 12,207, with 11,580 men and 627 women. GRI G4-10

The way we train this team involves breaking down silos of talent, which means empowering people and promoting a sense of ownership and collective spirit. We also enhanced our compensation model to make it more aggressive in the variable component and more focused on merit. To support this enhancement, our

32 performance management system transitioned

to a development management system, which prioritizes the growth and advancement of our employees.

Another advance during the period began with a marketing campaign entitled "What's your role?" that took on a more comprehensive dimension through the Vocations project to promote personal reflection on each person's role in society.

To strengthen our role as agents of change and to boost the quality and effectiveness of our relations with local communities, we continued to organize events through the Volunteer Program. Various actions were conducted during the year, including the Christmas Drive, which mobilized over 1,300 volunteers and collected 1,000 toys, 70 food staple baskets, and 855 kits for the elderly; these donations were distributed to 30 institutions and more than 1,800 people from communities surrounding our units.

Another initiative that mobilizes volunteers is Suzano at School, which since 2009 has worked in partnership with Junior

Achievement. This effort aims to awaken the entrepreneurial spirit in public school students, share knowledge and experiences to support their academic development, and expand their understanding of the job market and the business world.



"Working in the Formare Project as a volunteer teacher is an opportunity to help transform our society and share

some of the knowledge and experiences we

accumulate with students. But additionally, we are the ones that get the most out of the experience, which gives us a great sense of satisfaction and well-being that I just can't describe."

Eduardo Gomes Ferreira, Volunteer Educator at Formare – Suzano Unit



Developing young talent and encouraging volunteer work are part of our role

Over seven years of partnership, we have engaged 29 schools, mobilized 607 volunteers, and impacted 4,000 students.

Along similar lines, our Formare Apprentice program, which has worked in partnership with the lochpe Foundation since 2005, has already graduated 30 classes and 568 young professionals. Of these, 75% are already employed, many in our own operations. The Suzano Unit, for instance, has already absorbed 102 of these young people. These technical programs show how much we value the education and development of new talent, as well as our belief that every person can make a valuable contribution to society through education and volunteer work (the classes are taught by our employees).

The health and safety of our employees are

among our key values and are reflected in initiatives like Safety on Site and Daily Safety Dialogues, as well as by tools like the Preliminary Risk Assessment and/or Risk Determination Matrix, which allow professionals to make a preliminarily assessment of the risks posed by activities, and only then activate the Work Access Permit. These and other initiatives have helped us steadily reduce our injury rate and even outperform the overall industry for safety indicators.

Despite these efforts, in 2016 we had one occurrence involving two employees, as well as a medium-sized fire at one of our warehouses (both events took place at the Suzano Unit). Fortunately, none of our employees were seriously injured and no shipments to clients were affected. In fact, the team's resilience and cooperation prevented the events from affecting our day-to-day operations. This same teamwork was observed when social movements attempted to force their way into the Mucuri Unit.

(See GRI Additional Information/Human Capital for tables showing the profile of our team of employees by unit, gender, function, and region, as well as indicators for employee turnover, health and safety, benefits granted, and returns after maternity/paternity leave).

Human Capital

Suppliers GRI G4-EC8

Given our belief that suppliers are key partners in the sustainability of our business, we seek supplier relationships based on mutual trust and respect, dialogue, and transparency. We also work to create a collaborative workplace in which we can develop solutions that drive our competitiveness and our economic, environmental and social results. In 2016, as part of our Supplier Registration Governance project we checked and certified our database, updating information for over 15,000 active suppliers of all sizes and from all segments of the chain (forestry and industrial). We also mapped our potential suppliers by pre-registering any interested companies, which resulted in a database that can automatically be consulted by the Procurement team. These suppliers can now be invited to participate in the supplier certification process and in future bids. At the end of 2016, we had over 2,000 preliminary registrations in our database.

Our commitment to creating environmental, economic and social value



leads us to encourage the use of local suppliers. Of the total amount spent with our commercial

partners in 2016, 54% represented purchases from companies located in the same regions as our units.

