

Statement Suzano's Sustainability Linked Bond 2020

Rio de Janeiro, 04 September 2020

SITAWI¹ has been engaged by Suzano SA (“Suzano”) in April 2020 to advise the firm on Sustainable Finance funding alternatives. In this capacity, we have supported Suzano on identifying suitable projects for Use of Proceeds thematic bonds and loans, as well as identifying sustainability targets suitable for sustainability-linked bonds and loans.

In August 2020, Suzano developed its own Sustainability-Linked Securities Framework and obtained a Second Party Opinion from ISS ESG. Suzano sets the Sustainability Performance Target (SPT) to reduce its GHG emissions (scopes 1 & 2) intensity to 0.190 tCO₂e/ton (-10.9%) by 2025 and to 0.181 tCO₂e/ton (-15%) by 2030. These targets are not only part of the Framework, they are also present at Suzano's 2030 Sustainability Goals.

In 2019, from a balance standpoint, Suzano had a higher volume of removals (15.476 million tCO₂e) compared to emissions (3.724 million t CO₂e), reaching negative net emissions of 11.751 million tCO₂e. Therefore, choosing industrial GHG emissions intensity as the only SPT forces Suzano to deal with emissions that are harder to mitigate and require efficiency improvement of its pulp and paper mills.

As noted by ISS, Suzano's reduction target of 15% is less ambitious than those of several peers. However, Suzano's baseline intensity of 0.213 tCO₂eq/ton (2015) is already best in class and meets the Below 2 Degrees scenario of Transition Pathway Initiative (TPI) for the sector in 2030. If the 2030 SPT is achieved, Suzano would remain one of the top 3 best pulp and paper companies worldwide in terms of industrial emissions intensity, below TPI's Below 2 Degrees scenario.

We believe Suzano's SPT is ambitious, given the above conditions, and will require diligent management and a well-executed modernization plan to be achieved, thus justifying its use in a Sustainability-linked debt security.

To keep innovating and pushing the boundaries on Sustainable Finance, we would encourage Suzano to set absolute emissions targets for further transactions.



Gustavo Pimentel
Managing Director

¹ Through its legal entity KOAN Finanças Sustentáveis Ltda, a limited liability company established in Brazil that operates under the trade name “SITAWI” or “SITAWI Finance for Good”

Carbon Performance: Paper

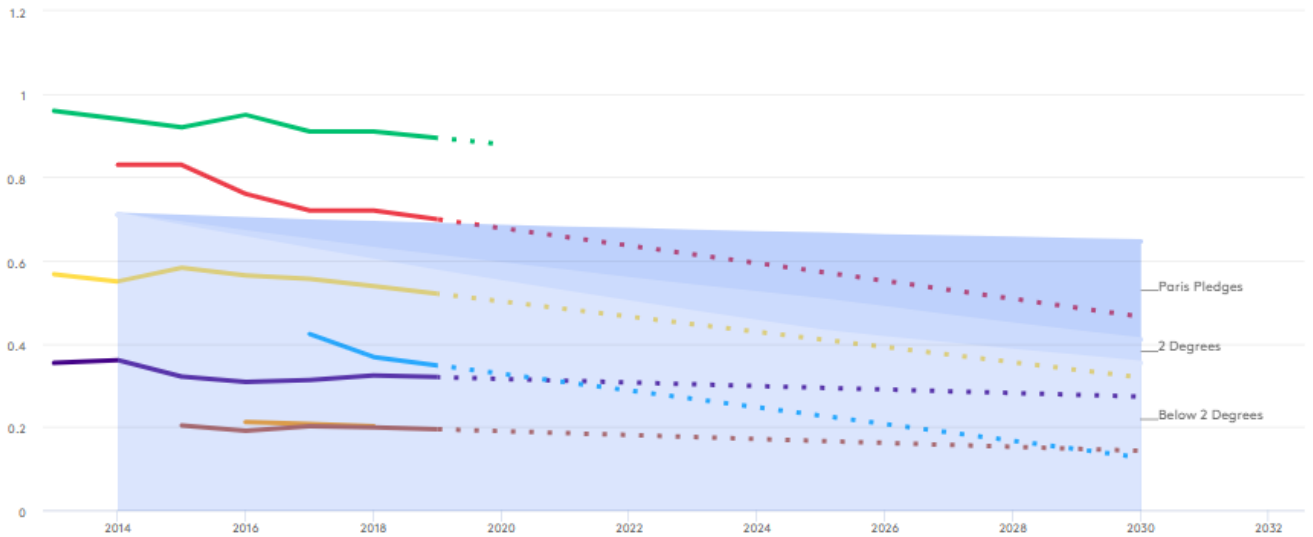
Showing: Top 10 Emitters ▼

- Sappi x
- Mondi x
- UPM-Kymmene x
- Stora Enso x
- Suzano x
- DS Smith x
- CMPC x

[+ Add companies to the chart](#)

— Reported - - - - Targeted

Carbon intensity (tonnes of CO2 per tonne of pulp, paper and paperboard)



Source: Transition Pathway Initiative