



Sustainability Report 2022

VERACEL

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About this Report

GRI 2-3

The Veracel Sustainability Report 2022 reinforces our commitment to building the future starting today by internalizing sustainability and promoting ESG (Environmental, Social and Governance) initiatives. We report our achievements and challenges of making key transformations in Veracel's business models and culture. One of our main reasons behind this objective is described throughout this report: maintaining close and transparent relations with our main stakeholders, including employees, communities, rural producers, suppliers, shareholders and public authorities, among others.

Divided into five chapters and based on keywords summarizing our culture's pillars – Inspiration, Dialogue, Relations, Protection and Achievements –, the content brings together information about our legacy as a pulp company social and environmental data; and our company's perspectives. Supported by material themes, we present Veracel's main initiatives, sustainability strategies and vision, reinforcing our essence and core values.

Transparently, this report is in accordance with the Global Reporting Initiative (GRI) – Standards 2021, which establish internationally recognized standards for communication of corporate sustainability management and transparency.

Questions, comments or suggestions related to this report can be sent to: comunicacao@veracel.com.br or communicated on our website's [Contact Us](#) page.

Thank you for your interest in this publication!

Message from the President

GRI 2-22



Caio Zanardo
President

The year 2022 was remarkable for us. We went through the pandemic with safety and resilience, while maintaining full operations and fulfilling our strategic role for the Brazilian economy. We strove for sustainable growth and managed to be influential and proactive in the regions where

we operate, generating value based on good forestry, industrial and social practices. Each one of us –employees or stakeholders – is part of these results and, together, we celebrate these achievements.

One of them is the reduced use of water and natural gas in our industrial operations. Despite the challenges in 2022, we delivered a significant production performance, one of the best in our history. We invested approximately BRL 20 million in innovation and technological improvements, transforming the way things are done in different areas of the company.

We have worked to internalize sustainability among our teams by integrating areas, promoting positive agendas, reorganizing the board of directors and valuing talent. We believe that people are our most important asset and essential for our growth. In the work for employee development and quality of life, we highlight of the work the Great Place to Work (GPTW) award. In 2022, we were recognized as a great place to work for the fifth time, reinforcing that we are a company that people are proud to be a part of.

In addition, we have made progress in diversity and promoted training programs for local workforce, with exclusive openings for minority groups. Since 2001, this is the first time we have a Forestry Machine Operator group made up of only women. We are putting our mission into practice.

In order to improve our competitiveness, we are committed to increasing our forestry base in partnership with rural producers in the region where we operate. Our goal is to maintain a sustainable forestry base,

consuming fewer resources in order to ensure Veracel's perpetuity, a relevant factor for our stakeholders. The construction of the BA 658 highway and the bridge over the Jequitinhonha river, a project costing more than BRL 100 million and scheduled for completion in 2023, will make it easier for wood to access the factory, providing key logistical benefits for our operations, with safety and attention to the environment. With this, we will be able to reduce risk of accidents and CO₂ emissions.

I can also highlight our work in communities where the company operates, which is a source of pride for us. Our investments in 2022 include the construction of a packaging structure for products in an agricultural settlement, which promotes income generation, autonomy and development for this community. This initiative is part of the company's Agroecological Settlements Project that has operated since 2013 and benefits approximately 1,500 families. This is one of the key actions we undertake for the regional development.

In 2023, we will focus on priority issues for us and on making Veracel more competitive and ensuring the our team's safety . We want to improve our synergy and ability to reinvent ourselves. We are implementing goals to generate value for the company through transformative actions, with a view to having a welcoming environment with security and emotional safety for everyone. In the coming years, we will strive to materialize and reap the results of what we are building and consolidating today. The growth of our company and how much it contributes to society is what moves us.

Thank you and good reading!



20.5
m³/t_{sa}

The use of water specifically for pulp manufacturing is the lowest in Veracel's history in 2022. With this result, we are one of the companies with the best water use results in the world.

13% 

usage reduction of natural gas in the production process

Results helps to reduce our greenhouse gas emissions

5th

Consecutive year recognized by Great Place to Work



In 2022, we were recognized by Great Place to Work for the 5th consecutive year.



We invested **BRL 2.2** million in courses and training.



40
openings

We created 20 openings for the Forestry Machine Operator course and 20 openings for the Forestry Machine Mechanic course. Of these 40 openings, 26 were filled by women.

We invested **BRL 20** million in technology projects



We implemented about 100 technology projects over the year.

About **1.500** families are benefited



from our Family Farming program.

More than **4,000** students



We provided school material to 4,752 students and 244 teachers in indigenous villages located in Veracel's area of influence through the Education is Life program.



We invested more than **BRL 100** million

in the construction of the BA 658 highway and the bridge over the Jequitinhonha river, which will improve our logistics and contribute to the development of the region where the company operates.



We invested **BRL 34.5** million in purchases and the local service contracting.

Highlights of the Year





Veracel

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[Learn more about Veracel and its history.](#)

Who we are GRI 2-1; 2-6

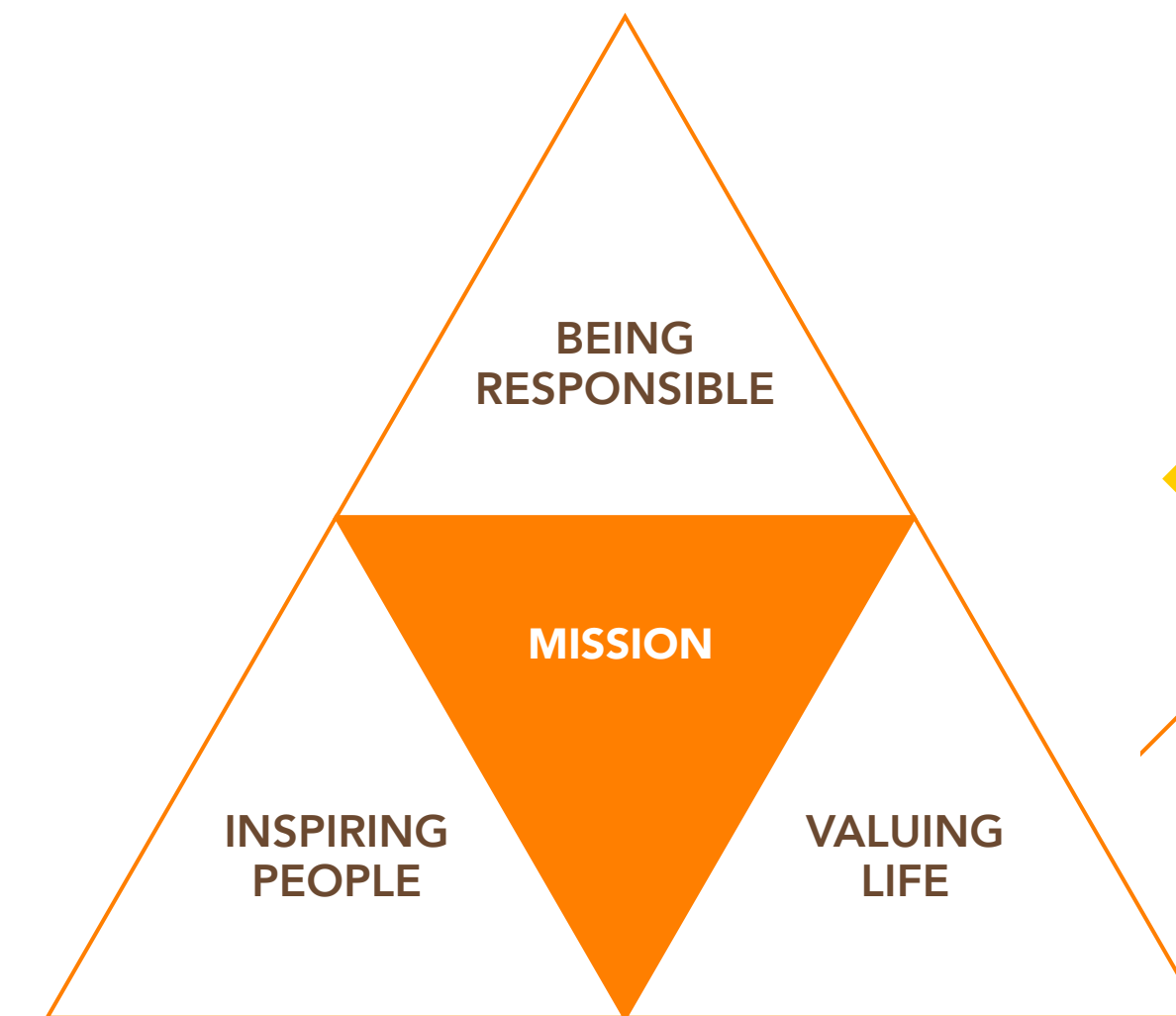
Veracel is a Brazilian bioeconomy company that sustainably produces pulp from eucalyptus fiber. The company's headquarters are located in the municipality of Eunápolis, in the Brazilian state of Bahia, and its operations position the company as a major development agent in the region. Operations cover municipalities in the south and extreme south of Bahia, a region known as the Discovery Coast, and in the Jequitinhonha Valley, in the Brazilian state of Minas Gerais. Veracel has two shareholders in the pulp and paper industries: the Brazilian company **Suzano** and the Swedish-Finnish company **Stora Enso**, each with 50% of the shares.

The region where Veracel operates is located in the Atlantic Forest biome and is known for the landscape diversity with natural forests, beaches, mighty rivers,

sandbanks and preserved mangroves. In this environment of great biodiversity and different cultures, producing pulp sustainably is challenging and a process full of responsibilities. In order to reinforce our environmental commitment, we have a Private Natural Heritage Reserve (RPPN, in the Portuguese acronym) and preserve an over 90,000 hectares area. [Learn more in Chapter 4.](#)

In all, there are 143 communities located in the company's area of operations, with 45 in the area of direct influence. In addition to these communities, we also have permanent dialogue with 34 indigenous communities.

Every day, we engage in collective work to share the mission of being responsible, inspiring people and valuing life, with a view to making a better future for all.



Our organizational culture is based on five pillars.

[Learn more on our site.](#)



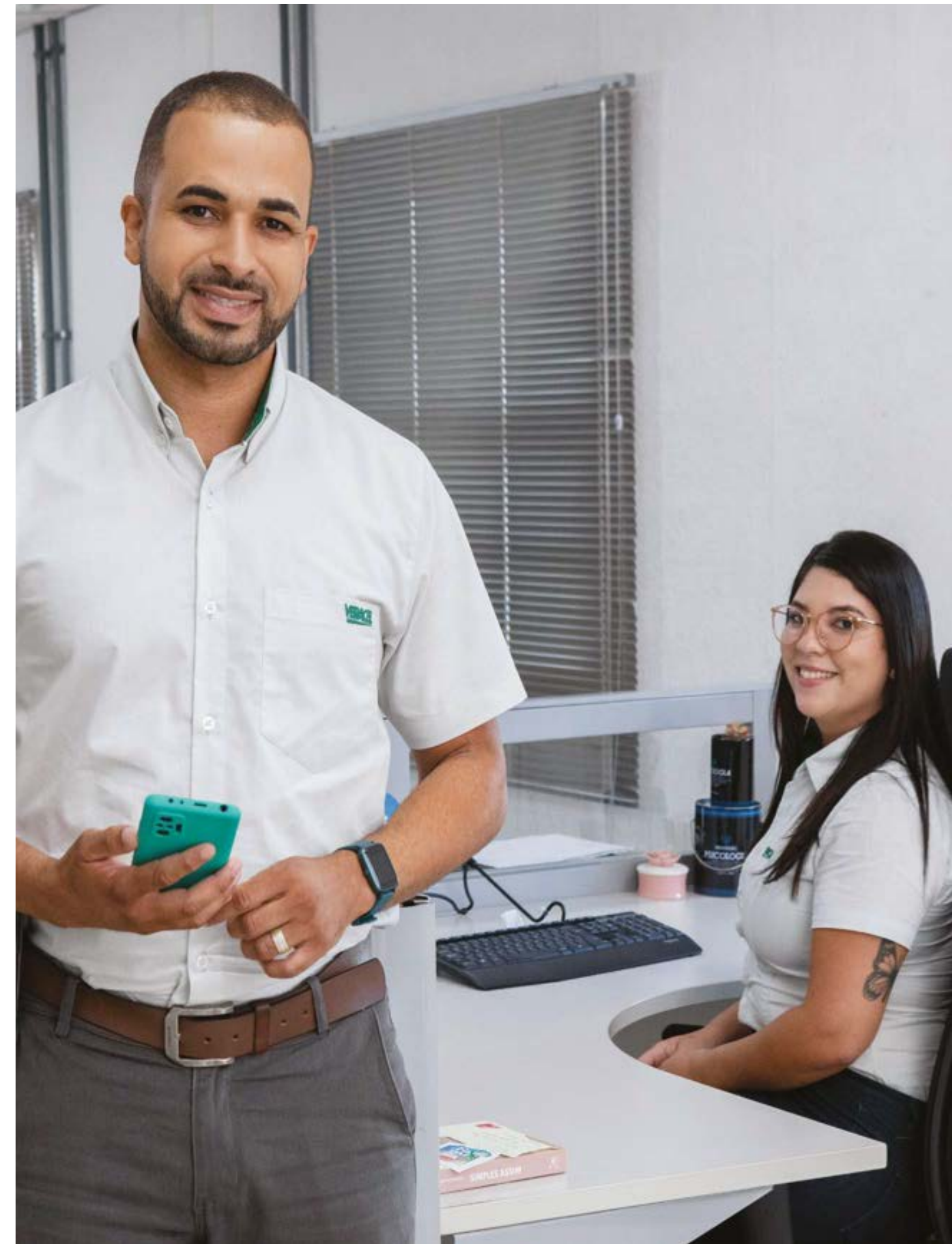
Corporate Governance

Board of Directors GRI 2-9; 2-10; 2-12

The role of the highest governance body in supervising impacts is to protect and add value to Veracel’s assets, while maximizing the return on investment for its

shareholders. The Board of Directors is fully aware of Veracel’s values, mission and beliefs and ensures that they are considered in every decision.

The key objectives of the Board of Directors in economic, social and environmental contexts are:



- ◆ Being in line with the shareholders’ and other stakeholders’ interests;
- ◆ Promoting the company’s operational continuity in a long-term and sustainable perspective, including ESG and best corporate governance considerations;
- ◆ Adopting an agile management structure with skilled professionals;
- ◆ Outlining the company’s management guidelines to be reflected in the annual budget;
- ◆ Ensuring that the strategies and guidelines are effectively implemented by the Board of Directors, without interfering in operational issues; and
- ◆ Preventing and managing conflicts of interest or differing opinions.

The appointment and selection for the highest governance body is based on nominations by shareholders with approval in a board meeting, which takes place on a quarterly basis. The nomination criteria are defined by shareholders.

Organizational Structure GRI 2-9



Materiality GRI 3-1; 3-2

The materiality matrix is one of the fundamental tools for targeting the audiences with whom we need to dialogue, in order to be more clear about our impacts, whether positive or negative, our priority topics and how these topics connect with stakeholders.

Our matrix was updated in October 2022 and process consisted of global, sectoral and thematic documents analyzing on aspects of sustainability and ESG management; opinion survey with the main stakeholders; and in-depth interviews with leadership. Based on the information collected, a list of 12 main topics was produced, crossing the preferences of internal and external audiences, represented in the following materiality matrix:



Click to see the material topics of each group

Dialogue and Relations

GRI 2-29

For Veracel, respect and trust are built with dialogue, transparency and ethical behavior. With this in mind, we seek to create an environment conducive to structured and active dialogue with all stakeholders, respecting differences, cultures, ideas and opinions.

In 2022, we worked in partnership with an external consulting firm to assess our level of maturity in stakeholder management. We reviewed our mapping of stakeholders and established criteria for management and relationship actions, including a materiality matrix and we defined sensitive and/or emergency issues involving the company and stakeholders. As a result, we produced a guiding document to be used as a reference for managing interactions.

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▲ Sustainability Management GRI 2-22

We are a company that dialogues with all stakeholders and contributes to sustainability in different ways. We are partners in the development and training of neighboring communities, supporting family farming and education projects, and generating jobs and income in the south of the state of Bahia. We identify negative impacts and mitigate with different actions, as established in corporate procedures. We highlight the following initiatives in 2022:

- ◆ Sustainable procurement: **BRL 34.5 million in purchases** and contracting of local services. [Learn more about the program.](#)
- ◆ **2,200 hectares** added to the forest area.
- ◆ More than **90,000 hectares of preserved area**.
- ◆ More than **1,500 families participating** in family farming projects.
- ◆ Approximately **BRL 10 million** in social investments.

Sustainability is the foundation for the development of all our actions. It is part of the way we produce pulp and our relationship with employees, communities and the environment. In 2022, we increased the amount of local purchases and the participation of local suppliers in Veracel's quotation process. We have worked to disseminate, develop and engage

the regional suppliers for good and responsible purchasing practices. In addition, we have mapped and mitigated socio-environmental risks associated with our supply chain. We also created a committee to help raise the sustainability maturity to a level where the entire decision-making process is internalized in each operational area and in the initiative evaluation.

Human Rights

We are creating and implementing a Human Rights platform that will help assess impacts and develop the company's policies and guidelines. In 2022, we prepared a long-term action plan with a view to developing new policies, mobilizing people and creating new procedures. This series of planned initiatives will guide the company from 2023 onwards. However, we have already been identifying the risks related to the subject in the social, environmental and business risk management processes.