Within partnerships, we adopt rigorous policies with our suppliers involving social and environmental practices, respect for human rights, compliance with labor laws, and occupational health and safety. These commitments are incorporated in the supplier registration and contract drafting processes, monitored through third-party and risk management procedures, and subjected to internal and external audits. All of these measures are meant to guarantee that our registered suppliers uphold our principles and values.

(See GRI Additional Information/Human Capital for tables showing the number and percentage of suppliers by region and percentage of purchases by region.)

Partnerships with local suppliers strengthen our operations and benefit local communities



Social Capital

Communities GRI G4-EC8

We are undergoing a transition that includes assessing new strategies for our relationships with local communities and working harder to identify and strengthen local initiatives. As a result, we have begun working in a model based on Community Councils through a land development process that is fundamentally participatory. The idea is to operate more harmoniously and gradually set aside measures based on reaction, oversight, and proprietary intelligence.

Several of our projects are already moving towards this model. In 2016, the movement of women babassu nut workers in Maranhão was strengthened to ensure the sustainability of their business. This initiative was joined by the A Gente Transforma Institute, led by designer Marcelo Rosenbaum, who will draw on his experience to help create value for the product and position it in new markets. *(Learn more about the project at the end of this section)*

Vocations mapped

The pilot project conducted in Bahia state considered two aspects: the mapping of vocations (of employees and their family members) and the positive impacts on society (through social and environmental initiatives and the Community Councils). Both aspects considered the volunteers working in the communities through the Volunteer Program. This work, which is conducted in partnership with Atados, an institution that connects people and organizations to help mobilize volunteer efforts, involved three phases:

Diagnosis of vocations, from August to October 2016; **Training of volunteers**, in October and November 2016; and **Engagement platform**, in 2017.

Supported by various communication and marketing materials, the initiative encouraged reflection on individual skills that have the capacity to transform the roles people play in society.

This new partnership is in line with our idea of involving communities in all aspects of the decision-making process and training them to seek out the different possibilities available for resources. Ten community councils already have been established in the states of Bahia, Espírito Santo and Minas Gerais, while four have been established in Maranhão and Pará. For the training activities, our goal is to work as part of a network to engage internal volunteers and institutions that hold specific technical knowledge. Inspired by the "What's Your Role?" campaign, we developed a pilot project in the Mucuri region called Vocation Mapping; its goal is to identify the talents, skills, and competencies of employees, service providers, and family members and create a network of connections and opportunities for volunteer work in order to transform society. Another noteworthy effort this year was Coisa de Índio, a cultural appreciation project in partnership with the Coordination for the Indigenous Peoples of Brazil (Apib) that works to promote the cultural heritage of indigenous communities by educating young multipliers in the field of communication. Creative languages (such as fine arts, photography, music, literature, and cinema) were used to conduct and produce editorial projects, workshops, documentaries, animations, illustrations, and exhibits that foster respect, expand ancestral knowledge, and encourage the notion of indigenous peoples in leading roles. This phase of the project was formalized by the inauguration of the first Audiovisual Production Center in the Guajajara Indigenous Territory, in Maranhão state. The center held three workshops for indigenous youth interested in professional training in audiovisual communications, with subjects such as sequential language (comics and animation), movies, internet, text production, photography, screen printing, and radio. In 2017, Coisa de Índio will work with the Arariboia tribe of the Guajajara People, also in Maranhão.

Impressive results were also seen in 2016 from our ongoing projects to increase income generation. The approach adopted in these projects seeks to strengthen local production arrangements, guarantee food safety, and improve quality of life for families in our community by offering technical support programs.

