

Our motto

**VERACEL**

SUSTAINABILITY REPORT | 2019

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## About Us

### ANNUAL PRODUCTION

- **1.111.586 tons** of cellulose pulp
- **858 kWh/tsa** of energy

### TOTAL NUMBER OF EMPLOYEES

- **732** company employees
- **2.459** Employees from partner companies

### TERRITORIAL PRESENCE

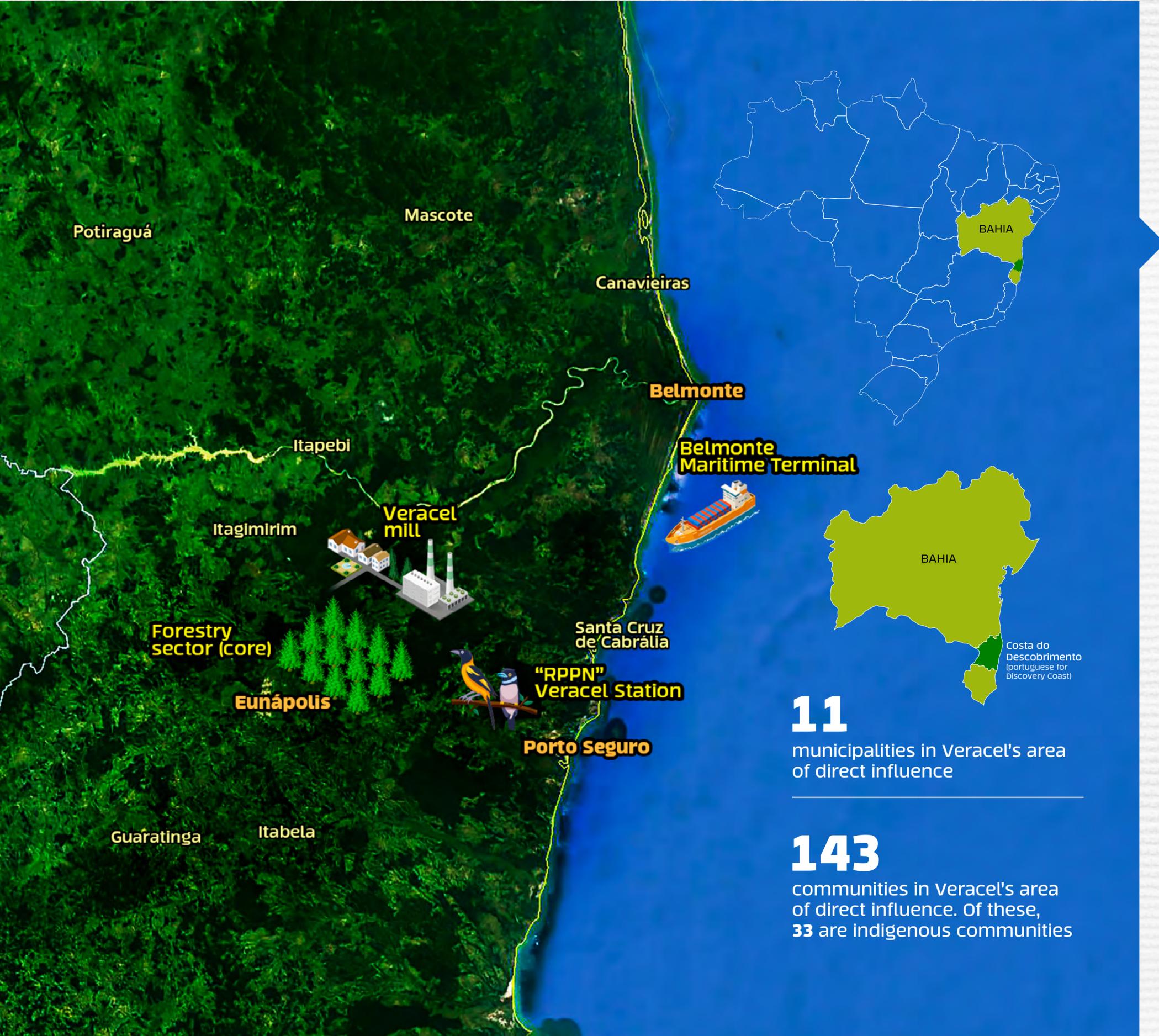
- **223.776** hectares of total Veracel area
- **87.962** hectares of planted area
- **101.347** hectares of preservation area
- **21.901** hectares of Forest Producer Program planting

### OPERATIONAL EFFICIENCY

- **99%** waste recycling
- **92,2%** operational excellence
- **22,2 m<sup>3</sup>/tsa** of water consumption per ton of cellulose pulp

### SHAREHOLDERS

- **50%** Suzano
- **50%** Stora Enso



**11**  
municipalities in Veracel's area of direct influence

**143**  
communities in Veracel's area of direct influence. Of these, **33** are indigenous communities

## FROM OUR PRESIDENT'S DESK

### What did we do in 2019 to live our purpose?

I want to share with you how proud I am for being part of a team that is aware of its role in the regional development and impact on people's lives. We are a team which learns from experience and has improved in communication skills and, above all, in dialogue. Our way of conducting business has reflected positively on the company's results. Financial health, operational excellence, environmentally-friendly actions and effective social contributions are the results of our talents and resources' coordinated efforts. We pursue a balance within the various dimensions of sustainability. In addition to being a good business for its investors, Veracel is a good deal for its clients, communities and beneficiaries.

