Code	Revision	Date	Issued by	Approved by
PPG	1.0	02/18/2016	HS - RC	RCA
Title: Integrated Risk Management Policy				

Summary

1 PURPOSE

This Integrated Risk Management Policy ("Policy") establishes, updates and unifies the general guidelines and principles of the Company's Integrated Risk Management process, from identifying to treating the risks identified, describing the activities and the key responsibilities of the management bodies or departments of the Company.

2 SCOPE

This Policy applies to all management bodies and departments of Suzano Papel e Celulose S.A. and its subsidiaries (jointly referred to as "Suzano" or "Company").

3 DEFINITIONS

- **Risk Appetite** signifies the level of Risk the Company management is willing to accept in executing its business strategy and/or operations.
- **Corporate Risk Department** is Suzano's department for corporate risks, which reports to the Company's Executive Board.
- **Internal Audit** refers to Suzano's internal audit department.
- **Company** means Suzano Papel e Celulose S.A., together with its subsidiaries.
- **Compliance** means adherence to and compliance with the law and other applicable standards.
- **Board of Directors** means Suzano's Board of Directors.
- **Executive Board or Board of Executive Officers** means the Board of Executive Officers of Suzano, elected in accordance with its Bylaws.
- **Risk Management** means the activities performed in order to identify, classify, formalize, monitor and/or manage the Risks identified. Risk Management must be aligned with the Company's objectives, strategies and business.
- **Risk Impact** means the financial, operational, image and/or compliance impacts involving the Company and arising from the materialization of a Risk.
- **Materiality of Risk** means the Risk whose materialization results in (i) significant losses in the Company's financial statements or results; or (ii) significant impact on its operations, in all cases causing substantial loss to the shareholders of the Company. Materiality must be calculated annually to ensure accompanies the growth of the organization.
- **Policy or Risk Management Policy** means this Integrated Risk Management Policy, as amended from time to time.
- **Risk Management Process** means the application of practices and procedures to identify, assess, address and monitor events that may represent a Risk, based on formal documents, such as forms, minutes and manuals, to inform and share knowledge.
- **Risks** mean uncertain factors or events that may cause a negative impact, making it difficult or impossible for the Company to meet its objectives.
- **Critical Risks** means all Risks whose materialization results in a Risk Impact higher than the Materiality of Risk. These should be given top priority, and key risk indicators should be monitored constantly and regularly.
- **Compliance Risks** shall have the meaning attributed in Chapter 4 herein.

- Credit Risks shall have the meaning attributed in Chapter 4 herein.
- Liquidity Risks shall have the meaning attributed in Chapter 4 herein.
- Market Risks shall have the meaning attributed in Chapter 4 herein.
- Strategic Risks shall have the meaning attributed in Chapter 4 herein.
- Financial Risks shall have the meaning attributed in Chapter 4 herein.
- Operational Risks shall have the meaning attributed in Chapter 4 herein.
- Risk Owner means the Employee defined as responsible for monitoring and/or addressing the risk.
- Suzano means Suzano Papel e Celulose S.A., together with its subsidiaries.
- Risk Tolerance means the range, in monetary terms, that the positive or negative result associated with an assumed Risk could generate a range defined in accordance with and within the limits of the Company's authority.