One of these is Sustainable Extractivism, which supports production of non-wood forest products by optimizing the production chains for native fruits, and offering technical training and infrastructure improvements. In 2016, the program had 140 beneficiaries from 18 communities. Our R\$ 600,000 investment supported extraction of bacuri, babassu palm, and açai (pulp, seedlings, and seeds), as well as mesocarp (the reddish pulp from palm fruits), oil, charcoal, and babassu nuts.

people benefited through social initiatives in 2016 In partnership with the Ayrton Senna Institute, the SuperAção Jovem and Managers Network projects from the Educate and Develop program (Educar e Formar) work to improve educational results by sharing experiences in management, implementing full-day schools, and encouraging reading. The Full Time School and Reading Rooms projects benefited 265,700 students and trained 2,200

professionals in 398 municipalities, with 1,277 partner schools in São Paulo. A total of 49,000 students and 11 municipalities were impacted by the Managers Network project in São Paulo. The target of the National Education Plan (PNE) for 2021 to improve the Basic Education Development Index (IDEB)

In the same context, the Community Agriculture project in the states of Bahia and Maranhão involved 18 communities in the region (which are already linked to three different Community Councils), indirectly benefiting approximately 1,700 people. In all, 476 tons of 32 different items were produced.

has already been reached in five cities.

Our support for the Cooperative Beekeeping program in Bahia and São Paulo resulted in the production of roughly 137 tons of honey by 154 beekeepers. We also had 37 families of fishermen from two communities participate in the Fish Farming Project, which generated an income of R\$ 4,500 for each participant. Over the course of 2016, a total of 340,000 people were benefited by the various ongoing social initiatives.

"We met several times until we decided as a group to create the Community Development Council. And that's just the beginning. Through the council, we want to organize even more projects to expand and improve our lives."

Zuleide Ferreira de Sousa, babassu palm nut worker in the community of Coquelândia (MA)

Social Capital

Entrepreneurship

In order to reveal the cultures of the peoples who form our national identity, the A Gente Transforma Institute (led by the designer Marcelo Rosenbaum) joined forces with us in the income generation project involving babassu palm nut workers in Maranhão. In 2016, these women, who are already part of a structured Community Development Council, inaugurated two babassu palm nut processing units, an example of how transferring technologies and knowledge can leverage opportunities to raise funds.

After assessing the potential for organization in the state of Maranhão, the A Gente Transforma Institute acquired in-depth knowledge of the production process, from breaking the nuts through extraction and production of sub-products like soaps, mesocarp meal, and oil. The project then proposed repositioning the cultivation of this fruit as a potential economic activity for current and future generations.

The idea is to create two lines of branded products, namely food and cosmetics, and to develop a communication strategy to support the entry into new markets. To do so, the leaders of the nut worker communities met with representatives from Suzano and the institute, as well as with managers and technicians, to formulate the plans together.

To engage the entire community, in early 2017 we organized the Estrada do Arroz Babassu Palm Nut Creative Festival, which featured workshops and cultural activities. There was even an immersion activity for initial production of this line, which included the testing and adjustments required for products and packaging, developing the pricing model, and formulating a distribution plan for the products.

Ecofuturo Institute

Suzano is the founder and sponsor of the Ecofuturo Institute, an organization that works together with civil society, the government, and the private sector to develop projects dedicated to preserving the environment and promoting reading. By sharing knowledge and practices to manage and measure impacts, the institute helps raise social and environmental awareness and promote sustainable development. In 2016, in addition to injecting R\$ 3.5 million into the institute, we worked with partners to advance and ensure significant results in the following initiatives:

- Neblinas Park: social and environmental education, visits and tours, research, community relations, and environmental restoration and preservation at this 6,000-hectare reserve that we own and maintain, which is located in the municipalities of Mogi das Cruzes and Bertioga in the state of São Paulo. The site has been in operation for over ten years, and serves as the headquarters for activities that reinforce its vocation for biodiversity conservation, fostering sustainable development, and sharing knowledge on the Atlantic Forest.
- Ecofuturo Reserves: a technical support program for people who own natural areas and conservation units or who are interested in acquiring land for environmental protection and sustainable stewardship.
- Ecofuturo Community Library: a project to establish libraries, especially in public schools, working in partnership with the government, private sector and local communities. The libraries, which are open to the community, help democratize access to books and promote reading.

Learn more about the Ecofuturo Institute and its projects at www.ecofuturo.org.br

Areas set aside for preservation

We expanded our base of natural areas by 200,000 hectares to reach the proportion of 1.1 hectares of conservation areas for each 1.0 hectare of planted eucalyptus areas (own and leased), which effectivel confirmed our leadership in the protection of natural areas.