Social

In 2022, we considered new aspects in the social context, such as the implementation of a management and governance structure for corporate social responsibility based on 26 lines of action for the coming years. During this diagnostic process, we observed the absence of technological tools to assist in daily life and provide more security and traceability. To this end, we contracted a package of tools for social management, including seven **modules covering most of Veracel's actions to support the production chain strengthening.**



Ethics and Compliance

GRI 2-23; 2-24; 2-25; 2-26; 3-3 (205)

We value business transparency and ethical conduct through activities and policies that guide our behavior and expected practices. Over the last few years, we have built the “Jeito Veracel” (Veracel Way of Doing Things), a way of thinking and acting inside and outside the company. One of our guideline books is the Code of Conduct, created for employees and suppliers to know how to act in different situations in their professional and personal life and clarify any questions that may arise concerning the Good Conduct practices expected by Veracel.

In addition, we have an anonymous communication channel to ensure transparent dialogue with stakeholders and address complaints regarding non-compliance with the Code of Conduct – 100% of the cases received are handled by the Compliance area. In 2022, 99% of cases were resolved within the period; and the remaining percentage will be addressed in 2023.

In the same period, we held the third edition of the “Talking about Good Conduct” event for employees and partners, emphasizing the importance of respect and transparency in relationships. In order to ensure the capillarity of this topic, we also created the Ambassadors of Good Conduct program, including approximately 30 employees from across the company. They periodically discuss issues relevant to the topic in the company areas.

Anti-corruption Practices

We participated in the development of the Best Practice Guide on Anti-Corruption in Agribusiness, launched in



2022 by the UN Global Compact Brazil Network. The guide was produced by 17 companies in the agroindustry that make up the Agroindustry Collective Action, of which Veracel is part. The eight topics addressed in this guide were selected after mapping corruption and compliance risks in the six segments represented in the initiative: citrus; inputs; pulp and paper, protein; animal protein; and sugar and alcohol. The publication is available for download on the [Rede Brasil do Pacto Global official website](#).

In the same period, we began a pilot project with two partner companies to help them develop their own compliance structures. This initiative strengthens risk mitigation actions with suppliers and also includes training, periodic audits and contractual issues. Our Risk Matrix is reviewed every two years; the most recent revision took place in 2021.



Pacto Global
Rede Brasil

We participated in the preparation of the Best Practice Guide on Anti-Corruption in Agribusiness, launched in 2022 by the UN Global Compact Brazil Network and produced by 17 companies in the agroindustrial sector that make up the Collective Action of the Agroindustry Sector, of which we are part. The publication is available for download on the official website of Rede Brasil do Pacto Global.

Non-discrimination GRI 3-3 (406)

During 2022, we carried out a number of compliance actions related to non-discrimination issues, including activities in our Good Conduct Ambassador program. Our anonymous communication channel is available around the clock for discrimination complaints by calling 0800 721 0764 or on our website. The registered complaint is verified in a comprehensive and secure manner for those involved. Complaints can also be made directly to the Veracel area leader or the compliance team.

Complaints deemed valid generate reparation plans which are implemented and monitored. We believe that discrimination is an unacceptable practice and that combating this type of practice is essential to ensure a healthy work environment, motivation and productivity for professionals who have been discriminated and/or who have witnessed discrimination behaviors. In addition, combating discrimination is part of our broader commitment to generating positive impacts on society. GRI 406-1

Code of Conduct GRI 2-23; 2-24

Our Code of Conduct guides the way we think and act inside and outside the company. It formalizes the company's ethical culture and corporate governance management. These are some of the actions that strengthen our good conduct practices.

In 2022, we worked on updating the Supplier Code of Conduct, which is expected to be launched in 2023. The year is also marked by the conclusion of the revision of the control matrix in all the company's operational areas.

In addition, we implemented three automated audit routines with a system to audit a given area in detail during one, two or three months, as needed. This process creates regular tests to improve controls for the management of factories and forestry areas.



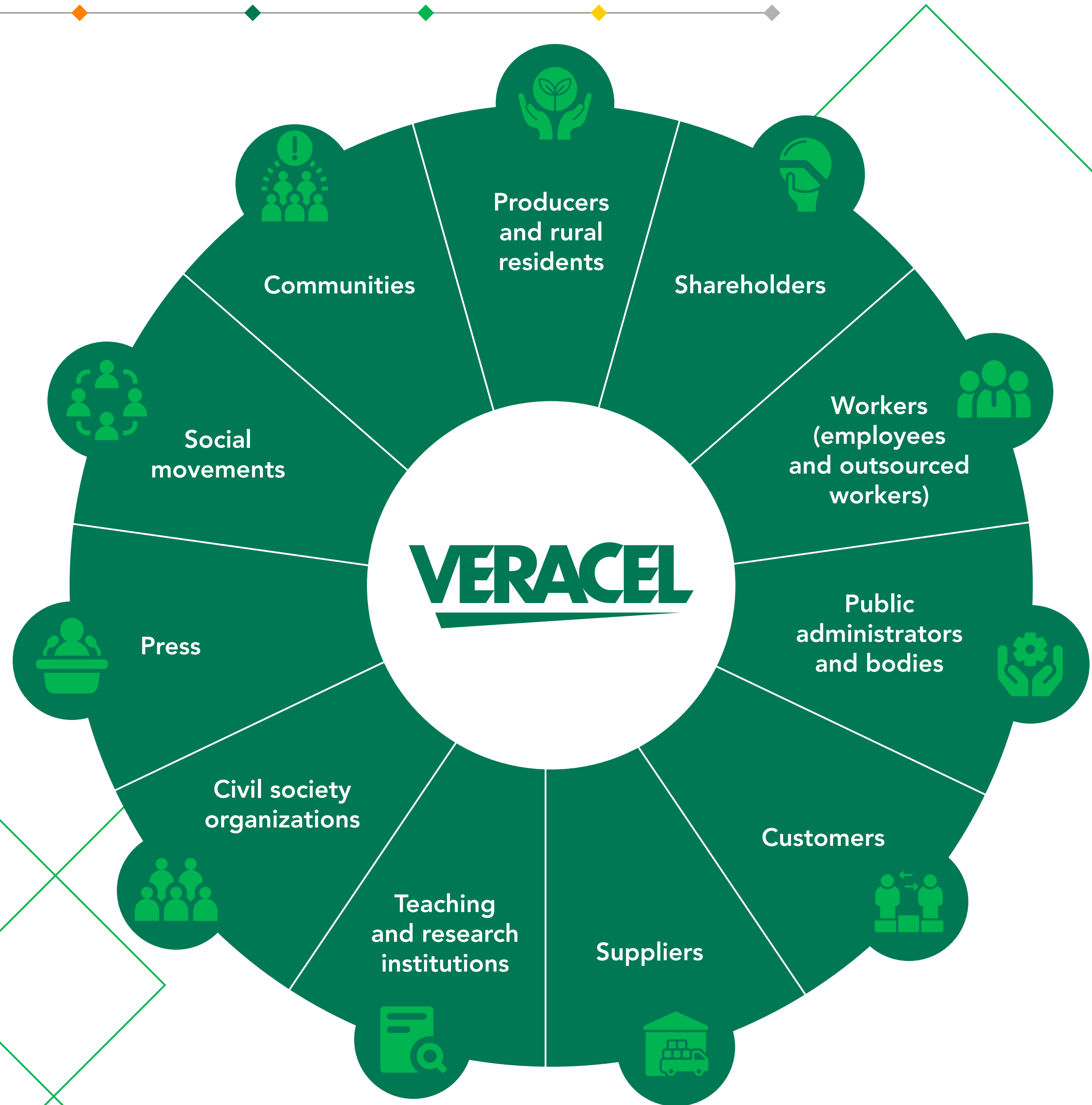
[Learn more about Veracel's policies and codes here.](#)

Stakeholders Relation GRI 2-29; 203-2

Veracel seeks to develop business responsibly, generating value for shareholders, employees, suppliers, forestry producers, municipalities, communities, current and future generations and other stakeholders. We recognize the importance of building respectful relations with the people impacted by our operations and contributing to local development based on a participatory model. To this end, we believe that continuously acquiring knowledge about the region, the people and the dynamics between them, their needs and their perceptions of our company is essential.

Veracel's stakeholders include people, groups and organizations that are impacted by the company's operations and activities or that impact the company's decisions, operations or objectives are classified into categories and subcategories (specific groups within a stakeholder category), internal and external stakeholders.

- ◆ **Internal stakeholders:** Veracel employees and outsourced labor.
- ◆ **External stakeholders:** Suppliers, public administrators and bodies, forestry producers, environmental conservation networks, civil society organizations, universities and research institutions, the press, competitors and communities directly and indirectly affected by our operations.



Below are the principles of the company's relations with stakeholders:

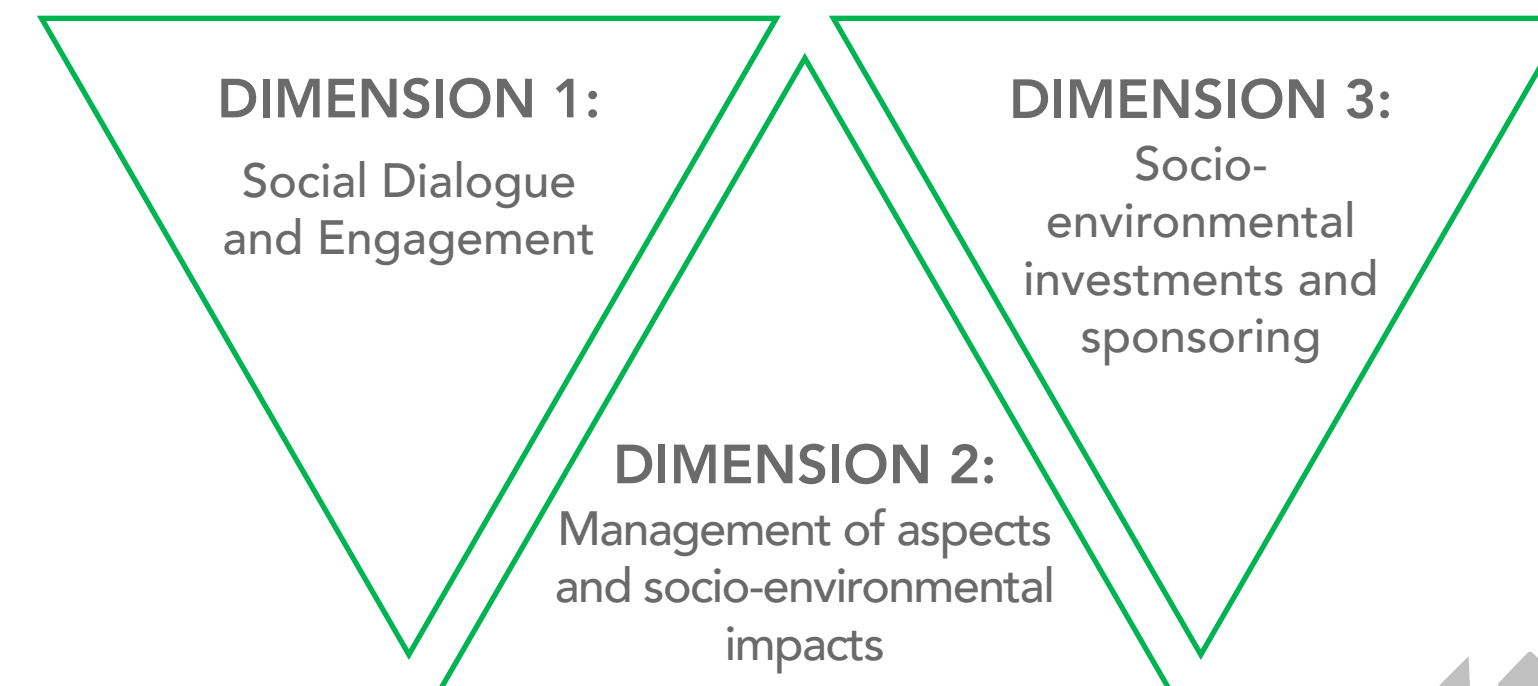
- ◆ Dialogue and inclusion of stakeholders' views in the company's integrated impact management;
- ◆ Actions related to issues and matters relevant to Veracel and stakeholders;
- ◆ Response and action related to issues and matters under company responsibility.



We have worked to implement the Social Dialogue Cycle, a methodology guided by the following principles:

- ◆ Planning (planning of interaction and engagement activities);
- ◆ Engagement (execution of the company's interaction and dialogue activities);
- ◆ Registration (structuring the reception, analysis, processing, response and monitoring of issues); It is); and
- ◆ Action (decision on interactions and manifestations that require action by the company).
- ◆ A matrix of interfaces, in a structuring phase, aims to clarify the responsibilities of each Veracel area for managing relations with stakeholders. Dialogue is permanently monitored with process and performance indicators for continuous improvement and opportunities for learning and improving the company's management and results.

The management of the company's relations with stakeholders includes three key dimensions:



Sustainable Procurement Program

GRI 3-3 (204); 3-3 (412) 203-2

We want to contribute to a strong, inclusive and resilient regional supply chain that improves the quality of life of communities and competitiveness. Engagement, productive inclusion, income generation, community empowerment and development of people and institutions are part of the key objectives of the Sustainable Procurement Program, an initiative that aims to provide society with a healthy and comprehensive supply chain in compliance with legal requirements. [Visit our site to learn more.](#)

In 2022, we made progress in strengthening our ecosystem with the implementation of practices related to Ethos indicator number 17 (Supplier Management System). Believing that the supply chain is a strategic part of our business, we reassessed our purchasing processes and performed due diligence on human rights in partnership with the Ethos Institute. Aimed at the regional development, we improved and concluded the 2nd cycle of our Supplier Development Program in partnership with Instituto Euvaldo Lodi (IEL).

In the same year, 50.25% of our purchases were made in the state of Bahia, with 19.6% in the municipalities where Veracel operates. **GRI 204-1**

[Read our Sustainable Procurement Policy in full.](#)

Dialogue with Suppliers **GRI 3-3 (308); 3-3 (414)**

We have approximately 2,800 active suppliers and around 50 permanent contracts associated with Veracel's operations. To monitor this chain, we have a system that periodically and automatically check the restrictive lists of the Ministry of Labor and other enforcement entities, bodies and institutes to verify whether any Veracel supplier is on these lists. For suppliers linked to Veracel's operations, this monitoring also includes visits and interviews of employees.



▲ Social Responsibility and Community Relations GRI 3-3 (413)

Veracel understands its key role in the development of the region where it operates. For this reason, we engage in ongoing dialogue, respect the traditional communities in our area of influence, support initiatives to improve quality of life and defend rights, and have a regular schedule of meetings with communities and neighbors.

The year 2022 at Veracel is marked by the evolution of the structured active dialogue with stakeholders, one of our most important actions for maintaining close relations with the communities near our operations. We participated in multi-sectoral bodies and dialogue forums in the region and maintained an active and direct relationship with traditional indigenous and fishing communities on the extreme southern coast of Bahia (from Belmonte to Mucuri) and rural communities as well.

Veracel has internal procedures on which this dialogue is based, such as Tactical Operational Plan and Regional Development Plan, as well as social investment strategies to meet social needs.





Traditional Culture and Education GRI 3-3 (411)

At Veracel, we value respect for indigenous cultures and support initiatives to improve quality of life in the 34 Pataxó and Tupinambá indigenous villages in southern Bahia, where approximately 22,000 indigenous people live. We have procedures and a flowchart that guide our relations with traditional indigenous communities. The company's relations with this group is based on active and transparent dialogue with respect for each village's culture and specific characteristics, as well as on qualified listening.

In order to better understand community aspirations, we carry out actions in a participatory manner, evaluating regional territories and scenarios and consulting with official bodies. In traditional indigenous communities, we have individual meetings with villages, following criteria for culturally appropriate dialogue and respecting each community's and ethnic group's peculiarities of in our area of influence.

In the same way and in a systemic manner, we meet with councils of indigenous leaders and indigenous movements. When appropriate, representatives of the National Indian Foundation (FUNAI in the Portuguese acronym) and local communities attend the meetings. These discussions provide the main guidelines for managing impacts, whether positive or negative. It is a space for dialogue where Veracel, in conjunction with the community, defines next actions that will direct its annual efforts to benefit indigenous communities.

In 2022, the program provided school material to 4,752 students and 244 teachers. In total, we distributed 5,100 school kits . This action helps ensure high quality and inclusive education and promote learning opportunities for students in indigenous communities.



Thinking about benefiting communities in a concrete and effective manner and valuing their traditions, we support events that value culture, such as Araguaksã; spaces for leadership dialogue, such as indigenous leader council meetings; the Pataxó Indigenous Games; and the construction of kigemes (cultural centers). In addition, we help to guarantee of the traditional indigenous community's rights by providing transportation for representative social movements. We also respond to social demands sent to Veracel by traditional communities, which are evaluated according to internal procedures. We consider the line of action, the collective and individual features of traditional communities, as well as their legitimacy.

Based on the Educação é Vida program with villages in our area of influence, we help improve children's self-esteem and reduce school dropout rates. The program includes school material and environmental educational activities , in addition to infrastructure improvements such as renovation and construction of classrooms and schools, access to clean water and other priorities defined in conjunction with the managers of educational units in the villages.

In 2022, the program provided school material to 4,752 students and 244 teachers. The materials were donated to municipal and state public schools for Early Childhood Education, Elementary School I and II, High

School and Youth and Adult Education. In total, we distributed 5,100 school kits . This action helps ensure high quality and inclusive education and promote learning opportunities for students in indigenous communities.