Growing a sustainable way means contributing to a better environment for everyone. For that purpose, we need to consolidate our organizational culture, prepare our people to be transformation agents inside and outside the company. We need to be a great place to work as well as a valued neighbor. An ongoing improvement policy should be built within our way of doing things.

This is how we live our purpose of being responsible, inspiring people and valuing life.

In his report, we present our 2019 achievements under the light of our strategic planning evolution and the highlights of the initiatives taken along our own evolutionary path.

We are proud to report the growth in forest productivity, despite climate challenges, due to our investment in process improvements. We reached 15 million tons of cellulose pulp produced in 2019 and fulfilled our production targets for the year with an impressive 99% recycling mark for industrial waste and water use per ton, which places us among the lowest in the world.

For the second year in a row, we have been certified as a Great Place to Work (GPTW) company, regarded as such by 89% of our employees. We have positively impacted the life quality of thousands of families with company investments of around BRL 12.5 million (Brazilian Real) in income generation and educational initiatives in Southern Bahia. Through dialogue and stakeholder engagement, we co-created solutions.

Of course, we still have room to grow and improve. We understand that we can be more inclusive and can become even stronger by welcoming even more diversity. And we are working towards this goal. After all, the beauty of sustainability is that the best results come from different visions and ultimate success can only be achieved if it is shared.

Andreas Birmoser  
CEO of Veracel Celulose

# Assertive, strategic and transparent!

A company's governance structure directly impacts its value. In this context, our new strategic planning, combined with and supported by our governance structure, is capable of turning our efforts into results.

Our strategic planning brought about significant results in 2019. Our four work fronts are called "Jornadas" (Portuguese for "Journeys") and are supported by multidisciplinary groups responsible for various initiatives that place Veracel as an excellent investment for our shareholders.

Find out more about our strategic planning and its connections to our organizational culture.

## ASPIRATION

To be the best investment option for our shareholders

## PURPOSE

To be responsible, to inspire people and to value life

# Veracel Strategic Planning "Journeys"



- Factory supply guarantee
- Competitive wood costs
- Increase in forest productivity



- Structural actions for the region's development
- Strengthening the supply chain
- Shared use of assets



- Agility in implementing new technologies
- Process optimization
- Efficiency, efficacy and effectiveness



- Climate management and engagement
- Leadership development
- Feedback and recognition

# Sharing our values

The focus on learning has turned an industrial enterprise into a positive transformation agent in regional development. To this end, the implementation of a structured, transparent and contributory dialogue in the search for sustainable social solutions was decisive.

In 2019, more than 16 thousand people were benefited from our income generation and education programs as result of a social investment of BRL 12.5 million.

**BRL 12,5 million**  
in social investments

**16 thousand people benefited**

We are building a development favorable environment

## Family Farming: Food on the table and dignified work

Family farming is responsible for 70% of everything that arrives at the table of the population of the state of Bahia, according to a report of the Superintendency of Economic and Social Studies of Bahia (SEI for its acronym in Portuguese), of the Government of Bahia. The territory of the "Costa do Descobrimento" - which represents 8 of the 11 municipalities in which we operate - is among those with the smallest representation in these figures.

In this scenario, Veracel's current family farming support platform gains a strategic dimension not only for our business, but for the region's food security.

In 2019 alone, **BRL 8 million were invested in the family farming program in the region**, including projects such as sustainable agroecological settlements, Agrovida, beekeeping, fish farming and shellfish processing.

Through this initiative, which is part of our "Ecosystems" Journey from our strategic planning, we are helping 1,842 families. If we take into account a four-person family average, we end up reaching more than 8 thousand beneficiaries through these activities.

As a sustainable social solution, we have entered into partnerships with different institutions to promote the development and adaptation of agroecological technologies to the reality of local family farming, among many other things. Our partners include the Escola Superior de Agricultura Luiz de Queiroz (Luiz de Queiroz School of Agriculture), from the São Paulo University (ESALQ / USP), the South of Bahia Federal University (UFSB) and SEBRAE, among others.

In the plantations, we find cassava, pumpkin, papaya, cocoa, coffee, among other crops. Initially, primary consumption is targeted for the community itself. However, our future goal is to sell the surplus production in the marketplace. Some of our produce can already be found in local fairs. We encourage collective agriculture among communities and provide training, supplies, technical and management support. Based on this principle, the participating communities are encouraged to move towards autonomy.

