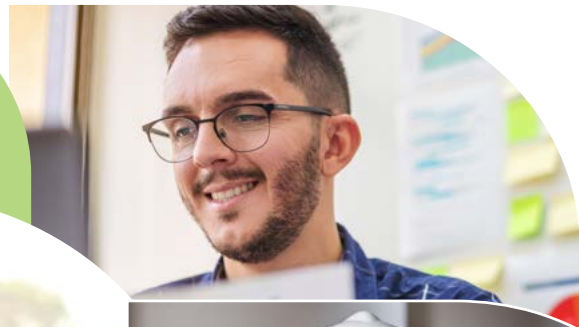


Sustainability Report 2020

Bracell





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Presentation

We are pleased to present our 2020 Sustainability Report. Published annually since 2010, the Sustainability Report materializes our commitment to improving lives expressed in our mission statement. To accomplish this mission, we work with transparency and responsibility in business and always with the engagement of our stakeholders. The continuous improvement of our management and performance in environmental, socioeconomic, and governance aspects, is reflected in our challenges and achievements. (GRI 102-52)

The content of our report addresses our priorities in sustainability: governance, people and culture, social inclusion, responsible and sustainable production, biodiversity, and climate change constitute the chapters, according to their priority in our materiality matrix (see more in materiality, on page 18). The first chapter presents the profile of our company. There is an entire chapter dedicated to describing how we have faced and collaborated with society to respond to the COVID-19 pandemic. The final chapter is devoted to Project Star, the expansion of our operations, and one of the most important projects currently underway in Brazil. (GRI 102-46)

The information presented on the following pages covers both Bracell units for the period from 1 January to 31 December 2020 (GRI 102-54), and SGS has provided independent verification.

We thank our stakeholders (customers, employees, suppliers, the media, producers, public authorities, and organized civil society, among others) and all audiences interested in knowing about our commitment to sustainable action. For those who want more information or to share their evaluation of our report, please contact **faleconosco@bracell.com** (Bahia) and **faleconoscosp@bracell.com** (São Paulo). (GRI 102-53 | 102-54)



“Bracell was founded with the commitment to improving lives. We know there is still much to be done but we are confident that we remain on a trajectory on which we can effectively confront challenges.”

Message from the Executive Vice President

(GRI 102-14 | 102-15)

2020 taught us lessons that we will take with us for a lifetime. One of the first lessons we learned at the onset of the global pandemic is that nothing is more important than personal care. We immediately prioritized our employees' health and well-being once COVID-19 was considered a public health emergency. We took immediate action to combat the spread of the virus. We created task forces in São Paulo and Bahia to monitor and implement measures to reduce the impacts of the disease and ensure the safety of our employees, business partners, suppliers and communities located near our operations.

As we are an essential industry in the supply of raw material for the manufacturing of products needed by society, such as food, medicine and personal care products, our operations continued without interruption. We developed and implemented a range of contingency plans to protect our team's wellbeing by adapting our operations to every changing scenario.

In spite of the adversities and uncertainties, we continued to make progress with Project Star, the largest private investment in São Paulo state for the last 20 years, which upon completion will make Bracell the world's largest producer of dissolving wood pulp. We continued with the expansion in Lençóis Paulista, São Paulo, implementing a diverse range of safety measures. Our commitment to the safety of our staff included the building of a 24-hour outpatient clinic staffed by eight doctors. We also invested in training teams to safely work across the numerous construction areas where approximately 25,000 staff have been working since the start of the project.

We demonstrated our commitment to help reduce the pandemic's impact on the most vulnerable communities by investing more than R\$ 14 million in a range of measures to fight and prevent COVID-19 in the states of Bahia and São Paulo. We also worked with public agencies and other companies to scale up relief and mitigation efforts. The initiatives included collecting food for those hard hit by the virus, distributing medical equipment and protection items to health centers, expanding the number of ICU beds in local hospitals, and providing resources for the expansion of the Butantan Biological Institute's COVID-19 vaccine factory.

In addition to COVID-19 mitigation activities, we worked diligently to engage our staff with ample employment opportunities and to preserve their wages and health benefits without resorting to reduced working hours or suspending employment contracts – reactionary measures which had become prevalent in the region. Throughout 2020, we dedicated ourselves to reinforcing a caring, supportive work culture. We continued to invest in the management and training of our employees. We implemented new initiatives focused on transparency, trust, motivation, and purpose, maintaining operational excellence across all teams.

Our primary goal for 2021 is to commence operations in the new generation pulp mill under construction in Lençóis Paulista. In addition to having the largest and cleanest recovery boiler in the world, the plant will have the largest existing biomass gasification facility in South America, which will use 100% renewable biomass as a raw material for the production of biogas, enabling a fossil fuel free operation. And in addition to being self-sustainable in energy, we will also generate surplus energy for the Brazilian GRID, enabling the supply of around 3 million people with renewable energy.

Bracell was founded with the commitment to improving lives. Therefore, since the beginning of our process, we use renewable raw materials to manufacture biodegradable products. More than 30% of our forest base was allocated to environmental conservation, including Bahia and São Paulo. We also invest in planting eucalyptus forests in degraded areas, especially cattle pastures, which increases our contribution to the climate.

We know there is still much to be done but we are confident that we remain on a trajectory on which we can effectively confront challenges and strive for stronger collaboration to achieve success. Our commitment to sustainable action and positively influencing our value chain is expressed throughout this publication, which presents the policies, practices and achievements that demonstrate our high-value contributions in the environmental, social, and governance spheres. This report also serves as our Communication on Progress (COP) to the United Nations Global Compact, providing not only an expression of our continued support to UNGC but also a description of the various programmes which we have put in place to promote the Ten Principles via the four areas of human rights, labour, environment, and anti-corruption.

Finally, I would like to thank all Bracell employees, customers, suppliers and partners for your respective efforts in working together to persevere through this challenging year to achieve our shared goals. We look forward to working with you towards a future marked by even greater achievements.

Please enjoy reading our Bracell's 2020 Sustainability Report.

Per Lindblom

Executive Vice President, Bracell





1 Bracell

Production and Investment

(GRI 102-7)



750,000

tons of pulp per year of installed capacity



3,743

direct employees in Bahia and São Paulo



12,404

outsourced employees working on Project Star in early 2020



26 trainees



More than

R\$ 8 billion

investments (total since 2019) to expand São Paulo's state operations through two new flexible lines, designed primarily to produce dissolving pulp. After the start-up of the new mill, we will have an installed capacity of 3.5 million tons/year in Lençóis Paulista (SP) and Camaçari (BA)

Products and applications

(GRI 102-2)

Cellulose is an organic fibrous material commonly found in plants. This natural, biodegradable polymer is used as a raw material in the manufacture of a wide variety of products such as textiles, baby wipes, eyeglass frames and pharmaceuticals, as well as industrial products such as high performance tire cords.

Compared to similar raw materials such as petroleum, cellulose has several advantages in cost, performance and environmental benefits as it originates from a renewable natural resource wood. We only cultivate previously planted areas with other crops (anthropized areas) for eucalyptus planting. Bracell's sustainability policy includes its commitment to no deforestation and a zero-burn policy which extends throughout our supply chain. All the wood used in our industrial processes is eucalyptus sourced from our renewable plantations or partner producers.

Bleached Eucalyptus Pulp (Kraft)

Produced at **Bracell São Paulo**, bleached eucalyptus pulp is used to manufacture all paper types, supplying the national and international markets. Examples of use include printing and writing papers; sanitary papers (hygienic and towel); packaging; and special applications such as filter papers, self-adhesive papers, and adhesive tapes.

Dissolving Pulp (Rayon-Grade)

Produced at **Bracell Bahia**, dissolving pulp (rayon-grade) has the following main uses: Lyocell fibers used in fabrics and nonwovens such as wipes and cosmetic masks; viscose filaments used in delicate fabrics such as women's underwear; cellophane films for environmentally friendly packaging; and viscose sponges for household and industrial cleaning.

Dissolving Pulp (Specialty-Grade)

Specialty-grade dissolving pulp is mainly used in cellulose acetate flakes that are converted into cigarette filters, textile filament yarns and fibers for nonwovens; microcrystalline cellulose used in the manufacture of pharmaceutical and food products; nitrocellulose for the production of printing inks, specialty inks, enamels, and cosmetics; industrial filament used to produce tire reinforcement; and other special applications such as cellulose ethers and artificial sausage casings. (GRI 102-2)

Productive capacity

Bracell

750,000 tons per year

We source all the raw material from eucalyptus wood from reforestation activities. Eucalyptus trees absorb a large amount of carbon dioxide through photosynthesis and carbon makes up 80% of tree trunks.

In 2020, more than 30% of our forest base spread over Bahia and São Paulo were dedicated for environmental conservation (areas of native vegetation, legal reserve, and permanent preservation). Eucalyptus planting is

Bahia

500,000 tons/year:

- 115,000 tons/year in of **rayon-grade** dissolving pulp
- 385,000 tons/year in of **rayon-grade** and **specialty grade**.

São Paulo

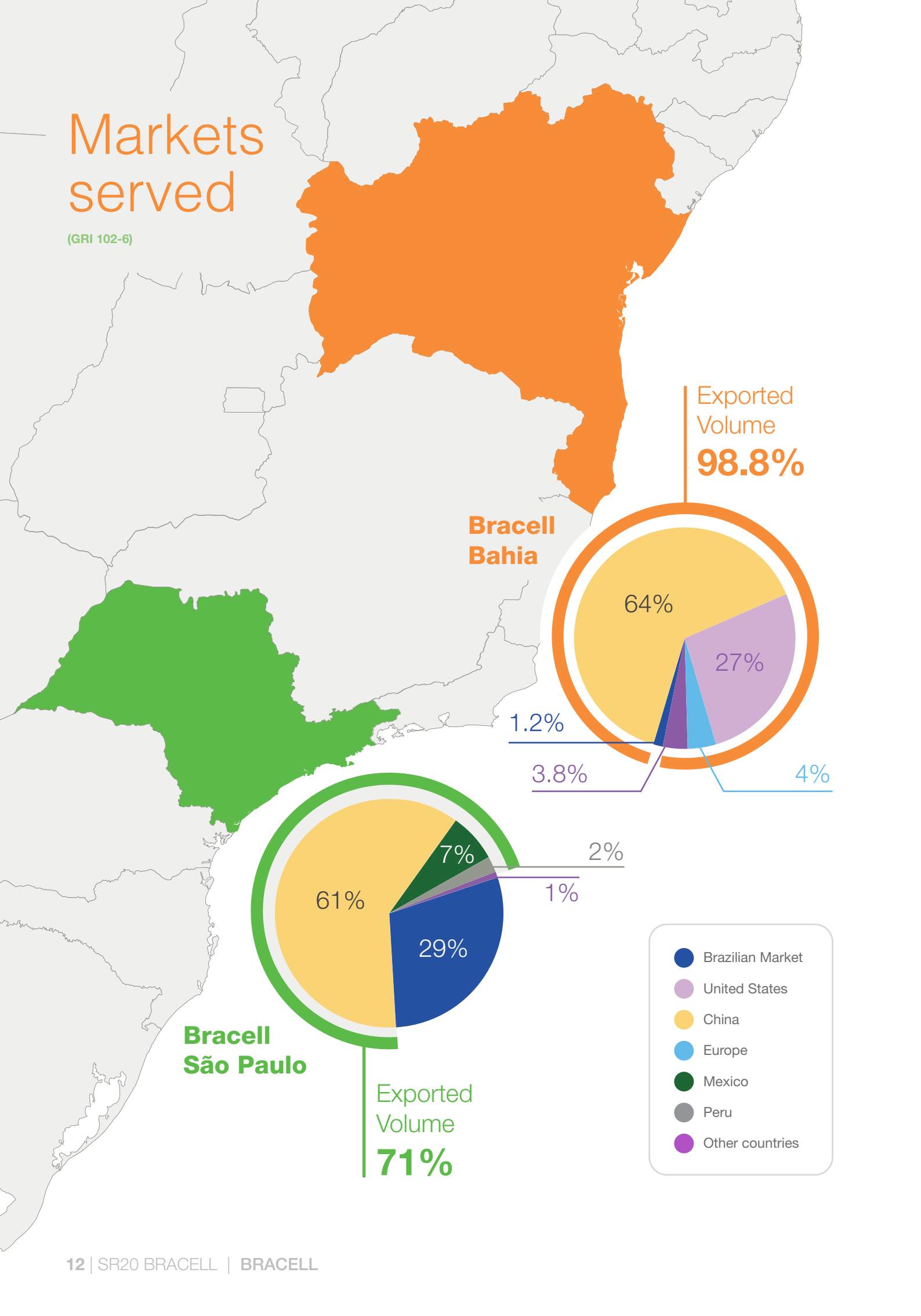
250,000 tons/year

of bleached **eucalyptus pulp** (kraft)

conducted in 35 municipalities on the northern coast and the "Agreste" regions in Bahia and 108 cities in the Midwest of São Paulo. We also engage in forestry partnerships with local farmers for wood procurement. (GRI 103-301)

Markets served

(GRI 102-6)



Bracell sustainability highlights

We continuously invest in the development in all the stages of our chain as we are committed to ensuring sustainability in our plantations and the entire production line.

Forestry Research and Development

We promote research on the classical genetic improvement of eucalyptus and sustainable forest management technologies. The goal is to guarantee maximum productivity and the best quality of wood for pulp production, at the lowest cost and with minimal environmental impact.



Forestry logistics

We build and maintain roads – whether in our areas or through partnership on public roads – using best practices that minimize possible environmental and social impacts, guarantee access in forest fire fighting support, and facilitate maintenance. These initiatives ensure safe conditions for our operations and also for the surrounding communities.



Nursery

In 2020, we produced 50.4 million seedlings from five nurseries – two in Bahia (in Entre Rios and Inhambupe) and three in São Paulo (two in Lençóis Paulista and a third-party production in Borebi). The nurseries in Lençóis Paulista produce 37 million seedlings annually.



New fossil fuel free lines

Our new generation pulp mill will be 100% fossil fuel free, and will produce green energy for the Brazilian energy GRID. Project Star will expand the production capacity at the Lençóis Paulista mill through more than R\$ 8 billion in investments in the world's most advanced technologies. This represents the largest single private investments in the state of São Paulo in the last two decades.



Forestry operations

Our Forestry operations adopt efficient cultivation methods that are carried out within strict quality criteria. They serve many purposes: maximizing tree productivity and carbon sequestration, as well as conserving soil and water, as well as reducing the need to use pesticides. Forest operations follow strict protocols to ensure that good practices recommended by the R&D area are followed.



Social investment

Over the year, the social projects benefited more than 116,000 people. We had 11 projects in Bahia focused on education, income generation and quality of life. In São Paulo, we had 9 projects aimed at promoting health, sport, citizenship, culture, quality of life, leadership training, and entrepreneurship through beekeeping.



Corporate Strategy

Our mission, vision and Core Values underpin our daily operations, where we champion and celebrate a culture that values excellence, teamwork, respect, integrity, and sustainability at all stages of the production process.

(GRI 102-16)

Vision



To be one of the largest producers of dissolving wood pulp in the world, with the best management fully committed to the sustainable use of resources, creating value for the Community, Country, Climate, Customer, and the Company.

Mission



Improving lives by developing resources sustainably.

Core Values



We believe in order to fulfill our mission and achieve our vision for the future, we must adhere to a set of Core Values known as **T. O. P. I. C. C.**



T

We are aligned by our common purpose and work together as a **Complementary Team**



O

We take **Ownership** to achieve outstanding results and seek value at all times



P

We develop **People** to grow with us



I

We act with **Integrity** in all situations



C

We understand our **Customers** and deliver the best value to them



C

We work with zero complacency and always strive for **Continuous Improvement** in our processes



Commitment to Sustainability

Sustainability at Bracell is based on the philosophy that everything we do should be good for the community, good for the country, good for the climate, and good for the customer. Only then will be good for the company.

We are committed to sustainable development in all our operations, processes, and activities. We invest time and resources in continuous improvement, identifying and adopting the best socio-environmental and ethical practices. We align with the latest ESG (Environmental, Social, and Governance) criteria, which we recognize as a critical component in our business strategy and agenda.

Our sustainability policy is anchored on seven pillars:



The RGE Sustainability Framework guides our commitment to Forests, Fibers, Pulp, and Paper.

At the end of 2019, we started an important project to formulate the strategy and vision for a Sustainability Roadmap for Bracell. We carried out documentary analyses, benchmarking research, interviews with Bracell and RGE leaders, and several workshops. The project report is scheduled for release in early 2021.