There was no record of any violation of indigenous rights in the area of Veracel's operations in 2022.

Support for Collective Protagonism

GRI 3-3 (203), 203-1

In 2022, one of Veracel's achievements was the effort to strengthen family farming focused on collective organizations. We invested in and benefited people in rural groups, fishing and indigenous communities, women's groups and community associations. These resources have allowed us to identify vocations, train people and provide the required support until these people and areas reach their full autonomy and potential.

More than 1,500 families have been benefited from Veracel's family farming program. Of this total, over 900 families have been benefited from the Agroecological Settlements Project which provide access to land. In addition, based on the DSAF Socio-Environmental Development Project for family farming, more than 300 families had the opportunity to access land via direct negotiations with social institutions.

A milestone for the Agroecological Settlements Project (PAA in the Portuguese acronym) is the settlement of families on their definitive lots in 14 areas in a total of 15 settlements making up the project. Another highlight is the PPA23+, an initiative for the PAA long-term planning aiming at the transition to a new productive arrangement. One of the goals is to promote the autonomy and independence of agroecological settlements in a sustainable and permanent manner based on a new arrangement to expand and strengthen their participation and resources and identify new sources of financing for family farming, including from abroad.

We ended 2022 with all the commitments fulfilled in these settlements, guaranteeing resources in the production units.

In 2022, Veracel also donated machinery and agricultural equipment to Sapucaeirinha community of, where 100 families earn their livelihood from family farming and have now easier transportation of their production from countryside to the city.



Packing House

ESTRUTURA COMUNITÁRIA DE BENEFICIAMENTO DE PRODUTOS AGRÍCOLAS DO ASSENTAMENTO UNIDOS VENCEREMOS



In addition, we highlight the inauguration of a packing house with the APRUNVE rural producers association. The space is used to package the products produced by Unidos Venceremos agricultural community and improve their sustainable production, promoting a sustainable economy. The packing house counted on Veracel support and investments and was implemented by a team from the Forestry Studies and Research Institute (IPEF in the Portuguese acronym). This space represents an achievement for the community, as it provides better working conditions, adds value to their products and cuts down losses and waste, while reducing costs for the community. [Learn more about the project.](#)



Below are some other initiatives:

- ◆ **Beekeeping Productivity:** in 2022, we created the Regional Development Plan for Beekeeping and Meliponiculture which includes short, medium and long-term activities and strategic actions for the production chain development, such as:
 - ◆ Fostering the formalization of beekeeping activity;
 - ◆ Strengthening the institutional management and financial sustainability of beekeeping organizations;
 - ◆ Adding value to beekeeping products;
 - ◆ Improving the scope and resilience of the marketing of beekeeping products;

- ◆ Promoting the beekeeper work ;
- ◆ Promotion of technical training for beekeepers;
- ◆ Provision of suitable environmental conditions for beekeeping; and
- ◆ Provision of the basic inputs for monitoring and measuring the project impacts.

This plan implementation will have a technical consulting service that strategically will develop an institutional arrangement to strengthen the productive chain in the region.

- ◆ **Community kitchen:** Created by the Association of Agroecological Rural Women Producers (AMPRA in the Portuguese acronym) and part of the APRUNVE in Porto Seguro (state of Bahia), the Association has 25 members known as Women Warriors who produce jams, biscuits, cakes, bread, snacks, sweets and chips, and other items, all made with what the community grows and sold under request. [Learn more about the project.](#)

Meliponiculture producers in the Miramar project: located in the Miramar Community, in Eunápolis, the group is implementing a collective Meliponiculture experience, an initiative also financed by Veracel. [Learn more about the project.](#)

Fishermen, Fisherwomen and Shellfish Gatherers: GRI 203-2

Veracel has already benefited 20 fishermen’s associations and groups in the cities of Porto Seguro, Santa Cruz de Cabralia, Prado, Belmonte, Caravelas, Alcobaça, Nova Viçosa and Mucuri with the donation of 814 VHF radios, supporting safety initiatives for vessels and fishermen in the region. In 2022, we strengthened relations with this group, with frequent meetings, active committees and consulting, providing spaces for dialogue where the Veracel’s actions are discussed and defined in conjunction with the community. Over the year, we fulfilled commitments and plans, including the donation of equipment and conclusion of works such as the building of the Action Group for Development of Sustainable Artisanal Fishing headquarters (GADAP in the Portuguese acronym) of the Fishermen Association in the community of Guaiu and renovation of electrical installations and ceiling of the Pataxó Indigenous Fisherman Association of Coroa Vermelha (APIP in the Portuguese acronym).

In addition, Veracel’s dialogue with this public is exemplified in the Belmonte Maritime Terminal (TMB in the Portuguese acronym) operations and the pulp transport from the terminal to PortoCel in Espírito Santo, which is done by barge, demonstrating the collective use of the marine environment.



Association of Women Shellfish Gatherers and Fisherwomen of Belmonte: in 2022, the group of 40 women improved the management of the shellfish processing unit with the support of professional consulting provided by Veracel.

Impact Control GRI 413-1; 413-2

In order to manage and mitigate the impacts generated by Veracel operations in communities, we adopts corporate procedures, such as the Technical, Economic, Environmental and Social Project (PTEAS in the Portuguese acronym), the Tactical Operational Plan (PTO in the Portuguese acronym) and the Matrix of Global and Operational Aspects and Impacts – which aim to identify communities directly impacted¹ and address the social impacts arising from forestry operations. These procedures are applied to all the macro processes, including acquisition of properties, land leasing, contracts with forestry producers and acquisition of wood in the market, in addition to road construction and maintenance activities, construction work, eucalyptus planting, harvesting and wood transport.

Based on forestry planning, which determines the annual forestry activity schedule, the Social Responsibility area, together with the other forestry areas, defines the social action plan, including:

- ◆ Field visits to carry out the Forestry Project PTEAS;
- ◆ Pre-Forestry Operation Action and Citizenship Events(A&C Pre): Active dialogue with communities directly impacted by forestry operations.
- ◆ Report of identified impacts (analysis and deliberations) and dialogue with communities;
- ◆ Monitoring of impacts identified during operations.

Veracel has an active dialogue channel with the communities during forestry operations, including representatives of the

company and/or the communities who are trained for the activity and registration of occurrences or questions rising from directly impacted communities. Occurrences and/or complaints are recorded and forwarded by the Social Responsibility area for negotiations by the operational areas.

After the forestry operations, Veracel holds an A&C Pos meeting with a commission of community representatives to understand their perception of the forestry activities, effectiveness of the mitigation measures, identification of deviations and potential benefits arising from forestry operations in the community and surroundings. Data is recorded for control and statistical analysis. In the communities continuously impacted by wood transport operations, Veracel provides communication channels, and representatives conduct regular visits to ensure ongoing active dialogue.

In 2022, Veracel operated in the communities of Embaré and Baixa Verde/ASABAV settlements (municipality of Eunápolis), Fazenda Palmares (municipality of Itabela), communities of Ponto Central, Embaúba and São Miguel (municipality of Santa Cruz Cabrália), community of Binhas (municipality of Guaratinga) and community of Limoeiro (municipality of Porto Seguro). There was registration of 23 negative impacts. Of this total, 15 were identified in the A&C pre-operations process, and mitigation actions were carried out; five registrations came from complaints made by Veracel's neighbors; two arose in meetings held by Veracel with stakeholders; and one via the Contact Us channel. In order to mitigate the impacts, action plans were implemented by the operational areas.

Investment in Infrastructure GRI 3-3 (203), 203-1

In partnership with the Government of the State of Bahia and more than BRL 100 million investment, we are building the 25-kilometer long BA-658 state highway, as well as a 360-meter long and 9.6-meter wide bridge over the Jequitinhonha river (Taquara Project). The new highway will connect the BA-275 and BA-982 state highways and serve as an alternative route in the case of interdiction of the BR-101 highway. This infrastructure project aims to facilitate transportation in the region, representing an great advance in infrastructure and development in the south of Bahia. In addition, it will provide social and economic benefits for local communities. The inauguration is expected in the first half of 2023.

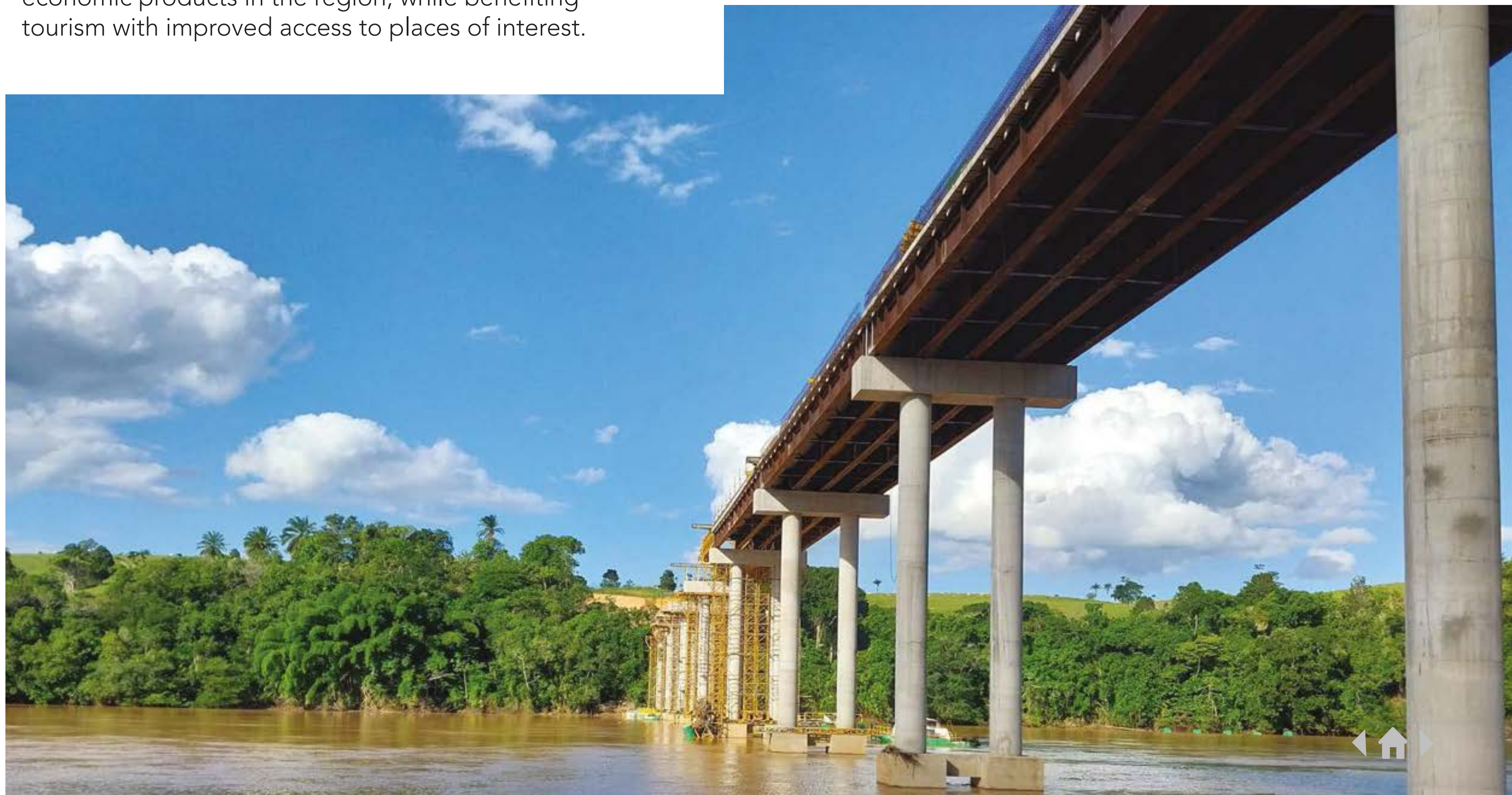
More than 80% of the workforce in the project is local labor, hired in nearby municipalities. This represents significant income generation for the local economy. For Veracel, the new highway means shorter routes between the factory and the company's forestry base, with reduced flow of vehicles and greenhouse gas emissions. The highway construction is part of the wider goal that seeks to optimize logistical operations by reducing the wood transport distance from the eucalyptus harvesting areas north of the Jequitinhonha river to the factory in Eunápolis. With the new highway, there will be fewer Veracel's vehicles traveling on the BA-275, BA-687 and BR-101 highways, saving 56 km per trip of each transport truck. This means less trucks transporting wood on the regional highways, reducing the risk of accidents as well as CO₂ emissions.

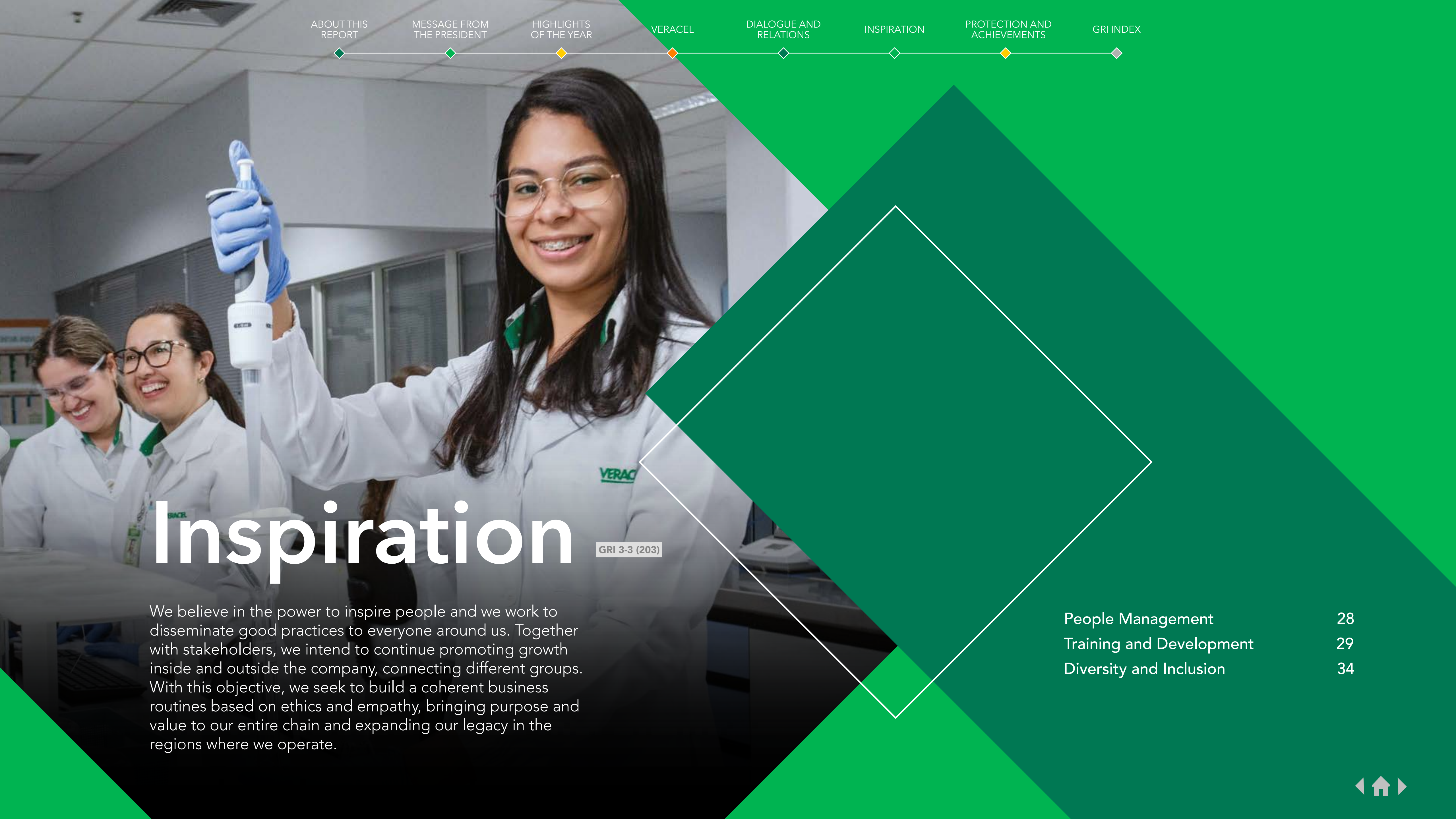
At the end of 2022, the BA-658 state highway and bridge construction had reached 70% completion.

All iron and steel scrap generated during the work was sold, and the value was used to buy 12 wheelchairs to donate to the community

This road and this bridge represent a significant social contribution to local communities, as they improve traffic and access to various cities in the region, as well the access to health, financial and public agency services. In addition, the project implies a great economic development, generating jobs and income and easier transport of economic products in the region, while benefiting tourism with improved access to places of interest.

With the new highway, there will be fewer Veracel's vehicles traveling on the BA-275, BA-687 and BR-101 highways, saving 56 km per trip of each transport truck. This means less trucks transporting wood on the regional highways, reducing the risk of accidents as well as CO₂ emissions.





Inspiration

GRI 3-3 (203)

We believe in the power to inspire people and we work to disseminate good practices to everyone around us. Together with stakeholders, we intend to continue promoting growth inside and outside the company, connecting different groups. With this objective, we seek to build a coherent business routines based on ethics and empathy, bringing purpose and value to our entire chain and expanding our legacy in the regions where we operate.