**1.842**  
**families**  
**benefited**  
from the family  
farming  
program



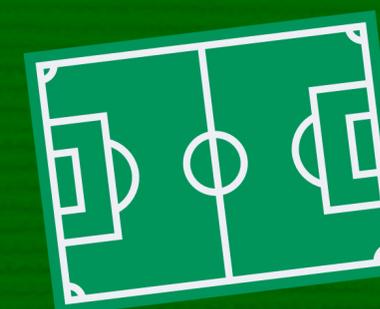
Sustainable Agroecological Settlement in Porto Seguro

## Agroecology as income generation

In the Sustainable Agroecological Settlements we offer support to **1,427 families**. The first phase of this project is being carried out on **16,500 hectares** of Veracel properties offered to the National Agrarian Reform Program. The area is equivalent to **20,000 football fields**. The initiative was made possible through agreements with popular social movements, the Government of the State of Bahia and the National Institute of Colonization and Agrarian Reform (INCRA for its acronym in Portuguese) since 2011.

In 2013, one of our partners, Escola Superior de Agricultura Luiz de Queiroz (Luiz de Queiroz School of Agriculture), from the São Paulo University (ESALQ/USP), carried out a study to assess the suitability and the socio-economic profile, and conducted an analysis of the regional market, in relation to family farming potential for settlements within an area of about **11,000 hectares**. Since then, the team has been developing training programs for farmers, has engaged in participative-productive planning and has developed land use and occupation strategies. Additionally, it has focused on the implementation of agroecological and environmental adaptation systems, adult literacy and other health programs, serving more than **1,100 families**.

In 2019, we developed an agreement with the South of Bahia Federal University (UFSB), with a five-year implementation target focused on technical assistance to promote proper cultivation land techniques and to foster income generation for **320 families**. Through these agreements, farmers had access to innovative processes of facilitated land sales in addition to capacity building.



**16,5 hectares**  
for Sustainable  
Settlements

Equivalent to almost  
**20,000 football fields!**

Income for  
**1.427**  
families



Beekeepers of the Guaratinga Beekeepers Association

## A sweet collective work

Beekeeping is one of the most successful alternatives for forest-based companies when it comes to forest sharing. The eucalyptus flower yields a type of honey appreciated for its translucent color and mild flavor. Best known in natura, honey is also used in the cosmetics and medicine industry. This means that there is room for growth in the domestic market, for export and for the verticalization of the bee production chain.

In 2019, **115 tons** of honey were produced, guaranteeing **BRL 748,000** of income for the **161 participating families** in the municipalities of Eunápolis, Itabela, Guaratinga, Itagimirim and Belmonte. For some, beekeeping is no longer a financial supplement but instead a main source of income. Since 2005, we have been investing in training as well as in the donation of equipment, supplies and appropriate beekeeping clothing, in addition to encouraging the creation of producer associations and providing guidance for new small businesses management.

In partnership with the Executive Commission for Planning Cocoa Crops (CEPLAC in Portuguese), the first bees (genetically improved) were bred and distributed, which had a positive impact on the productivity of the hives. After meeting the beekeepers' demands, the associations will also be able to produce and sell these improved bees to other beekeepers. Guaratinga's producers received the first 100 princess bees from the Bee Production Center which was set up in the target municipalities in partnership with Veracel.

In the field, we georeferenced the boxes with the hives, and installed them only in the areas of environmental preservation. These boxes were placed close enough to the eucalyptus plantations so the bees could have easy access to them, but were kept at a safe distance to avoid accidents during our forestry operations.

According to researchers, bees are responsible for 40% to 90% of the country's flora pollination. Bees are also a quality environmental bioindicator, as they do not survive in places contaminated by chemicals. Therefore, our success in the activities mentioned in this section attests to the environmental quality of the areas targeted by our efforts.

**115  
tons  
of honey  
in 2019**



Data from the Food and Agriculture Organization of the United Nations (FAO, 2008) point to the consumption of honey per capita of 100g per year. Thus, 115 tons would be enough to serve 1,150,000 Brazilians

## Effective transformations in collaboration with Indigenous Communities

Income generation alternatives are also critical for many indigenous villages and, in this sense, partnerships with companies like Veracel can make a tremendous difference. We sponsored the training on beekeeping practices to 29 members of the "Pataxó Aldeia da Mata" Community. We also donated equipment, supplies and suitable clothing for the start of honey production. This initiative allows them more opportunities to reduce the dependence on sales of wooden handicrafts, which is no longer a sustainable means of income generation.

Fish farming is a project we support in a village called "Agriculture - Gleba B", located in Coroa Vermelha / Santa Cruz Cabrália, Bahia. The project, which involves the tank production of tilapia and tambaqui fish species, serve **48 families**. In 2020, we will continue capacity building activities with the local business association to support best practices in product commercialization.