Materiality Matrix

Our annual Sustainability Report follows Global Reporting Initiative (GRI) guidelines and covers the period from 1 January to 31 December 2020. The Report contents are articulated in accordance with the Materiality Matrix and GRI Standards. The last Sustainability Report was published in 2020, covering updates in 2019. (GRI 102-50 | 102-51 | 102-52 | 102-54)

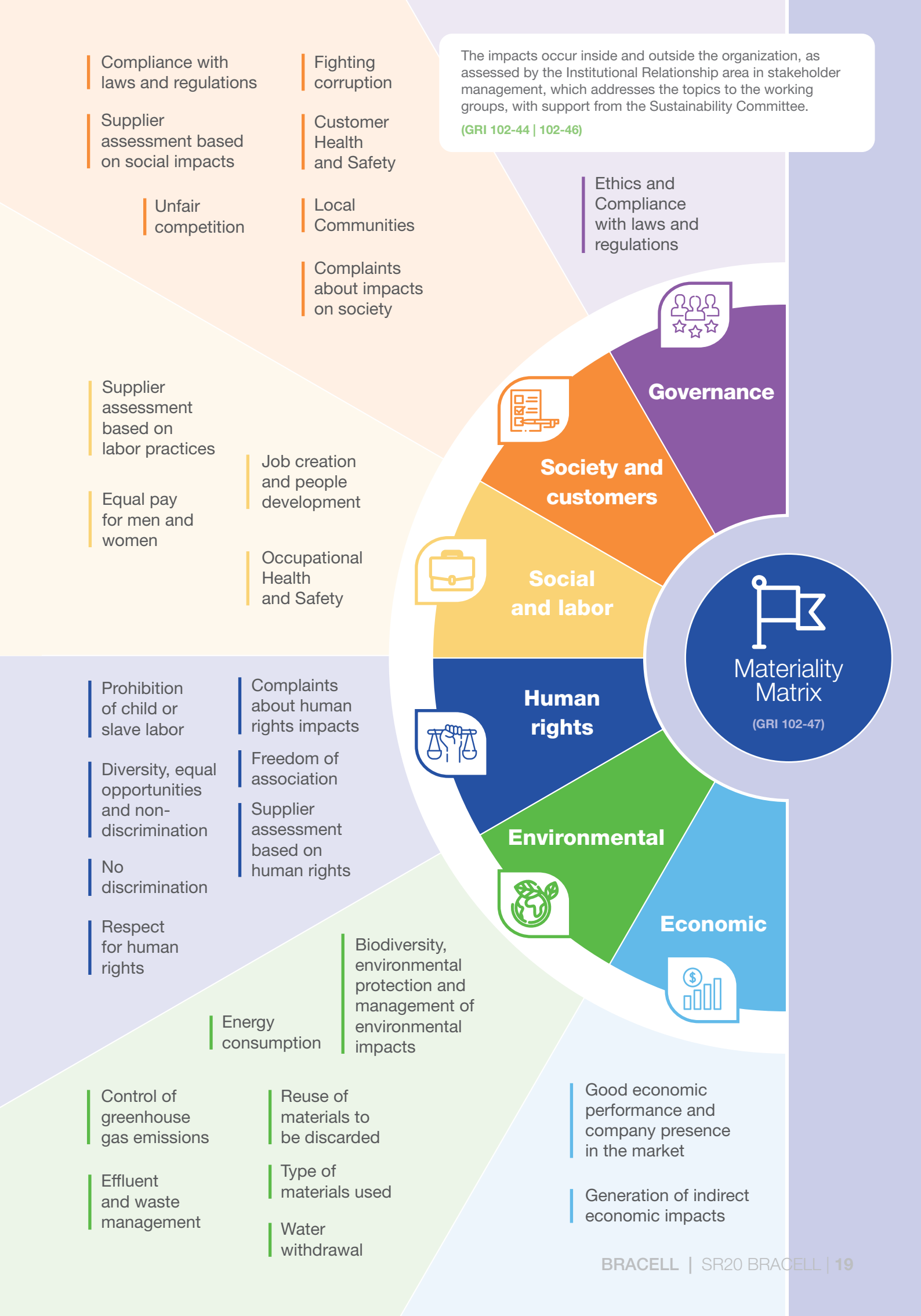
In 2016, we reviewed the Materiality Matrix in consultation with our strategic stakeholders in Bahia. We sought to know what were, in their view, the priority issues for business sustainability. (GRI 102-50)

At that time, we consulted 324 employees and 96 representatives of external stakeholders from 31 municipalities where the company operates. Among the consulted external groups were the government, NGOs, associations, trade unions, sector entities, rural partners of the Forestry Producer Program, service providers, the media, and others. Following the consultation, we mapped the main impact areas, risks, and opportunities related to our activities, determining

the various relevant sustainability themes for the business. (GRI 102-15)

In 2018, Bracell Bahia revised its sustainability policy with the support of an external consultant. The review also involved the consultation of internal audiences, suppliers, NGOs, associations, companies of the region, representatives of councils and forums, municipal public power, and state and civil society. The Materiality Matrix was then reviewed. (GRI 102-11)

In 2019, Bracell São Paulo hired an external consultant to carry out a participatory socio-economic diagnosis in 16 municipalities prioritized. The study included interviews of public authorities and civil society representatives. The objective was to establish a baseline with several indicators related to social development, education, health, infrastructure, and economic aspects to subsidize the company's decision-making in relationships with cities and communities. The results also informed the updates of the company's Materiality Matrix, which included new indicators on health, safety and local communities. (GRI 102-40 | 102-42 | 102-49)





2 2020: a year marked by the pandemic

Adaptation and care

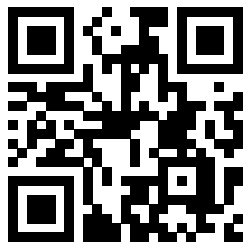
We prioritize our employees' health and safety. Because we are in an essential industry, our production sites and forestry units continued operating while following all the standards recommended by health bodies. Bracell's motto in the year could best be summarized as #SomosCuidado (#WeAreCare in free translation).

At the start of the COVID-19 outbreak, our employees at higher risk started working remotely. This work arrangement persisted during the most critical periods of the pandemic, and served to support the continuity of our operations.

We extended our health and safety protocols to all our suppliers.

Employees with any respiratory symptoms were instructed to immediately report to their direct managers and the company's medical service. Through their mandated telemedical or face-to-face consultations (if they were in the workplace), employees with a diagnostic indication of COVID-19 would be put into quarantine and have to take the RT-PCR test.

Our employee care also included awareness programs, such as Star Bem, catered to workers of Project Star and #EstamosJuntosNessa, a campaign to support employees in remote work. Bracell prepared an online and exclusive program with tips and guidance on health, nutrition, educational courses, physical training and stretching.



Scan the QR code and watch the official video for #Estamos juntos nessa campaign



Safe and protective measures for our staff



We offered buses with differentiated routes and limited their passenger capacity to half.



We extended the medical staff shifts from 4 hours to 24 hours a day.



We intensified communications on how our employees could protect themselves inside and outside the company.



We extended mealtimes and staggered shift arrangements to limit the number of people allowed in canteens. Transparent shields were placed to maintain social distancing measures in administrative offices and canteens.



We acquired COVID-19 rapid test kits to test every 15 days the health and safety teams and professionals in direct contact with the public.



We intensified the sanitization of key work and common areas, and increased the distribution of hand sanitizer gels.



We applied remote work arrangements for our administrative teams and employees in higher risk groups (employees over 60 years of age, pregnant women, and employees with prevailing medical conditions). There were 110 people from the plant and 90 from the forestry area belonging to the risk groups.



We created an office in Bahia to design, facilitate and implement social distancing measures.



We trained drivers and doorkeepers to measure our employees' temperature, restricting and reporting those who exceed 37.5°C.



All employees were instructed to read and stay updated on the latest COVID-19 contingency plan.



We expanded shifts to reduce the number of people per team intermingling.



Employees whose jobs were not remote-compatible were placed on leave or vacations without any changes to salary or benefits.



Bracell Human Resources provided psychological support where appropriate and required.

Community support

Wherever we operate, our business remains embedded in the community. We can only be safe if our communities are safe.

We intensified our community support activities during the COVID-19 pandemic. We joined forces with the local community to support groups who were either underserved or belonging to higher risk groups. We partnered with public agencies and other companies to collectively support pandemic relief and mitigation efforts. We collected food, expanded ICU beds, distributed medical equipment and COVID-19 prevention material, among others.

Some of our main initiatives included: (GRI 203-1)

- The SP and BA public health networks received 24 respirators and more than 500,000 medical and protective items.
- Expansion of ICU beds in Nossa Senhora da Piedade Hospital, in Lençóis Paulista.
- Donation of the Real Time PCR (RT-PCR) equipment, which optimizes COVID-19 testing, to the Clínicas Hospital, of the Faculty of Medicine of Botucatu (SP).
- Uniform Manufacturer, a Bracell Bahia social project, worked intensely in the production of face masks – for every 1,000 masks sold, 100 were donated by the seamstresses to social institutions in the region.
- “Desafio Voluntário” – Voluntary Challenge, promoted by Bracell, delivered more than 10,000 basic grocery hampers to needy families.



Improving people's lives during pandemic

Donations of inputs and equipment

to city halls and governments to the states of Bahia and São Paulo



Community assistance



10,689
basic grocery hampers

distributed to neighboring communities. The hampers were collected by volunteer employees, who had Bracell's support at the end of the project, doubling the total amount of hampers and benefiting vulnerable families in **49 municipalities**



R\$ 2.5 million

donated for the expansion of the Butantan Biological Institute's COVID-19 vaccine factory



**Donations
of more than
R\$ 14 million**





3 Governance

Bracell has a corporate governance model that encourages interdependent business decisions aligned with our Mission, Vision and Core Values. We act in accordance with our **T. O. P. I. C. C.** Core Values, Code of Conduct, Bracell's Sustainability guidelines, and the 5Cs philosophy of creating value for the community, country, climate, customers, and company. All employees are expected to adhere to our Code of Conduct, which is focused on maintaining integrity and transparency throughout the company.

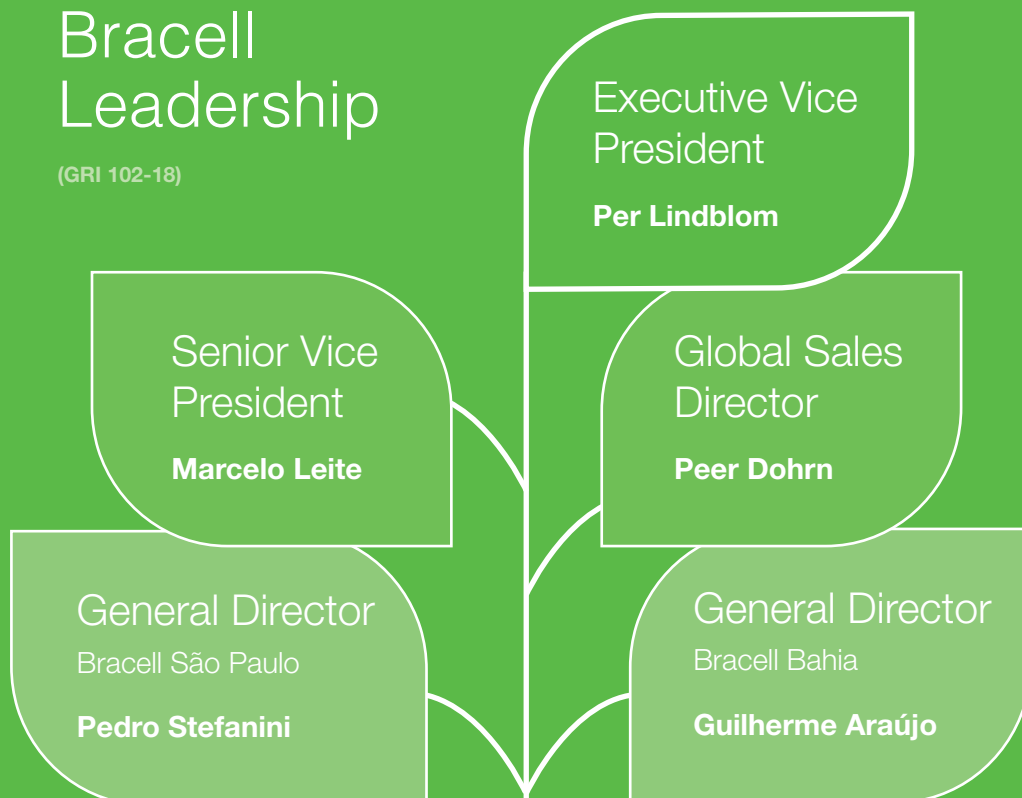
Each of RGE's business groups is independently managed. They comply with local laws and regulations in their respective jurisdictions and regularly engage stakeholders. Key performance indicators for each company in the group are set annually to drive performance. RGE has an Executive Management Board comprising key

executives while the business groups, Bracell included, have their own management structures. Members of the RGE Board are assigned to specific companies in the group to provide support and supervision. (GRI 102-18)

Bracell's management team meets with the Board every quarter.

Bracell Leadership

(GRI 102-18)



Ethics and integrity

Code of Conduct and prevention of corruption

Our Code of Conduct reflects the company's commitment to maintaining ethical and professional practices and compliance with all applicable laws, while expressing the company's expectations in relation to employees' relationships with various stakeholders. It articulates appropriate conduct related to issues such as health and safety; bullying, harassment and violence; personal information, privacy and safety; political donations and party activities; sustainability; conflicts of interest; competition; purchasing ethics; confidentiality; and virtual security.

(GRI 103 - 205 | 103-206 | 103-406 | 103-412 | 103-415)

In 2020, we informed all governance bodies and employees of our ethical and anti-corruption conduct policies through the Code of Conduct and internal communication actions. Also, our suppliers were communicated through contracts, inspections, and directly to the responsible managers.

Due to the pandemic, the planned Code of Conduct training courses were suspended in 2020. Training is expected to resume in 2021 (GRI 205-2 | 412-2). We encourage employees to report violations, ensuring non-retaliation against anyone who whistleblows any possible misconduct or who participates in internal investigations. We also ensure whistleblower anonymity.

In case of violations of the Code of Conduct, anyone (inside or outside the company) may make the report by email (**bracell_escuta@bracell.com**) or telephone call (**BA: 0800 006 6012 and SP: 0800 033 3384**). All messages are reviewed by the Internal Audit team, which reports directly to the board and RGE. (GRI 413-1)

We act preventively and in compliance with legislation to identify practices and behaviors that may be harmful to the integrity of the company and industry. (GRI 103-206)

In 2020, Bracell had no cases of legal or administrative actions, nationally or internationally, related to unfair competition, corruption, trust, or monopoly practices. There were no significant cases of non-compliance with laws and regulations.

(GRI 103-419 | 206-1 | 419-1)

To maintain the integrity of our competition practices, we reiterate our commitment to seek transparency and a good relationship with the market and society. Thus, in addition to reducing costs and contingencies, preventing risks, and anticipating problems, we created a solid organization vis-à-vis the community and our employees.

(GRI 103-205 | 205-2)

Risk mitigation and management

We continuously monitor potential risks to our operations, communities, and the environment. Our Risk Management Program follows international methodologies and comprises information management, training, equipment, emergency response processes, among other areas.

We have a Crisis Prevention and Management Committee in Bahia. The committee has two management levels to accommodate decision-making and crisis

escalation, as defined in the Prevention and Crisis Management Manual.

Both units have an Emergency Response Plan, which maps out and anticipates operational scenarios and their corresponding response, mitigation and recovery protocols. Strategies are identified based on the following considerations: probability and history of crisis occurrence, risk mapping, profiling and the severity of the crisis. (GRI 103-307)

Communication channels

To obtain information about the company, submit compliments, requests, or complaints, stakeholders can use the “[Contact Us](#)” form available on the Bracell website and a 24-hour toll-free telephone number (Bahia: **0800 284 4747** and São Paulo: **0800 709 1490**). Instagram, Facebook, LinkedIn, YouTube, and WhatsApp are also used to communicate cases of forest fires.

All contacts through Bracell communications channels are recorded, analyzed, and answered. In 2020, there were 150 contacts. Bracell Bahia Industrial toll-free hotline received no complaints. At Bracell Bahia Forestry, the feedback received concerned property damage, dust, and third-party reporting. At Bracell São Paulo, the feedback pertained to rural road damage, infrastructure damage, bad behavior, and third-party reporting.



VIEW
MORE ON
THE GRI
BOOK

Sustainability governance

We are a major player in dissolving wood pulp (rayon-grade and specialty-grade) and bleached eucalyptus cellulose (kraft), biodegradable products sourced from renewable raw materials, and we are committed to sustainable development.

Our first Sustainability Committee was formed in 2019 in Bahia. Its objectives comprise sustainably managing socio-environmental risks and opportunities, monitoring ESG criteria performance (Environmental, Social, Governance), and monitoring the implementation of the sustainability agenda in the business units. The committee provides counsel and direction on investments and policies that support the company as an ethical, virtuous, competitive, and socially and environmentally responsible corporate citizen. At the end of 2020, Bracell São Paulo formed the Sustainability Committee.