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People Management GRI 3-3 (401)

We provide good working and professional development conditions, with initiatives to inspire people. Our goal is to guarantee an increasingly positive career journey through appropriate salary and benefit practices and policies, in addition to education, safety and health with work programs.

We respect the right of free association with trade unions and collective bargaining. Another key pillar of Veracel's culture is impartiality in recruitment and promotion processes, through which candidates with the most suitable profiles for the position are selected.

We believe that each individual is unique, which is why we value diversity and inclusion and build paths so that everyone can be who they really are, in a welcoming, comfortable and safe work environment. [Read more on page 34.](#)

At Veracel, the Organizational Human Development area is responsible for defining policies, processes and tools for management of people, labor relation issues, career, development, diversity and inclusion, and worker's health, well-being and safety. Policies, practices and initiatives are always associated with our company's mission and pillars.

Veracel is well positioned in the ranking by Great Place To Work (GPTW), a global consulting firm that evaluates and certifies work environments in more than 60 countries. Veracel is among the 10 best companies to work for in Bahia. For five consecutive years, we have been among companies certified

with this seal. In this edition, 32 companies in Bahia were evaluated, 10 received the GPTW seal.

Benefits GRI 401-2

We provide a benefit package that contributes to the quality of life of employees and dependents. The benefits include:

- ◆ Scholarships (or similar grants)
- ◆ Paternity leave
- ◆ Maternity leave
- ◆ Nursery school assistance for mothers with children up to five years old, also valid for hiring professional assistance
- ◆ Assistance for employees with children with disabilities
- ◆ Transportation
- ◆ Meals on company premises
- ◆ Meal/food allowance
- ◆ Private pension plan
- ◆ Health insurance
- ◆ Dental insurance
- ◆ Allowance for school supplies
- ◆ Gift voucher and food voucher doubled at Christmas

All these benefits are provided to full-time employees, as well as temporary or part-time workers. The exception is young interns, who receive a health and dental insurance, life insurance and a Christmas food voucher.

As provided for in the Collective Bargaining Agreement, we do not hire temporary labor for regular and permanent activities, except under the terms permitted by law, such as replacing employees on vacation or leave.

In cases of people hired under the Learning Contract (a limited period labor contract for youth), which is in force for a determined period as provided for by law, they do not receive the following benefits: Private Pension Plan, Pharmacy Allowance, Local Leisure Allowance (AABB), Profit Sharing, School Allowance, Nursery Schools Allowance and Payroll Loans.

Veracel is well positioned in the ranking by Great Place To Work (GPTW), a global consulting firm that evaluates and certifies work environments in more than 60 countries. Veracel is among the 10 best companies to work for in Bahia. For five consecutive years, we have been among companies certified with this seal. In this edition, 32 companies in Bahia were evaluated, 10 received the GPTW seal.

Training and Development

GRI 3-3 (404); 404-2

We evaluate our employees' performance every year using our people management model called Ciclo de Gente. The model allows us to identify what has already been done and understand the prospects and career of each employee, guiding us on which skills and competencies will contribute to their career development. Another stage of this evaluation cycle is carried out by integrated committees, where merit, succession and career opportunities are discussed.

In 2022, we invested BRL 2.2 million in courses and training. The training is divided into mandatory ones mapped by areas and provided for in the legislation so that the employees can carry out their activities; and into actions aimed at developing employee skills and competencies based on their performance assessment.

In the same period, we implemented the corporate education area with the review of the new procedure for corporate education and actions such as:

- ◆ Implementation of the in-company English program;
- ◆ Corporate learning platform using an artificial intelligence process; and
- ◆ Launch of the LMS platform focused on the training management and which provides online courses.

The corporate education area is based on the mandatory training matrix, the individual development plan (PDI in the Portuguese acronym) and the business strategy for training local labor. In addition, the development and training actions provided to internal and external groups contribute their career development. They include: forestry machine mechanic courses and forestry machine operator training.

One of the activities in 2022 was the recruitment via the Young Apprentice (Jovem Aprendiz in Portuguese) focused on the business needs. We recruited 50 young apprentices, including self-declared black (or brown) people, indigenous people, women, people with disabilities and trans and LGBTQIA+ people.

- ◆ Pulp production assistant – 35 openings
- ◆ Administrative assistant – 15 openings
- ◆ We also have 24 internship positions for higher education.

In 2022, we invested BRL 2.2 million in courses and training. In the same period, we implemented corporate education area, with the new corporate education procedure and stock promotion program. In all, we recorded 8.5 hours of training per employee. GRI 404-1



In 2022, we provided the Forestry Machine Operator Training course exclusively for women from the local community and Veracel employees (20 openings were filled). In addition, we offer the Mechanic Training course for men and women, without requiring prior professional experience and providing learning and internship opportunities inside or outside the company. Of the 40 openings in two courses, 26 were filled by women.

Opportunities within the company were set out based on a policy called EducaVeracel, which provides guidelines for activities, courses and scholarships. Read more on page [31](#).



Another outstanding initiative in 2022 was the training of about 90 employees in Libras (Brazilian sign language) and the participation of Libras interpreters at all internal events and live sessions.

With regard to career changes, Veracel evaluates specific cases based on the outplacement program for strategic positions in the organization. However, there is not yet a structured program for this process.



EDUCA VERACEL

Valorizando **pessoas**, desenvolvendo **talentos**.



EducaVeracel is part of Veracel's corporate education strategy and is responsible for training and development actions for our employees.

This initiative promotes learning projects and activities (70 – 20 – 10) aimed at developing new knowledge and skills in different types of interaction to foster the discovery, reorganization, construction and application of knowledge, skills and attitudes for business, work and life.



With EducaVeracel, we want to modernize the learning system by automating the training and development management process and provide development education actions and other initiatives, adding business value with sustainability, innovation, diversity and inclusion.

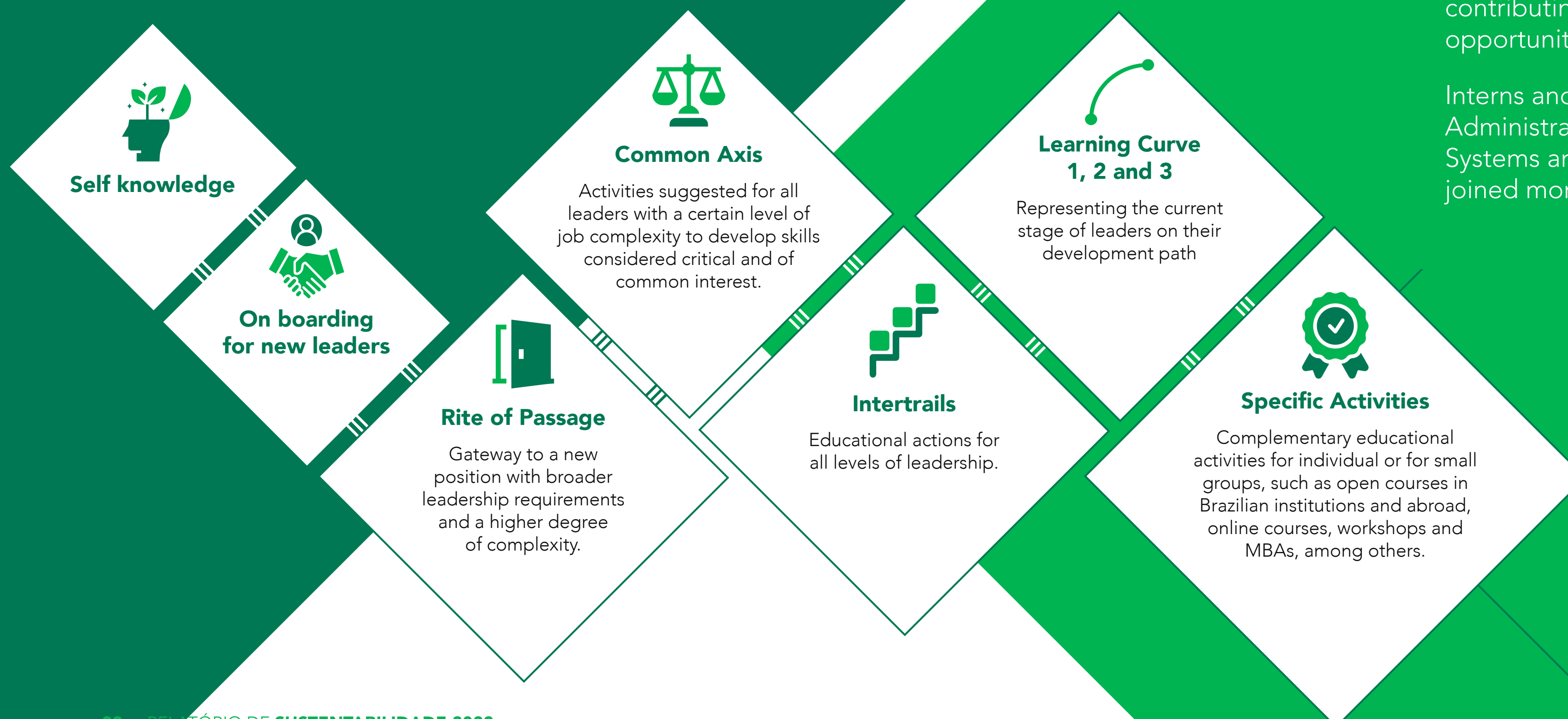
Online Course Platform

Our corporate learning platform provides simple training, such as basic computer courses and behavioral and technical training. With the Saint Paul University seal, it offers online digital education and training services in various areas, including leadership development and different areas of knowledge.



Leadership Development

Our leadership development journey includes diversified and customized activities for each management level. It is an educational model that proposes itineraries for education, training and continuous improvement of leaders according to their job complexity. These activities are classified as follows:



EducaVeracel – Internship Program

In 2022, Veracel put into practice an initiative to recruit new talent, develop and value people in the region where the company operates. The company hired the highest number of male and female interns in 30 years of operations in southern Bahia, with 24 openings in various areas.

Almost 80% of the new contracted people are from municipalities where Veracel operates, such as Eunápolis, Porto Seguro and Itapebi, contributing to local development and offering career development opportunities for students in places close to their homes.

Interns and new Veracel employees are studying Administration, Accounting, Law, Engineering, Information Systems and Technology courses among others and have joined more than 19 departments in our company.



► Diversity and Inclusion

GRI 3-3 (405)

The diversity and inclusion promotion of at Veracel is carried out with our team engagement. A critical assessment identifies improvement opportunities in procedures that are part of our daily lives. Diagnosis and action plan were initiated in 2020, defining the goals to be achieved by 2025, with senior leadership sponsoring the agenda. We contracted a consulting firm specializing in diversity and inclusion to support our strategy. In addition, we conducted a survey to identify the number of people belonging to minority groups, as well as a survey to better understand the Veracel team's perceptions on the issue.

Diversity and Inclusion Program

This program aims to directly impact the Sustainable Development Goals (SDGs) – eradication of poverty, health and well-being, high quality education, gender equity, decent work and economic growth and reduction of inequalities – through activities and business relationships (in compliance with current legislation and regulations). At Veracel, we have “Nosso Jeito” (“our way of doing things”), a way of thinking and acting inside and outside the company, described and explained in detail in our **Code of Conduct**.

Actions to recognize and value diversity, equity and inclusion are in charge of our Human and Organizational Development management. In addition, we also a Diversity Commission made up of employees from different areas and focused on the promotion of a more inclusive and pluralistic culture.

The program's five pillars of action are:

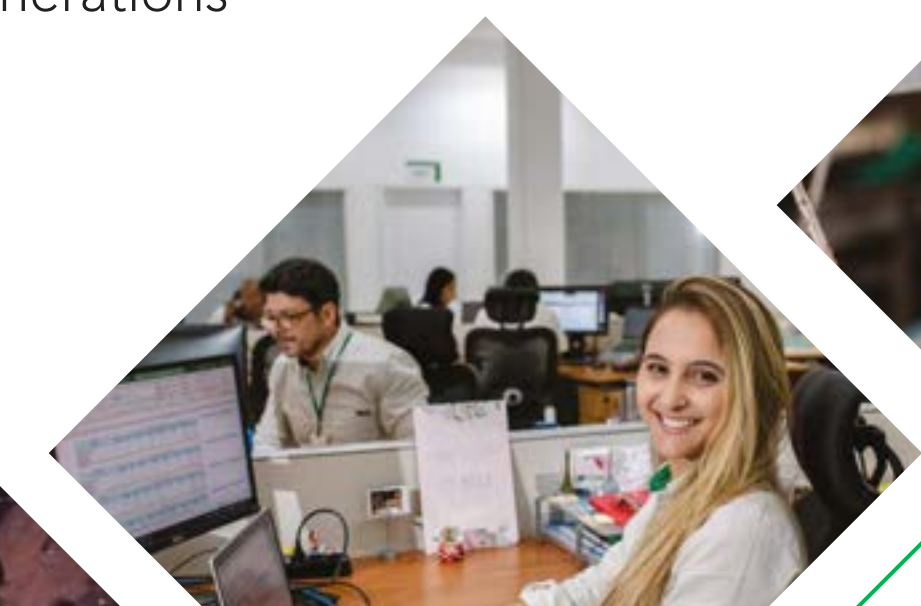
- ◆ Gender identity
- ◆ People with disabilities
- ◆ Color and ethnicity
- ◆ Sexual orientation
- ◆ Generations

The leadership, including the Board of Directors, works in a participatory manner as sponsors of each of the pillars. One of the key commitments in 2022 was to increased hiring of women and people with disabilities.

Over the year, we fostered a more emotionally secure and diverse environment through strategies to improve everyone's quality of life. The initiatives focused on providing everyone with place to speak, and the results was an internal atmosphere of trust and learning. We discussed significant topics and different issues, making a difference in the lives of many employees.

In order to further reinforce our commitment, we established a goal for the year: 35% of all new contracted employees in 2022 should be women and people with disabilities.

There were also advances in the Industrial area, such as the creation of the DDI – Dialogue on Diversity and Inclusion - and discussion groups made up of women in the industry, allowing them to share experiences and personal stories.



The Diversity Program has promoted various awareness, literacy and debate actions for all company employees, such as:

- ♦ Review of processes and practices: Adherence to the Citizen Company Program that provides more maternity and paternity leave;
- ♦ Review of recruitment and selection policies focused on equity promotion issues;
- ♦ Mapping of recruitment sources in the region where Veracel operates and for remote work opportunities;
- ♦ Participation in an event to recruit people with disabilities;
- ♦ Review of Veracel job opportunities webpage;
- ♦ Accessibility in Veracel reporting channel;
- ♦ Career and succession committee focused on diversity;
- ♦ Actions to promote an inclusive culture: Dialogues addressing diversity for the teams; discussion groups for women; lectures and live sessions at certain dates to raise awareness on diversity; creation of a group focused on the LGBTQIA+ community;
- ♦ Diversity Week (annual event for all employees);
- ♦ Campaigns: Health and well-being actions focused on gender, such as Pink October, Blue November, combating violence against women and girls, suicide prevention and paternity;
- ♦ Professional qualification: Openings for professional qualification have been offered preferably for women, people with disabilities and black people (brown and black), LGBTQIA+ community and different generations.
- ♦ Active participation in associations, forums and networking events focused on the forestry industry and/or topics directly related to diversity, equity and inclusion.

We submitted the Ethos Qualitative Diagnosis Report with Sustainable and Responsible Business Indicators with a more detailed look at the Inclusion of People with Disabilities issue. There was a 0.6 percentage point increase compared to the previous year. In addition, other actions in progress have already been mapped, demonstrating progress in accessibility and inclusion goals.



Diversity Week

In 2022, we had the third edition of the Diversity and Inclusion Week with activities inspired by the company's five pillars of diversity. The objective is to foster a culture of inclusion, raise awareness and improve literacy, while expanding our team's understanding of how supporting collective causes to make society more humane and empathetic.

Veracel is a signatory of various diversity and inclusion movements, such as Forestry Women, UN Women, Business Coalition for Racial and Gender Equity, Business Coalition to End Violence against Women and Girls, Business Network for Social Inclusion and Business and LGBTI+ Rights Forum.



Protection and Achievement

For Veracel, caring is strengthening. It is our mission to ensure the health, well-being and safety of our collaborators and stakeholders and the preservation of the environment where we operate. We work continuously to improve the environmental performance and safety of our operations, with targets and monitoring of actions implemented throughout the year.

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Health, Well-being and Safety

GRI 3-3 (403); 403-1; 403-2; 403-3; 403-4; 403-6; 403-7; 403-8

Veracel’s occupational health actions reach all employees, including those from partner companies, and contribute to the danger identification and elimination and risk minimization, complying with the legal requirements established in the Risk Management Program and Occupational Health Medical Control Program.

In addition, Veracel has the Hearing Control Program to manage the physical risks of noise and the Respiratory Protection Program to monitor chemical risks, such as dust and mist. Another program worth mentioning is Ergonomics, which establishes the required controls and actions to ensure the work environment is safe, healthy and comfortable.

All these programs have a continuous interface with employees through active listening, mandatory training, daily health and safety dialogues and periodic health and safety meetings, in addition to formal exams, such as the Occupational Health Certificate and Ergonomic Reports.

Service providers working in the Veracel areas have their respective Occupational Health and Safety management systems and use Veracel management system as a guide.

In order to prevent or mitigate significant negative impacts on health and safety at work, Veracel has actions and guidelines established in the Risk Management Program and in the Medical Control and Occupational Health Program (PCMSO in the Portuguese acronym) in its management system. In addition, it uses internal procedures and tools for health and safety at work, such as the Deviation and Behavioral Approach Report, and safety inspections carried out by Specialized Service in Safety Engineering and Occupational Medicine (SESMT in the Portuguese acronym) professionals and leaders.