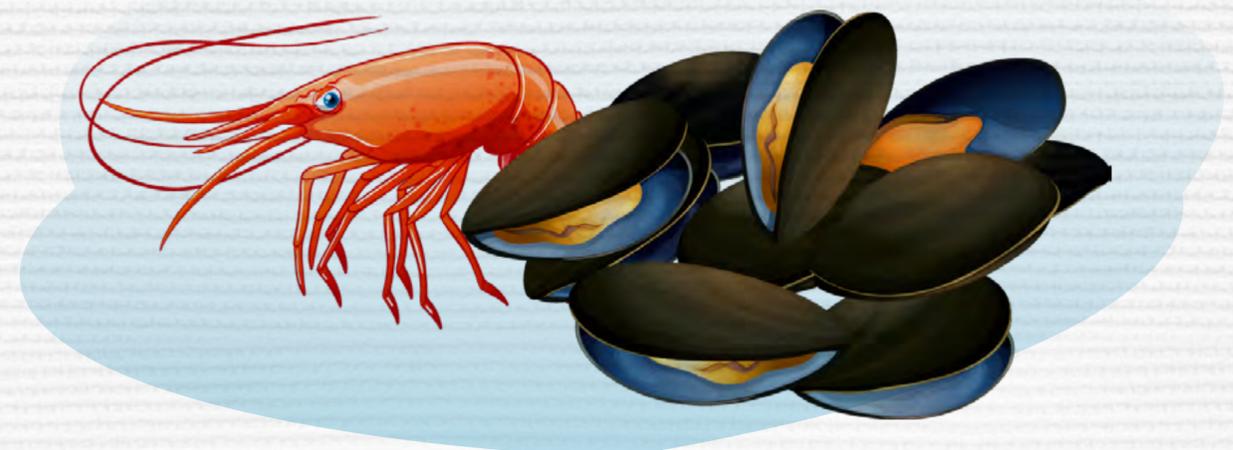


Shellfish collectors from the Belmonte Women's Shellfish Collectors Association

## Shellfish collectors: together and strong

Despite being traditional in the Belmonte region, shellfish and fish processing was done on an individual basis in the backyards of the workers' houses, under less than appropriate sanitary and ergonomic conditions. Now, with the processing unit we built, the Women's Shellfish Collectors' Association, made up of 40 women, has space for everyone to work together, produce more and get better prices for their products. These women have changed their living conditions by professionalizing their activities. By working in more dignified conditions, they can also preserve their traditional customs while providing for their families, adding new knowledge to their work practices and expanding their social impact in the region.

The technical support of Sebrae - Brazilian Service of Support to Micro and Small Enterprises, a partner to the project created by Veracel, was decisive for the capacitation and professionalization of the association. This support was acquired by public tender issued by the State Government via a program called "Bahia Produtiva". The project approval in September of 2019 is evidence of how **empowerment strengthens the participation of women** while providing their communities with greater access to public policies that expand their activities with greater autonomy.



The humpback whale is a sea mammal which visits the Brazilian coastline every year to mate and to give birth to its offspring



## The sea is for everyone

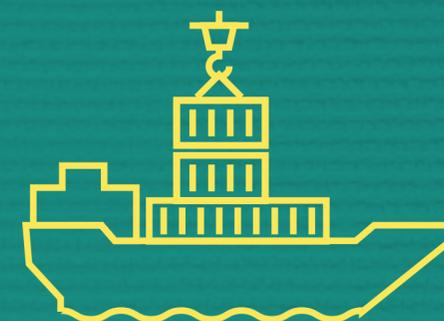
We transport 100% of the cellulose pulp production by cabotage, from the Belmonte Maritime Terminal (TBM-BA) to Portocel, in Barra do Riacho (Espírito Santo state). Each barge transports an average of 7 tons of product and its path is monitored by satellite in real time. This has proven to be a logistical modality with better sustainability and safety performance, as each barge replaces 384 trucks on the road per trip.

The current route, on the stretch between Belmonte and the Prado, is about 7 nautical miles closer to the coast than the previous one (20 nautical miles or 37 km). This new route was defined in 2019, aiming to reduce the risk of collision with humpback whales, despite the fact that we never had such an occurrence. Environmental agencies, the Navy and the “Baleia Jubarte Institute” (IBJ for its acronym in Portuguese) also participated in this process.

This positive agenda is essential, as we facilitate the training of 120 artisanal fishermen via a safety course at sea conducted by the Brazilian Navy and provide communication and salvage equipment. These initiatives translate into “peace of mind” and safety for whales, fishermen and our marine operations.

In 2019, there was an estimated number of 14,618 humpback whales on the Brazilian coast. Veracel and the “Baleia Jubarte Institute” carried out aerial monitoring activities of humpback whales on the southern coast of Bahia, in addition to the already existing national monitoring efforts. This was part of the ninth edition of an ongoing initiative. The study allows us to understand how human activities can affect the natural patterns of whales' flows.

Our sea turtle monitoring program, supported by “CTA - Serviços em Meio Ambiente”, covers an area of **35 km** - between the mouths of the Jequitinhonha and Guaiumirim Rivers, in Guaiú, Santa Cruz Cabrália - in the vicinity of the TMB. In the most recent campaigns, we recorded the presence of female turtles on the beach, either through their trails or through real-time observations for 402 times. Of these, 340 have been estimated to have spawned 14,477 hatchlings which were born and went to the sea. On over thirteen breeding seasons accompanied by daily monitoring we recorded the presence of females on the beach for 4,667 times, which resulted in the hatching of 216,538 eggs. Monitoring has helped to identify stranded or spawning animals and has allowed for the provision of machines to the beaches near the TBM whenever necessary to guarantee help or the protection of animals.