In addition to the local committees of Bahia and São Paulo, we created

a Steering Committee, comprising general managers and directors, senior sustainability management and led by the Executive Vice President of Bracell.

Unlike the local committees, whose remit cover regional assignments, the Steering Committee provides strategic oversight for operations and policies of both Bracell Bahia and Bracell São Paulo. The Steering Committee monitors the implementation of the Sustainability Strategy and Roadmap; monitors and endorses decisions regarding the main risks and critical issues, as well as opportunities addressed in the local committees; monitors the activities developed by the local committees; evaluates potential investments concerning both regions.

Public commitments



UN Global Compact

We are signatories to the UN Global Compact and have a responsibility to meet the Ten Principles which cover human rights, labor rights, environmental protection, and the fight against corruption. This report highlights select activities of Bracell in relation to the UNGC's 10 principles, and it is considered our first annual Communication On Progress.

We are actively committed to the UN Sustainable Development Goals (SDGs).

VIEW
MORE ON
THE GRI
BOOK

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office

UN Women's Empowerment Principles – WEPS

We are committed to promoting female empowerment, both in the workplace and in the communities where we operate. We became signatories to the Women's Empowerment Principles (WEPS) in 2020. We adapted our policies to provide an egalitarian work environment for both men and women. Our commitment to gender equality and women empowerment extends to the communities in São Paulo and Bahia. More information about our social projects in Chapter 5.



Integrated Management System

Bracell maintains an Integrated Management System, which addresses issues related to the Environment, Quality and Health, based on an Integrated Management Policy.

The System and its requirements are present at all Bracell units, at meetings for the integration of new employees and also at recycling meetings, under specific demands.

In 2020, both industrial units held the following certificates/standards: NBR ISO 9001:2015 (Quality Management), 14001:2015 (Environmental Management), and the German certificate ISEGA. Bracell Bahia also held Halal standards, which attests that the processes of production, storage, and commercialization of dissolving pulp have been evaluated and recognized by an Islamic organization and can serve Muslim consumer market And Kosher, which certifies the products manufactured at the Bracell Bahia obey the specific rules that govern the orthodox Jewish diet.

In the forestry units of São Paulo and Bahia, Bracell held the Cerflor/PEFC, a Brazilian certification internationally recognized by the Program for the Endorsement of Forest Certification (PEFC), focused on sustainable forest management. The certificate is applied for the responsible forest management (NBR 14789: 2012) and for the chain of custody of wood (NBR 14790: 2014). 100% of the wood used in the pulp production process comes from certified forests or non-controversial sources by PEFC, which ensures the traceability of 100% of the wood used in pulp production processes from the source to the customer. Bahia Forestry unit also held the NBR ISO 14001:2015 (Environmental Management) certificate.



Supplier management

We hire suppliers for various operational and support services. One of the focuses is to promote economic activity via our contributions to local development in the areas where we operate. The contracting of suppliers meets the needs of the Forestry, Industrial and Administrative units. (GRI 103-204)

Annually, we are audited by independent consultants in accordance with IFC (International Finance Corporation), in the case of São Paulo, and by Cerflor/PEFC, ISO 9001:2015 and ISO 14001:2015 in both units, Halal and Kosher, in Bahia. The consultants evaluate the socio-environmental performance and the actions taken to mitigate the risks related to human rights. (GRI 412-1)

In 2020, there were no cases in which our operations and suppliers were identified as risk vis the freedom of association and collective bargaining. The company has an existing communication channel in place to receive complaints and grievance reporting. Bracell also monitors the activities that are carried out in our facilities. (GRI 103 -407 | 407-1)

We use a Contract Management System to register contracts with suppliers. This further supports compliance with environmental, labor and occupational health and safety regulations. (GRI 103-308)

Our service contracts include clauses relating to socio-environmental compliance. The contracted company also undertakes not to use any forced or child labor and to respect the right to collective labor bargaining. The contractor also undertakes to respect the constitutional norms and not carry out any discriminatory act, protecting human dignity and observing diversity in hiring, whenever possible. The contractor is also obligated to prohibit any form of harassment. All parties are required to comply with the standards relating to the environment, health, and safety at work. (GRI 103-407 | 407-1 | 103-408 | 408-1 | 103-409 | 412-3)

Our Code of Conduct and Purchasing Code of Ethics is known by all our suppliers and deals with various aspects of behavior, compliance to legislation, and sustainable practices. Finally, the supply agreement, where applicable, determines the supplier's obligations regarding compliance with performance metrics and with legislation. (GRI 103-308)

Suppliers

(GRI 102-9)

São Paulo

10,000

registered suppliers (GRI 102-9)

80.8% of contracts with suppliers
of São Paulo state (GRI 204-1)

R\$ 1,14 billion

purchase orders issued in the year, for a total of 1,900 suppliers

Bahia

15,000

registered suppliers (GRI 102-9)

76% of contracts with suppliers
of Bahia state (GRI 204-1)

R\$ 1,09 billion

purchase orders issued for a total of 1,371 suppliers

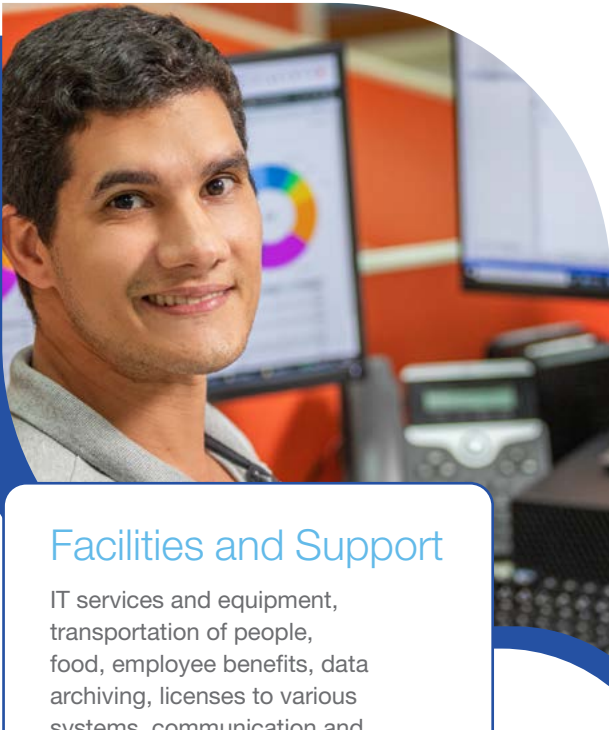
Main purchase categories

(GRI 102-9)



Forestry

Fuels (diesel), biomass, eucalyptus seedlings, fertilizers, herbicides, operational equipment (harvesting, trucks, tractors, subsoilers), various services such as forestry, soil monitoring, forest inventory, georeferencing, wood transport, services, and maintenance parts of harvesting equipment, wood, light and heavy vehicle parts.



Facilities and Support

IT services and equipment, transportation of people, food, employee benefits, data archiving, licenses to various systems, communication and sustainability services.



Industrial

Industrial inputs (e.g., soda, sulfuric acid, among others), various equipment for industrial production, spare operational material (valves, pipes, screws, sleeves, flanges, etc.), trucks, various services such as maintenance, civil construction, boiler, instrumentation, etc.



4 People and Culture

Employee profile

In 2020, we had 3,743 employees - 2,147 in São Paulo and 1,596 in Bahia. Bracell São Paulo also employed four interns, 15 trainees and 54 young apprentices, while Bracell Bahia employed 11 trainees and 15 young apprentices. To support the continuity of the Project Star work, we hired 93 employees and 37 contractors. (GRI 102-8)

We continuously strive to hire local professionals from areas where we operate, filling both operational and strategic leadership positions. We continuously monitored national and international markets to ensure access to suitable professionals of varying expertise. (GRI 103-401)

Our team

Position on 12/31/2020. Interns and apprentices were not counted in the total.



By place and gender

Women

Bahia: 367
São Paulo: 446

Men

Bahia: 1,229
São Paulo: 1,701

By age group



944
Under 30 years



2,394
From 30 to 50 years



405
Over 50 years

Wages and benefits

The maintenance of wages and benefits during the pandemic contributed to employees' enhanced motivation and engagement in 2020. We did not resort to any measures such as reduced working hours or suspension of employment contracts which had become the norm across the region. This protection of wages and benefits reassured our people that Bracell is an 'employer of choice'.

(GRI 103-201 | 103-202)

Even during the pandemic, the approach to Bracell's benefits compensation process did not change in 2020. For 2021, we are studying a change in variable remuneration.

Since the beginning of the pandemic, we adopted a series of measures to promote and safeguard employee health and well-being. The initiatives covered three areas: emotional support provided by the company's psychologists; videos produced by experts in physical and mental well-being; and tips from online courses and personal development.

In our adherence to collective bargaining agreements, our direct employees enjoy an attractive package of benefits, that include medical and dental assistance, company meals and/or food vouchers, holiday return award (in Bahia, when applicable), childcare benefits, annuity for expenses with school supplies, assistance for families of children with disabilities, laundry, and salary supplement for cases of temporary leave (e.g. sickness, accidents at work). All employees and their legal dependents are also covered under the company's comprehensive life insurance. (GRI 102-41 | 401-2)

We made arrangements with pharmacy networks, optical stores, gyms, and educational institutions to offer favorable rates to employees. There are also arrangements with institutions such as the Social Service of Industry (Sesi) and others that offer employees and their families access to sports and leisure activities.

We have a People Management and Recognition program that uses tools such as the Balanced Scorecard and the Results Sharing Program, to track and measure performance. These assessments result in annual cash rewards calculated based on the company's profits and the achievement of individual key performance indicators.

We also offer our employees a private retirement plan that also covers death and disability, with fixed contribution. The plan functions as a retirement fund in which employee contributions are supplemented by the company, allowing planning for the worker's future.

We also guarantee full compliance with all legal benefits, such as parental leaves. (GRI 201-3 | 401-2)

¹ The plan adopted by Bracell does not apply some data covered by GRI, such as percentage of salary contributed by employee or employer or level of participation in retirement plans.



People development

We believe that incentives and qualifications lead to sustainable results. In spite of the pandemic, we remotely maintained engagements with employees, developing them through courses, training, and initiatives that strengthen our Core Values.

We carried out the annual Individual Development Plan (IDP). Employees and their managers collaboratively map out the employee's professional development outcomes. The plan considers performance evaluation, training, learning and development.

Our Successors Program also reinforced our leaders' commitment to foster multicultural and multifunctional teams, motivating and engaging professionals at all layers of the company. The program identified potential leaders for further technical and leadership development. These leaders are evaluated based on performance, leadership ability, adherence to **T. O. P. I. C. C.** Core Values, and capacity to nurture

successors, which results in a complete evaluation with clear objective criteria.

One of the year's highlights was the trainees' program, offering 15 positions to fresh graduates across different departments in Lençóis Paulista (SP) - more than 7,000 people registered.

Over the course of a year, trainees study the unit's processes and participate in a development plan that includes training courses, specialized coaching and mentoring. In Bahia, we had the first class of trainees in the Forestry Operation, all of them hired for Environment, Logistics, and Harvesting positions. Both the São Paulo and Bahia units aim to harmonize the programs and select from a national pool.



Main training courses offered

We conducted the Management Training Program throughout 2020, aimed to holistically develop new leaders in the organization. Two additional corporate programs designed for management are expected to commence in 2021: one in São Paulo to train potential successors to the board management, and another in Singapore for those who can take on executive management responsibilities. **(GRI 103-404)**

We have a Bracell Leadership University - BLU, in Bahia. Courses are structured based on manager's performance, behavioral assessments and individual development plans.

Bracell São Paulo offered training courses for harvester machine operators to employees with no prior experience in the area. We also qualified current employees to work on Project Star (when launched). Despite the pandemic, we promoted more than 700 people over the year and hired the same number of professionals.

In Bahia, with the support of SENAI (National Service for Industrial Learning),

we implemented a training program for harvester machine operators called "Colheita de Talentos" (Talent Harvest) - all participants come exclusively from local communities. In addition to professional training, we develop our staff's technical and behavioral skills.

In the industrial area, we have the "Acelera" (Speed up) program to attract professionals who still are in the training phase for a qualification program supervised by internal mentors. This 'On the Job' model serves to improve technical/theoretical knowledge and enable career progression based on continuous improvement practices.

Bracell São Paulo conducted the "internal auditor training" for 21 employees across different areas. They deepened their knowledge of the principles, criteria and indicators required by the FSC and CERFLOR/PEFC certifications applicable to forest management and chain of custody matters. For 2021, we intend to carry out, in Bahia, the courses "Treatment of non-conformities" and "Training of internal auditors".

Performance evaluation

Twice a year, 100% of our employees receive performance and career development reviews through the PRP (Performance Review Program). (GRI 404-3)

The evaluation considers three dimensions: business performance (or Company Balance Scorecard), individual performance, and adherence to the company's Core Values. Technical assistants, lawyers, auditors, specialists, coordinators, managers, senior managers, and directors are evaluated according to adherence to our **T.O.P.I.C.C.** Core Values (20% of the total evaluation) and compliance with formal objectives established in their performance contract (80% of the review).

The first feedback session is provided middle of the year when the manager evaluates behavioral results and the employee's performance progress. At the end of the year, the second review session evaluates the results achieved across all dimensions.

The People Score Card is another tool used by Bracell to evaluate staff in senior management positions, based on leadership ability and people development for succession. At Bracell, the performance evaluation supports decisions related to the employees' development and other areas such as promotion, training, bonus, and/or participation in the Education Incentive Program.



Diversity

Transforming the workplace into an increasingly egalitarian and diverse environment has been one of our key focus areas for improvement. In 2020, Bracell carried-out a diagnosis for planning a corporate diversity and inclusion program. The results were presented to the newly created Diversity & Inclusion Committee and leaders of key internal areas. The Committee conducted discussions in 2020, and was formalized in 2021, aiming to raise greater awareness on diversity and champion fair employment practices.

The **“Troca de Saberes”** (Exchanging Knowledge) Project, held in 2020 in Bahia, a session which featured discussions with our employees who are taking prominent positions in the company, and have already suffered prejudice at some point in their lives or even in their professional career. The event encouraged our approximately 500 participating employees to identify unconscious biases, and how to promote a more plural and diverse environment.

We also received public recognition from the Government of the state of Bahia for our efforts in promoting discussion on diversity. The city of Salvador awarded Bracell the 2020-2021 Ethical-Racial Diversity Seal for our efforts in promoting a plural, diverse and egalitarian workplace.

The award, which has existed since 2007, is given to organizations committed to strengthening diversity in the labor market.

In 2020, we also partnered with institutions to employ people with disabilities, promoting job vacancies. **(GRI 103-405 | 405-1)**

To further support the contributions of people with disabilities to the business, Bracell will launch the “Aprendizagem PCD” program in partnership with Senai (National Industrial Learning Service) Lençóis Paulista in 2021. The 18-month program is designed for people over 17 years old and living in Lençóis Paulista, Macatuba, Bauru and neighboring regions. It has 32 positions in the administrative and warehouse departments.



Health and safety

Bracell has an Occupational Health and Safety team that promotes and safeguards employees' physical and mental health, and well-being. This is achieved through the best practices in recognition, evaluation and control of occupational risks and accidents. We provide medical evaluation and examination in accordance with legislation, and we also work to prevent accidents and diseases through educational campaigns and occupational health and safety programs. (GRI 403-8)

We base our policies and activities on the regulatory standards of Occupational Safety and Medicine and the Risk Management Plan. Also, our Integrated Management System incorporates many good practices in that area. Our Integrated Management System already incorporates good practices in that area describe and detail the applicable standards and norms for all practices performed by employees and third parties.

All activities carried out in the company are preceded by risk analysis (Safe Work Permit, Task Safety Analysis, Preliminary Risk Analysis), and control measures are designed to ensure the establishment of additional safety protocols and appropriate qualifications. Before work starts, we promote a Daily Security Dialogue with

all the professionals, employees and contractors, to discuss the activities' risks. All workers receive personal protective equipment (PPE), and an individualized control is kept to determine the frequency of replacement of these PPE. (GRI 103-403)

We implemented the Safe Behavior Program across all units, which fosters a culture of safe working behaviors. The Occupational Health and Safety team uses the data from the program to further design and develop educational campaigns, new training courses and new strategies.

Occupational Health and Safety programs adopt a preventive approach, where the worker must stop and report any observable unsafe conditions, and also has the right to refuse to carry out the activities. Safety

training is offered throughout the year in both units in São Paulo and Bahia. In 2020, there were more than 46,000 hours of health and safety training for employees.

With regard to third-party employees, the Occupational Safety team carries out periodic inspections at all service providers, to verify compliance with labor and social security legislation, procedures and internal rules. (GRI 407-1)

In 2020, employees and contractors attended the Internal Weeks of Prevention of Accidents at Work (SIPAT) and Prevention of Rural Accidents at Work (Sipatr). The sessions were held online. We created a website that facilitated online training and had a quiz to check the effectiveness of learning.