Biodiversity

In our protected areas we identified the **red-handed** howler monkey, a primate which has never been seen in the Pará region, as well as the **caxias pygmy tyrant**, a bird that is still being scientifically described.

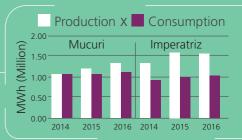
Climate change

Our planted forests stock nearly **55 million** tCO,e



Energy

Over **700,000** MWh of surplus electricity was sold to the power grid, enough to supply a city of **270,000** people for a year.



Water

We have reduced gross consumption by

31% at our forest units



Natural Capital

Soil and water resources represent the future of forests, and in turn the perpetuity of our business. In this light, we adopted a series of soil monitoring, preservation, and recovery activities aimed at improving water quality and availability. We also have invested in energy efficiency by adopting practical measures to reduce consumption and prioritizing actions that move us towards a cleaner energy profile, which has a direct impact on our management of greenhouse gas emissions.

In 2016, we allocated approximately R\$ 175 million to environmental protection: a nine-fold increase over the previous year (mainly due to the new wastewater treatment plant). The investments yielded efficiency and productivity gains, but most importantly, we honored our commitment to sustainable development, supported by a portfolio of socially and environmentally responsible practices and a belief that our role includes sharing knowledge.

((See GRI Additional Information/Natural Capital for spending on and investment in environmental protection in 2016.)

Water

In water resource management, our efforts range from treating the water we consume to conducting research to improve our knowledge of rainfall cycles and optimize our land use in different regions. The initiatives carried out this year include implementation of the Cooperative Program for Monitoring and Modeling Watersheds (Promab) sponsored by the Forestry Research and Study Institute (IPEF), which is part of the University of São Paulo (USP). Analysis of data from the spillways installed in our microbasins will allow us to better understand the impact eucalyptus cultivation has on water quantity and quality, and will also permit related activities to be conducted during forest management activities.

Additional activities are underway in climate zoning, based on a study of plant spacing and the development of eucalyptus species that require less water. This in turn will allow us to tailor our operations to regional characteristics; the Imperatriz Unit, for instance, is supplied by forests spanning six different precipitation zones, ranging from the most humid region, in Pará state, to the driest, in Maranhão state.

We also rigorously monitor our water consumption and adopt measures to improve efficiency. At the Mucuri Unit, water consumption per ton produced fell by 5% from 2013 to 2016, while at the Suzano Unit, absolute consumption declined by 10% in the same period.

Another major project already being implemented is the expansion and retrofitting of the wastewater treatment plant at the Mucuri Unit, which is slated for conclusion in 2017. The total investment of

approximately R\$ 100 million will further improve the quality of the water discharged back into the Mucuri River. We project a reduction of around 60% in organic load.



"The partnership between Suzano, the Chico Mendes Institute for Biodiversity Conservation (ICMBio), and the Rio Preto National Forest (FLONA do Rio Preto) has been extremely important for our city. During our tour of FLONA do Rio Preto, teachers and students learned about the importance of protecting, restoring, and preserving the Atlantic Forest ecosystem."

Daniele Maia,

Member of the Environmental Defense Municipal Council (COMDEMA) and fourth-grade teacher

Description	Unit	2015	2016	
Gross water consumption (m ³)	UNF-BA	539,931.83	537,074.95	
	UNF-MA	53,612.30	23,466.00	
	UNF-SP	333,524.36	69,580.36	
	Total:	927,068.49	630,121.31	

We also made significant progress in reducing our consumption of certain inputs. One reason for this gain is regular investment in equipment; an example is the digester, which began operating in Suzano in 2015 and reduced consumption of chemicals, steam, and electricity while it also lowered air emissions.

(See GRI Additional Information/Natural Capital for tables showing the bodies of water significantly affected by our operations, water consumption and recycling volumes, and effluent volumes).