Each barge replaces  
**384**  
trucks  
on the road  
per trip



**14.618**  
humpback  
whales  
spotted

National references

**402** records  
of the presence  
of female turtles  
on the beach

**14.477**  
hatchlings  
were born and  
went to the sea

Regional references

## Education: The key to socioeconomic development

We believe that investing in education serves both the public interest and professional training. Besides, education can be focused on efforts to facilitate income generation and employability in our region. In other words, these efforts have vast-reaching impact in the lives of the communities in which we operate. Within our strategic planning, there are various "Journeys" dedicated to relevant themes such as "Protagonist", "Value" and "Ecosystem".

**33** villages

**5 thousand** students and teachers benefited

## For traditional communities, education is life!

Veracel has been supporting indigenous schools with school supplies since 2009. Currently, the program serves 4,767 students and 242 teachers. This represents 100% of enrolled students, regardless of age, including the already-existing Program "Youth and Adult Education" (EJA for its acronym in Portuguese). Our reach covers the 33 indigenous villages of the Pataxó and Tupinambá ethnic groups with approximately 25 thousand indigenous people in the region where we operate.

Since 2018, through the "Education is Life" program, we have developed and supported initiatives aimed at improving the school environment, via the donation of materials for the construction of classrooms, improvement of sanitary conditions, access to quality water, donation of computers, furniture, internet facilities and construction of playgrounds, according to the priorities defined in collaboration with educational units' managers in the villages.

Indigenous schools play an important role in the dissemination, recovery and reaffirmation of indigenous culture through the sharing of historical memories, affirmation of their ethnic identity, traditions and sciences, as well as an appreciation of their languages and even the defense of their areas. From the realization that the school is an environment of collective interest, all school-related activities have the potential to reach all families, without distinction, in these 33 benefited villages.

## Upper level partnerships

The arrival of higher-education institutions in the “Costa do Descobrimento”, such as the South of Bahia Federal University (UFSB), brought new opportunities for training professionals and fostering academic research. The company’s most recent investment in UFSB was the creation of the “Pau Brasil Center for Studies” in Agroecology and Organic Production, based on an agreement of BRL 51 million to be invested in projects dedicated to family farming.

In 2019, we supported another cohort of the Professional Master’s course in Biodiversity Conservation and Sustainable Development, which targets professionals working in the South and Extreme South of Bahia. This is the seventh campus cohort, and this time classes are being held one week per month for 15 students at the Private Reserve of Natural Heritage (RPPN for its acronym in Portuguese) Estação Veracel, in Porto Seguro. The project is carried out by the Superior School of Environmental Conservation and Sustainability, affiliated to the Ecological Research Institute (IPÊ) of Nazaré Paulista/SP.

**BRL 5,1  
million**

**invested in agroecology  
and organic production  
studies**

Professional Master’s Course in Biodiversity Conservation and Sustainable Development held in partnership with the Institute for Ecological Research (IPÊ)



## Capacity building for the protection of children and adolescents

To prevent aggressors from remaining unpunished and children and young victims of violence, abuse or sexual exploitation from being re-victimized are the objectives of our initiatives to enhance capacity of regional professionals in the areas of education, health, public security and judiciary.

The project was conducted in Belmonte in 2019 and utilized the methodology developed by the NGO Childhood Brazil in 2019, which had already been implemented in other municipalities such as Porto Seguro, Santa Cruz Cabrália and Eunápolis.

Workshops for the Preparation of Youth Leaders on the prevention of Human Rights Violations of Children and Adolescents also took place in 2019. **454 participants** were involved in training since the beginning of the project. In 2019, there were **120 direct beneficiaries** and about **5,400 indirect** ones.

We protect our children and adolescents

## “Social protagonism” and a strengthened community

In the pursuit to develop the entrepreneurship skills of community associations and the sustainability of projects, Veracel established a partnership with the Sebrae **Sustainable Entrepreneur** program.

In 2019, in addition to supporting the Belmonte Shellfish Association, we engaged with three other associations in the program: Association of Small and Medium Rural Farmers in the Córrego da Prata Zone, in Itagimirim; The Fishermen’s Association, from Santo Antônio de SSC, and the Beekeepers Association, from Eunápolis. Twenty positions were offered for each Association in three courses – “Field Management Practices”, “Development of Associativism”, and “Focus on Quality”, as well as support in entrepreneurship practices.

We have also conducted entrepreneurship courses in various locations in partnership with municipalities and community associations as well as with SENAC - National Service for Commercial Learning. These courses have become available also in places where no SENAC was present. In 2019, beneficiaries from the town of Itagimirim participated in a gastronomy course. In total, more than 300 people have been trained since the beginning of these programs in 2018.



Our employees are transformation agents

# Our people

Developing our employees is a strategic theme for Veracel, within the following “Journeys”: “Protagonist” and “Values”. Our objective is to contribute to the process of consolidating the company culture, strengthening its support pillars, and improving productivity. In sum, these measures can prepare our people to be transformation agents, which is necessary not only for their professional fulfillment but also the company’s success. In 2019, 796 people were trained averaging 82 hours per person following an investment of BRL 1.67 million.