We launched awareness campaigns and events addressing the use of seat belts, adhering to speed limits, driving

only after having adequate rest, and no drink-driving. In São Paulo, we organized traffic accident prevention campaigns in partnership with the Polícia Rodoviária Federal (Highway Police).

(GRI 403-1 | 403-2 | 403-3 | 403-4 | 403-5 | 403-6)

In 2020, we implemented enhancements and appropriate practices following the review. With our leadership's support, we continuously emphasized the adoption of safe behaviors across the organization. Through our reformed Daily Safety Dialogues, we cultivate champions to advocate and normalize best practices in workplace safety.

Also included in our Balanced Scorecard is zero accidents. It is part of our health and safety management system that belongs to our Integrated Policy and the Code of Conduct. Our system comprises procedures and programs governs a safe controlled work environment. (GRI 403-9)



Before and after

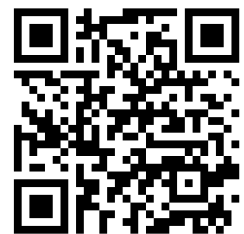
The Internal Commission for Accident Prevention has made several improvements. In São Paulo, a subcommittee “Before And After” was formed to identify and receive suggestions for improvements in facilities and accident risk mitigation procedures. We then implemented measures to eliminate the risk of accidents and/or improve life quality for safer work. (GRI 403-4)

Bracell Challenge

In 2020, Bracell São Paulo challenged employees to develop healthier lifestyle habits. The Bracell Challenge offered to participants nutritional and psychological guidance with coaching, personal trainer support for physical activities, individualized and group follow-up, and bioimpedance exams. The company carefully adapted all activities to employees’ needs, diagnoses and results. (GRI 403-6)

The program endured during the pandemic. The 56 Bracell Challenge participants received online guidance from professionals and managed to lose a combined 225 kg.

Given the outstanding result of one of the participating employees, the project and Bracell received coverage on TV TEM, a São Paulo local channel belonging to Rede Globo, a national TV channel that later replicated the initiative.



Scan the QR code and watch the story on the TV TEM channel.



“We joined forces with the local community to support groups who were either underserved or belonging to higher risk groups.”



5 Social Inclusion

We recognize our role in promoting community development in the areas where we operate. Our commitment to community development encompasses improving education quality, advancing environmental education, fostering entrepreneurship and local productive arrangements, promoting quality of life, and maintaining dialogue with the communities as a responsible corporate citizen.

Our operations are embedded in the community and the company can only sustainably develop resources if it respects and actively contributes to the further creation of cultural, environmental and social shared values. We adopt an evidence-based approach in surveying the communities in areas where we operate and building a better understanding of their socioeconomic and cultural needs. (GRI 103-203)

In São Paulo, the socioeconomic and environmental study in municipalities where Bracell has forestry and industrial units began in 2020, having 2018 as baseline. The study is divided into three stages: development, execution and analysis, and recommendations. In Bahia, a territorial development plan was carried out to support forestry expansion. This study

aimed to map the region's stakeholders, and propose social and environmental initiatives to be worked on, in order to address local needs. Both units also implemented a Social Management System (Sociall) to support the management of the phone line Channel 0800, which monitors the social impacts of forestry and industrial operations and registers feedback and requests for social projects.

Since the implementation of Sociall in 2020, we started migration to the new system and expected it to be fully operational in 2021, extending the use of this tool to other areas.

A Community Register used to control and monitor each community is periodically updated. Our work is guided by the annual strategic planning, which drives the company's actions. (GRI 103-413)

Territories where Bracell operates

(GRI 413-1 | 409-1 | 413-2)

Bahia



São Paulo



¹ For Bracell, communities are all social groups neighboring one of its forest enterprises, formally organized or not.

² According to FSC (<https://br.fsc.org/pt-br>), ADAs are areas that provide the essential and vital needs for local communities, such as subsistence and health. They may present some attribute of extreme value for their cultures, such as trails, prayer sites, ancient churches, or cemeteries, archaeological sites, and others.

Ongoing dialogue to mitigate and suppress impacts of operations

We have procedures that promote ongoing stakeholder dialogue and address grievances of those who may be affected by the company's activities. (GRI 102-43)

Our focus remains on preventing and/or mitigating adverse impact on the communities near our forestry management areas and industrial operations. To achieve this, we built a permanent relationship

channel to disseminate updated and transparent information.

We identify, evaluate and monitor the impact of our operations on the community and environment. We have defined control and mitigation measures to appropriately handle a variety of incidents and issues. We also identify and document the positive impact of Bracell's forest management operations. (GRI 413-1)

São Paulo

In 2020, Bracell SP contacted



348

people through the operational dialogue and socioeconomic characterization of the communities.

Bahia



51

operational dialogues were held with communities



flyers were distributed to

1,177

people





Indigenous communities

While there are indigenous lands near Bracell São Paulo's managed areas, they are not affected by our forestry operation. The guidelines of our relationship with indigenous communities are based on UN standards, forest management standards, and the country's current legislation. **(GRI 103-411)**

To broaden our understanding of stakeholders, we conducted a diagnostic study of each community group's cultural origins, cultural beliefs and practices, and their present situation. In 2020, we maintained a continuous dialogue with the

Araribá indigenous community, comprising four villages (Ekeruá, Nimuendaju, Tereguá, Kopenoti) in Avaí (SP). To support them during the pandemic, we delivered 330 grocery hampers to these communities, in addition to protective facemasks and hand sanitizer gel.

In 2020, there were no cases related to the violation of indigenous peoples' rights in our areas of influence. We work closely and consult with the Indigenous leaders and Funai (National Indian Foundation) to ensure that the community's needs are met. **(GRI 411-1)**

Corporate social responsibility

(GRI 203-2)

Our Corporate Social Responsibility strategy adheres to Bracell Social, a program with three pillars – the 3 Es: Empowerment, Education and Enhancement. We also have a Bracell Volunteer Program that supports these three CSR pillars.



Our premises



Flexibility and
adaptability



Development
of collaborative
actions



Focus on
people in
different cultures



Creation of
shared value



Application of
the concept of
sustainable
development



Measurable
and qualitative
results



4

Projects carried out in 2020

**More than
R\$ 580 thousand**
Invested

**More than
49 thousand**
People impacted

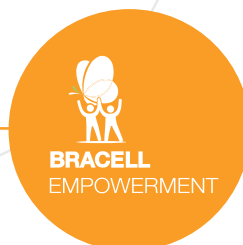


6

Projects carried out in 2020

**More than
R\$ 887 thousand**
Invested

**More than
64 thousand**
People impacted



10

Projects carried out in 2020

**More than
R\$1.2 million**
Invested

**More than
3.3 thousand**
People impacted

In addition to social projects, we occasionally made donations and sponsorships to meet the humanitarian demands of communities and/or municipalities. In São Paulo, more than R\$860,000 were donated to social entities such as the Amorada

Association, the Nossa Senhora da Piedade Hospital Beneficent Association, among others. In Bahia, we reached R\$228,000 in donations of wood, fuel, stakes and native seedlings, in addition to support for the recovery of roads and other sponsorships.

Bracell Social – Corporate Goals 2021

Qualifying NGOs to strengthen these organizations in forming a collaborative network to optimize financial, human and economic resources.



Restructuring Bracell's volunteer program, consolidating it as a practice in the company.



Implementing and managing social projects developed by Bracell, focusing on social transformation. In São Paulo, the challenge is to implement 4 structural projects, aimed at the “Empowerment” pillar.



Fostering public-private partnerships that promote health, well-being, quality of life and the access of communities to cultural actions.



Expanding Bracell's forest base in a socially responsible manner.

Education

The main focus of our social activity in Bahia is to contribute to the improvement of education in the areas where we operate. These areas include municipalities with poor educational quality indicators according to the Basic Education Development Index (IDEB), released by the Brazilian Ministry of Education (MEC).

We leverage partnerships to improve pedagogical practices and school management along two axes. The first is the continuous training at the municipal level aimed at Kindergarten and Elementary School teachers, pedagogical coordinators, managers, and other school technical teams. The second is socio-political mobilization, which engages educators, parents, students, municipal management, and civil society, to foster greater citizens participation for the achievement of quality basic public education outcomes.

This strategy's effectiveness is observed in the improvement in indicators, such as the IDEB index, in municipalities that participate in the project, such as Itanagra, which reached a score of 5.5 points, surpassing a historical average of only 3.5 points.

Another indicator of the educational project's success is the increase in the number of students with mastery

of both writing and basic reading in the public school network where we operate. After six years of the project, the municipality with the lowest indicators reached 96% of the students mastering both skills, which is considered very high. Previously, some municipalities reached only 22% of skilled students.

In response to the COVID-19 pandemic, our education-related projects needed to be reviewed. The largest of them, Educação Continuada (Continuing Education), began to be executed remotely. The project benefited approximately 22,000 people, including students, teachers and technical staff. Live streams were attended by more than 23,000 people, an audience ten times larger than the in-class format. Also, the Environmental Education Center sent printed materials to the students' homes to engage and continue the environmental education project.

Continuing Training consists of different actions, such as live streamings, held primarily in 2020 due to the pandemic; Continuing Training meetings with teachers and technical teams; mobilization campaigns involving school community and candidates to municipal administration; and workshops to mark the end of projects in our territory.

Continuing Education

 273 schools



2,252

teachers and technical staff
from the public education
schools benefited



23,449

participants of the
live streams promoted
by the project



19,754

students
benefited



8

municipalities
benefited

Other main projects carried out in 2020

Environmental Education Center

The Environmental Education Center provides an open space for visitors and students from across the North Coast and 'Agreste Baiano' regions as well as for our employees, contractors, and their families. Visitors were however prohibited from entering the Center during the pandemic. Nevertheless, the environmental education kits were delivered to the homes of 4,212 students from across seven municipalities.

Ecomunidade

Environmental Education for the Community empowers people in the communities as eco-agents (environmental multipliers) in their territories, carrying out awareness-raising campaigns to protect the environment. In spite of the pandemic, the eco-agents developed activities in their communities, such as the construction of Eco Plaza, task forces for cleaning and planting seedlings.

Empowerment

We actively seek to identify vocations capable of creating further value such as employment, income and empowerment, in addition to discovering talents and promoting leadership and protagonism. Because of the pandemic, we had to restructure to continue the development and evolution of our empowerment actions. Some remained in the the contracting and planning phases for execution in 2021. We still managed to promote beekeeping and phytotherapy initiatives, among others. Meet our main projects below:

- **Oficina dos Sonhos (Carpentry Training)** – Supports the development and enhancement of craft and artistic vocations, using eucalyptus as a raw material. 18 students attended the class in person and 29 remotely. In 2021, a new class will open with 120 places, 47 of them for the advanced course intended for students of the first class and the other 73 for new students interested in the course.
- **Polinizadores (Beekeeping Project)** – Contributes to the development of local beekeeping, working together with producers to implement new skills, promoting the multiple uses of eucalyptus planted forests and sustainably strengthening the honey production chain. The project benefits about 200 producers and is present in five regions (Lençóis Paulista, Bauru, Botucatu, Itatinga and Marília), and 17 municipalities in the state of São Paulo. In Bahia, the beekeeping project supports beekeepers' associations in the creation of sustainable alternatives for the development of the activity, qualification, installation of 2,500 apiaries in the company's areas and support in marketing and sales. There are currently 149 beekeepers from seven cooperatives across five municipalities. In 2020, 40,500 kg of honey were produced, generating an income more than R\$526,000.
- **Farmácia Verde (Green Pharmacy)** – was created in 2017 in Bahia in partnership with residents of the quilombola communities of Cangula, in Alagoinhas, Gamba, in Entre Rios, and the Ana Rosa settlement in Pojuca. It promotes health and well-being, while preserving local traditions through the promotion of phytotherapy. The community of Cangula, supported by Bracell, was awarded R\$ 38,000 by Afro-descendant Decade 2020 public notice in the project "Women in Action".
- **Fábrica de Fardamentos (Uniform Manufacturer)** – The cooperative brings together qualified women from four communities in Bahia acting as industrial seamstresses and has 50 sewing machines. In 2020, they produced: 120,000 face masks and 500 uniforms, which generated a revenue of R\$ 40,000 and more R\$ 130,000 obtained through government contracts.
- **Community Seedling Nursery** – Opened in 2018 in the community of Imbé, Entre Rios (BA), for the production of seedlings of native, fruit and ornamental species. The project benefited 20 women, produced 2,500 seedlings and generated R\$ 12,000 in income. We also invested R\$ 55,000 to support "Quintais Produtivos," an emergency program of the government of Bahia to offer technical agronomic assistance to the community.

- **LideraJovem Institute** – We are one of LideraJovem’s primary fundraisers, an organization of civil society which carries out a series of activities and projects to develop empowerment skills, protagonism and leadership among adolescents and young people from Lençóis Paulista and the region. In 2020, the Institute carried out several projects that benefited 1,229 young people and adolescents, and around 45,000 people indirectly. The projects are: Youth Congress, Solidarity Challenge, Training for facilitators, Training for Leaders and Profituro.
- **Agricultura Familiar (Family Farming)** – The project encourages family farming and contributes to the development of small rural producers in the areas near our operations, in consortium with eucalyptus, to students

of the Agricultural Family Schools (EFA) and small rural producers. In 2020, the project benefited 116 students across three municipalities. Also, we implemented Agroforestry Systems in two agricultural schools and four communities. In light of the pandemic, Agricultural Family Schools classes were suspended.

- **Post-harvest eucalyptus wood residues are donated to associations and cooperatives** – The beneficiaries select and sell this material to third party purchasers, creating an additional source of income to those people. In 2020, 1,482 people were trained for the project and 176,299 m³ of wood were collected, providing more than R\$ 6,1 million for 58 communities among 15 municipalities in the State of Bahia. **(GRI 203-2)**

Empowerment
numbers



10

projects
carried out

More than



R\$ 6.8

million
of income
generation

More than



3,300

people
benefited

Government contracts

We supported our communities in the Green Pharmacy, Uniform Factory and Seedling Nursery projects in various ways, including helping them with preparations to secure funding and government contracts. We also provided assistance in the execution and monitoring of projects' initiatives.

Enhancement

Promoting health, citizenship, culture and quality of life to the population, at no charge, is at the heart of the Mais Cidadania Project (More Citizenship), a partnership with municipal secretariats of cities near our operation areas in Bahia. The project offers vaccination, nutritional guidance, legal advice, orientation to the labor market, and environmental education workshops, among other services.

In 2020, “Mais Cidadania” supported local governments in the fight against COVID-19 through preventive interventions. Volunteers went to downtown street markets and to local communities to hand out face masks and hand sanitizers gels while providing information on the virus.

The Circuito Digital de Artes (Digital Arts Circuit) Bracell/Alic was one highlight in 2020, with performances streamed from Municipal Theater Adélia Lorenzetti (SP). The Bracell and Alic partnership offered artistic attractions including music, theatre and literature for people from

different backgrounds and age groups. Audiences had the opportunity to enjoy the streamed presentations from the safety of their homes. The event garnered 25,000 views as of this report’s writing.

In 2020, we supported the Equoterapia (Equitherapy) project of the Lençóis Paulista Rural Association, benefiting children with disabilities. Our support sought to expand the service of the project by conducting fundraising for 14 patients who were on the waiting list (10 from Lençóis Paulista and 4 from Macatuba), for a period of one year.

We were also one of the sponsors of the 12th edition of the Integrated Literature Festival of Lençóis Paulista (FILLP 2020), one of the most significant literary festivals in the country. Due to the pandemic, the event was held online, from the Municipal Theater Adélia Lorenzetti, taking place over four days, integrating literature, music, theater, poetry, and storytelling. The event reached more than 20,000 people. **(GRI 203-1)**

Mais Cidadania numbers



6

municipalities covered



9

actions carried out



3,914

adults



689

children



6,681

services provided at Mais Cidadania



Volunteering

Volunteering is an essential component to our CSR work. It is wholly aligned with our CSR strategy.

There were three significant volunteer events in 2020:

- In the **Voluntary Challenge**, employees tapped into their creativity to raise funds for selected beneficiaries. There were internal and external campaigns to donate basic grocery hampers to communities near our operations. Bracell contributed and doubled the number of basic grocery hampers collected, delivering 10,689 grocery hampers to communities in São Paulo and Bahia.
- The annual **RGE Founder's Day** involves all RGE business groups worldwide in a major volunteer initiative to contribute to the communities where we operate. In 2020, we commemorated RGE Founder's Day with three activities:

Sessions to strengthen the **T. O. P. I. C. C.** Core Values among Bracell's staff; fundraising to help local community organizations combat COVID-19; and an internal Core Values photo and video contest. In Brazil, employees raised a total R\$ 67,559. Bracell tripled this amount to R\$ 202,677. The funds raised were donated to the Amaral Carvalho Hospital Foundation in Jaú (SP), which treats cancer patients in Brazil, and the Liga do Bem, a group of volunteers that assists vulnerable families in Bahia.