4 GUIDELINES

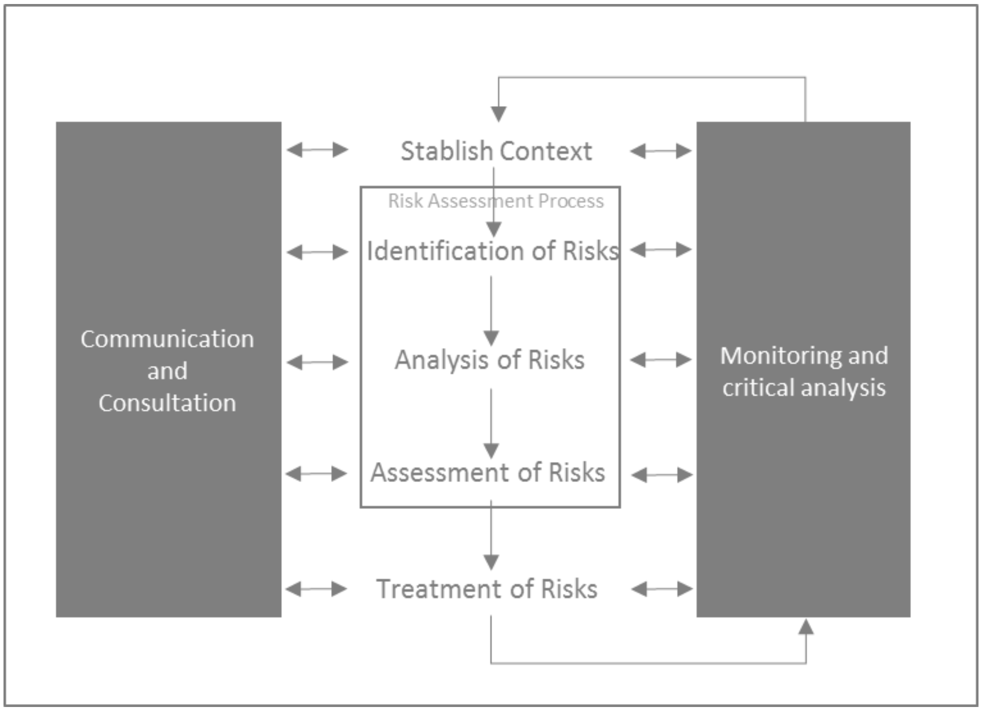
4.1 TYPES OF RISKS

Suzano categorizes its Risks as follows:

- Strategic Risks: means Risks whose materialization results in losses for the Company due to the failure of the strategies adopted, taking into account the dynamics of business and competition, as well as political and economic changes in both Brazil and abroad.
- Financial Risks: means the Risks whose materialization results in financial losses for the Company These are subdivided into three categories:
  - Market Risks: means the Risks whose materialization results in losses caused by changes in the behavior of interest and exchange rates, stock and commodity prices and/or prices of other products acquired and/or sold by the Company.
  - Credit Risks: means the Risks whose materialization results in the loss of amounts agreed to with debtors or clients of products sold by the Company on installments to the counterparties of the contracts or who have issued negotiable instruments in favor of the Company.
  - Liquidity Risks: means the Risks whose materialization: (i) renders the Company incapable of conducting transactions in a reasonable time and without significant loss of value; or (ii) results in the lack of funds to honor the commitments assumed due to the mismatch between assets available and liabilities overdue.
- Operating Risks: means the Risks whose materialization results in losses due to failure, deficiency or inadequacy of internal processes, people and systems, or external events.
- Compliance Risks: means the Risks associated with legal or regulatory sanctions, causing financial loss or loss of reputation, resulting from non-compliance with laws, agreements, regulations, the Code of Conduct and/or internal policies or standards of the Company.

4.2 RISK MANAGEMENT PROCESS

Risk management at Suzano aims to standardize the concepts, definitions and practices across the Company through information systems, so that they may guide the Company in decision-making, and increase the transparency of information for the Company and its stakeholders, as applicable.



- Figure 1: Risk Management Process

4.2.1 ESTABLISHING THE CONTEXT

Defining the criteria for Risk management, by assessing the internal context, which involves the organizational structure, processes, responsibilities, internal information systems and relations with internal stakeholders, as well as the external context, involving the analysis of the cultural, legal, social, political, financial, technological and economic environments.

4.2.2 IDENTIFICATION OF RISKS

Comprehensive mapping of risks based on the perception of the Board of Executive Officers and executives involved with Risk management, considering the business goals and the Risk Impact.

4.2.3 ANALYSIS OF RISKS

Risk analysis involves the consideration of the causes and sources of Risk, its consequences, whether positive or negative, and the probability of occurrence. As such, all internal or external events related to the Company's strategies and business goals must be mapped and monitored to ensure that any materialization of a Risk that may occur is known and managed at an acceptable level.

4.2.4 MATERIALITY OF RISKS

Determining the Materiality of Risks is a matter of professional judgment and is affected by the perception of the Risk owner (Corporate Risks area). The following rules and percentages apply to the calculation of Materiality of Risks:

- For-profit entity (publicly held);
- Use of 1% of Net Revenue.

The Controllership area will calculate the materiality and inform it to Corporate Risks.

For risks related to fraud, the judgment to be adopted by the Corporate Risk area will not be limited to the amounts calculated by the formula above.

4.2.5 ASSESSMENT OF RISKS

Risk assessment is a process that serves as the basis for, and helps in, decision-making, identifying priority Risks that require treatment and management. Risks are assessed and classified according to Risk Impact, in four degrees:

- Low: Small sector losses and/or facts that do not affect the Company's image.
- Medium: Sector losses that moderately affect the profitability of certain products and/or facts that have a temporary impact on the Company's image.
- High: Losses that result in a sharp decline in profitability and/or facts that significantly tarnish the Company's image.
- Severe: Losses or significant damages to the image that could result in discontinuation of the Company's activities.