Energy

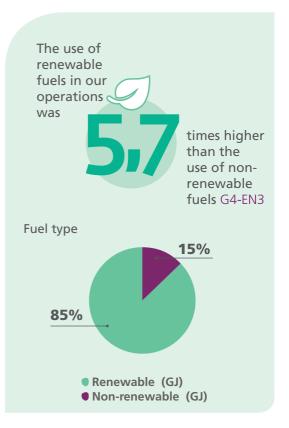
With the improvements to our electrical systems, in 2016 we saw a substantial increase in the amount of power transmitted from our units to the grid. At Imperatriz, the plant's system was built with robust interconnections, and surplus electricity has been exported to the grid since the unit came online. During the year, however, this volume was 12% lower than in 2015 as production increased, the result of greater stability in the process. The volume of electricity exported to the grid by the Mucuri Unit was even higher, around 50%, reflecting investments made in the systems connecting the networks inside and outside the plant. The performance of both plants has made us energy self-sufficient, since their surplus power combined exceeds the volume acquired from the market to supply the Suzano, Limeira, and Rio Verde units.

Another important differential is the fact that our energy is produced from lignin, a wood subproduct; this means that the pulp produced at Imperatriz is 100% certified by the Ecolabel and Nordic Swan seals, which consider renewable energy an essential factor.

(See GRI Additional Information/Natural Capital for our internal energy consumption and the reduction in this consumption during this year).

Emissions

All our emissions remained below the legal limits; this was also the case in 2015, indicating that our margin for reduction narrows every year. Gross direct emissions of greenhouse gases (GHG) under scope 1 amounted to 923,805.72 tCO₂e, which was stable in relation to the previous year because pulp production also remained stable. Consequently,



Natural Capital

the intensity of total emissions was virtually unchanged.

Scope 2 emissions amounted to 47,938.64 tCO₂e, down significantly (by nearly 24%) in the same comparison period. This reduction, however, is mostly associated with the reduction in paper production, in



Eucalyptus forests stock carbon, recover areas degraded by other activities, and help protect the soil and water

which stationary equipment accounts for the greatest share of power consumption from the grid. Lastly, scope 3 emissions amounted to 422,732.818 tCO₂e. GRI G4-EN19

To calculate emissions, we used the methodologies and assumptions of the Brazilian GHG Protocol program (WRI/WBCSD), ISO 14,064 and NCASI (2005), and considered the gases CO_2 , CH_4 , N_2O , the refrigerant gases HFC- 134a, R-401b, R-404a, R-407c, R-410a and other refrigerant gases not regulated by the Kyoto Protocol, HCFC-22, HCFC-124, and HCFC-141b.

Our efforts to continually optimize our inventory identified that the CO_2 emissions from our industrial processes come from burning biomass (in other words, they are biogenic), but previously were accounted as derived from the burning of fossil fuels (and were classified as fossil emissions). This is because the re-caustification process which occurs in the furnaces (recovery of lime, CaO) uses calcium carbonate (CaCO₃) coming from the pulp production system. As a result, the carbon contained in this CaCO₃ comes from wood (during the woodchip cooking process) and its CO₂ emissions are therefore biogenic, as indicated by the National Council for Air and Stream Improvement (NCASI).

For the purposes of comparison with 2016 emissions, the emissions in 2015 also were recalculated to consider this final conclusion, as instructed by the GHG Protocol.

In terms of carbon stocks, in 2016 our planted forest areas sequestered approximately 54.83 million tCO_2e . Total forest carbon stocks consider the amount of carbon in the biomass above the soil (trunk, branches and leaves) and in the biomass below the soil (thick and thin roots).

(See GRI Additional Information/Natural Capital for tables showing greenhouse gas emissions under scopes 1, 2 and 3, intensity and reduction of emissions, controlled emissions, and emissions of ozone-depleting substances).