- The **Troca de Saberes** (Exchange of Knowledge) project encourages the company's employees to share personal and professional experiences or general interest skills with their colleagues. In the online sessions that take place during working hours, they voluntarily present topics within their domain of expertise. 661 employees participated in online Troca de Saberes sessions.



6 Responsible and Sustainable Production

Forestry activities

Forestry activities are responsible for the supply of eucalyptus wood to our mills for pulp production. For the business to be sustainable and economically viable, the eucalyptus needs to be of high quality, available at competitive prices, and be part of a production process that is environmentally-friendly.

We adopt best practices in minimal soil cultivation, mosaic planting with native forests, maintenance of post-harvest waste (bark, branches, and leaves), and integrated pest and disease management (IPM). These solutions are shared with Bracell-linked producers through our Partnership Program.

In the case of pests and diseases, we have as a basic premise the maintenance of environmental balance, adopting actions that rely on natural control through genetic resistance and the use of natural predators for pest control. The last alternative is chemical control, adopted when the others, isolated or associated, are not effective. The use of fertilizers is also minimized by the maintenance of forest harvest residues in the field, favoring the increase in organic matter levels in the soil.

Our forestry activities adhere to a set of criteria that includes commitments not to operate on peaty soils¹, use only areas previously planted with other crops (anthropized areas) and repudiate

the practice of deforestation and burning along our entire value chain.

Eucalyptus planting is carried out in Bahia – in 35 municipalities of the Northern Coast and Agreste of Bahia – and 108 municipalities in the Midwest of São Paulo. We also operate through forest partnerships with local farmers and the purchase of planted eucalyptus.

The Forestry Partnership Program program (**www.cultiveeucalipto.com.br**) offers specialized technical assistance to our partner producers. They can opt for either the forest partnership or the forest promotion, depending on their interest and profile. See more in Forestry Partnerships program on page 66.

All information on soil use on our properties is georeferenced and plotted on maps, including Permanent Preservation Areas (APPs), Legal Reserve (RLS), Conservation Areas (native vegetation exceeding APP and RL), infrastructure, water resources, and other uses, as well as the area of occupation by eucalyptus cultivation. Areas of great cultural and social importance are also mapped.

Georeferencing tools use satellites and drones to monitor planted areas and verify incidents such as deforestation and fire outbreaks, and obtain and detail geographical local relief. The

¹ Type of soil formed predominantly by decomposed organic matter. It is rare in Brazil.

system allows identifying the format and configurations of the properties, carrying out detailed and 3D inventories, pointing out any tree growth anomalies, mapping areas that are difficult for teams to access, and identifying incidents that require action from the Property Guard Security team.

Throughout 2020, we implemented the Forest Management System (SGF) in our São Paulo operations, which was already in use in Bahia. As part of a larger project called e-Forest, the

SGF integrates process management such as farm registration and forestry, harvesting, and forest transport services.

We created the Forestry Operational Development to promote the improvement of forestry operations through new technologies, process improvement and professional training.

We implemented the Silviculture Technical Development Program to provide technical training for all personnel involved in Bracell's silvicultural processes.

Forest planning and management

We employ scenario analysis and simulation in our forest planning to ensure the adequate supply of eucalyptus wood to the plants. These processes take into consideration potential constraints, whether operational, environmental, social, or economic. Activities such as road improvement, assessment and mitigation of impacts in communities, among others, are also evaluated as part of the process.

It is essential to manage the quantitative and qualitative aspects of the plantation forest to ensure the efficient use and management of resources and continuously monitor plantation productivity (measured by the number of cubic meters produced per hectare each year ($\text{m}^3/\text{ha}/\text{year}$)).

Geoprocessing system

Geoprocessing contributes to improving harvesting processes and the utilization rate of planted areas. Information collected by the operator is instantaneously updated in the database, benefiting and supporting strategic decision-making on the field.



Highlights of the year

Seedling nursery

In 2020, we produced 50.4 million seedlings in five nurseries, two in Bahia (in Entre Rios and Inhambupe) and three in São Paulo (two in Lençóis Paulista and a third-party nursery in Borebi). The nurseries in Lençóis Paulista can produce 37 million seedlings annually. In Bahia, the capacity is 27 million seedlings/year, and 26 million seedlings were produced. 20% of this amount went to Bracell's operations in São Paulo. With the investment made in Bahia at the nursery in Inhambupe, our 2021 forecast capacity is 35 million seedlings/year.

Our nurseries in Bahia adopt the good practice of collecting rainwater using retractable plastic ceilings. The collected

water is channeled into cisterns and can be used in the different stages of the cultivation process. In São Paulo, the water captured by the retractable roofs is released into the river near the nursery. We also collect excess water from the irrigation process - when it falls to the ground, it is piped to a reservoir. We have the option to treat it and reuse it in the irrigation process.

In addition to environmental benefits, the systems of suspended benches and rolling tables also support suitable working conditions for employees, eliminating the need for squatting and manual transportation of trays.

Forestry Partnership Program

Our Partnership Program targets owners of farms already in operation: they make the land available, and Bracell supports by covering all the costs of forest deployment and maintenance. Through the partnership, producers count on the company's support to conduct land use planning in compliance to sustainable forest management.

Producers need to meet several prerequisites, which include presenting the property legal documentation, ensuring that the planting area is mechanizable, presenting satisfactory productive potential, committing not to harvesting wood before six years, and compliance with environmental legislation. All these aspects are

evaluated in meetings between Bracell representatives and the owners, where field visits are conducted to analyze property documentation, topographic measurement, environmental legislation, evaluation of the Rural Environmental Registry, and contract signing.

We have a website (www.cultiveeucalipto.com.br) and other communication channels, such as the telephone 0800 006 24 22, to address feedback and enquiries from interested producers.

In 2020, 42.29% of the areas where Bracell manages its plantations were derived from the Forest Partnership Program.



Webinar

We held a webinar “Eucalyptus – a forest of opportunities” in November 2020, presenting information on Bracell’s Forest Partnership Program, explaining the economic advantages of eucalyptus culture, and addressing enquiries on the matter. The webinar helped strengthen relationships with the farmers interested in Bracell’s Forest Partnership Program.

Expansion of the forest harvest in Bracell SP

In October 2020, we expanded the forest harvest in São Paulo. We first conducted instructor training on the new harvester machine (eucalyptus cutting) and forwarder machines, following which these instructors disseminated the information to the operators. The entire harvester and forwarder fleet has been renewed and expanded for the following year, equipped with high-tech and safety features, providing greater competitiveness to the overall process.

In the forest expansion project, there was an expansion of the area of activity in several regions of São Paulo. We implemented improvements on rural roads for the fleet’s wood transport routes. Additionally, our company’s drivers received safety and defensive driving training.

Forestry operations in the region function as an essential catalyst for the municipality’s economic growth and the generation of employment and income.

Research and development

Forestry R&D

The Forestry Research and Development department promotes research on classical genetic improvement of eucalyptus and sustainable forest management technologies. It is intended to ensure maximum forest productivity and the best quality of wood for pulp production at lower cost and minimal environmental impact.

The research area in genetic improvement supports a well-defined strategy for the short, medium, and long term, ensuring the continuous generation, evaluation, selection, and recommendation of superior genetic materials for seedling production and planting. This strategy depends on a rich genetic diversity. It comprises the realization of crosses between superior trees; the evaluation of the offspring in different types of field and nursery tests; the recommendation of high-quality genetic material regarding the propagation capacity, forest productivity (adaptation to local climate and soil conditions, and tolerance to pests and diseases); and the quality of the wood required by the industry.

Forest management research is responsible for the development of more efficient silvicultural practices in the areas of soils (mapping, conservation, and preparation for planting), forest nutrition (fertilization and monitoring of the nutritional status of forests), forest protection (monitoring and control pests, diseases and weeds, with minimal environmental impact) and forest ecophysiology (climate monitoring and zoning, landscape planning, planting spacing, modeling of forest productivity, etc.). It also includes a Forestry Extension team dedicated to integrating technology (preparation of technical manuals, conducting training, etc.) and routine technical support to forestry operations, emphasizing young forests' quality.

To maximize tree productivity, carbon sequestration, conserve soil and water, and reduce the need for chemical defensives, we adapt eucalyptus genetic materials to the regions where we operate and adopt efficient cultivation methods. Forest operations follow strict protocols to ensure adherence to the best practices recommended by the Forest R&D department.

2020 Forest R&D Initiatives

In 2020, Bracell consolidated our organizational restructuring of the Forestry R&D in São Paulo and Bahia to build robustness and ensure forestry production sustainability in the long term. Some of the year's outcomes include:

Research in Forest Genetic Improvement

In addition to the development of an optimal set of genetic materials for operational planting in 2021, we also focused our research on maximizing productivity with lower biological risk by forming an innovative experimental network aimed at indicating new genetic materials for planting in the next few years. In São Paulo, there was also the elaboration of the manual of technical recommendations for the operational nurseries. In Bahia, we completed the modernization and doubling of the seedling production capacity of the Forest Research nursery.

Research in Forest Management

In Bahia, we modernized and expanded the Forest Protection Complex to expand the number of tests to diagnose diseases as well as cultivated natural predators to control eucalyptus pests (we released 20 million insect biological control agents). In São Paulo, we made the first version of climate zoning for the company's areas and carried out soil mapping. We reviewed the forest management technology package in both units, including improvements in fertilizing strategy and weed control.

Industrial R&D

The Industrial Research and Development department seeks to increase productivity and excellence in product quality to meet customers' needs across different pulp market segments. It uses the best available laboratory and industrial technologies, performs wood testing in laboratories to identify most appropriate product, optimizes mill's production, and identifies new product opportunities.

The Industrial R&D department's commits to help its customers extract the best quality and best value from our products so they can enjoy all the benefits of Bracell's portfolio. To achieve its mission, the department employs tools and processes such as regular technical meetings, exchange of samples and test methods. Several classes of customized products have been developed following this cooperative approach.



Natural Resources Management

Our sustainability vision considers the need to increase efficiency and adopt increasingly innovative practices to maintain sustainable and responsible operations. Water, energy and waste management is an important process in our operations, and the next sections provide more details.

Water

We employ sustainable practices in water management. These include controlling water consumption across our operations with a view to supplying water to the community. These practices are in line with our Sustainability Policy, and are guided by the Water Resources Monitoring Program and the conditions of the environmental licensing body's grants. **(GRI 303-3)**

We monitor micro-basins in the regions where we operate, developing a stronger understanding of each area's hydrographic conditions. We also work for the protection of springs and water bodies on our operations areas, in addition to contributing to the recovery of native forests of legal reserve and Permanent Preservation Areas (APP), as a means to safeguarding these water resources.

We are members of the Recôncavo Norte and Inhambuê river basins

Committee, overseen by the State Water Resources Council (Conerh) of Bahia. This committee has representatives from 43 municipalities in the region.

In São Paulo, we are part the Management Committee of the Lençóis River Basin (CGBH-RL), founded after the 2016 flood in the region to create a water management plan to mitigate flooding disasters.

Bracell has actively participated in the watershed monitoring and modeling program (PROMAB/IPEF) for 24 years, building a evidence-based understanding of seasonal water conditions and forest management's effect on watersheds.

In São Paulo, we plan to install two spillways to monitor and study water use for the company's managed forests. In 2021, we also plan to classify all forest basins within a water

resilience index. This will support the risks planning and decision-making.

Our units have environmental monitoring systems to ensure the proper use of water, with points of analysis of surface water quality (rivers of the region), groundwater (artesian wells), water potability for human consumption purposes, and flow of rivers in the

places granted for surface water capture.

Our industrial units adopt water reuse and closed-loop practices. In São Paulo, the industrial area reached 41% of water reuse thanks to the adoption of technologies and measures in 2008. In Bahia, this rate was 13%.

Water demand

We use water for seedling production, construction, and maintenance of roads, washing of machinery and vehicles, and protection of the forest (application of agricultural defensives, wetting of planted seedlings, and firefighting), as well as the humidification of roads in communities to minimize the impact of dust. All water used comes from tubular wells owned by the company or from surface collection points (rivers and streams), the right of use of which has been authorized by the environmental bodies. (GRI 103-303)

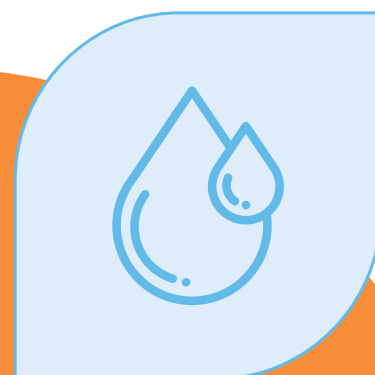
The volume collected is systematically registered according to the conditions of its licensing. Also, to evaluate possible interferences, controls and monitoring of water quality and quantity in water bodies under the influence of forest management are performed. No significant changes were detected in 2020.

In the industrial area, most of the water consumption occurs in the production process, in activities such as the pulp washing process, in tanks, sieves and centrifuges, to remove solid impurities.



Our Water Management

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Bracell Bahia

Sources of supply

- **Industrial: 11 wells**, two in the site and nine in Dias d'Ávila and Camaçari municipalities.
- **Forestry: 29 Surface collection points**, three wells at Quatis Farm, four wells at Salgado Farm, and one well at the Central Office in Alagoinhas.
- Approximately **1,200 Springs** in our area.

Monitoring

23 points of analysis of the quality of surface waters (rivers in the region)

8 points of analysis of the quality of groundwater (wells)

5 digital rain gauges are distributed in its forest base, assisting climate monitoring

13 fixed-point of analysis of the drinking water for human consumption

1 point of discharge of effluents from the water and soil separator box

29 points of analysis of the flow of the rivers, at the locations given for the capture of surface water, two points of discharge of effluents from forest nurseries

The industrial area has more than

30 monitoring points per the Groundwater Quality Monitoring Program (PGRH)

6 automatic weather stations*

15 points of discharge of effluents from the septic tank.

Bracell São Paulo

Sources of supply

- **Industrial: six wells**
- **Forest: 8 points of groundwater collection**, one of them in the seedling nursery, and **88 points of surface water source**, granted in 2020.
- In 2021, with the new plant's start-up, all the water used for the new industrial process will be extracted from a surface source, in this case, the Tietê River.

Monitoring

An automatic weather station* assists with weather monitoring. New stations are being acquired to keep up with the expansion of the forest base. The unit also has posts for analyzing the quality of drinking water, groundwater and effluents.

* When necessary, data from the National Institute of Meteorology (INMET), the National Water and Sanitation Agency (ANA), CETREL, and international bodies such as NASA and ECMWF are consulted for our climate strategy.

Recovery of springs

Water is one of Bracell's priorities in its administrative, forest and industrial production processes. We support local communities affected by illegal deforestation and impacted water sources. One of the communities is the Prata community in Entre Rios, Bahia.

The partnership with the residents involves the recovery of the source of one of the tributaries of the Subaúma river. About 100 kilometers in length, the river is considered one of the most important water sources in Bahia's Northern Coast.

We planted more than 1,500 seedlings of native species since 2014, as part of a broader water restoration strategy, mainly in the headwater region. The river

ensures another water source for the 82 families in the community who currently require a well.

Bracell has already developed and implemented its action plan in 16 other communities, mobilizing the population on the importance of environmental preservation through awareness and education, and task forces to recover riparian forests and springs. We partner with the government, educational institutions, and communities to map areas that need to be recovered. We were involved in the regeneration of springs of the basins of the Subaúma, Catu, and Sauípe rivers, on the Northern Coast and Agreste of Bahia. Since 2017, more than 1,600 people have been involved in the recovery of 12 Springs and riparian forests.

Water use in the Industrial Area of Bahia decreased by 1.2% in 2020 compared to the previous year. The average monthly intake in 2020 was 31.7 m³ per tonne produced, below the target of 32 m³ per tonne produced.

In the forestry area, the significant reduction in water intake was due to an increase of 32% in rainfall compared to the region's historical average and the rainfall was well

distributed throughout the year, thus reducing the need for water in forestry operations. This was further helped by the reduction of people in administrative units during the pandemic.

In São Paulo, the proposed target of keeping the average below 23 m³ per tonne produced was not met, with an increase of 2.5% compared to consumption in 2019. The postponement of General Overhaul led to higher water intake.

Forest activities consumed 591,593 m³ of water. Of this total, 5,140 m³ were collected for human consumption in the seven farms, 309,165 m³ were collected at the points granted for forest management activities, and 277,288 m³ came from the plant's well for the production of seedlings in the Lençóis Paulista nursery.