In terms of vulnerability (likelihood of occurrence), Risks are also classified in four degrees, as follows:

- Low: Efficient framework of internal controls, with formalized procedures and continuous monitoring; known history (by the Corporate Risk and/or Internal Audit area) of few incidents or no history of materialization of the Risk, low frequency.
- Medium: Reasonable monitoring activity; formalized procedures, although not very specific; known history (by the Corporate Risk and/or Internal Audit area) of materialization of the Risk, moderate frequency; existence of formalized compensating controls as part of the control routine.
- High: Little or no monitoring; low level of formal procedures; known history (by the Corporate Risk and/or Internal Audit area) of many materializations of Risk, high frequency; absence of compensatory and/or formalized controls.
- Severe: No monitoring; no formal procedures; known history (by the Corporate Risk and/or Internal Audit area) of materialization of the Risk with high frequency; absence of compensating controls.

In accordance with the classification of the vulnerability of Risks and their probability, the following Risk matrix was generated comparing these two variables:

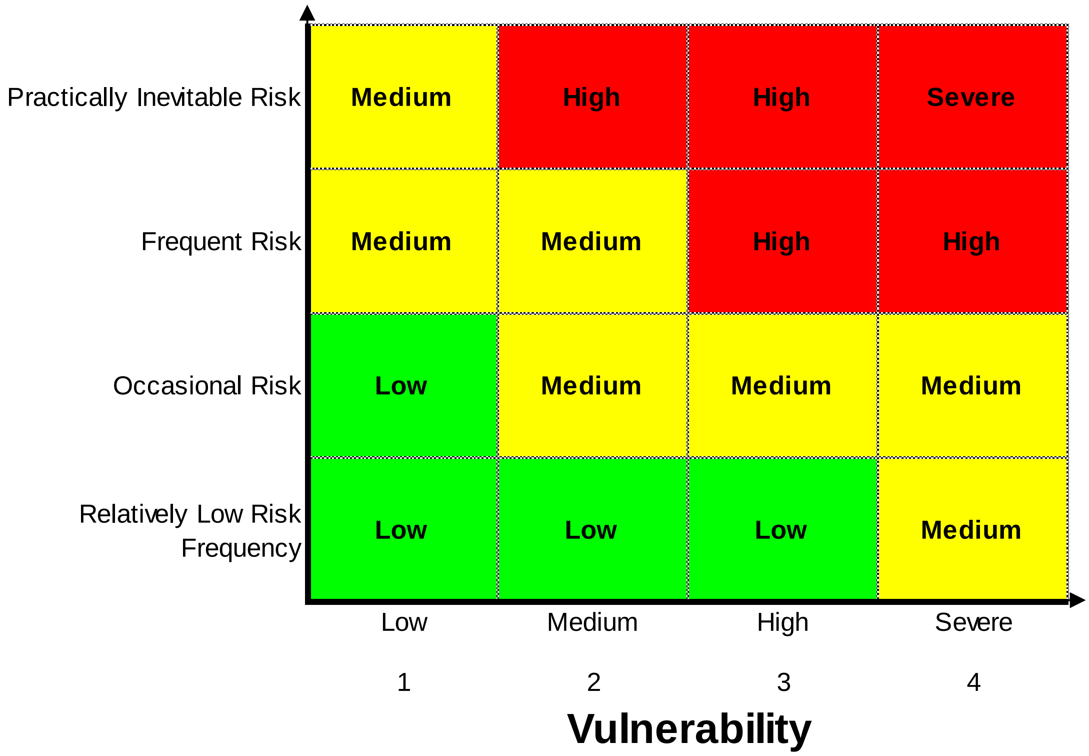


Figure 2: Impact vs. Vulnerability Matrix (Probability of Occurrence)

4.2.6 TREATMENT OF RISKS

Definition of Suzano's approach to Risks identified, involving one stage of selection of options with the following lines of reasoning:

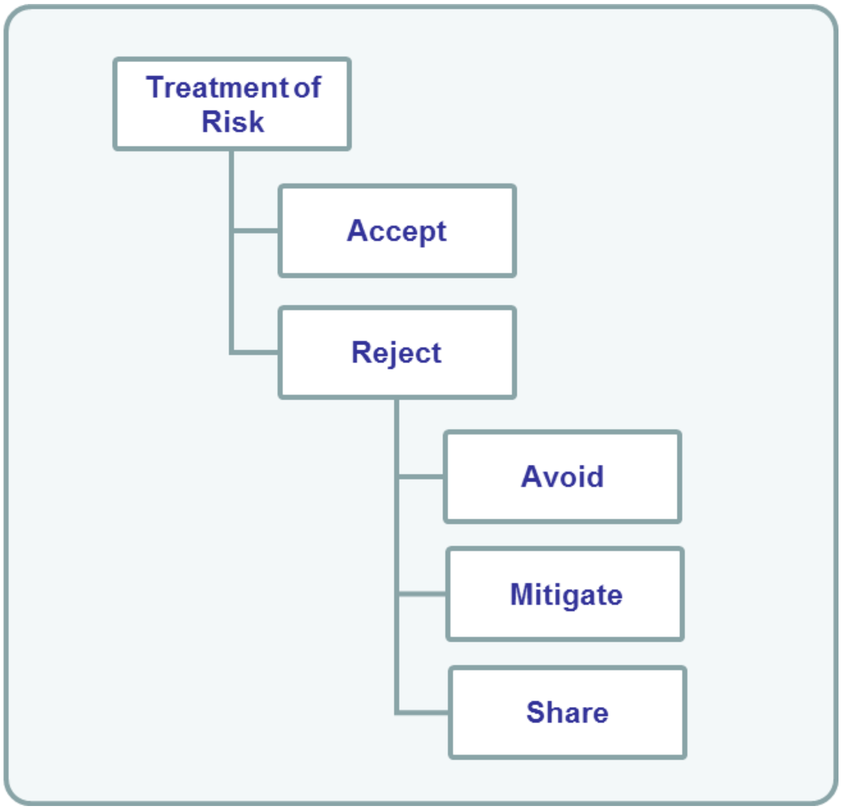


Figure 3: Treatment of Risks

- Accept: The Company, within the limits of authority, decides to live with the Risk and does not take any action to deal with it.
- Reject: The act of rejecting a Risk means Suzano does not wish to live with it, and thus requires some treatment to be taken by the Risk Owner (employee responsible for monitoring and/or treating the risk). The fact that a Risk has been rejected implies that Suzano will treat it according to the following options: Avoid, Mitigate or Share:
    - Avoid: The activities that originated the Risk must be interrupted, whether through the sale of the Risk-generating asset or through business redirection, for instance;
    - Mitigate: Seek alternatives to restructure processes in order to reduce the Risk Impact, in case of materialization, the likelihood of materialization or both;
    - Share: Take action to transfer the Risk to a third party by paying a certain amount for that, such as for instance contracting insurance or taking out hedge instruments.

4.2.7 COMMUNICATION AND CONSULTATION

The Risk management process must be a part of all organizational processes and hence a sound communication plan must be prepared for all phases of the process, always in a continuous and interactive manner, so that all stakeholders may share, provide or obtain information.

4.2.8 MONITORING AND CRITICAL ANALYSIS

The goal of monitoring is to follow its evolution over time, verifying whether the actions implemented by Suzano or the changes in the external environment have an impact on Risk assessment, increasing or decreasing its significance or the impact of Risk given the factors of assessment, probability and duration.

4.3 PRIORITIZING RISKS

After compiling and classifying Risks weighting the Risk Impact, probability and duration, the main risks on which the Company should focus within a one-year period are listed. These Risks, after being validated by the Corporate Risks Area, will be addressed effectively to reduce and/or mitigate them.

4.3.1 PRIORITY MATRIX

The priority matrix enables a graphic representation of the Risks selected and grouped according to the loss or Risk Impact associated with the event of materialization of the Risk.