Biodiversity

We maintain approximately 490,000 hectares of natural areas, including the 6,000 hectares of Neblinas Park, which preserves important aspects of the Atlantic Forest's biodiversity, as well as more



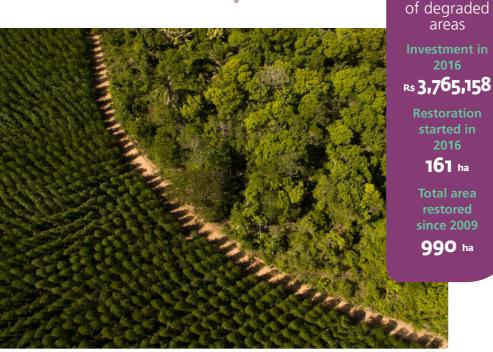
Sustainable stewardship helps maintain ecosystems and the quality of natural resources

In 2016, the Ecofuturo Institute conducted an inventory of all the studies conducted at Neblinas Park since 2002, which compiled important information about the area's biodiversity. This inventory included 58 studies that identified 1,253 species of fauna and flora in the region, which represents a 24% increase in the wealth of biodiversity seen by the team working at the site. Of these species, 23 are endangered at some level, but because of management and protection efforts they are considered protected in the area. than 400 headwaters that form the Itatinga River. The park is a private reserve owned by Suzano, managed by the Ecofuturo Institute, and recognized as an Advanced Post of the Green Belt Biosphere Reserve of São Paulo City by Unesco's Man and the Biosphere program.

In addition to conducting research related to the topic, we work intensely to restore degraded areas in an effort to reverse liabilities inherited from when the property was leased. We also maintain our High Conservation Value Areas (HCVAs), which are recognized for their important social and environmental attributes, Legal Reserves (RLs), and Permanent Preservation Areas (APPs).

In 2016, these efforts were concentrated in the state of São Paulo, where we made progress on our commitment to recover 3,600 hectares of Atlantic Forest and Cerrado. We concluded the diagnosis of the areas based on a study of the fragments required, determining which and how many fragments should be recovered, and how this should take place. At the same time, we delved deeply into the development of restoration techniques to guarantee efficiency and reduce costs.

Natural Capital



We maintain approximately 490,000 hectares of areas set aside for preservation

Restoration

areas

2016

started in

161 ha

Total area

since 2009

990 ha

In 2016, the Community Management Workshop of Neblinas Park disseminated knowledge and encouraged the exchange of experiences between land owners in the Taiacupeba region of Mogi das Cruzes, São Paulo, with the goal of leaving an important legacy for the community. Using a new format, the meetings feature professionals who hold workshops, give lectures, and teach courses on topics related to the stewardship of rural properties. This year, two editions of the workshop were held in partnership with TNC. This initiative has been carried out since 2008, and already has attracted more than 500 participants.

In this context, we also made progress on recognizing and understanding the HCVAs that exist on these properties. At the end of the year, diagnosis of the areas to be recovered in São Paulo (which was conducted in partnership with Casa da Floresta) was extended to our areas in Bahia.

We undertake this technically and economically feasible restoration in conjunction with universities. NGOs, and the Board of the Atlantic Forest Restoration Pact (which includes a representative from Suzano). Our goal is to find viable solutions that can be shared among small producers and partners who receive support.

Another highlight this year was the formalization of our partnership with The Nature Conservancy (TNC) to promote a culture of restoration and coordinate a movement to support the health of the Mucuri River.

This initiative known as the Mucuri River Headwaters Project was launched in late 2016 and will involve planting and restoration of riparian buffers in the headwaters of this important regional water resource. By August 2017, it will have completed a diagnosis of the situation in the restoration chain.

See GRI Additional Information/Natural Capital for a table showing the use of our areas and the impacts on diversity.

SUZANO PULP & PAPER

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STOCK – BRAZIL

BM&FBovespa – São Paulo Stock Exchange – São Paulo - SP Stock symbol of the common shares: SUZB3 Stock symbols of the preferred shares: SUZB5 and SUSZ6

STOCK – UNITED STATES

ADR1 program, with stock traded on the OTC market. Each ADR corresponds to two preferred shares (SUZB5).

CUSTODIAN BANK

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STOCK TRANSFER AGENT

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

MARKET MAKER

BTG Pactual Corretora de Título e Valores Mobiliários S.A. ACTUAL Corretora De Título E Valores Mobiliários S.A Av. Brigadeiro Faria Lima, 3.477 - 14° floor - São Paulo - SP

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Learn more about our performance, commitments, and management in the answers to the GRI G4 indicators. Materials available at:

www.suzano.com.br/en/communication/publicacoes/#relatoriosustentabilidade