There was an increase in water consumption in 2020 due to the start of new operations of the Lençóis Paulista nursery – annual production increased from 7 million seedlings in 2019 to 37 million in 2020. It also recorded a greater uptake of surface water in granted points due to the increase in forest management activities, a consequence of the expansion of planting areas. **(GRI 303-3)**

Effluents

(GRI 103-303)

The water that we capture in the production process returns to the environment in two ways: as a treated liquid effluent and through evaporation. In Bahia, the treatment performed internally is the primary, while an external partner does the secondary and tertiary. Then a submarine emissary directs the treated effluent to the sea. In São Paulo, primary and secondary treatments occur in internal effluent treatment plants before being released to the Municipal Emissary of Lençóis Paulista. **(GRI 303-4)**

We continuously monitor the quality of effluents from our production process, based on the parameters of the National Environment Council (CONAMA 430/2011) and state decree 8.468/1976, in São Paulo. In Bahia, we follow the parameters of Annex II of Inema Ordinance 15.507/18 (of COFIC) and Inema Ordinance 18841/19 (Operating License from Bracell).

Disposal flow information is obtained from properly calibrated flow meters, and effluent quality sampling and

analysis are performed by laboratories accredited in NBR 17.025.

In São Paulo, in the second half of 2021, with the start-up of the new pulp mill, a new facility will undertake tertiary wastewater treatment before discharging back into the Tietê River. Bracell will be the first company in the São Paulo state to have such a technology implemented.

In 2020, the São Paulo operation increased its treated wastewater disposal by 4.4%. This result is due to the increased funding caused by the postponement of the General Stop. Even so, we reached the disposal goal.

In Bahia, the increase of less than 0.1% is related to occurrences in the process, such as product quality issues, unscheduled stops, and problems in pumps of effluent recovery wells. The increased volume of treated effluent was also impacted by the 2020 rains, heavier than in previous years.

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Energy

Our São Paulo and Bahia plants are self-sufficient in the energy generation. The operation uses energy from the public grid only at specific times. The energy used in the process comes from renewable sources, such as wood components and other substances originating from the dissolving wood pulp production, including black liquor. (GRI 103-302).

In both units, specialized teams are dedicated to creating strategies to reduce wastage, raising awareness among users

and optimize costs. The Internal Energy Conservation Commission (CICE) in São Paulo has been working since 2012. In 2020, for example, it conducted the project for the installation of polycarbonate tiles on the wooden storage yard, avoiding the use of lamps during the day. The measure created savings of 70MW / year, enough energy to supply 38 homes. In the administrative areas, the change of fluorescent lamps to LED type was carried out. This investment provided savings of more than R\$ 72,000 per year.



Bahia

In Bahia, the forestry area and nurseries used energy purchased from the concessionaire. The amount consumed in 2020 were very close to that of the previous year. In the administrative unit of Alagoinhas, there was an increase in consumption due to the production of face masks by the Social Project Uniform Manufacturer for actions to combat COVID-19. There was also an increase in the use of electronic equipment for washing and sanitizing fleet vehicles.

São Paulo

In São Paulo, the industrial area produced 228,298.89 MWh, coming from the recovery boiler and the Fluidized Bed Boiler. Surplus energy is sold to the free market. In 2020, we sold 48,874.18 MWh, 24% lower than the previous year due to the fall in the price of energy and the increase in consumption in Project Star. In 2021, consumption and power generation should rise with the start-up of the new plant.

Waste

We strictly comply with the National Solid Waste Policy (NSWP) and developed an internal solid waste management plan (SWMP). Our goal is to reduce waste production and stimulate recycling and/or reuse.

At the São Paulo plant, the biomass boiler disposes and converts forest waste into power. In Bahia, all waste generated from forestry activities is transported and stored in the Waste Storage Center located at the Central Office in Alagoinhas and in the Quatis (Entre Rios) and Salgado (Inhambupe) farms.

In all units, we promote employee awareness of the topic through Daily Safety Dialogues (DDS) and special events, such as Environment Week. In 2020, the São Paulo unit announced a campaign to enhance the selective collection process, highlighting the life stories of people who work with segregated materials. The campaign was carried out in partnership with the Association of the Physically Disabled of Lençóis Paulista (ADEFILP), which received more than 485 tons of recyclable waste in 2020, from the industrial and forestry units in São Paulo, in addition to the Star Project. The initiative

contributed to the generation of income to its members. [\(GRI 103-306 | 306-2 | 306-3 | 306-4\)](#)

Bracell Bahia established a target of 20% reduction in the generation of class I waste from the mechanical maintenance of forest harvesting machines. The unit reached 22.7%, surpassing the goal. For 2021, considering the age of the machines and the need for more frequent preventive maintenance, the target was reduced in 5%.

In Bahia Industrial, we increased the sale of waste by 28% for recycling purposes and as a source of biogenic energy, and we reduced the destination to industrial landfills by 13%.

The unit in São Paulo also exercises fine control over the disposal of its waste. However, in 2020, it recorded an increase in process tailings such as mud, lime, ash generated by the energy boiler, and sludge from the Effluent Treatment Plant (ETE). This increase was due to the instability of the process caused by the plant's extended campaign already solved. There was an increase in the volume of waste generated in the forestry unit due to the forest base's expansion and consequent intensification of forest management activities.

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Responsibility with Customer

The pulp we produce does not present potential risks to health, safety, and the environment. In compliance with legal requirements and best practices, all the information about every company's products was made available to customers through the chemical information sheets, with versions in Portuguese, Spanish, English, German and French, in accordance with the standard of the Globally Harmonized System of Classification and Labeling of Chemicals and conformity with the standard ABNT NBR 14725-4:2014.

((GRI 403-7 | 103-416 | 103-417 | 417-1))

Kraft pulp, produced in São Paulo, is analyzed and certified for safe applicability

for the manufacture of papers and cards dedicated to food packaging and other types of papers that come into contact with food, such as support papers, filters, and absorbent papers. In Bahia, dissolving pulp is analyzed and certified for safe applicability to manufacturing products that come into contact with food, such as special papers. In both cases, the certification is made by the German laboratory ISEGA, a global reference in this area, in accordance with the relevant European and American regulations.

As with previous years, we recorded zero non-compliance related to health and safety impacts throughout the product lifecycle in 2020. (GRI 416-1 | 416-2)

Property security

Our security team is committed to respecting and promoting human rights in all situations and throughout our value chain, including contractors, suppliers, and surrounding communities.

In 2020, there was a significant reduction in forest fire rates in Bahia – the lowest rate in the last decade (from 700 hectares to 50 hectares last year). The fire brigade helped mitigate fires, saving more than 30 endangered animals Bahia region that were later released in a conservation area.

Our corporate premises are designed for engagement and negotiation with affected parties, prioritizing dialogue-

based resolution ahead of judicial alternatives. When the resolution cannot be amicably reached, Bracell's Legal Department is responsible for analyzing all the information and proposing the appropriate measures to solve possible conflicts. The main risks concerning security are the theft of planted and native wood, fighting criminal fires, deforestation and various damage.

With preventive measures, it has been possible to reduce and mitigate these risks. Theft of wood in our forests, environmental preservation, and productive areas, for example, recorded a drop of 98.4% between 2013 and 2020.

Our Property Security team is responsible for protecting productive areas, including the forest partnership areas, fighting environmental crimes such as arsons, predatory hunting and fishing. It also carries out surveillance of forestry operations and native vegetation areas of the company and the rescue of wild animals at risk.

Friends of the Forest is a major initiative aimed at preventing and fighting forest fires. The leading causes of fire related to vandalism and lack of training of rural producers to deal with burning techniques. Annually, at the beginning of the critical period of burning, maps are released with the water collection points accessible to firefighting trucks and light brigades. They are strategically distributed to optimize supply and arrival times at the site of occurrence.

During the fire season, the internal and external fire breakers are kept especially clean, with greater attention to those bordering critical areas. We also have 16 forest surveillance towers distributed

across the properties to allow a cross-section of information on possible fire sources and allow the surveillance to immediately trigger the combat teams and prompt response (brigades).

In Bahia and São Paulo, we formed committees to foster stronger relations with community associations and each region's leaders. The objective is to meaningfully contribute to public entities, such as Civil Police, Military Police, Public Prosecutor's office, Court of Justice, among others.

Playing a mediating and catalytic role, we cultivate partnerships to benefit communities. An example is Itanagra in Bahia, which received a police station following discussions between our committee and public bodies.

In Lencóis Paulista's city, more than R\$ 1.2 million were invested by Bracell to support reforms in the Municipal Civil Guard and Civil Police's buildings, in addition to the installation of a video surveillance service to benefit.

Technology

In 2020, we used aerial monitoring technology, through drones, to map conservation areas and identify fire hotspots. Therefore, our goal is to train our teams from both units to operate drones.

Contractors hired by Bracell must keep their National Watchman's Card valid, to ensure that their training is up to date.

In order to maintain operational excellence, these agents carry out systematic training contextualized to working in forest and industrial areas. Bracell's Property Security Contractors must take a human rights retraining course every two years, as required by Brazilian legislation. (GRI 103-410 | 410-1)



7 Biodiversity and Landscapes



Planted forests are our sources of raw material. We favor biodiversity, ecosystem services, and landscapes, to ensure a positive environmental impact from our operations.

We adopt responsible production principles and strive to leave a positive legacy for the surrounding communities, recognizing their needs, cultures, and values. All forestry, industrial and commercial activities are carried out in compliance with local and national legislation.

We map all areas of interest using the Rural Environmental Registry and satellite images. We identify remnants of native vegetation on the properties and commit ourselves to protect them and apply appropriate restoration measures, where necessary, in addition to curbing illegal practices such as hunting and/or theft of wood.

We have a policy against burning and a commitment to zero deforestation. We use only reforested eucalyptus wood. We also have mechanisms to identify endemic, rare, threatened, or endangered species and High Conservation Value areas to ensure the communities' cultural values.

Annually, we review our units' management plans and publish a summary version on our website (www.bracell.com/sustentabilidade/responsabilidade-socioambiental/), with the main work fronts that ensure sustainable management.

Characterization of fauna and flora

According to data from the Forest Foundation, Sao Paulo state has approximately 17.3% of the territory covered by natural vegetation. The history of occupation caused a significant change in the primitive landscape due to human action, mainly by the expansion of crops and livestock.

The Floristic impoverishment also generated direct impacts on the fauna. Some of the natural species disappeared, while the rest were confined to the remnants of existing native vegetation or adapted to new environmental conditions. Studies conducted by Bracell São Paulo confirmed this. (GRI 103-304)

In Bahia, Atlantic Forest, Cerrado, Caatinga, Restinga, bogs and lakes,

and areas of environmental transition (resulting from contact between two or more biomes) make up the highly diverse typology of the region. The north coast of the state has a large number of species endemic to the Atlantic Forest and/or threatened with extinction. The region also has critical areas for migratory continental and oceanic birds landing and feeding.

Endemic, rare, or endangered species, as well as areas that shelter them or serve for landing or reproduction of migratory species, are protected by the Constitution of the state of Bahia, of 05/10/1989, Article 215, by law 10.431, of 20/12/2006, and by decree 11.235 of 10/10/2008, being considered Areas of Permanent Preservation.

Recovery programs

Our programs for the recovery of degraded areas and eradicating exotics are based on scientifically proven restoration techniques already applied in the forestry sector. We have more than 30% of preserved areas in Bahia and São Paulo, distributed in the 143 municipalities where the company operates.

In the recovery program of degraded areas in Bahia, restoration measures were carried out in 12.29 hectares, and

complementary measures were taken in 4.24 hectares in areas worked since 2017. More than 8,000 seedlings of native species were planted within the regions in the process of restoration last year. In 2020, we reviewed the methods used in the exotic eradication program, seeking greater efficiency and less impact on native vegetation in regeneration. There were about 250 hectares of areas eradicated using these new methods. The goal is 800 ha by the end of 2021. (GRI 304-3)

In São Paulo, maintenance activities were carried out in areas undergoing restoration that add up to 7.46 hectares, contributing to the restoration of native vegetation. In line with the legislation, from the adhesion

to the Rural Environmental Registry (CAR) in 2020, Bracell São Paulo will have up to two years to recover the properties' environmental liabilities. Thus, restoration actions will be intensified from 2022.

Lontra PRNH

(GRI 304-3)

The Lontra Private Reserve of the Natural Heritage (PRNH) is considered the largest PRNH area of the northern coast of Bahia, totaling 1,377.33 hectares and a perimeter of 14.4 km. Located between the Bahian Recôncavo and Northern Bahia, in the middle of Entre Rios and Itanagra, Lontra PRNH is maintained in perpetuity by Bracell and recognized as an Advanced Post of the Atlantic Forest Biosphere Reserve. It is a model of integrated, participatory, and sustainable management of natural resources recognized by the United Nations Educational, Scientific, and Cultural Organization (UNESCO). The biodiversity of the PRNH is an essential source of data for scientific research of wild fauna and flora. Rare and endangered species have already been identified there, such as the Jaguar, the brown Jaguar, the Atlantic Bushmaster, and the Fringe-backed fire-eye. The Reserve also plays

a vital role in the socio-environmental transformation of neighboring communities.

At the Bahia unit, we joined the ASAS program (Wild Animals Release Area) of the Institute of Environment and Water Resources of the state of Bahia (Inema). The program registers release areas for wild animals seized, donated, or captured in risk areas to be reintegrated into their natural habitats.

Since April 2020, Lontra has received 140 animals for reintegration into the natural environment. Among them, some of medical importance, such as the Bahia lancehead (*Bothrops leucurus*); endemic, such as the Bahia Porkpine (*coendou insidiosus*); and threatened with extinction, such as the Maned Sloth (*Bradypus troquatus*). For 2021, we expect to register other areas of release.

In addition to Lontra, Bracell Bahia also owns the PRNH Pedra de São José (232 ha), and currently under registration (already approved by the environmental agency), another 6,467 ha of PRNH area.

Biodiversity monitoring



Our Environmental Monitoring program of Fauna and Flora for biodiversity conservation is based on the principles and guidelines of forest management certifications. The main objective is to identify the diversity of fauna and flora in the owned or managed areas.

Throughout the year, despite the operational difficulties caused by COVID-19, our units established new data collection methods. In Bahia, the Biodiversity Monitoring Program covers eight different areas: four Forest Projects with fragments of significant native vegetation and four areas identified as High Conservation Value areas⁸. Fauna monitoring is carried out annually and, in 2020, reached 878 registered species, with 49 new records of wild animals, especially the vulnerable Karimi's fat-tailed mouse opossum (*thylamys karimii*) and the White-banded tanager (*Neothraupis fasciata*), classified as near threatened according to the IUCN. Flora monitoring takes place every two years, and the last measurement was in 2019.

Sampling points were inserted in all projects in stand areas (fauna only), transition, and native vegetation to understand the environmental impacts

of forest management. Throughout the productive cycle (planting, care, and harvesting), this method shows us how the dynamics of fauna and flora communities work and what activities over the years impact biodiversity.

Bracell São Paulo has been monitoring biodiversity in its management areas since 2007. Through ecological studies of fauna and flora, sustainability strategies for conservation and preservation are developed.

As a conservation practice and in compliance with forest management certifications' principles and guidelines, Bracell São Paulo has two High Conservation Value areas.

Flora monitoring is carried out every five years by independent external specialists, such as universities and researchers, in areas representing the main biomes occupied by the company's sites. The last survey was carried out in 2017. 260 species were identified, five of them in the category of endangered, according to the Brazilian Flora 2014 Red List of threatened species of the National Center for Conservation of Flora (CNCFLORA).

(GRI 304-4)

⁸ As defined in the Proforest guide of High Conservation Value Assessments.

The Richness of Biodiversity

Our surveys identified and cataloged the presence of hundreds of animals in our areas.

Bahia

The unit has inventoried **829 species in its areas**. Of this total, **406 are of the flora** (Angiosperms, Cactaceae and Bromeliaceae) and **423 of the fauna** (avifauna, herpetofauna and mastofauna). Among the species identified, **39 are on the endangered lists** by bodies such as the International Union for the Conservation of Nature (IUCN) and the Chico Mendes Institute for Biodiversity Conservation (ICMBio).

São Paulo

39 species of mammals, 302 species of birds, 5 species of reptiles, 12 species of amphibians, and 43 species of fish have been cataloged at Bracell São Paulo by 2020. Among them, there are **8 species of mammals and 1 species of bird in the category of endangered**, according to the Brazilian Fauna 2014 Red Book of the Chico Mendes Institute for Biodiversity Conservation (ICMBio). **50 species of endemic birds were also cataloged.**

Bracell Bahia updated the Wild Animal Sighting Manual, one of the results of the monitoring program. The 2020 edition included for the first time species of birds and reptiles, some rare, endemic, and threatened with extinction. The Fauna Sighting Program, implemented in 2016, has already presented **1,262 species** records. In 2020 there were **248 registrations**.