Focus on Cultural Transformation

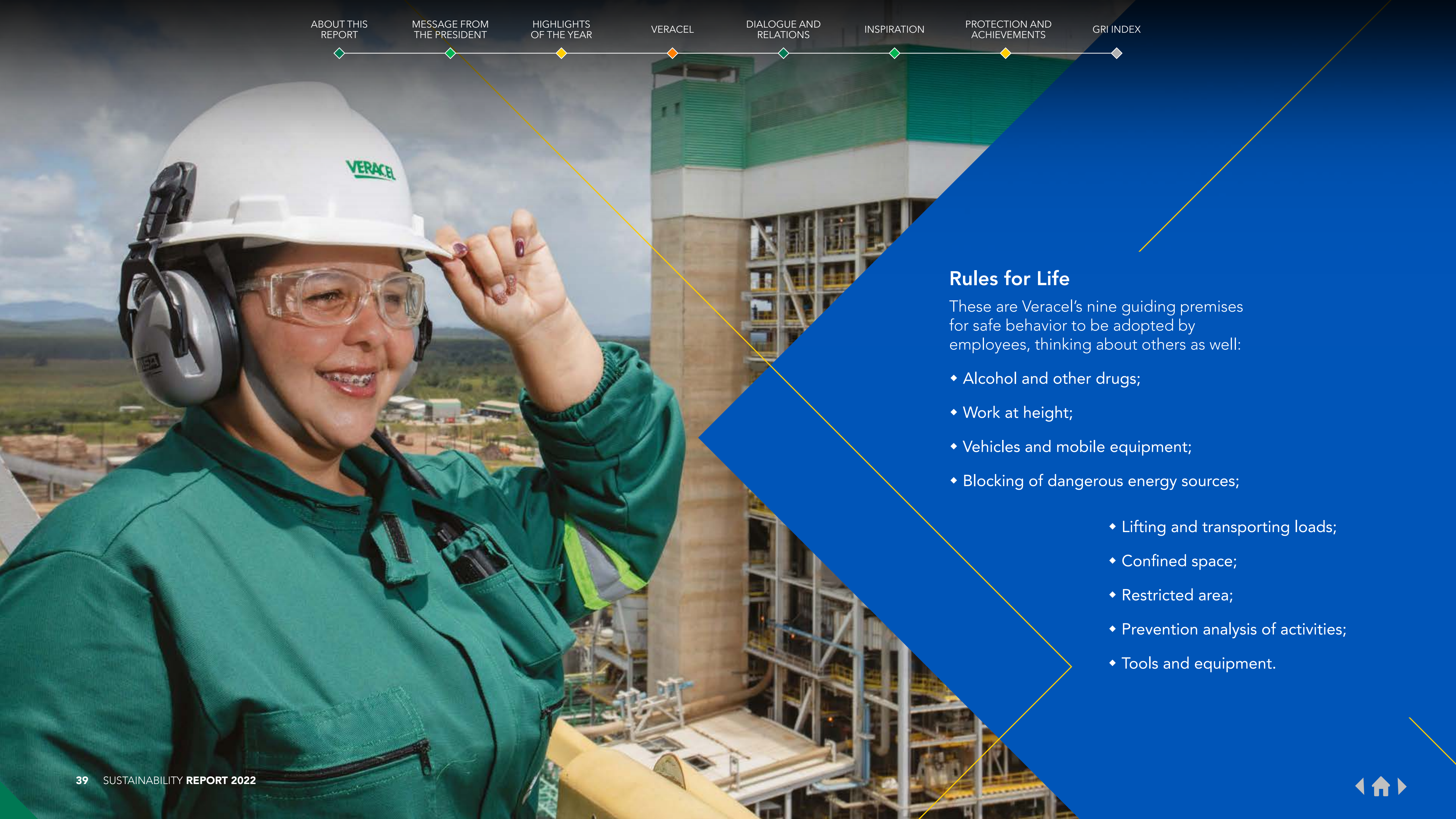
For Veracel, training, active listening and mobilization of a multidisciplinary and representative group are essential for the cultural transformation required by Health, Well-being and Safety area. This process includes partner companies as well to reach more stakeholders.

In 2022, we made progress with the Safety Cultural Transformation Plan actions, including:

- ◆ Routine health, well-being and safety meetings at the different hierarchical levels;
- ◆ Launch of the Rules for Life and the Consequences Management Procedure;
- ◆ Wellness Week;
- ◆ Monthly recognition of the best results in health, well-being and safety;



- ◆ Training in Behavioral Leadership for Veracel’s and partner companies’ leaders, occupational health, well-being and safety professionals;
- ◆ Monitoring and control of vehicles’ velocity transporting pulp and eucalyptus and light vehicles; and
- ◆ Investment in operational risk mitigation and control .
- ◆ Additionally, we have meetings about the Internal Commission for Accident Prevention (CIPA in the Portuguese acronym) and activities of the Safety Guardians, a group of employees indicated by other employees (safety promoters working with company staff).



Rules for Life

These are Veracel's nine guiding premises for safe behavior to be adopted by employees, thinking about others as well:

- ◆ Alcohol and other drugs;
- ◆ Work at height;
- ◆ Vehicles and mobile equipment;
- ◆ Blocking of dangerous energy sources;
- ◆ Lifting and transporting loads;
- ◆ Confined space;
- ◆ Restricted area;
- ◆ Prevention analysis of activities;
- ◆ Tools and equipment.

Well-being Program

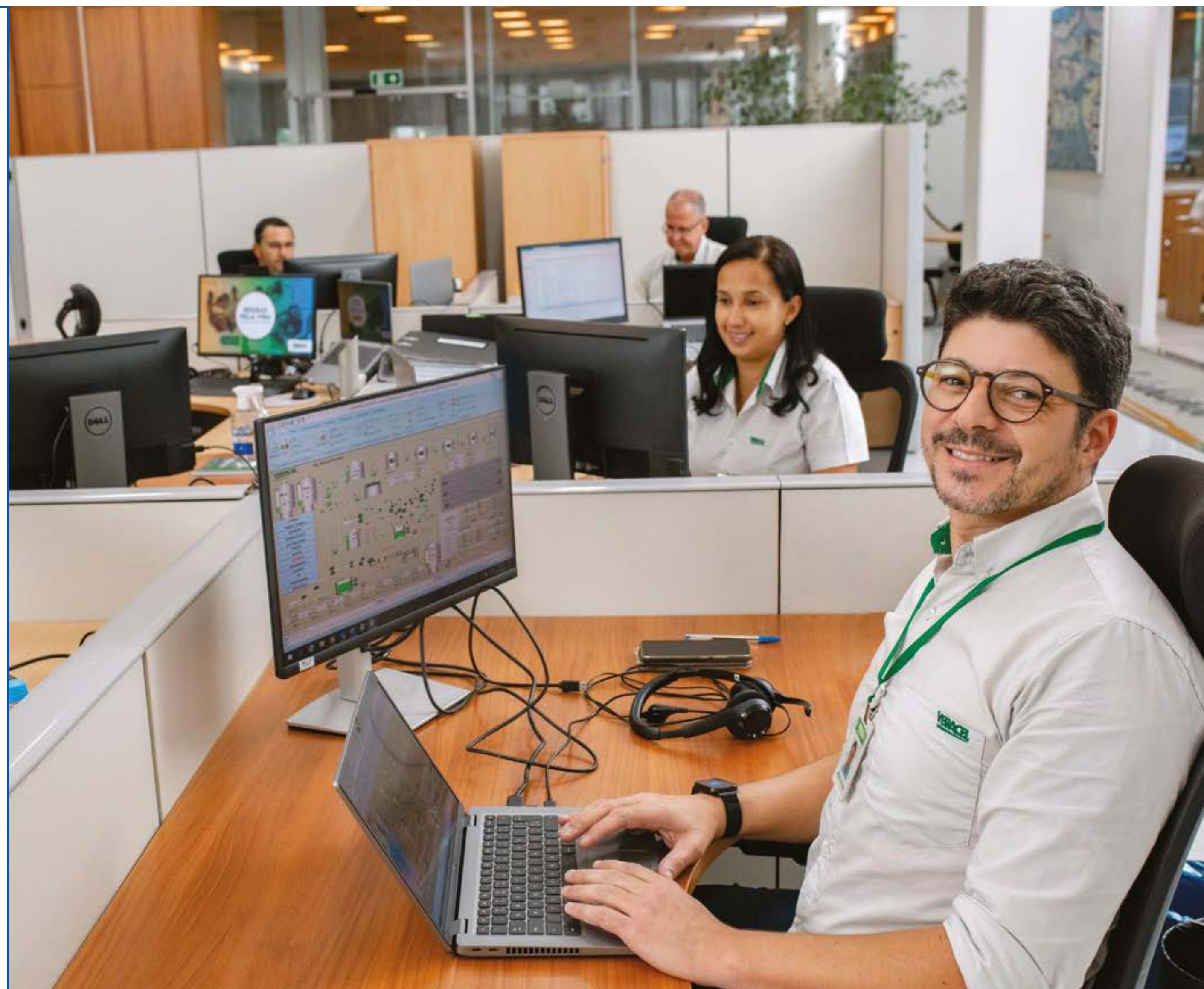
The social distancing measures during the Covid-19 pandemic strengthened the Well-being Program as a Veracel culture's element. Based on the "Move", "Take Care of Yourself" and "Communicate" pillars, the initiative includes actions focused on the physical, mental and emotional health of employees and seeks to encourage the adoption of healthy habits.

Below are some benefits of the Well-being Program:

- ◆ Medical assistance services
- ◆ Telemedicine
- ◆ Labor gymnastics
- ◆ Mental health support channel
- ◆ Apps encouraging physical exercise
- ◆ Comprehensive health plan
- ◆ Private pension plan
- ◆ Access to financial education content
- ◆ Extended maternity and paternity leave
- ◆ Specialized social assistance service
- ◆ Vaccination campaigns (additional to public health services)
- ◆ Optional telecommuting

- ◆ Childcare assistance
- ◆ Funeral assistance
- ◆ Assistance for school supplies
- ◆ Annual routine health exams - screening for chronic non-communicable diseases

As part of the "Take Care of Yourself" pillar, the program maps out a number of mental health actions for female employees and has an exclusive emotional care channel for employees and their families called "Conte Comigo" ("Stand by Me"). The assistance, which is carried out by specialized psychologists, is confidential and available from 8 am to 10 pm, every day of the week, via WhatsApp and other channels.



Safe Operations

Operational safety is a top priority at Veracel. To ensure this pillar of ours, we have the Occupational Health and Safety Policy and the Occupational Health and Safety Guide for Partner Companies, while investing in equipment that monitors the day-to-day activities at the factory. More than 400 sensors currently performed predictive analysis of plant equipment.

These devices record any variation at the factory environment, indicating potential issues. Based on this analysis, we can identify equipment demanding maintenance or repair. This significantly reduces the risk of unscheduled downtime at the factory working round the clock.

We have periodic General Shutdown for preventive maintenance of all equipment. This activity is carried out in line with all guidelines, regulations and deadlines defined by authorities. Shutdown planning ensures risk mitigation associated with accidents, leaks, odor emissions or excessive consumption of natural resources during the execution of engineering and maintenance services.

The occupational health and safety management system is based on NR-01 Regulatory Standard (General Provisions and Management of Occupational Risks), being structured within Veracel's premises and as determined in the company's Cultural Transformation Plan for Health and Safety. It covers all activities carried out in the company's areas (forests, factory, Forestry Nucleus, TMB and Veracel Station), including Veracel employees and those of partner companies, who have their respective management systems.



Hazard and risk identification in Veracel's routine activities is carried out by the Risk Management Program, which conducts a preliminary survey of activities and occupational risk inventory. In this way, we can develop a Preventive Analysis of Activities to identify and rank dangers and risks, potential injuries or health issues, in addition to control measures to be adopted.

In order to ensure all employees report dangers and risks identified in operational areas, we provide a tool available via computer and mobile application. With this tool, employees can report unsafe conditions or unsafe behavior identified in their area. Then, the person responsible for this area addresses the required actions focused on eliminating the deviation.



Environmental Management

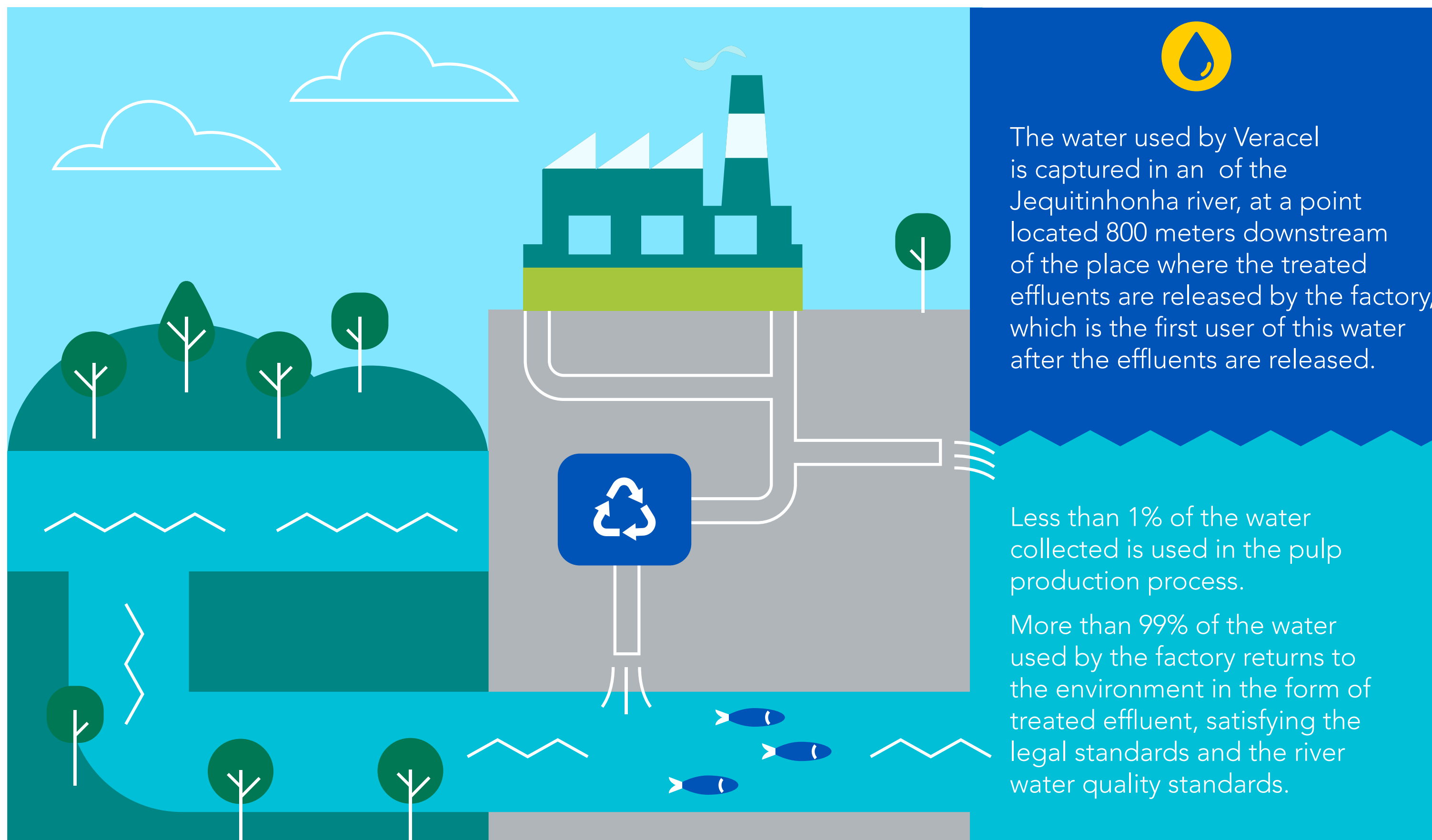
For 21 years, Veracel has collected climate data in an area of approximately 200,000 hectares. In addition, we have 14 years of studies on the microbasin resilience and the quality of surface water and groundwater. This data guides our accurate management decisions and those of our forestry partners.

Investments in technology and research reinforce the importance of data science to identify trends and contribute to the prevention of extreme events. In this way, we can guide nursery production, mitigate impacts of climate change and improve cost management, placing the best seedling in the best place.

Water and Effluents GRI 3-3 (303); 303-1

The Veracel plant is designed to consider recycling water in the manufacturing stages and devices for monitoring and controlling leaks, as pulp production depends on the use of water in all process stages.

The water consumption per metric ton of pulp in 2022 is the best in Veracel's history (20.5 m³/ADMT - in the last years, the best annual average was around 22 m³/ADMT). With this performance, we are ranked as one of the companies with the best water use in the world.



In the most critical flow of the Jequitinhonha river, where the volume was around 40 m³/s, the dilution capacity for the treated effluent in the river was about 70 times higher, and the interference of the factory's water consumption, which means the water volume that is captured and does not return to the river, was around 0.89%.

The main tool used by Veracel to manage water use is the environmental monitoring of water resources, applied on the Jequitinhonha river and the main rivers impacted by eucalyptus plantations. Based on the monitoring results, we can monitor the water quality of rivers and adopt corrective measures when not complying with parameters related to the company's activities.

Water use monitoring is also applied to the forestry area where there are seedling production, forestry and road maintenance operations. We have taken some actions to reduce water use in these operations, such as the use of a calcium chloride-based gel for wetting roads.