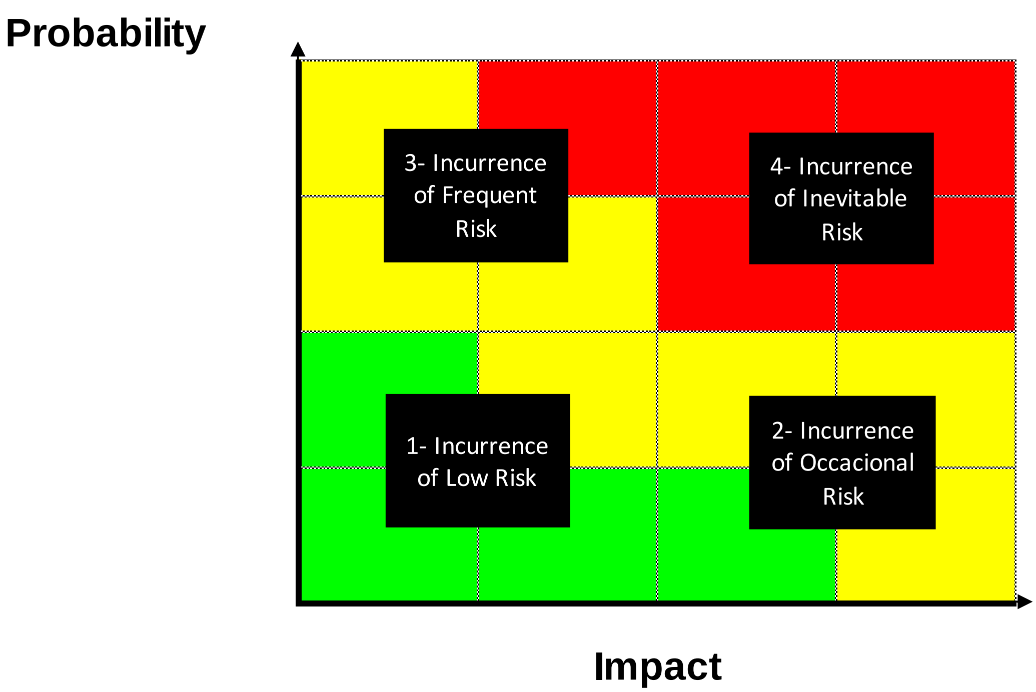


Figure 4: Risk Priority Matrix

4.3.2 CHARACTERISTICS OF RISKS BY QUADRANT

- Quadrant 1 – Relatively low materialization of Risk

Continuous monitoring. Known history (by the Corporate Risk and/or Internal Audit area) of few occurrences or no history of occurrence of the Risk, low frequency.

- Quadrant 2 – Occasional materialization of Risk

Little monitoring activity. Formalized but not very specific procedures. Known history (by the Corporate Risk and/or Internal Audit area) of moderately frequent occurrence of the Risk.

- Quadrant 3 – Frequent materialization of Risk

Low or no monitoring activity. Low level of formal procedures. Known history (by the Corporate Risk and/or Internal Audit area) of many occurrences of the Risk, high frequency.

- Quadrant 4 – Materialization of Risk practically inevitable

No monitoring activity. No formal procedures. Known history (by the Corporate Risk and/or Internal Audit area) of very frequent occurrence of the Risk. No compensating controls.

5 RESPONSIBILITIES

5.1 BOARD OF DIRECTORS

- Ratify, when necessary, the Risk Appetite and Risk Tolerance defined by Company departments and approved by the Corporate Risks Area.

5.2 AUDIT COMMITTEE

- The Audit Committee oversees the process of risk management and monitoring, verifying whether the Company has internal mechanisms capable of identifying and monitoring them, as a way to manage the Company's Risk profile. The Audit Committee also evaluates the parameters of the Company's Risk management model, as well as its human and financial resources allocated to the Risk management process, in addition to the maximum tolerance set by management.

5.3 BOARD OF EXECUTIVE OFFICERS

- Identify and assess Risks for decision making.
- Maintain an adequate organizational structure and reasonably manage the Risks that Suzano is subject to.
- Ratify the priority list of Risks to be treated/managed.

5.4 CORPORATE RISKS MANAGER

- Continuously disseminate the culture of risk management in the Company.
- Update the Company's Overall Risk Assessment.
- Help identify, assess, mitigate, monitor and report the Risks inherent to the Company's activities.

- Monitor Risks in partnership with other areas of the Company.
- Define an annual timetable for reviewing business processes together with the Internal Audit department.
- Validate the scope of Risk management work with the Board of Executive Officers and the Board of Directors.
- Document the Risks and internal controls of business processes.
- Monitor compliance with the Company's policies and procedures, including this Policy.
- Monitor the results of risk indicators under the responsibility of other areas of the Company.

5.5 OTHER AREAS OF THE COMPANY

- Update the documentation of processes under their management.
- Define an action plan and implement it to mitigate any vulnerabilities identified in their operations.
- Carry out a thorough and adequate control self-assessment.
- Define the levels of Risk Appetite and Risk Tolerance, which the Corporate Risks area should submit for approval of the Risks Committee and the Board of Executive Officers.