On average,  
**10 working days** of Veracel employees dedicated to training in 2019

## It’s right, It’s fair, it’s cool!

In terms of strengthening our culture, the process of cascading our Code of Conduct deserves special attention. Based on an integrated model, we seek the entire company engagement towards the dissemination of the corporate ethics culture. To this end, we implemented the “Good Conduct Dialogue” whose objective is to spread out the concepts in a simple, up-to-date and systematic way, facilitating engagement and thus avoiding corporate jargon.

More than simply clarifying concepts, strategies were used to favor the establishment and the modeling of ideal conduct and the empowerment of multipliers on the subject, which is an effective way of sharing knowledge. In 2019, this effort earned Veracel a recognition as the best company in the paper and cellulose pulp sector by Exame Compliance Guide.



We are considered a great place to work

## It's good and it can get better!

For the second time in a row, we achieved the Great Place To Work (GPTW) certification, which involves a survey and the diagnosis of the organizational climate and measures our employees' perception of the work environment. **The satisfaction index increased from 83% in 2018 to 89% in 2019.** However, the objective of the survey is not limited to receiving a certification. It serves as a tool to clarify information about how we can improve people's lives and how people can improve the company, strengthening this symbiotic relationship.

The adoption of remote working and vacation scheduling for administrative activities are the result of our ability to listen to and act upon employee feedback to improve their quality of life.

The "Ciclo de Gente" initiative aims at strengthening the achievement of differentiated results in the company while helping professionals achieve their career goals. This includes the development of a personalized action plan as well as setting goals.

In 2019, Performance Recognition committees were created, in addition to the already-existing career and succession management planning initiatives. In 2020, advances expected will be related to the Quality of Life Program as well as the adoption of inclusion and diversity promotion practices.

**89%** satisfaction



## Putting your best foot forward as you step into the market



opportunities for young professionals

In 2019, we completed the cellulose pulp Fiber Manufacturing Assistant course by training 20 young people. In 2020, we opened 20 new positions for the cellulose pulp Fiber Manufacturing Assistant course as well as 20 more for the Administrative Assistant course, thus increasing the number of offerings in relation to 2018.

These opportunities are available for youth in the municipalities of Eunápolis, Porto Seguro, Belmonte and Itapebi. Since the beginning of the Young Apprentice Program, we have served approximately 150 people.

**Veracel doubled the number of vacancies for young apprentices**

# Preserving natural resources



**65 thousand  
connected hectares  
of Atlantic Rainforest**

Institutional engagement, social mobilization and education are essential to make environmental conservation efforts work. This is evidenced by the synergy established with “Suzano Papel e Celulose” which created the largest continuous area for fauna and flora private monitoring in the Atlantic Rainforest biome.

## Veracel, the Atlantic Rainforest and biodiversity preservation

We are part of the Atlantic Rainforest conservation strategy in Southern Bahia. Our eucalyptus plantations make up a mosaic with the native forest, serving as a shelter and passage to the fauna and also connecting the life dispersed in the territory, thus allowing the exchange of gene flow and preventing the isolation of species. An analysis of the area where the company operates indicates that **more than 65 thousand hectares** are connected and shows a growth surplus for the Atlantic Rainforest.

The RPPN Estação Veracel is an icon of the efforts to biodiversity conservation and has become an open-air laboratory, welcoming and promoting the work of researchers from scientific institutions. It is also an important platform for dialogue with society. The location is among the top 20 areas in the world with the largest number of specimens and a high number of tree species per hectare.

Because it houses significant populations of endemic and threatened species, the RPPN Estação Veracel was identified as a key area for biodiversity (Key Biodiversity Area) and an important area for the conservation of birds (Important Bird Area) by international environmental conservation conventions.

For this reason, we play a major part through our institutional engagement to make the connection of the RPPN Estação Veracel and the Pau Brasil National Park viable. A project approved in 2018, authored by the National Association of Municipal Environmental Bodies (ANAMMA for its acronym in Portuguese), and financed by Euroclima +, will be put into practice, including forest restoration actions, in the order of 40 hectares, which will help connecting these two areas.

The challenges of this project go beyond financial costs and implications involving the restoration of degraded areas. It is an initiative that requires the engagement of rural landowners, government institutions and the communities surrounding the two conservation units.

A mosaic landscape create  
ecologic environments



The Harpy Project in the Atlantic Rainforest is an initiative aimed at research, rehabilitation, reintegration and preservation of the free-living harpy population

## Birds in sight

In 2019 the Bird Observatory was set up at RPPN Estação Veracel. The objective is to promote scientific knowledge production, education and environmental awareness aimed at one of the most threatened regions of the Atlantic Rainforest conservation, which possesses some of earth's richest samples of biodiversity. Topics researched include the monitoring of threatened with extinction bird's nests, the inventory by census and species' annihilation.

Birds were also the inspiration for the second consecutive year of the Bird Festival in the Historic City of Porto Seguro at the end of May. In total, **2,150 people participated in activities including environmental education**, bird watching in free life, photographic exhibition, lectures and a brief course.

Bird watching is already an established activity in many countries, generating social, environmental and economic benefits. Since the project began, the number of bird watchers visiting the region, especially the RPPN Estação Veracel, has grown bringing along new and rare discoveries.