In addition, we also use quantitative monitoring to assess the flow of key water resources, such as the Jequitinhonha river and two specific micro-basins, which are monitored by Veracel in partnership with Escola Superior de Agricultura Luiz de Queiroz (ESALQ) agriculture school. The objective is to compare water availability in a watershed under the influence of the Atlantic Forest and another under the influence of eucalyptus plantations.

Water Quality

Biological and water quality monitoring of the Jequitinhonha river is conducted at a point three kilometers upstream the effluent release and at two points downstream the effluents release (800 meters and 13 km downstream of the discharge point). The river water quality monitoring records show no significant difference between the upstream and downstream points over the entire monitored period. The quality of river water varies according to season (rainy and dry seasons).

Follow-up and control based on these results are essential for decision-making, process improvements and definition of new investments in effluent control and treatment equipment. The effluent quality results comply with the established legal limits, both by applicable legislation, such as the Environmental License. Environmental licenses are guided by this environmental management process. The effluent quality results comply with the established legal limits.

The total water consumed was 205.8 million liters in 2022, retained in pulp and process residues. GRI 303-5

The environmental monitoring results attest to the maintenance of the river's water quality after the release of the company's effluents.

Control of Water Use

Water use indicators are considered strategic by Veracel. Follow-up and control of these indicators has been carried out on an ongoing basis, and the plant's water use target for pulp production is reviewed annually.

In order to maintain these water reduction gains, we created a management tool focused on losses and waste. This tool is evaluated daily in operational and management meetings, and deviations are addressed immediately.

For 2023, we set a target of 21 m³/ADMT. The long-term target established in 2020 is an average water use of less than 18 m³/ADMT by 2025.

Effluent management GRI 303-2

Veracel follows the effluent discharge standards established by CONAMA Resolutions no. 430/11 and no. 357/2005, and by grant no. 717/22 issued by the National Water Agency (ANA). In order to ensure effectively complying with these laws, the company establishes more restrictive limits internally.

Waste GRI 3-3 (306); 306-1; 306-2

The Waste Treatment Center at the Veracel factory was implemented at the same time as the factory began operations. Veracel is the first company to do this in Brazil. Waste management is carried out by the company itself and is charge of the environmental and licensing coordination, which monitors data and

contracts. Periodically, the waste management process is audited by an accredited company, in accordance with ISO 14001, CERFLOR and FSC standards.

Limestone waste and organic waste generated in the pulp production are very valuable due to their agronomic characteristics. Agricultural products made from pulp production waste are registered by the Brazilian Ministry of Agriculture and sold to regional agricultural producers. The commercialization of these agricultural products generates positive impacts in the region, since the prices are lower than other products available in the market.

Due to impacts on production (a issue with the lime kiln for two months, generating a larger volume of waste for landfill), the recycling rate in 2022 was 96.7%, while the recycling target was 98% or more. Veracel generates 18 types of waste, three of which are generated sporadically and sent to industrial landfills. For 2023, the recycling target remains $\geq 98\%$.

Reducing water use at the Veracel factory has been addressed in a project based on the Lean Six Sigma methodology, with the objective of identifying opportunities to recycle water in production processes and reduce losses. As a result, several water reduction opportunities have been identified and classified according to the financial investment required for actions and potential water savings. We have prioritized actions with lower investments and higher water saving impacts and those with low potential, but little or no investment required. Since 2018, when the project started, the plant's water use has been reduced by 18.6%.

Reports on residue quality indicate they are not dangerous, as well as reports on agricultural product quality, which demonstrate compliance with the Brazilian Ministry of Agriculture quality standards.

In 2022, Veracel began recycling boiler sand waste to manufacture mortar. Boiler sand residue has a characteristic that favors the mortar production, making it ideal for its process. This peculiarity is the presence of light ash from the boiler itself, which becomes an excellent binder, together with sand and water. Recognizing this opportunity, we began supplying this material to a company in the region who established set up a mortar production plant in Eunápolis (state of Bahia).

Brown pulp purification waste is no longer sent to industrial landfill and is now returned to the chip yard, where it is used as raw material. Part of the lime sludge waste is no longer sent to recycling and now is destined for the lime kiln as raw material. Part of the primary sludge waste (pulp fiber recovered at the Effluent Treatment Station) is no longer sold for recycling and is now sent to the biomass boiler to be used as an energy resource in the biomass boiler.

Non-recyclable industrial waste is sent to a licensed industrial landfill located inside Veracel's factory. Hazardous waste, such as used oil, fluorescent lamps, batteries, waste contaminated with oil or chemicals/ packaging, is sent to the Factory Waste Center and dispatched to specialized and licensed companies.

Waste transport and treatment operations are carried out by outsourced companies with the follow-up and monitoring of data on waste transport and destination by Veracel.

In 2022, we avoided disposing a total of 73,801 tons of waste into the environment, which were sent for recycling. The total amount of destined for final disposal waste was 2,501 tons.

In 2022, the total waste generated by our operations was 51,950 metric tons.



Recycling and Waste Generation Targets

Veracel has established a target to recycle 98% of all waste and reduce waste generation to levels below 40 kg/ADMT. The waste management process is responsible for the significant increase in recycling, which was 70% in 2012 and had reached over 99% in 2019 and 2020.

As a result, the service life of the industrial landfill has been doubled. The industrial waste management is carried out with a focus on reducing, reusing and recycling.

Energy GRI 3-3 (302)

The year 2022 was challenging for Veracel due to the low Settlement Price of Differences (PLD in the Portuguese acronym), which made it difficult to purchase alternative fuels to increase boiler power generation. However, in line with the Veracel strategic planning and innovation goals, we tested and approved the use of a catalyst to burn together with the biomass in the power boiler. This additive (catalyst) made it possible to burn all the bark waste stored in the yard, reducing environmental impacts and risk of fire at the site. In addition, the bark burning increased boiler power generation and reduced the waste volume unusable in our energy matrix, adding value to our operations.

All energy consumed by our factory is generated from the burning of renewable fuels. The black liquor, generated from the wood cooking process, is burned in the recovery boiler, and all other wood residues, together with sugarcane bagasse, açai palm seeds and primary sludge (fibers lost in the process) are burned in the boiler as biomass.

Boilers generate steam that power our turbine, which can generate up to 126 MW on average. Of the power generated by our plant, we consume a part and sell the excess energy to the national power grid system (SIN in the Portuguese acronym) and the Chemical Plant located in our factory. We buy energy from the SIN power grid only when the turbogenerator is shut down for maintenance or steam balancing. All of our energy commercialization is carried out by a specialized energy management company.

The burning volume of each fuel is determined by sensitivity analysis, which makes it possible to evaluate the cost of products in relation to the energy price.



Purchase and Sale of Energy

In accordance with the commercialization regulations of the Brazilian Electric Energy Commercialization Chamber (CCEE in the Portuguese acronym) and the exceptionality document of the National Electric Energy Agency (ANEEL in the Portuguese acronym), all energy produced by Veracel is classified as special incentive energy, as it is generated from the renewable fuel burning of. This means we can sell our energy with a spread added to the PLD price. Likewise, when purchasing energy for factory consumption, we always have to purchase special incentive energy from companies producing special incentive energy generated from renewable sources.

Selling energy is a secondary business for Veracel, and we are committed to generating clean energy and maximizing the plant's energy efficiency. Steam generation by the recovery boiler is controlled by the plant's liquor balance, and steam generation by the power boiler is controlled according to the biomass availability of and market variations (energy price).

With the aim of generating clean energy, we are looking for new alternative fuels for the power boiler. Thus, together with the Sustainable Procurement project, we encourage local suppliers and promote the circular economy in our region where we operate, adding value to waste that would otherwise become an environmental liability.

The energy intensity rate was 1.98 Gigajoules (GJ) per metric ton produced in 2022. Considering the use of natural gas, it increases to 3.14 GJ. The reduced energy consumption achieved directly as a result of conservation and efficiency improvements was 0.15 GJ. **GRI 302-3, 302-4**

Emissions **GRI 3-3 (305)**

We have invested in innovation to reduce greenhouse gas emissions in our factory's operations by replacing fossil BPF oil with an ecological BPF oil (100% soy-based). In 2022, we developed the executive project and began to implement the required infrastructure for testing. In addition, we conducted a oil burning test to verify efficiency and make our energy matrix cleaner. The expectation is to increase our non-fossil fuel rate from 95.3% to 96.6%.

In 2022, we also reduced the use of natural gas in the production process by approximately 13%, helping to cut down our greenhouse gas emissions (we currently operate with 95.3% of non-fossil biomass fuels in our energy matrix). Over the year, we made a series of improvements in production processes, resulting in significant environmental gains: 6 million cubic meters of natural gas per year will no longer be burned. This means not emitting 12,400 MtCO₂e (metric tons of CO₂ equivalent) into the atmosphere.

Aiming at reduction of emissions with different initiatives, we made a carbon inventory in the same period to evaluate results and what needs to be done in the short, medium and long term. Emissions data from supplier forestry operations are monitored and controlled by Veracel as well.

Our factory has an atmospheric control system that stands out for its odorous gas collection system efficiency, contributing to the thermal treatment of gases in the recovery boiler and the removal of particulate matter using electrostatic precipitators. In addition, we installed continuous measuring instruments in the chimneys

of the recovery boiler, lime kiln and biomass boiler. In this way, we ensure our results are in compliance with the legal atmospheric emissions limits.

The pulp and paper industry uses natural gas in the calcination process in the lime kiln, a thermal process that transforms calcium carbonate into calcium oxide. As our objective is to reduce the use of natural gas and gradually replace it with non-fossil fuels, we have reviewed the flow related to the chemical recovery cycle, which is part of the pulp production process at the plant, and identified that we can use more hydrogen and methanol as auxiliary fuels in favor of the reduced use of natural gas. Currently, of the total fuel used in the lime kiln, 26% are auxiliary fuel and 74% are fossil fuel. This reduction caused the specific use of natural gas to drop from 32 m³/ADMT to 29.5 m³/ADMT.

In order to monitor Veracel atmospheric emission impacts on the communities, we created an odor perception network made up of 25 volunteers residing in nine communities around the factory. They are trained every year to recognize the odors from the pulp manufacturing process. We provide a free communication channel, by the 0800 709 887, so they can report the presence of odors in the community. These records are used as an indicator of the Veracel strategic environmental performance. Any odor event at the factory is investigated and addressed as a priority.

In 2022, Veracel registered only one event of odor perception in the community. This is a positive result derived from improvements in operational controls, preventive maintenance of equipment and environmental management at Veracel.

Inventory of Carbon Emission and Removal - GHG Protocol

In 2022, Veracel resumed its annual carbon emission and removal inventory, considering GHG Protocol scopes 1 and 2 (complete) and scope 3 (partial). This document reports greenhouse gas (GHG) emissions resulting from Veracel operation in a specific period, as well as GHG removal. To do this, we considered data from the 2021 fiscal year.

This inventory is extremely significant, as it helps guide our risk management process and identify opportunities for GHG emission reduction as well as it provides carbon intensity indicators in production processes, making it

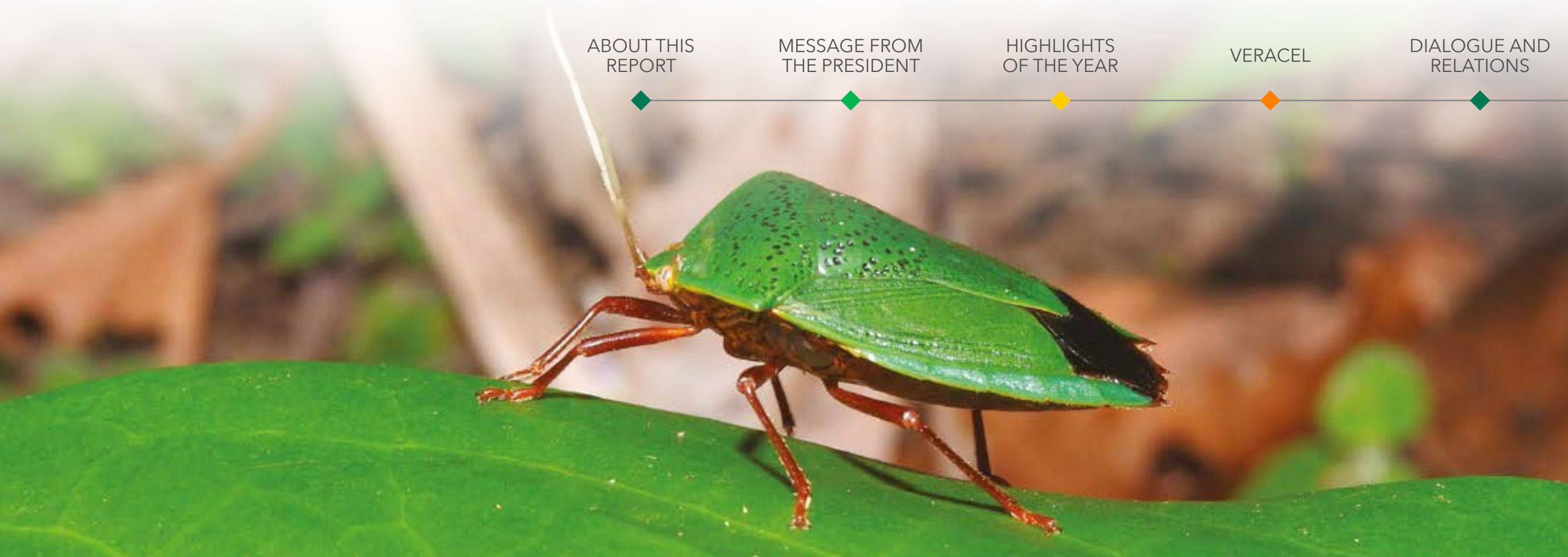
possible to recognize potential waste/failures in similar operations. In addition, it contributes to the Veracel carbon management by identifying ways to reduce emissions.

The results demonstrate the difference between the large volume of carbon that Veracel removes - with its eucalyptus plantations and forest restoration - and the carbon it emits during its production processes. Veracel operations, as a whole, removed 1,800,518.13 metric tons of CO₂. In its production process, Veracel is responsible for emitting 194,012.61 metric tons of CO₂ – just 11% of the total volume removal. In short, Veracel emits a very small amount of greenhouse gases and removes a large amount from the atmosphere. See the inventory below:

Inventory results

Veracel inventory of GHG emission and removal (MtCO ₂ e)		
Scope 1	Emission	146,646,726
	Removal	-1,800,518,131
Subtotal (S1)		-1,653,871.405
Scope 2		13,649,312
Subtotal (S1 + S2)		-1,640,222.093
Scope 3		33,716,566
Total (balance)		-1,606,505.527





Number of species with habitats in areas impacted by our operations, identifying the threat level according to International Union for Conservation of Nature (IUCN) list and List of the State of Bahia and Brazil (ICMBio). GRI 304-4

Group	Total species	Endemic	Endangered											Total
			Bahia				Brazil			IUCN				
			VU	EN	CR	RE	VU	EN	CR	VU	EN	CR		
Plants	910	-	5	5	-	-	24	53	3	51	33	8	129	
Birds	364	62 MA / 3 CA	9	9	3	1	16	7	3	16	2	1	38	
Mammals	37	9 MA	4	6	2	-	6	3	1	4	2	2	13	

▲ Biodiversity GRI 3-3 (304); 304-2

We monitor biodiversity in an integrated way (BAMGES) in partnership with Suzano. The objective is to preserve the environmental attributes of the flora and fauna in High Conservation Value Areas (HCVA) located on Veracel's properties. In addition, we monitor eucalyptus plantations with the goal of proposing measures to prevent, mitigate, control or compensate potential negative impacts on fauna, flora or environment.

This monitoring process generates a list of species found in our area, with data on the level and degree of threat and analysis to contribute to scientific research in the region. In 2022, there were no identified negative impacts on biodiversity as a result of Veracel's operations.

The mosaic plantation methodology allows us to have a balanced landscape with commercial eucalyptus plantations and native vegetation, protecting the soil and guaranteeing water supply and quality, biological control and biodiversity conservation.

Marine Life

Our Sea Turtle Monitoring Program monitors these animals for about 200 hours a month, day and night, along 35 kilometers of beaches. Our objective is to protect turtles during the breeding season from external threats caused by human activities or logistical activities. Another goal is to ensure that Veracel's operations at the Belmonte Maritime Terminal continue to have no impact on the reproduction of species on the region's beaches. In the last six spawning seasons, we report the birth of more than 100,000 turtles in the region Veracel monitors. In addition, the program records turtle mortalities in the monitored region.

In 2022, we began building the first Turtle Rehabilitation Center in southern Bahia in order to complement the monitoring work and help sea turtles needing veterinary care in the region. The new center will be ready by the next reproductive season. Additionally, it will diagnose causes of turtle deaths and generate indicators to contribute to new environmental education and species protection actions.

[Read more about the project.](#)

Friends of the Fauna program (Amigos da Fauna)

This program promotes environmental education activities in the community and encourages Veracel employees and partners to take pictures of fauna in the areas where we operate. The program celebrated one year of activities in 2022 and, during this period, more than 160 images of animals were recorded in our areas, almost four times more than in the years prior to the program.

Most of pictures (80%) were taken in the eucalyptus plantations, confirming that the local fauna use the area to circulate through natural vegetation. In all our planting areas, animals are protected by the program. The results demonstrate that our forest management ensures harmony between economic activities and environmental conservation.

