

# Sustainability-Linked Bond

## Get to know details about Suzano's new issuance

In recent years, the financial markets have increasingly incorporated sustainability aspects in their operations. In this sense, Suzano pioneered the issue of Sustainability-Linked Bonds (SLB) in both the Americas and in its sector, and is now continuing this trend by issuing its second SLB.

This document will help you understand the scenario of corporate credit linked to sustainability and the characteristics of Suzano's new issuance.

## 1. Corporate credit scenario

Just as an individual client seeks credit from a bank, debt issuance is one way for companies to raise funds to finance their operations. Companies prefer third-party capital to equity since costs are usually more competitive.

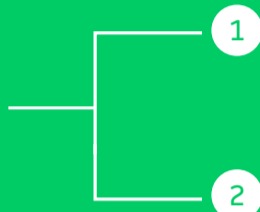


The cost of debt is traditionally determined by two factors: **creditworthiness of the company and the term of debt.**



### DEBT LINKED TO ESG

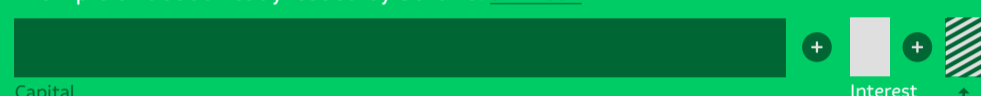
Debt designed to improve the sustainability performance of the issuer (company) from the viewpoint of both the creditor and the issuer. Debt linked to environmental, social and governance (ESG) aspects can be issued in two ways:



The amount raised must compulsorily be used to finance projects that bring **sustainability benefits**. Example of debt already issued by Suzano: **Green Bond 2027**



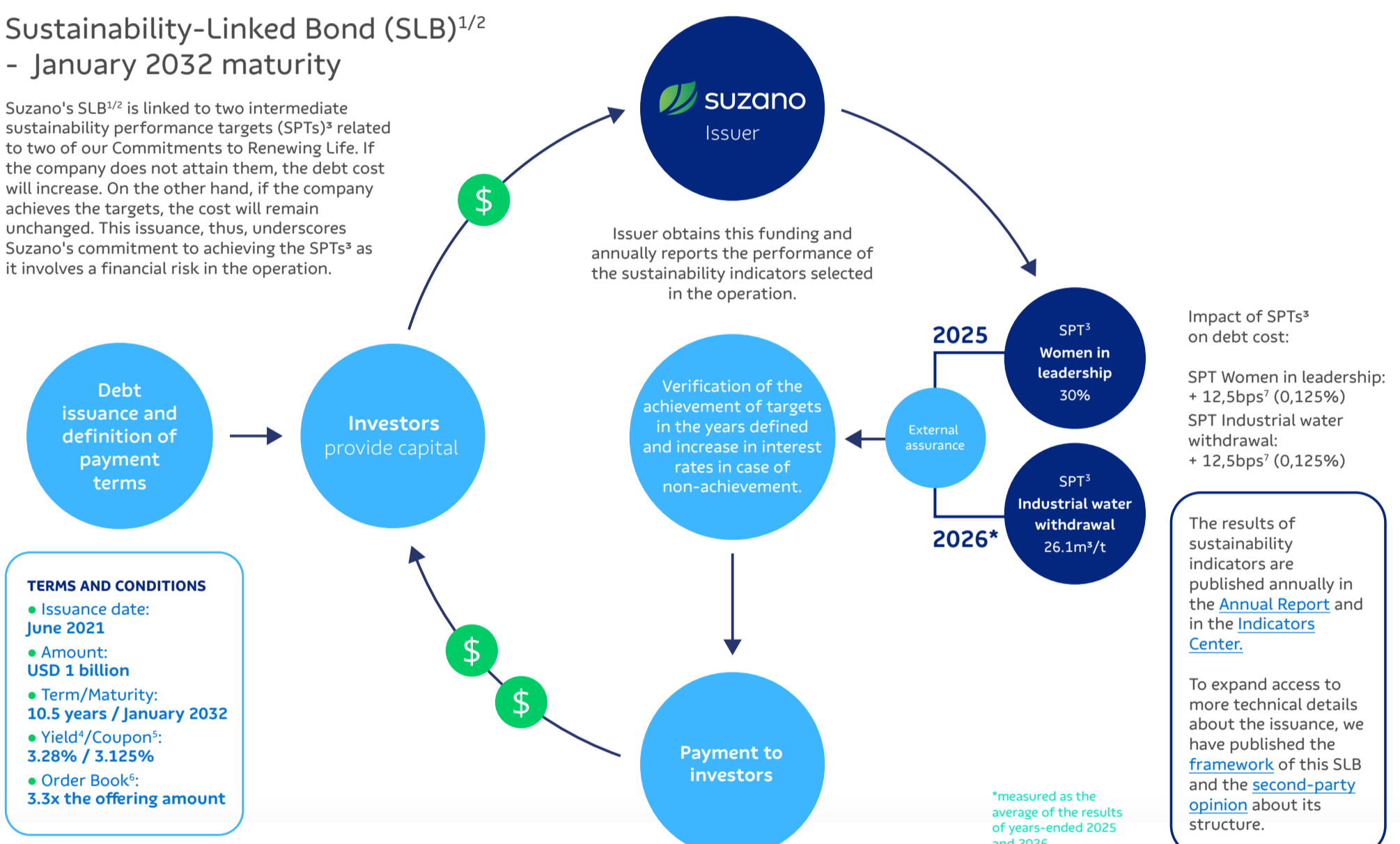
Linked to issuer's **sustainability performance targets (SPT)**<sup>3</sup>  
Example of debt already issued by Suzano: **SLB 2031**