Integration  
+ information  
= preservation

The monitoring of fauna and flora carried out on a regional landscape scale is one of the results of the synergy between Veracel and Suzano, which benefits from the environmental monitoring already carried out by the companies individually. It will be possible to compare data, subsidize scientific research, continuously improve environmental protection processes and influence public policies aimed at environmental conservation in **Bahia, Minas Gerais and Espírito Santo** states. Started in 2019, this project was named after the initials of the three states: BAMES, with a total monitored area of around 900 thousand hectares.

**900 thousand hectares** of monitored Atlantic Rainforest

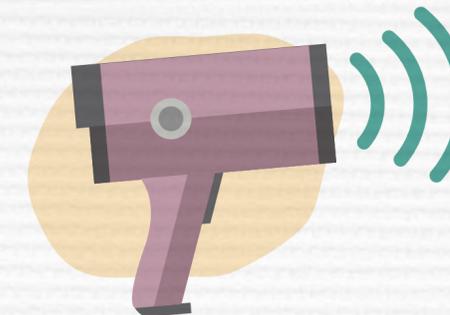


Red juriti bird  
snapshot taken by motion-sensitive  
cameras set up in the forest

## Keeping an eye on the movement

The RPPN Estação Veracel uses photographic traps to record images of wild animals, with minimal interference in their routine. The cameras have motion sensors that are activated with the presence of animals. The images captured by the tool make up a database of the population of wild animals that roam around in the reserve. It was because of a photographic trap that we sighted a red juriti (*Geotrygon violacea*) in February 2019. Given its aloof and solitary behavior, there has been very few records of this bird, an endangered species, which is seen mainly in Bahia.

Our photographic traps also registered five other animal species that had not yet been cataloged at Estação Veracel. They are listed next following their names in portuguese and their species' name: irara (*Eira barbara*), gato-do-mato-pequeno (*Leopardus tigrinus*), mão pelada (*Procyon cancrivorus*), tapiti (*Sylvilagus brasiliensis*) and ouriço-cacheiro (*Erinaceus europaeus*).



## Fighting illegal hunting

Illegal possession of weapons, trafficking of wild animals, transmission of diseases due to contaminated game meat, mistreatment and cruel death of wild animals due to hunting are all associated with the process of impoverishment of the biodiversity of Southern Bahia.

To address this issue, a group of institutions, led by the State Prosecutor's Office of Bahia, have been working to optimize the fighting against these environmental crimes. In November 2019, the group's second working meeting was held. The objective was to create a protocol of co-operation between institutions that act directly and indirectly to fight hunting and trafficking of wild animals, among other initiatives listed in a joint action plan.



Water quality monitoring

## A long, useful and sustainable life

For the cellulose pulp industry, the environmental quality of operations and the conservation of the environment are essential. Its very existence contemplates a long and sustainable life. We believe that this is the way to produce more while consuming less resources, thus generating less waste and effluents and recycling as much as possible. Today, Veracel is an operational reference in these matters.

## Mission accomplished ahead of schedule

In 2015, as we grew aware of water conservation's importance established to reduce the specific annual water use for pulp production from 25m<sup>3</sup>/t<sub>sa</sub> to 22.5m<sup>3</sup>/t<sub>sa</sub> by 2020. **We closed at 22m<sup>3</sup>/t<sub>sa</sub>** in 2019. We reached our goal one year ahead of schedule but we understand that this challenge will continue. Our goal for 2020 is to stay below 22m<sup>3</sup>/t<sub>sa</sub> and continue making progress in sustainability gains of the production process.

## 99% recycling: the remaining 1% is in its final days

In 2019, our industrial waste recycling index reached an expressive 99% level. The residues from the cellulose pulp manufacturing process have very useful components for application in agriculture. There are basically two main types of waste, one rich in limestone and the other rich in organic matter and nutrients. Results like these make us believe that it is possible to reach 100% recycling.





Veracel Industrial Unit

## Clean and renewable energy

It is a constant challenge to be increasingly efficient in energy generation and, at the same time, to consume responsibly. The partnership with an ethanol producing plant, next to the Veracel plant, is excellent for both companies. Burning sugarcane bagasse in Veracel's auxiliary boiler has become a great deal, turning this waste into another fuel option for the production of electricity.

Despite the practice not being new, Veracel is the first company in the paper and cellulose pulp sector to adopt it. In addition to these and the wood waste already used, other sources of waste have already been targeted and we will continue testing in 2020. In full, in 2019, **we produced 858 kWh/tsa of energy and the surplus of 112 kWh/tsa** was sold to the national energy system.

## Environmental balance achieved through appropriate actions

The control of the defoliating caterpillar illustrates how the rational pest control is a more adequate and quite effective environmental alternative. Each strategy acts on a specific stage of the caterpillar's life. For moths, we use light traps. For caterpillars, we use biological insecticide. For pupae, in 2019, we began to use natural enemies in integrated pest management. This practice is already widespread in other agricultural crops and is now adopted at Veracel. We innovate in the dispersion and release methods of parasitoids and predators used in this biological control called "enrichment".