“Olho no Bicho” Program

Field employees play a crucial role in the Olho no Bicho (Watching the Animal) program, which registers animals sighted by these professionals. It focuses on environmental education and the engagement of people involved in forest management, and the preparation of records also contributes to the knowledge of species and their dynamics. We publish monthly content (printed and virtual material) with photos, the scientific and popular names of the species, habitat, eating habits, degree of threat, and other curiosities through shared information about the animals.



8 Climate

Carbon balance

In tCO₂e (GRI 305-1 | 305-2)

VIEW
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BOOK

	2020		
	Bahia	São Paulo	Bracell
(Scopes 1, 2 and 3, the latter being from São Paulo only)	237,809	188,671	426,480
Carbon Removal ¹¹	-100,000	-4,301,975	-4,401,975
Balance ¹²	137,809	-4,113,304	-3,975,495
Biogenic emissions (Scopes 1 and 3, the latter being from São Paulo only)	1,374,578	782,946	2,157,524

We are negative in carbon emissions: the net value of our emissions is lower than the carbon absorption promoted by our forests, which means that Bracell absorbs more CO₂ from the atmosphere than it emits in its operation.

⁷ Scope 1 emissions, or direct, are those that occur from sources that are controlled or owned by the company.

⁸ Scope 2 emissions, or indirect, refer to sources that cause emissions indirectly, associated with the purchase of electricity, steam, etc.

⁹ Biomass emissions, according to the GHG Protocol guidelines, are reported as additional information. They refer to the emissions of biogenic CO₂ resulting from the burning of biofuels, which are not accounted for in the total amount of emissions. The biomass emissions of the Forestry unit are related to the anhydrous ethanol and biodiesel present in gasoline and diesel, respectively. In addition, emissions from the combustion of black liquor used for steam and electricity generation are considered at the Industrial unit.

¹⁰ Scope 3 emissions are all other indirect emissions (except those provided for in Scope 2) due to activities from assets not owned or controlled by the company but related to its value chain. The following categories applicable to Bracell were not accounted for: capital goods, activities related to consumption and energy not included in Scope 1 and 2, sold product processing and end-of-life treatment of the products sold.

¹¹ Removal of CO₂: refers to the difference between carbon sequestration and emission related to wood removal.

¹² Balance: refers to the sum of Bracell's Scopes 1, 2 and 3 equivalent CO₂ emissions, where, for Scope 3, only São Paulo data was available in 2020, minus removals of CO₂ over a period of time (year 2020).

In Bahia, total emissions (Scope 1 and 2) in 2020 were 4.85% higher than in 2019, mainly due to increased fossil fuel consumption, land management in forestry operation, and increased natural gas consumption in the mill. Emissions from the generation of the electricity purchased by the unit (Scope 2) were slightly higher than the previous year, rising 14.5%. Since 2010, Bracell Bahia has been reporting data from the industrial and forestry units with slight variations in emissions over the period.

In São Paulo, total emissions increased by 108.7% due mainly to the mapping

of new sources, among them the use of fertilizers accounting for 42% of the year's total emissions, in addition to forest fires, use of lubricants, and fugitive emissions from fire extinguishers. In 2020, for the first time, indirect emissions (Scope 3) were measured, comprising goods and services, upstream and downstream* transportation, business trips, employee commuting, and treatment and final disposal of solid waste and treated effluents. These emissions reached 84,096 tCO₂ equivalent, in addition to 4,925 tons of biogenic emissions.

* In the Transport and Distribution (Downstream) category, we take into account transport emissions from the pulp leaving the mill until the pulp arrives at the port abroad.



Carbon removal

Carbon removal is calculated using the average annual increase in biomass, through the difference in carbon stock between the years 2019 and 2020.

We can conclude that, in 2020, there was more carbon absorption (recovering of the forest area) than wood extraction in 2020.

Carbon footprint

Carbon footprint is a methodology designed to measure greenhouse gas emissions (regardless of the type of gas emitted) expressed as carbon equivalent.

These gases are emitted into the atmosphere during the life cycle of a product, process, or service. Through the carbon footprint, it is possible to analyze the impacts they cause in the atmosphere.

The carbon footprint study of dissolving wood pulp production conducted in Bahia in 2020 presented the same results of the 2019's study: 0.770 Kg CO₂e/kg of dissolving pulp. The study adopted 1 kg of dissolving pulp as a functional unit to calculate the carbon footprint. The analyzed production chain comprises the entire forestry and industrial production process of Bracell Bahia, the primary sources of emissions, and the greenhouse gases related to them.



9 Project Star

2020 was an important year for the development of the construction site and the further evolution of Project Star. In spite of the global pandemic, the plant's expansion in São Paulo continued uninterrupted. Scheduled to start operating in the second half of 2021, we invested throughout the year to ensure staff could work safely across the site's construction area.

Upon completion, Project Star will make Bracell the world's largest producer of dissolving pulp. Production planning will take into account operational stability, and the mill's flexible lines which can alternate between the production of dissolving and kraft pulp. (GRI 203-2)

Considering Bracell's operations in Bahia and São Paulo, we will be able to deliver to the Brazilian and international markets approximately 3.5 million tons/year of cellulose.

Construction management and project delivery

At the end of 2020, we began testing equipment that will be operating in 2021. We ended the year with 90% of the construction completed. At the beginning of 2021, the project was in the demobilization of the civil construction phase and additional mobilization in the assembly activity.

By the beginning of 2021, approximately 10,000 professionals (from 387 active companies) worked on the site. The management of the contracts is done by a third-party, responsible for accrediting and supervising documentation.

The pandemic changed our approach to logistics. Since the main pieces

of equipment were imported from China, India and Malaysia, whose factories were either disrupted or shut, we continuously engaged suppliers to ensure continuity in our work. Employees in other countries played a crucial role in negotiating the shipment of essential materials for the site. In addition to ensuring the health and safety of our on-site staff, we mitigated 95% of the risks that could compromise the project's evolution.

In the new mill's construction, there was no consumption and electricity generation at industrial levels, only the use of electrical equipment on the site, as well as computers and air conditioners in the offices.



Project Star - main highlights in 2020

More than a **thousand** badges issued in Project Star

January



Third Project Star Critical Analysis Meeting gathering Bracell's employees and associated companies

February



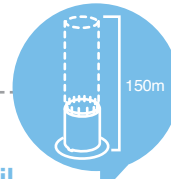
Work at full blast: **215** active companies and **1,495** machinery and equipment

March



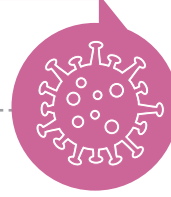
Foundation of the **150 m high chimney**, the equivalent to a 50-story building

April



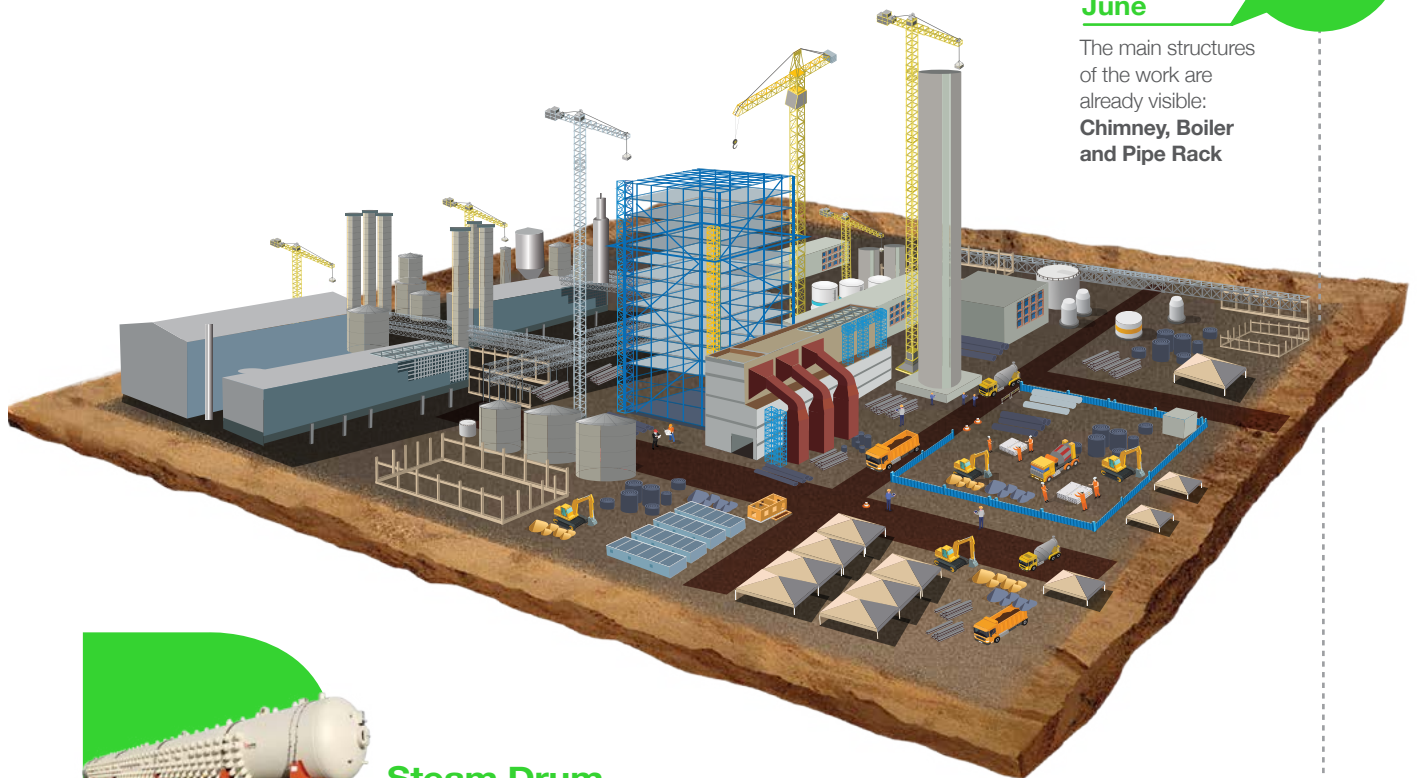
Reinforcement in **coronavirus-related prevention and control initiatives** throughout the site, in the transport system and collective accommodation

May



June

The main structures of the work are already visible: **Chimney, Boiler and Pipe Rack**



Steam Drum
310 tonnes,
30 meters long, fixed at
94 meters above the ground

Completion of the **LEP-060 Road duplication**, that connects Project Star to Marechal Rondon highway

July



First conference on the **Prevention of Accidents at Work at Project Star**, involving more than 8,000 workers

November



December

Arrival and lifting of the **Steam Drum**, main piece of the boiler, which took 26 days to arrive from Spain, in an operation involving more than 50 professionals

Beginning of the in-person activities of the **StarBem Program**, training, counseling and support for workers

September



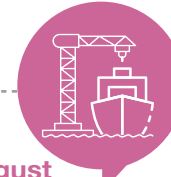
October

Testing of the lakes, storing rainwater used in the operation.



August

Bracell obtains a **concession to operate a terminal at the Port of Santos**, adding logistics to its productive capacity



The investment of more than R\$ 8 billion in the Star Project is the largest in the State of São Paulo in the last 20 years and stands out for its sustainable DNA, with an advanced technology industry, without the use of fossil fuel, and which uses renewable raw materials to create biodegradable products.

The technologies applied in Project Star are impressive, especially in relation to investments to reduce potential environmental impacts and make production even more sustainable.

In addition to having the largest and cleanest recovery boiler in the world, the plant will have the largest existing biomass gasification facility in South America to support the operation of the lime kiln. And the gasification plant will use 100% renewable biomass as raw material for the production of biogas, making the plant a fossil fuel free operation, that is, without the use of fossil fuels.

Another concern of our company is the generation and distribution of clean electricity for plant operations. As the pulp production process generates residues that can be reused, we made a strategic decision to invest in technology in our process cycles and build a new energy substation as a self-sustainable resource in the long term. The SE 440kV will be delivered with an installed transformation capacity of 420MVA, sufficient to meet the demands of the mill and allow the placing in the national GRID an energy surplus in the order of 180 to 200 MV, green and

quality energy, capable of serving 750,000 homes or about three million people.

The plant's boiler has six electrostatic precipitators to optimize water consumption and effluent generation – the precipitators retain particulates from the boiler gaseous effluent, reducing the amount released into the atmosphere. In addition, we are using advanced technologies to control NOx, SOx and Particulate Matter. This ensures that our air emissions will be low when the plant starts operating.

The collection of water is made in the Tietê River, which is 22 km from the mill, as well as the discharge of effluents. We built a pipeline to transport water from the river (capture) to the Water Treatment Station (WTS). The water collected will be treated until it is ready to be used in the process. After use, this water goes to the effluent treatment system, which has three stages: the first removes the fibers, the second treats the organic matter and the third filters the effluent, which returns to the system. This tertiary process is a differential for Bracell, the first company in São Paulo to adopt one more stage in the treatment of effluent before returning it to the system.

To identify the positive and/or negative impacts of the company's operations in the region, in 2020 we began a socioeconomic and environmental diagnosis of the main municipalities in our forestry and industrial base in São Paulo, in order to establish a baseline and monitor the indicators throughout the time. (GRI 103-3 | 203)

Job creation

Hiring and training people in the ten municipalities located within a radius of 50 km away from the mill – Lençóis Paulista, Barra Bonita, Bauru, São Manoel, Agudos, Macatuba, Borebi, Pederneiras, Igarapu do Tietê and Areiópolis – has been one of our main objectives since the beginning of the project. As of January 2021, we have hired 5,918 employees from these regions.

We believe that this is a way to value and strengthen relationships with the localities and their people and contribute to regional economic development. To enhance the employability of participants, we created a series of training programs aimed at communities close to the company. This allowed interested professionals who live in the surrounding cities to apply for jobs in Project Star's outsourced companies.

In partnership with the Government of São Paulo's state, courses for the population were held in the state technical schools (ETEC) – 420 vacancies were made

available. We also offered qualifications in partnership with Senai (National Industrial Learning Service), such as for Dissolving Pulp Operator, Mechanical Industrial Maintenance, Electrical Industrial Maintenance, and Wood Yard Operator in the Pulp Industry. 368 vacancies were made available.

One of the goals for 2020 was to form the teams that would operate the mill. More than 90% of the staff have already been hired – a diverse and plural group, aligned with our Core Values, with people of different ages, genders and races, from various locations in the country and from different organizations.

We hired 250 workers from the region, all new to the pulp industry. For 2021, the goal is to prepare even more people to manage the plant's operation, mainly from field training, harvesting activity, and other training that could not be carried out during the pandemic in a virtual way.

We launched in 2019 an electronic platform for registration of resumes, a single database, accessed by all Project Star's contractors. In December 2020, we reached 3,221 professional resumes registered.



Health and safety

(GRI 403-6)

To maintain the Project Star contractors' well-being, a qualified Work Safety team monitors activities and conducts periodic alignment meetings with contractors. In addition, it consolidates information and indicators from all partners, raises risks, and plans mitigating actions to prevent internal and external impacts. The safety team also indicates the guidelines regarding the workers' protection through the Safety Manual, procedures, and technical instructions.

In 2020, we formed the Project Star Security Committee which regularly convened. We also completed the Emergency Action Plan for the venture.

The outsourced professionals hired for the project undergo a four-hour Integration Training, offered by Bracell with contractor support, and another four-hour training on Safety and Health Conditions at Work in the Construction Industry, the contractor's responsibility. Also, some of them have an internal integration program.

The training carried out by Bracell addresses fundamental issues for the business, such as Integrated Quality

Policy, Environment, Safety, and Health; Daily Safety Dialogue; communication of accidents, incidents, fires, and environmental impacts; specific procedures and work instructions related to safety; and care in case of occupational accidents. The monitoring is done by a specialized company, hired by Bracell. The specialist carries out the supervision of the housing and accommodation; inspection of the toilets and chemical toilets; control of meals and access to the canteen; to the exit of the waste; to control the validity of legal documents that are required to access the site.

To safeguard the worker's health throughout 2020, in addition to coronavirus-related prevention and control initiatives, we maintained a communication network to mitigate health risks. We provide landline and mobile phone numbers, WhatsApp radio, and informative murals. In one of the requirements, third-party professionals must have health plan coverage, thus avoiding placing extra pressure on municipalities' public health institutions.

To promote the worker's health and quality of life, we follow an annual calendar

of activities, with health campaigns related to STD/HIV, respiratory diseases, vaccination, prevention of breast and prostate cancer, among others.

One of the awareness programs carried out in 2020 was the Star Bem (Be Well) program, a Bracell initiative, to guide our workers and support them in developing interpersonal relationship skills and quality of life and offering concepts of ethics and

citizenship. The project is carried out in partnership with the Social Service of Industry (SESI) - the training sessions are held every day. From June to August 2020, the program was not offered in person due to the pandemic. Recorded classes were made available online and on the TVs of the Project Star' Social Center.

Workers got to participate in quizzes and win prizes.