Protection of Humpback Whales

For almost 20 years, Veracel has invested in monitoring and protecting humpback whales off the coast of Bahia. In 2022, we celebrated the results of the last census conducted by Instituto Baleia Jubarte (IBJ), of which the company is a partner and supporter. The institute's aerial monitoring covers approximately 6,200 km of coastline between the border of Ceará and Rio Grande do Norte and the north coast of São Paulo, and estimates the whale population at 25,000 in the season. This is an historic growth in the population when we consider this number is close to the estimated population 200 years ago (27,000 to 30,000 humpback whales in the South Atlantic).

Another highlight of the year is the pioneering project to install a thermal camera on one of the pulp transport barges to monitor humpback whales on the route between the Belmonte Maritime Terminal (TMB) and Portocel, in the state of Espírito Santo. The project is conducted in partnership with Instituto Baleia Jubarte and Norsul, the company operating Veracel's pulp transport logistics. Since 2003, we have monitored the growing presence of humpback whales off the coast of Bahia, mainly in the stretch between Belmonte and Abrolhos National Marine Park, an environmentally protected area which receives a significant number of whales from June to October.

The camera records the movements of whales and small boats. This data feeds a software which emits different sound alarms when it identifies any obstacle in front of the vessel, be it a whale or a fishing boat, within a radius of up to 2 km.

Monitoring is part of a positive agenda required by environmental agencies. In addition to the cameras, we brought the barges' navigation route closer to the coast by about seven nautical miles in the stretch that goes from Belmonte to Prado, in the extreme south of Bahia. This measure contributes to reducing risks of collision with humpback whales by pulp barges. [Read more about the project to protect humpback whales.](#)



Environmental Awareness

Over 2022, we promoted an environmental awareness campaign in 11 municipalities where we operate. The initiative included visits to rural landowners neighboring our company, and was conducted in partnership with the State Agency for Agricultural Defense (ADAB in the Portuguese acronym), Bahia Association of Forestry Companies (ABAF), Sustainable Forest Environment Program (PAFS) and Independent Police and Environmental Protection Company (CIPPA).

The initiative sought to raise awareness of environmental care and conservation and the preservation of local biodiversity. As part of the program, we held a Field Day at Fazenda Bom Sossego in Porto Seguro for rural producers, technicians and representatives of

environmental agencies in the region with presentations on environment, waste and pesticides, among other topics.

Veracel has a tool for combating forest fires, the Fire Perception Network (RPF in the Portuguese acronym). By calling 0800 799 9802 or via WhatsApp (55-73)99925-0430, the neighboring communities and municipalities can notify us of potential fire outbreaks, whether in our eucalyptus plantations or native forest areas located within our areas of operation. In 2022, there was a 51% reduction in the area lost to fires compared to 2021. We registered 205 fire outbreaks, impacting 195 hectares (87 hectares in eucalyptus plantations and 108 hectares in preservation areas).

In order to reinforce environmental awareness, we hold the Daily Environment Dialogue (DDMA in the Portuguese

acronym) with enablers from each area of the company. Once a week, they meet with their teams to execute the proposals in the annual schedule. In addition, we attend society's demands through the Veracel Station.

Forest Restoration GRI 3-3

We carry out forest restoration in areas that were once pastures, increasing the native vegetation cover and transforming the landscape. Our goal is to restore 400 hectares every year. From 1994 to 2022, we restored 7,936.75 hectares.

This work contributes to the formation of ecological corridors, connecting fragments of native Atlantic Forest. We use a list of 200 species to be planted and plant about 30 different species per hectare.



Large-scale restoration is challenging, and we look for new alternatives for greater environmental gains each year. In 2022, we used different methodologies, such as strip nucleation and high quality implantation in the restoration process to ensure higher effectiveness. In addition, we conducted a test to control ants with biobait, which proved to be promising.

Private Natural Heritage Reserve - Veracel Station RPPN

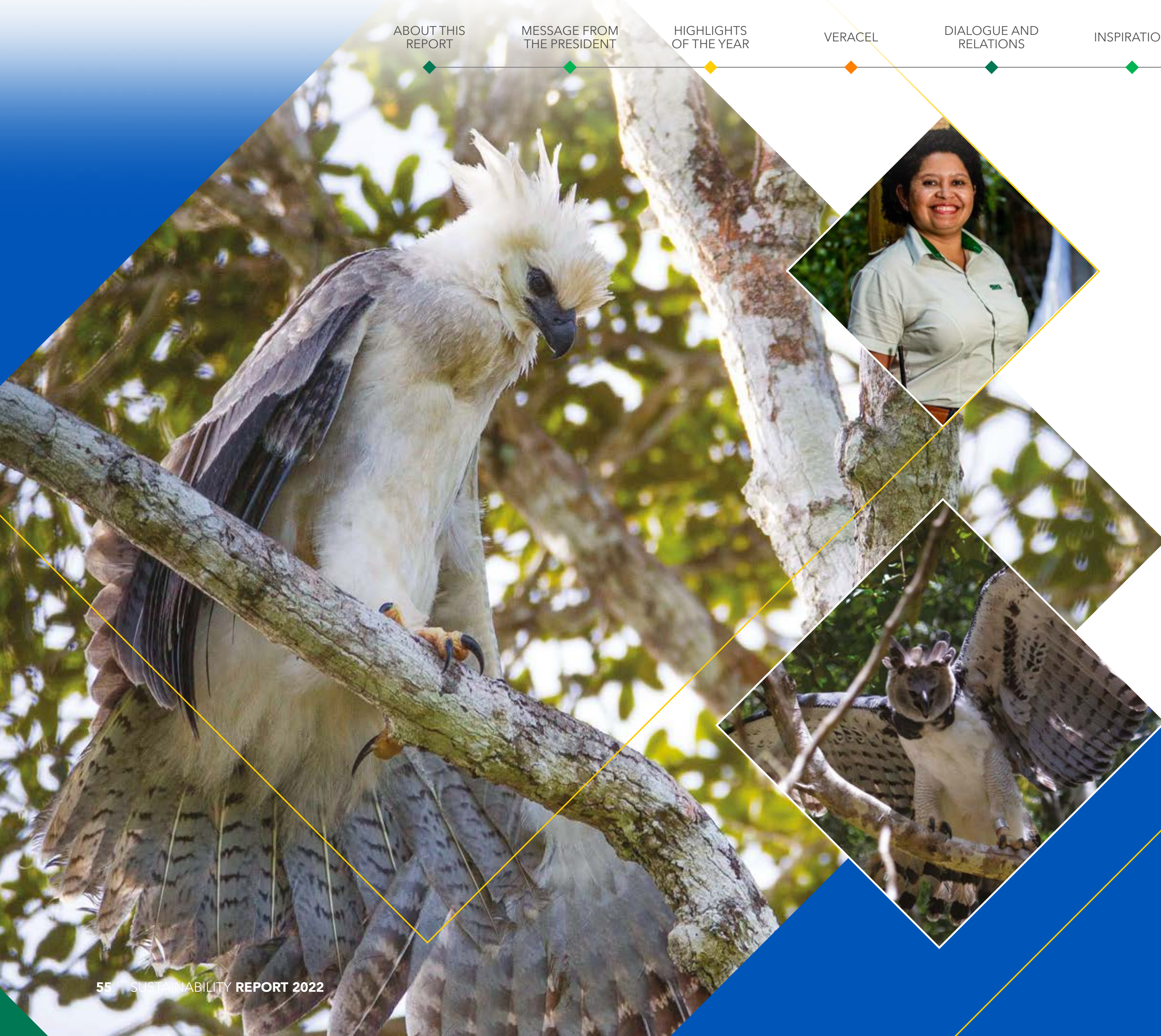
We are guardians of the largest Private Natural Heritage Reserve (RPPN in the Portuguese acronym) of Atlantic Forest in northeastern Brazil, that we call Veracel Station. It is recognized for their Ecosystem Services for Biodiversity Conservation by the Forest Stewardship Council® – FSC® C017612, issued by the Imafloa certification body in Brazil. This reserve is one of the 20 areas in the world with the greatest diversity of tree species.

The area covers more than 6,000 hectares and is located in the municipalities of Porto Seguro and Santa Cruz Cabrália, in the state of Bahia, within the phytoecological region known as the Dense Ombrophilous Forest, which is similar to the Amazon Forest. Our reserve is recognized by UNESCO as a World Natural Heritage Site. The Veracel Station RPPN plays a significant role in the conservation of endemic fauna and flora species of the Atlantic Forest, in addition to many others threatened species globally.

Veracel Station is home for 115 springs, some of which feed regional rivers, mainly Mangues river which supplies the city of Porto Seguro.

This environment is an area of national and international scientific research. Eight projects have been developed with the support of the reserve's infrastructure, including a study carried out by a partnership between Yale University (USA) and the Universidade Federal do Sul da Bahia (UFSB).





Protection of Atlantic Forest species

The harpy eagle (*Harpia harpyja*) has been monitored in the area for over 15 years, and these studies contribute to the conservation of this rare species. In addition, the reserve is a privileged place for bird watching, where we can see species such as the banded cotinga (*Cotinga maculata*), the great parakeet (*Pyrrhura cruentata*), the ringed woodpecker (*Celeus torquatus*) and many other species inhabiting the reserve can be observed.

In 2022, Veracel Station reopened its visitor program, after being closed for more than two years due to pandemic restrictions. Visitation must be scheduled for group formation. [For more information, click here.](#)



▲ Innovation

At Veracel, implementing a more inclusive business model requires more technology, more innovation and a skilled and engaged team. In 2022, we implemented a technological tool to automate the logistics chain using cameras with automatic reading of loads in production and transport. Transporting pulp – from the production line to the maritime terminal – requires several steps and stops for load checking and authorization of trucks entry and departure. Previously, these checks used to be done manually.

RFID technology is a radio frequency instrument for identification, counting and tracking of products. It enables the automatic authorization of trucks at the gates and directs the vehicles inside the terminal, avoiding unnecessary maneuvers. The system has a mobile version, which eliminates the need for on-board computers in forklifts and reduces costs.

In addition, innovation is a key pillar in Veracel's forestry management. We have a customized solution which is developed internally and integrates eucalyptus production data, from seedlings to factory, including those on the incidence of pests and diseases, nursery performance, forest growth and wood quality. The tool generates accurate recommendations for planting in each plot with the most suitable clone, aimed at reducing environmental risks and having the maximum pulp productivity.

The quest for innovation also involves solutions to reduce environmental impacts. In 2022, we implemented approximately 100 technology projects, and the

expectation is that the return on investment (ROI) will be gains up to three times higher in productivity, operational efficiency and data reliability. The initiatives range new and improved innovative systems and tools developed according to the company's needs. With investments of about BRL 20 million, we project gains in pulp production stability based on Artificial Intelligence.

Some of the main project are AI-based solution to improve pulp production; inspection of equipment to collect anomaly in the field; and technologies for forestry operations and eucalyptus plantation.

Our perspective is to continue on the path of digital transformation throughout 2023. We have a five-year mapping plan with technology projects aligned with our investment strategy. [Learn more on our website.](#)

Automation and Control of Eucalyptus Nurseries

Since 2021, we have been improving our seedling nursery management processes, focused on automation and controls. New applications aimed at for process digitalization have increased the nursery productivity significantly

Innovations have contributed to the evolution of automation related to environmental control in the seedling production of seedlings – such as irrigation management, roof opening, and temperature and humidity controls.



New technological applications make it possible to control the seedling evolution in real time,, while analyzing results and events, always with double parameters. The improvements include new controllers and implementation of a Human Machine Interface (HMI) to control seedlings more dynamic and agile, without the need for an operation center. This entire infrastructure is now integrated with our network, which allows the nursery activities to be controlled and monitored from a distance.

In addition, we implemented a system for comprehensive and integrated management, with reports and tools for data correlation. These advances ensure us a more stable production processes and gains in competitiveness for nursery production.

In 2022, we implemented approximately 100 technology projects, and the expectation is that the return on investment (ROI) will be gains up to three times higher in productivity, operational efficiency and data reliability. With investments of about BRL 20 million, we project gains in pulp production stability based on Artificial Intelligence.

Digitized Research

In 2022, we implemented a tool to digitizes and compiles data from studies on the genetic improvement of eucalyptus clones in a single search system, something previously done using spreadsheets. The market tool known as LabWare ELP ensures more reliability in the results and allows us to safely and assertively monitor the traceability of the data generated for each clone studied. The company's genetic improvement area analyzes thousands of different genotypes from 15 years of studies.

Genetic improvement is a fundamental research process for the planted forest sector. This process makes recommendations for planting, taking into account characteristics such as soil, climate, rainfall and natural resistance to pests and diseases.

The functionality optimizes specialists' time, improves data security, improves the quality of data and reduces the chance of errors.

GRI Index

Social indicators

Employees GRI 2-7

By gender*	Women		Men		Total
Number of employees	214	20.4%	836	79.6%	1,050
Permanent employees	185	18.5%	815	81.5%	1,000
Temporary employees	29	58.0%	21	42%	50
Full-time employees	185	18.5%	814	81.5%	999
Part-time employees	29	56.8%	22	43.2%	51

By region*	Bahia		Other regions		Total
Number of employees	721	68.7%	329	31.3%	1,050
Permanent employees	683	68.3%	317	31.7%	1,000
Temporary employees	42	84%	8	16.0%	50
Full-time employees	681	68.2%	318	31.8%	999
Part-time employees	43	84.3%	8	15.7%	51

*Note: there are no employees working without a stipulated number of work hours.

Workers who are not employees GRI 2-8

By region	Women		Men		Total
North	0	0%	0	0%	0
North East	111	5.4%	1,927	94.6%	2,038
Midwest	0	0%	0	0%	0
South	0	0%	0	0%	0
Southeast	0	0%	0	0%	0

Hiring and turnover GRI 401-1

	Hiring*		Turnover*	
	N°	%	N°	%
Gender				
Women	57	30.8%	25	13.5%
Men	116	14.2%	93	11.4%
Age				
Under 30	74	64.3%	49	42.6%
30 to 50	96	12.5%	61	8.0%
Over 50	3	2.5%	8	6.7%

*Note: the indicator considers only permanent employees.

2022 Parental Leave GRI 401-3

	Men	Women
Total number of employees entitled to maternity/paternity leave	41	12
Total number of employees who had been granted maternity/paternity leave	41	12
Total number of employees who returned to work after maternity/paternity leave	38	10
Total number of employees who returned to work after maternity/paternity leave and remained employed twelve months after their return to work	37	10
Return-to-work and employee retention rates among people who had been granted maternity/paternity leave	100%	100%

Occupational Health and Work Safety

GRI 403-9

	Número	%
Deaths resulting from accidents at work	1	0.12
Accidents at work with serious	6	0.75
Mandatory reporting of accidents at work	19	2.36
Working hours	8,052,958.83	

Performance evaluation

GRI 404-3

	Mulheres	Homens
Leadership	18%	82%
Staff	44%	56%
Strategic staff	44%	56%
Administrative staff	50%	50%
Operational staff	15%	85%
Operational	11%	89%

Diversity in governance bodies

GRI 405-1

Gender

	Number	Percentage
Male	5	100%
Female	0	0%

Age group

	Number	Percentage
Under 30	0	0%
30 to 50	3	60%
Over 50	2	40%

Diversity of employees

GRI 405-1

By position category

		Masculino	Feminino
Collaborator	Number	733.00	159.00
	Percentage	73.30%	15.90%
Strategic	Number	33.00	13.00
	Percentage	3.30%	1.30%
Manager	Number	44.00	13.00
	Percentage	4.40%	1.30%
Director	Number	4.00	0.00
	Percentage	4.00%	0.00%
President	Number	1.00	0.00
	Percentage	1.00%	0.00%

By category and age group

Categoria Funcional		Under 30	30 to 50	Over 50
Collaborator	Number	114.00	683.00	95.00
	Percentage	11.40%	68.30%	9.50%
Strategic	Number	1.00	39.00	6.00
	Percentage	0.10%	3.90%	0.60%
Manager	Number	0.00	40.00	17.00
	Percentage	0.00%	4.00%	1.70%
Director	Number	0.00	2.00	2.00
	Percentage	0.00%	0.20%	0.20%
President	Number	0.00	1.00	0.00
	Percentage	0.00%	0.10%	0.00%

Environmental indicators

Energy in GJ GRI 302-1, 302-3

Non-renewable fuels (GJ)	2022
Purchased natural gas	1,139,946.04
Diesel	385,13
BPF oil	21,280.57
Total	1,161,611.74
Renewable fuels (GJ)	
Wood components (chips and bark)	123,505.03
Black liquor	3,081,354.40
Primary sludge	5,808.19
Methanol	19,737.77
Sugarcane bagasse	555.14
Total	3,230,960.53
Other sources of consumption (GJ)	
Electricity consumption	47,168.91
Energy sold (GJ)	
Electricity	1,062,179.50
Total energy consumption within the organization	
Total energy consumption (GJ)	3,377,561.68
Energy intensity (GJ/ADMT*)	3.14

*Note: ADMT is air dry metric tons of pulp produced

Water and effluents GRI 303-3, 303-4, 303-5

Volume of water collected	2022
by source	
Surface water	23,146.07
by type	
Fresh water (total dissolved solids ≤1,000 mg/L)	23,146.07
Other types of water (total dissolved solids >1,000 mg/L)	0
Total collected water	23,146.07

Volume of water discarded	2022
by source	
Surface water	18,948.48
by type	
Fresh water (total dissolved solids ≤1,000 mg/L)	18,948.48
Other types of water (total dissolved solids >1,000 mg/L)	0
Total water discarded	18,948.48

Volume of water consumed	2022
(collected water - discarded water)	4,197.60

Biodiversity GRI 304-1; 304-3

Proprietary, leased or managed operating units within or adjacent to environmental protection areas and areas of high biodiversity value located outside environmental protection areas.