**Natural enemies** complement the use of chemicals



Information and management for the best results

# Improving and growing together

Tax assessment is an important form of business with a counterpart to the region. Our operations yielded approximately BRL 128 million in taxes in 2019 alone. In addition, the economic impact of local purchases and contracts in a supply chain like Veracel's is significant. This year more than BRL 800 million were invested between purchases and contracts, which represents a 6% increase compared to 2018.

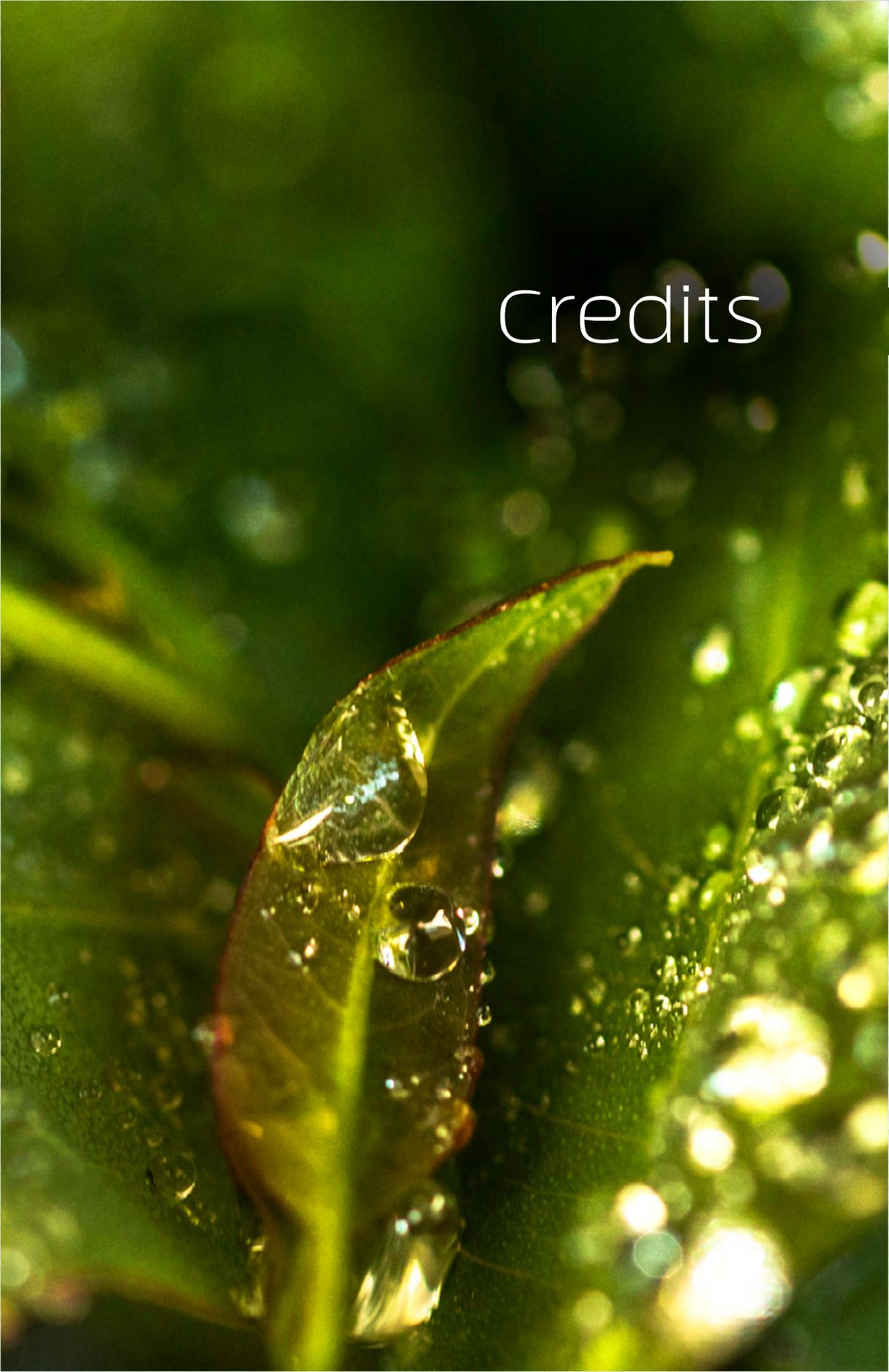
Currently, **62% of all company purchases are already made from suppliers qualified with accounting and tax registrations in the state of Bahia**, preferably those located in the 11 municipalities where we operate.

The idea is to influence the sustainable development of Veracel's supply chain. Therefore, the theme is part of the "Ecosystem" Journey. The objective is to establish robust strategies to make this process sustainable, thus generating jobs, income, taxes and quality of life through best business practices.

## Further reading

To learn more about these and other Veracel initiatives, access [www.veracel.com.br/relatorio-sustentabilidade](http://www.veracel.com.br/relatorio-sustentabilidade) where you can learn about the details of the production process, the forest management plan public summary, the results of monitoring mentioned in this publication, the table of indicators inspired by the Global Reporting protocols Initiative (GRI), among others.





# Credits

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