## 2. New Issuance structure

### Sustainability-Linked Bond (SLB)<sup>1/2</sup> - January 2032 maturity

Suzano's SLB<sup>1/2</sup> is linked to two intermediate sustainability performance targets (SPTs)<sup>3</sup> related to two of our Commitments to Renewing Life. If the company does not attain them, the debt cost will increase. On the other hand, if the company achieves the targets, the cost will remain unchanged. This issuance, thus, underscores Suzano's commitment to achieving the SPTs<sup>3</sup> as it involves a financial risk in the operation.



**TERMS AND CONDITIONS**

- Issuance date: **June 2021**
- Amount: **USD 1 billion**
- Term/Maturity: **10.5 years / January 2032**
- Yield<sup>4</sup>/Coupon<sup>5</sup>: **3.28% / 3.125%**
- Order Book<sup>6</sup>: **3.3x the offering amount**

**INDUSTRIAL WATER TARGET**

**Rationale:** access to water is at the heart of sustainable development and is essential for the survival of people, businesses and the planet. Suzano's plants depend directly on water and our responsibility is to reduce the quantity of water consumed in our production process.

**Description:** reduction of water withdrawn intensity in industrial operations.

**Baseline:** 29.8 m<sup>3</sup>/t (2018).

**SPT:** reduce water withdrawal intensity in industrial operations to 26.1 m<sup>3</sup>/t of product by 2026.

**WOMEN IN LEADERSHIP TARGET**

**Rationale:** diversity and inclusion are an intrinsic part of our business strategy. Maintaining a diverse environment makes employees feel more comfortable about using their creativity to come up with collective, innovative and sustainable solutions. Diversity and inclusion is also a key aspect in attracting and retaining talent.

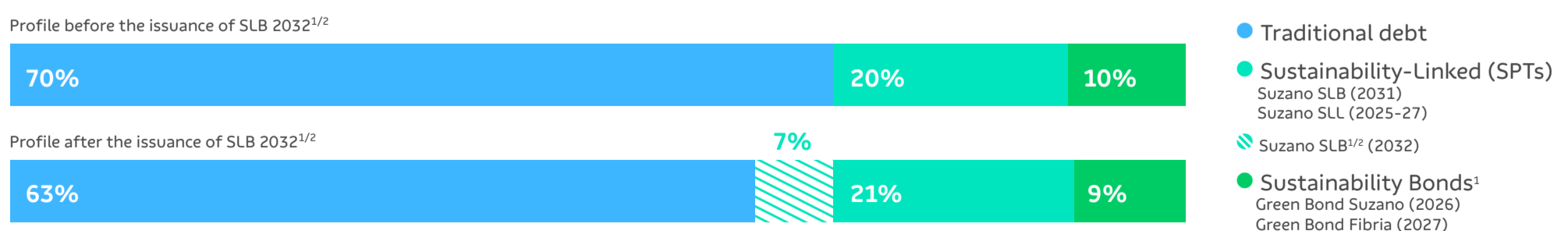
**Description:** increase the number of women in leadership positions (functional managers and above).

**Baseline:** 16% of women in leadership positions (2019).

**SPT:** 30% of women in leadership positions by 2025.

## 3. Debt profile

With the new issuance of the SLB 2032<sup>1/2</sup>, Suzano's debt profile will have 35% of total maturities linked to sustainability, as shown in the graph.



### Glossary

- Bond** – bonds largely serve as fixed-income products in which investors buy bonds and receive returns according to the interest rates negotiated with the issuer. These can be issued by companies or by governments to raise funds.
- Sustainability-Linked Bond (SLB)** – is a debt instrument structured to make issuers achieve ESG targets calibrated based on sustainability indicators. The financial and structural characteristics may change depending on whether or not the pre-established KPIs are met.
- Sustainability Performance Target (SPT)** – it is the sustainability target that the debt issuer undertakes to achieve in a given period of time.
- Yield** – refers to the income generated and realized on an investment over a certain period of time.
- Coupon** – the annual interest rate of a bond payable to its investor (bondholder), paid from the issue date until its maturity.
- Order Book** – it is a listing of all the offers from buyers for a specific bond or security. It shows the prices and volumes that the market is willing to pay.
- Basis Points (bps)** – unit of measurement for interest rates and other percentages in finance. 1 basis point = 0.01%.