Location	Latitude: 16° 05' 22" S; Longitude: 39° 24' 30" W.
Proprietary, leased or managed surface and underground areas	According to forestry planning, eucalyptus planting areas (in ha) are divided into proprietary (77,219.2 ha), leased (7,475.4 ha) and areas available for planting (5,445.5 ha), totaling 90,140.1 ha. Areas not intended for planting (in ha) are divided into Legal Reserve (43,402.2 ha), Permanent Preservation Areas (19,129.4 ha), Veracel Station (6,062.9 ha), Infrastructure (10,932.6 ha) and additional protected areas (32,261.5 ha), totaling 111,788.6 ha.
Position in relation to the environmental protection areas	Considering the operational unit as planting areas, there is no overlap with protected areas.
Type of operation	Veracel Celulose is a Brazilian bioeconomy company that integrates forestry, industrial and logistics operations, with an average annual production of 1.1 million tons of bleached pulp from operations in the region of the Discovery Coast, south of Bahia and in the Vale do Jequitinhonha, in Minas Gerais.
Size of operating unit	201,928.8 km ²
Biodiversity value characterized by presence on the protection list	HCV1: cb Species diversity: concentrations of biological diversity, including endemic, rare, threatened or endangered species on a global, regional or national level.
Biodiversity value characterized by presence on the protection list	<ul style="list-style-type: none"> • HCV1: cb Forest areas containing globally, regionally or nationally significant concentrations of biodiversity values (e.g. endemism, endangered species, refugia). • HCV2: cb Forest areas containing globally, regionally or nationally significant large landscape level forests, contained within, or containing the management unit, where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance. • HCV3: cb Forest areas that are in or contain rare, threatened or endangered ecosystems. • HCV4: cb Forest areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control). • HCV5: cb Forest areas fundamental to meeting basic needs of local communities (e.g. subsistence, health). • HCV6: cb Forest areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in cooperation with such local communities).

Protected or restored habitats

Size of areas of protected or restored habitat (ha)	100,856 ha (Legal Reserve, Permanent Preservation Areas, Additional Protected Areas and RPPN, Veracel Station). Veracel's protection areas are divided into: 1% (Mussununga/Campinaranas), 7% (Clean Pasture), 11% (Dirty Pasture), 6% (Forest in Advanced Regeneration Stage), 10% (Forest in Initial Regeneration Stage), 60% (Forest in Mid-Regeneration Stage) and 5% (Other).
In partnerships with third parties to protect or restore habitat areas other than those the organization supervises and implements restoration or protection measures	All protected or restored areas are directly managed and supervised by Veracel. However, there are companies outsourced for the fauna and flora monitoring process, heritage protection, execution of the restoration process and environmental/edaphic water monitoring.
Status of each area based on its condition at the end of the reporting period	Fauna and flora are monitored, and in addition to vegetation, groups of mammals, birds and ants are studied in order to ensure preservation or increase the diversity of endemic, rare, threatened or endangered species. The High Conservation Value Areas are monitored to establish ways of protecting and preserving the High Conservation Value attributes, in addition to defining the strategies and actions necessary for the prevention, control and mitigation (attenuation, minimization) of the threats, pressures and risks that may cause harm. The restoration program (Programa Mata Atlântica - PMA) has as its main strategy the establishment of "biodiversity corridors" by creating a balanced landscape with the Atlantic Forest with Veracel forestry projects, with the goal of restoring and protecting the remnants of this rich ecosystem, in different stages of conservation, located on company properties. Thus, it forms continuous areas by connecting remaining fragments of native forest, contributing to the increase in the gene flow of fauna and flora species and the restoration of the original biodiversity, mitigating the effects of the severe fragmentation of the Atlantic Forest. Since 2020, the PMA has been directed towards regularizing the Permanent Protection Areas and Legal Reserves on all Veracel properties, meeting the deadlines established in the Environmental Recovery Plans (PRAs), as informed in the State Forestry Registry of Rural Properties (CEFIR), using the following methodologies: total planted area, nucleation, enrichment and fencing. In 2022, 416.42 hectares were restored. Up to this year, a total of 7,936.75 hectares have been restored.

GHG (Greenhouse Gas) emissions GRI 305-1; 305-2; 305-3

Scope	Gases included in the calculation	Emissions (except biogenic)	Biogenic emissions
Scope 1	CO ₂ , CH ₄ , N ₂ O	146,646.73	2,076,355.14
Scope 2	CO ₂	13,649.31	-
Scope 3*	CO ₂ , CH ₄ , N ₂ O, HFCs	33,716.57	2,606.22

*Note: indirect GHG emission categories and activities (Scope 3) were also considered in the calculation: upstream T&D, downstream T&D, waste, purchased goods and services and business travel.

Waste GRI 306-3; 306-4; 306-5

Waste generated	Metric tons	Type of destination
Clean bark (choppers or bark with metal)	213	Recycled
Dirty Bark (Log Yard + Trucks)	838	Recycled
Sand from the log yard	5,393	Recycled
Primary Sludge	3,944	Recycled
Biological Sludge - Dehydrated	5,117	Recycled
Biological Sludge - Liquid - Supernatant	22	Recycled
Dregs/Grits	19,998	Recycled
	1,934	Confinement
Lime Sludge	24,507	Recycled
Burnt lime	2,068	Recycled
Precipitator Purge	663	Recycled
Digester waste	43	Confinement
LWH tank cleaning	525	Confinement
Waste sand	79	Recycled
Light Ash	5,396	Recycled
Furnace bottom sand (heavy ash)	3,229	Recycled
WTP sludge	2,344	Recycled
Total	76,313	-

Waste destination	Metric tons	%
Recycling	73,811	97%
Landfill	2,502	3%
Total	76,313	100%

GRI Index

Statement of use:

Veracel has reported the information cited in this GRI content index for the period of January 1, 2022 and December 31, 2022 with reference to the GRI Standards.

GRI 1 used:

GRI 1: Foundation 2021

GRI Standard	Disclosure	Location	Omission			SDG	Global Compact	External Assurance (Y/N)
			Requirement(s) Omitted	Reason	Explanation			
GRI 2: General Content 2021								
Organization and reporting practices	2-1 Organizational details	Page 7. Veracel Celulose S.A.. (Corporation)						
	2-2 Entities included in the organization’s sustainability reporting	Veracel Celulose S.A.						
	2-3 Reporting period, frequency and contact point	Page 3.						
	2-4 Restatements of information	Não houve.						
	2-5 External assurance	The report did not undergo external assurance.						
Activities and workers	2-6 Activities, value chain and other business relationships	Pages 7 and 8.				3		
	2-7 Employees	Page 59.						
	2-8 Workers who are not employees	Page 59.				8, 10		
Governance	2-9 Governance structure and composition	Page 9.						
	2-10 Nomination and selection of the highest governance body	Page 9.						
	2-11 Chair of the highest governance body	The Chairman of the Board of Directors does not occupy the same position as the Chief Executive Officer.						
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 9.				16		
	2-13 Delegation of responsibility for managing impacts	On a quarterly basis, senior executives report to the Board of Directors on the management of the Company's impacts.				5, 16		
	2-14 Role of the highest governance body in sustainability reporting	The Board of Directors reviews the information and approves the document before publication.				16		
	2-15 Conflicts of interest	The Board of Directors is tasked with preventing and managing conflicts of interest or divergent opinions, in such a way that the Company's interests prevail.				5, 16		
	2-16 Communication of critical concerns	Critical concerns are communicated to the Board of Directors by the Audit Committee and Support Groups.				16		



GRI Standard	Disclosure	Location	Omission			SDG	Global Compact	External Assurance (Y/N)
			Requirement(s) Omitted	Reason	Explanation			
GRI 2: General Content 2021								
Governance	2-17 Collective knowledge of the highest governance body	Board members participate in forums and at events related to the topic, in addition to specific training at their home companies.						
	2-18 Evaluation of the performance of the highest governance body	There is no formal assessment of the board of directors.						
	2-19 Remuneration policies	The remuneration policy rewards employee performance when delivering results above expectations, duly measured using the Performance Assessment tool in the People Cycle (for administrative and operational positions) and on the recommendation of the area manager for management positions, with the consensus of the department's directors and HR, which may be through promotion, placement or progression.						
	2-20 Process to determine remuneration	Veracel uses a basket of companies to determine the wage market, serving as a benchmark for comparison with its wage practices. This market is updated annually and is the basis for updating the salary table. Veracel defines its application as a level of competitiveness, whenever possible, and also considers the employee's performance assessment and the median value of the base salary in this market.				16		
	2-21 Annual total compensation ratio		Omitted	Confidential	Veracel considers this information confidential and chooses to not report it.			

GRI Standard	Disclosure	Location	Omission			SDG	Global Compact	External Assurance (Y/N)
			Requirement(s) Omitted	Reason	Explanation			
GRI 2: General Content 2021								
Strategy, policies and practices	2-22 Statement on sustainable development strategy	Pages 4 and 12..						
	2-23 Policy commitments	Pages 13 and 14.						
	2-24 Embedding policy commitments	Pages 13 and 14.						
	2-25 Processes to remediate negative impacts	Page 13.						
	2-26 Mechanisms for seeking advice and raising concerns	Page 13. In addition to the whistleblower channel, the Internal Audit and Compliance area provides a process to register business conduct concerns.						
	2-27 Compliance with laws and regulations	In 2022, 89 cases of non-compliance with laws and regulations were registered, and for all substantiated cases, non-monetary sanctions were applied. The main cases were: questioning the total number of overtime hours, contractual termination amounts, inconsistencies in worked hours, inconsistencies in collective agreement benefits (meal voucher and health plan).						
	2-28 Membership associations	We participate in several sectoral associations, among the principal ones are: Forestry Forum, APA Santo Antonio Meetings (INEMA), Water Resources Committee (IBA), River Basins Committee of the Frades, Buranhém and Santo Antonio Rivers (INEMA) and GT LEGIS of ABAF.				16		
Stakeholder engagement	2-29 Approach to stakeholder engagement	Page 15.						
	2-30 Collective bargaining agreements	Page 28.				8		
GRI 3: Material Topics 2021								
	3-1 Process to determine material topics	Page 10.				17		
	3-2 List of material topics	Page 10.						
Employment								
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 28.						
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 59.				5, 8, 10	6	
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pages 28 and 36.				3, 5, 8		
	401-3 Parental leave	Page 28.				5, 8	6	
GRI 403: Occupational Health and Safety 2018	403-6 Promotion of worker health	Page 59.				3, 8, 12		

GRI Standard	Disclosure	Location	Omission			SDG	Global Compact	External Assurance (Y/N)
			Requirement(s) Omitted	Reason	Explanation			
GRI 3: Material Topics 2021								
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Page 29.				4, 8	6	
	404-2 Programs for upgrading employee skills and transition assistance programs	Page 29.				8		
	404-3 Percentage of employees receiving regular performance and career development reviews	Page 60.				5, 8, 10	6	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 60.				5, 8, 10	6	
	405-2 Ratio of basic salary and remuneration of women to men		Omitted	Confidential	Veracel considers this information confidential and chooses to not report it.	5, 8, 10	6	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Page 14.				5, 8	6	
Strengthening the regional economy and income generation								
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 21 and 26.						
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Pages 21 and 26.				5, 9, 11		
	203-2 Significant indirect economic impacts	Pages 15, 17 and 24.				3, 8, 10		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Page 17.				8		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Page 25.					1	
Support for environmental and social projects								
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 21 and 26.						
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Pages 21 and 26.				5, 9, 11		
	203-2 Significant indirect economic impacts	Pages 15, 17 and 24.				3, 8, 10		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Page 25.					1	
Impacts of monoculture								
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 50 and 55.						
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	Page 50.				6, 14, 15	8	
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	There were no records of violations of rights during the fiscal year.				2	1	
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	Page 25.				1, 2	1	



GRI Standard	Disclosure	Location	Omission			SDG	Global Compact	External Assurance (Y/N)
			Requirement(s) Omitted	Reason	Explanation			
GRI 3: Material Topics 2021								
Impacts of the Port Terminal								
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 18 and 26.						
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	Page 25.				1, 2	1	
Management of conflict of interests and land issues								
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 18 and 26.						
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	Page 25.				1, 2	1	
Impact of operations on directly affected communities								
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 18 and 26.						
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	Page 25.				1, 2	1	
Forest restoration								
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 52.						
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 62.				6, 14, 15	8	
	304-2 Significant impacts of activities, products and services on biodiversity	Page 50.				6, 14, 15	8	
	304-3 Habitats protected or restored	Page 63.				6, 14, 15	8	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Page 50.				6, 14, 15	8	
Landscape and biodiversity								
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 50 to 55.						
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 62.				6, 14, 15	8	
	304-2 Significant impacts of activities, products and services on biodiversity	Page 50.				6, 14, 15	8	
	304-3 Habitats protected or restored	Page 63.				6, 14, 15	8	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Page 50.				6, 14, 15	8	



GRI Standard	Disclosure	Location	Omission			SDG	Global Compact	External Assurance (Y/N)
			Requirement(s) Omitted	Reason	Explanation			
GRI 3: Material Topics 2021								
Environment								
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 42 to 55.						
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Page 61.				7, 8, 12, 13	7, 8	
	302-3 Energy intensity	Pages 47 and 61.				7, 8, 12, 13	8	
	302-4 Reduction of energy consumption	Page 47.				7, 8, 12, 13	8, 9	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Pages 42 to 44.				6, 12		
	303-2 Management of water discharge-related impacts	Page 44.				6		
	303-3 Water withdrawal	Page 61.				6	7, 8	
	303-4 Water discharge	Page 61.				6	8	
	303-5 Water consumption	Page 61.				6		
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 62.				6, 14, 15	8	
	304-2 Significant impacts of activities, products and services on biodiversity	Page 50.				6, 14, 15	8	
	304-3 Habitats protected or restored	Page 63.				6, 14, 15	8	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Page 50.				6, 14, 15	8	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 63.				3, 12, 13, 14, 15	7, 8	
	305-2 Energy indirect (Scope 2) GHG emissions	Page 63.				3, 12, 13, 14, 15	7, 8	
	305-3 Other indirect (Scope 3) GHG emissions	Page 63.				3, 12, 13, 14, 15	7, 8	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Pages 44 to 46.				3, 6, 11, 12		
	306-2 Management of significant waste-related impacts	Pages 44 to 46.				3, 6, 8, 11, 12		
	306-3 Waste generated	Page 63.				3, 6, 11, 12, 15		
	306-4 Waste diverted from disposal	Page 63.				3, 11, 12		
	306-5 Waste directed to disposal	Page 63.				3, 6, 11, 12, 15		
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	Page 25.				1, 2	1	



GRI Standard	Disclosure	Location	Omission			SDG	Global Compact	External Assurance (Y/N)
			Requirement(s) Omitted	Reason	Explanation			
GRI 3: Material Topics 2021								
Investments in technological innovation								
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 56 and 57.						
Non-material topics								
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	There were no records of violations of rights during the fiscal year.				2	1	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Veracel includes human rights clauses in its contracts. In addition, it is in the pilot phase of assessing Human Rights of its suppliers through the Sustainable Procurement Program (learn more on page 17). The implementation of this process is scheduled for the second half of 2023.				5, 8, 12, 16	2, 8	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Pages 38 and 41.				3, 8, 12		
	403-2 Hazard identification, risk assessment, and incident investigation	Pages 38 and 41.				3, 8, 12		
	403-3 Occupational health services	Page 38.				8		
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 38.				8, 16		
	403-5 Worker training on occupational health and safety	Training in Occupational Health, Well-being and Work Safety is based on a mandatory training matrix, which is elaborated based on the legal requirements established in Regulatory Norms and other normative documents. In addition to this mandatory training established in the matrix, there is also training for internal procedures.				8		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 41.				8		
	403-8 Workers covered by an occupational health and safety management system	Page 41.				8		
	403-9 Work-related injuries	Page 60.				3, 8, 12, 16		
	403-10 Work-related ill health	There were no occurrences of occupational illness that have a causal link with professional activities in the reporting period.				3, 8, 16		

▀ Datasheet

President: Caio Zanardo

Sustainability and Corporate Relations Director:
Renato Carneiro

Industrial director: Ari Medeiros

Forest Director: Marcio Veiga

Financial Administrative Director: Rodrigo Louzada

Veracel Communication Team: Alexandre Campbell, Vanessa Pinto, Camila Moreira, Ricardo Saad e Ana Carolina Alves

2022 Verification Committee: Bárbara Cristina Sales Oliveira, Daniel Mafra Braga, Marco Aurélio Silva, Odair Jango, Tarciso Andrade Matos, Virgínia Londe de Camargos, Antônio Luiz Fragoso Costa, Carla Célia Medeiros, David Figueiredo Q. Soares, Izabel P. dos Santos Bianchi, Maria Zélia Ferreira, Renan Silva Borges, Teobaldo Miranda Santos, Wilma Mendes de Sena.

GRI Consulting, Content and Design:
Juntos | Approach Comunicação – approach.com.br

Photography: Ernandes Alcântara, Quelvin Clécio, Ricardo Teles e Acervo Veracel

Project general supervision: Camila Moreira



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