Star Bem addresses several awareness issues, such as:

- Guidelines for a healthy life.
- Prevention of alcohol and drug use.
- COVID -19: clarifications on the disease.
- Social distancing, with an emphasis on anxiety control.
- Professional role and the sense of work in the work.
- Ethics and citizenship in everyday life (social impact).
- Prevention of violence.
- Prevention of violence against women.
- Combating the sexual exploitation of children and adolescents.
- Interpersonal relationship and social coexistence.
- Conflict management, empathy, and respect for differences.
- Mobile use (aid to use in applications and care for excessive or inappropriate use).
- Organization of work environments.
- Behavioral safety.
- Time management and productivity.
- Heritage Education.

The Social Center promotes well-being

With a focus on workers' quality of life on the site, we created a leisure area in front of the cafeteria, the Social Center. We provided TV sets, cafeteria, outpatient clinic, male and female toilets, ATMs (to avoid the displacement of hundreds of workers downtown on the day of payment), wooden seats with marking for social distancing between people, hand sanitizer gel scattered throughout the area and the project Ombudsman's room. Musical performances are held on festive dates to entertain workers.





Relationship with the community

Bracell seeks to foster a respectful and lasting relationship with the communities near Project Star. We are committed to keeping open channels to meet demands and receive suggestions, criticism, or even complaints related to factory operations.

In addition to the toll-free channels, we maintain Operational Dialogues, through which any complaint can be made personally to our employees.

In 2020, we rolled the Fale Conosco channel (Talk to us) to map our

workers' addressees and delivered our communication material (including the 0800 channel information) to the post offices in the neighborhood so that members of the community could provide feedback to Bracell.

From the Star Bem program, we advocated the development of socio-emotional skills for the nurturing of a culture of peace, respect, and nonviolence. We aim to expand knowledge for ethical and citizen action to raise workers' awareness and contribute to the community.

Recycling Cooperative doubles income with Project Star Support

Workers of the Cooperativa de Reciclagem De Lençóis Paulista (Cooprelp) (a recycling cooperative) achieved good results despite the pandemic. With the Project Star waste disposal, their members managed to double their earnings. The cooperative, which has 35 members, mostly women aged between 18 and 60 years, received daily at least three 7m³ buckets with high value-added waste, such as iron scrap, glass, among others, for processing. The diversity of items helped the cooperative find new markets and expand its sales.

Waste turns into income

Our administrative waste is sold and transformed into income to help maintain the Association of the Physically Disabled of Lençóis Paulista (Adefilp) through the Social Program Transforming Recyclable Waste into Social Currency, a two-decade partnership. Plastics, cardboard, storage equipment, among others, are selected both in Project Star and in the existing mill. The materials are sent to Adelfip, responsible for the separation, processing, and subsequent sale.

In 2020 alone, more than R\$ 410,000 were collected with donations of recyclables from Bracell.

Logistics

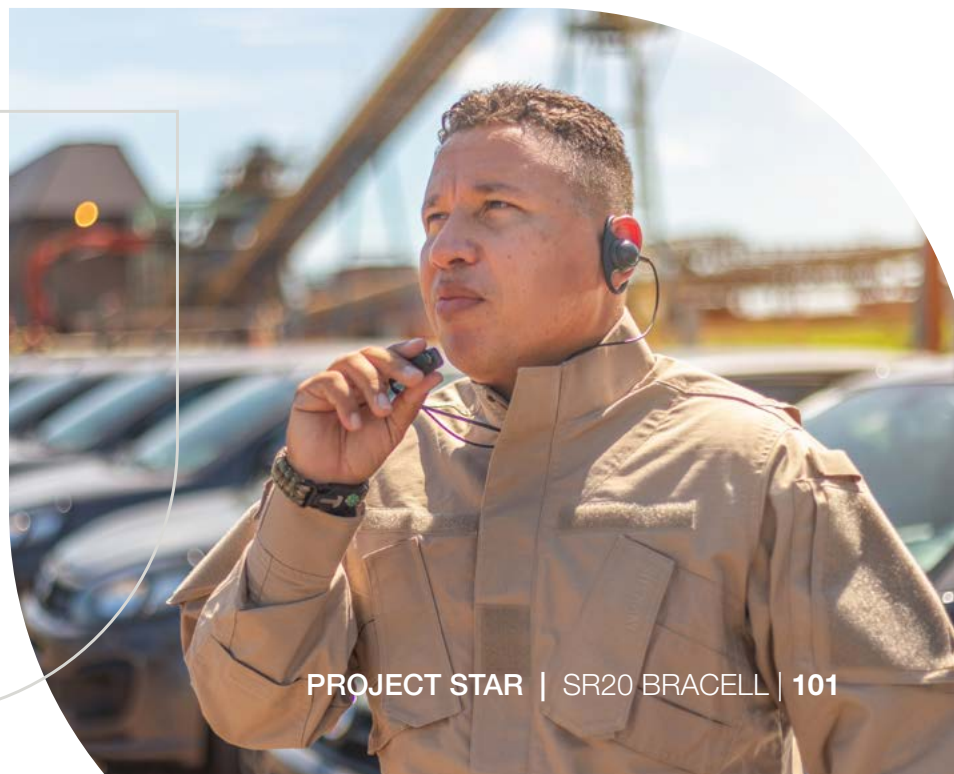
All the equipment needed to assemble the new factory arrived at the project by road, through a large logistical operation. Some equipment disembarked through the Port of Santos and traveled more than 500 km to Lençóis Paulista. Others left the Port of Paranaguá (PR) and traveled, on average, more than 700 km.

This type of transport requires special licenses and the action of the highway police - state and federal - is fundamental in this process. By the beginning of December, more than ten special cargoes, which transported large pieces of equipment to compose the new factory, arrived at the project. We made available free communication channels to clarify doubts and suggestions – **0800 709 14 90**, and made press releases about transit operations to mitigate impacts in the region.

With the start of operations at the unit, in the second half of 2021, a new logistical

arrangement will be implemented so that the pulp produced for export reaches the port. The pulp produced at the new mill will be transported by railroad cars acquired by Bracell from an intermodal terminal in the city of Pederneiras to the port of Santos, about 510 km away. The terminal is being built in partnership with the company MRS Logística, and will have a warehouse measuring around 7,000 m², with road access and three internal rail spurs to handle the trains.

In August 2020, Bracell won the concession auction for the operation of the STS14A port terminal at the Port of Santos. The concession contract for the next 25 years meets the company's challenge to align its logistical capacity with the expected production after completion of the expansion works in Lençóis Paulista (SP).





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404-1 Average hours of training per year per employee	30	4,5,8,10	
404-3 Percentage of employees receiving regular performance and career development reviews	42	5,8,10	



GRI Standard/Disclosure	Page, Link or Omission	SDGs	UN Global Compact
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its Boundary	43		
103-2 The management approach and its componentes	43		
103-3 Evaluation of the management approach	43		
GRI 405: Diversity and Equal Opportunity 2016			
405-1 Diversity of governance bodies and employees	30	5,8	1,6
Non-discrimination			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its Boundary	30		
103-2 The management approach and its componentes	30		
103-3 Evaluation of the management approach	30		
GRI 406: Non-discrimination 2016			
406-1 Incidents of discrimination and corrective actions taken	8	5,8	6
Freedom of Association and Collective Bargaining			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its Boundary	33		
103-2 The management approach and its componentes	33		
103-3 Evaluation of the management approach	33		
GRI 407: Freedom of Association and Collective Bargaining 2016			
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	33	8	3



GRI Standard/Disclosure	Page, Link or Omission	SDGs	UN Global Compact
Child Labor			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its Boundary	33		
103-2 The management approach and its componentes	33		
103-3 Evaluation of the management approach	33		
GRI 408: Child Labor 2016			
408-1 Operations and suppliers at significant risk for incidents of child labor	33, 36	8,16	5
Forced or Compulsory Labor			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its Boundary	33		
103-2 The management approach and its componentes	33		
103-3 Evaluation of the management approach	33		
GRI 409: Forced or Compulsory Labor 2016			
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	50, 36	8	4
Security Practices			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its Boundary	78		
103-2 The management approach and its componentes	78		
103-3 Evaluation of the management approach	78		
GRI 410: Security Practices 2016			
410-1 Security personnel trained in human rights policies or procedures	36		1, 2



GRI Standard/Disclosure	Page, Link or Omission	SDGs	UN Global Compact
Rights of Indigenous Peoples			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its Boundary	52		
103-2 The management approach and its componentes	52		
103-3 Evaluation of the management approach	52		
GRI 411: Rights of Indigenous Peoples 2016			
411-1 Incidents of violations involving rights of indigenous peoples	52	2	1, 2
Human Rights Assessment			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its Boundary	28		
103-2 The management approach and its componentes	28		
103-3 Evaluation of the management approach	28		
GRI 412: Human Rights Assessment 2016			
412-1 Operations that have been subject to human rights reviews or impact assessments	33		1, 2
412-2 Employee training on human rights policies or procedures	28		1, 2
412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	33		1, 2
Local Communities			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its Boundary	49		
103-2 The management approach and its componentes	49		
103-3 Evaluation of the management approach	49		



GRI Standard/Disclosure	Page, Link or Omission	SDGs	UN Global Compact
GRI 413: Local Communities 2016			
413-1 Operations with local community engagement, impact assessments, and development programs	28, 50, 51		
413-2 Operations with significant actual and potential negative impacts on local communities	37	1, 2	
Public Policy			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its Boundary	58		
103-2 The management approach and its componentes	58		
103-3 Evaluation of the management approach	58		
GRI 415: Public Policy 2016			
415-1 Political contribution	Bracell does not make such contributions	16	
Customer Health and Safety			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its Boundary	78		
103-2 The management approach and its componentes	78		
103-3 Evaluation of the management approach	78		
GRI 2016: Customer Health and Safety 2016			
416-1 Assessment of the health and safety impacts of product and service categories	78		1
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	78	16	1



GRI Standard/Disclosure	Page, Link or Omission	SDGs	UN Global Compact
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Marketing and Labeling

GRI 103: Management Approach 2016

103-1 Explanation of the material topic and its Boundary

78

103-2 The management approach and its componentes

78

103-3 Evaluation of the management approach

78

GRI 417: Marketing and Labeling 2016

417-1 Requirements for product and service information and labeling

78

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Socioeconomic Compliance

GRI 103: Management Approach 2016

103-1 Explanation of the material topic and its Boundary

28

103-2 The management approach and its componentes

28

103-3 Evaluation of the management approach

28

GRI 419: Socioeconomic Compliance 2016

419-1 Non-compliance with laws and regulations in the social and economic area

28

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Assurance Statement

Statement by SGS ICS Certificadora Ltda. (SGS)
regarding the sustainability activities provided in
“Sustainability Report 2020” given to Bracell

Nature and Scope of assurance

The SGS was hired by BRACELL to carry out the third-party assurance of their Sustainability Report 2020. The assurance Scope, based on assurance methodology of sustainability reports of SGS, comprises the disclosure verification under GRI standards in 2020.

The information provided in “SUSTAINABILITY REPORT 2020” and its presentation are a sole responsibility of BRACELL management structure. The SGS was not involved in the preparation of any material included in this report, such as risk analysis, materiality tests and other critical issues that may affect severally the BRACELL business. We are liable for giving our opinion of the GRI disclosures and their texting, data, charts, and statement within the assurance Scope to inform BRACELL’s stakeholders.

The SGS Group has developed a set of assurance protocols for Sustainability Reporting based on the best practices provided in GRI Sustainability Reporting Standards and the assurance standard - ISAE3000. Such protocols offer different assurance levels depending on the context and capacity of the organization, in this case BRACELL.

This report was assured considering our protocols to assess the content authenticity and its alignment with the requirements of GRI Sustainability Reporting Standards, (Universal Standards 101, 102 and 103) and the requirements of Topic-specific Standards (GRI 200, GRI 300 and GRI 400) according to the material issues identified by BRACELL through the process detailed herein. Based on this context, the “SUSTAINABILITY REPORT 2020” is considered as “Core option”.

The assurance process comprised (i) the disclosure review, information and data provided in sustainability draft (ii) interviews with strategic employees, both to understand the report data and to understand the management process connected with the material issues and (iii) desktop review of the documents forwarded by BRACELL to SGS.

The BRACELL accounting information and or detailed in reference list of “SUSTAINABILITY REPORT 2020” were not assessed in this assurance process.

The team of SGS and BRACELL, due to external conditions and precautionary health and safety of employees, following the World Health Organization recommendations and respecting the quarantine period due to the Covid-19 pandemic, conducted the assurance process remotely.

Impartiality and competence statement

The SGS Group is global lead in inspection, analysis and verification services, operating in more than 140 countries and rendering services that include management system certification, audits and trainings on quality, environmental, social and ethic segments, sustainability assurance reports and greenhouse gases verification. The SGS attests its independence against BRACELL, stating that is exempt from interest conflict with the organization, their subsidiaries and stakeholders.

The assurance team was composed according to members’ expertise, experience and competence for this activity, the team is composed of:

- An Audit Lead on Assurance of Sustainability Report, a Lead auditor on Socioenvironmental programs, a Lead Assessor of Greenhouse Gases (GHG), Lead auditor on Renovabio program.

Assurance opinion

A broad assurance was ordered, and the work performed was sufficient and adequate for a solid assurance. Regarding the verification performed on methodology, process and data provided by BRACELL, we attest the information and data provided on disclosures of “SUSTAINABILITY REPORT 2020” are reliable and a true and accurate representation of the sustainability activities performed by BRACELL in 2020. The assurance team thinks the report can be used by company’s stakeholders as part of their processes of company evaluation. The organization selected the Core Option, which meets their needs.

In our opinion, based on what was found in company units and on documents provided by BRACELL, the report content fully meets the GRI standard requirements.

Recommendations, findings and conclusions of assurance

The disclosures of BRACELL Report, “SUSTAINABILITY REPORT 2020”, are aligned with GRI Sustainability Reporting Standards, (Universal Standards 101, 102 and 103) and with the requirements of Topic-specific Standards (GRI 200, GRI 300 and GRI 400), Core Option.

BRACELL presents its Report based on 06 pillars (Governance, Society and Clients, Social and Labor, Human Rights, Environmental, Economic) with 28 material topics raised in a materiality assessment carried out in 2016. In our opinion, topics identified reflect in an accurate way the impacts of BRACELL’s activities in a balanced way and the report covers information on all the topics considered as material for the the industry and stakeholders.

BRACELL has as an opportunity to improve the disclosure of content on the material topics “Good economic performance” and “Type of materials used”, contemplating a greater detailing of disclosures 103-1 - Explanation of the material topic and its boundary, the form of management of each material topic (disclosure 103-2 - The management approach and its components), as well as structuring of disclosure 103-3 - Evaluation of the management approach.

As for the contribution to the improvement in the preparation of future sustainability report and greater efficiency in the assurance process, we recommend BRACELL to

1. Develop an ongoing process of stakeholder and materiality mapping. The best practices indicate that material topics should come up from the company’s ongoing interaction with their stakeholders occurring throughout the year.
2. Promote a new materiality assessment, aiming at maturing the points of contact with the areas that respond to the disclosures and with the stakeholders. This practice will allow for an increasingly complete, accurate, and transparent report.
3. Regarding the material topics “Good economic performance” and “Type of materials used”, we suggest that in the next report the information be fully presented, including disclosures 103-1, 103-2, and 103-3.
4. Seek to detail, as requested by the GRI Standards, the 103-3 - Management approach, for the following material topics: “Equal pay for men and women”, “Supplier assessment based on human rights”, “Prohibition of child or slave labor”, “Respect for human rights”, “Complaints about human rights impacts”.

We recognized BRACELL's commitment and efforts in releasing the Sustainability Report in accordance with the GRI Sustainability Reporting Standards, (Universal Standards 101, 102 and 103) and with the requirements of the Topic-specific Standards (GRI 200, GRI 300 and GRI 400).

Finally, SGS congratulates BRACELL for the initiative of carrying out the assurance of their report, for the historical commitment to sustainability and hopes that the significant advances in the issue that the company has been achieving in recent years will continue.

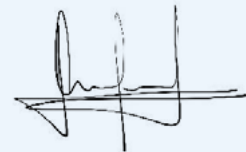
June 28th, 2021

Executed by and on behalf of SGS.




Fabian Peres Gonçalves

Business Manager -
Sustainability



Caio César Ferreira de Faria

Lead Auditor for
Sustainability Report

A photograph of a dirt road winding through a dense forest of tall, thin trees. The road is made of reddish-brown earth and leads into the distance. The trees are tall and slender, with green foliage. The sky is visible through the canopy, showing some clouds. A white, curved graphic element is overlaid on the left side of the image, containing text.

Coordination

Bracell - Corporate Relations,
Communications and
Sustainability Department

GRI consultancy, content, editorial and design coordination

Approach Comunicação

Images

Bracell Archive



Sustainability Report 2020