

SUZANO PAPEL E CELULOSE S.A.
Publicly Held Company
Corporate Taxpayer ID (CNPJ/MF): 16.404.287/0001-55
Company Registry (NIRE): 29.300.016.331

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
HELD ON MAY 3, 2017**

DATE, TIME AND PLACE: At 3:00 p.m. on May 3, 2017, at Av. Brigadeiro Faria Lima, 1.355 - 9º andar, Bairro Pinheiros, CEP 01452-919, in the City and State of São Paulo.

PRESIDING BOARD: David Feffer - Chairman; Maria Cecilia Castro Neves Ipiña - Secretary.

CALL NOTICE AND ATTENDANCE: The call notice was sent by email to the members of the Board of Directors of Suzano Papel e Celulose S.A. ("Company") and all the Directors were present.

AGENDA: to approve (i) the amendment to the Company's Derivative Management Policy; and (ii) the Company's Debt Policy.

DECISIONS TAKEN UNANIMOUSLY: After analyzing and discussing the matters on the agenda, and presentation of the main aspects of the policies, the Directors unanimously decided:

- a) to approve the amendment to the Company's Derivative Management Policy, which shall henceforth read in accordance with Appendix I hereto.
- b) to approve the Company's Debt Policy, which shall henceforth read in accordance with Appendix II hereto.

The approved policies are available on the website and at the registered office of the Company.

CLOSURE: There being no further business on the agenda, the meeting was adjourned and these minutes were drawn up, read, approved and signed by all present.

(Minutes of the Meeting of the Board of Directors of Suzano Papel e Celulose S.A., held at 3:00 p.m. on May 3, 2017 – continued).

São Paulo, May 3, 2017

David Feffer
Chairman of the Meeting and of the Board

Maria Cecilia Castro Neves Ipiña
Secretary

Claudio Thomaz Lobo Sonder
Vice Chairman

Daniel Feffer
Vice Chairman

Antonio de Souza Corrêa Meyer
Director

Jorge Feffer
Director

Marco Antonio Bologna
Director

Maria Priscila Rodini Vansetti Machado
Director
by proxy - Claudio Thomaz Lobo Sonder

Nildemar Secches
Director

Rodrigo Kede de Freitas Lima
Director
by proxy - Claudio Thomaz Lobo Sonder

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Appendix I
Derivative Management Policy of the Company

Code	Revision	Date	Issued by	Approved by
POL 09.00002	1.0	5/3/2017	GEFIN	RCA
Title:				
Derivative Management Policy				

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1 OBJECTIVE

The objective of this policy is to set the rules and procedures for:

- 1.1. Defining the parameters for trading in derivative instruments to hedge exposures that pose market risks to the Company;
- 1.2. Defining delegation of powers for contracting derivatives and their respective limits;
- 1.3. Defining the frequency of reporting and responsibility for the reports monitoring the derivatives portfolio.

2 SCOPE

This policy applies to Suzano Pulp and Paper (“Suzano”) and its subsidiaries.

3 REFERENCE DOCUMENTS

Corporate Governance Policy

4 DEFINITIONS

GDC: General Derivatives Contract, which sets the rules, limits and procedures between Suzano and banks for transactions in Derivatives in the Brazilian capital markets.

ISDA: (International Swap Dealers Association) is the General Derivatives Contract that sets the rules, limits and procedures between Suzano and banks for transactions in Derivatives in the international capital markets.

Long Form Confirmation: is the trading note for one-off transactions in derivatives with financial institutions that do not yet have derivative contracts such as GDC or ISDA.

Dodd-Frank: is the contract that regulates derivatives required by the U.S. Securities and Exchange Commission (SEC), especially for U.S. institutions.

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5 DESCRIPTION OF PROCESS

To avoid fluctuation in market prices and rates, Suzano may choose to carry out transactions to mitigate such variations. For this, it contracts derivative transactions linked to the following risk factors:

- (i) Currency;
- (ii) Interest rate;
- (iii) Pulp price;
- (iv) Prices of freight fuel and other production inputs.

5.1 – Purpose and products allowed

Derivatives should be used exclusively to hedge financial transactions already contracted or the cash flows of Suzano, and should not leverage the company. The following types of derivative instruments may be contracted:

- Swaps;
- Non-deliverable forwards (NDF);
- Plain vanilla options.

5.2 – Definition of hedge limits using Derivatives

Each company exposure has a methodology for defining the hedge parameters using derivative instruments. The definition of these practices is agreed upon in advance between the departments involved directly with the origin and mitigation of the market risks of the exposures.

Furthermore, the Treasury Department has a hedge limit for each type of exposure:

- **Currency (USD):** Suzano is exposed to foreign exchange risks due to its exporter profile, with a significant portion of its net revenue coming from exports priced in U.S. dollar, while most of its production costs are incurred in Brazilian real. This structural exposure allows the company to contract export-financing lines in dollar at more competitive costs than local funding lines and to match debt service with the flow of receivables from sales, providing a natural cash hedge for these commitments. Any surplus of these USD revenues that are not tied to USD debt or other USD liabilities is sold in the currency market at the time the currency enters the country. As additional hedge, the Company may contract derivatives to ensure more attractive operating margins for a portion of its revenue, which should not exceed 75% of the surplus of foreign currency (FX gap) over a horizon of 18 months.

Note that this limit was set based on a study conducted by the Treasury Department and presented to the Board of Directors, which showed that, even during periods of stress in pulp prices, the company has a positive monthly flow of USD. Rare exceptions include, for example, events involving the repayment of the principal of Bonds and Export Prepayment Facility (EPF) Bullets. In these cases, the company must accumulate cash in foreign currency (over a period of more than one (1) month) to fulfill its obligations.

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- **Currency (other currencies):** with the objective of avoiding exposure to the volatility in currencies other than the USD, the company may contract derivative instruments that represent 100% of the FX gap of these currencies.
- **Interest rate:** DV01 represents the gain or loss of the portfolio from a 0.01% increase in the annual rate and is used to demonstrate the sensitivity of the portfolio to market interest rates. The company may use derivatives to hedge 30% of DV01 for each interest rate;
- **Pulp price:** to reduce Suzano's exposure to the volatility in pulp prices, 10% of the exposure over the next 12 months may be hedged by derivatives;
- **Prices of freight fuel and other production inputs:** up to 50% of the exposure for the next 12 months for each input, since these are secondary commodities to the company;

5.3 - Quoting and Closing Derivative Transactions

5.3.1 Calculations of exposure are made and presented formally at the frequency defined previously by Suzano's Treasury Front-Office. Hedging is determined jointly by the departments involved in the respective exposure, and the CFO is responsible for sending to the Treasury Department an e-mail expressing his or her agreement with the transaction.

5.3.2. Suzano's Treasury Front-Office team then quotes with at least two financial institutions that are duly authorized to perform transactions of this kind with Suzano (GDC, ISDA or Long Form Confirmation), and then determines which has the most competitive prices/rates. Then it proceeds to obtain a firm quote with two financial institutions. The transaction is concluded with the institution that presents the best prices/rates.

5.3.3. The bank with which the transaction was closed will send a contract confirming the operation to the e-mail tesouraria@suzano.com.br. The contract is verified by Suzano's Treasury Back-Office and sent for validation by the Legal Department.

5.3.4. After validation and review by the Legal Department, the contracts are submitted for signing by the officers and/or authorized attorneys-in-fact, in accordance with their powers.

5.3.5. Suzano's Treasury Back-Office then enters the transaction in the system immediately after confirmation of the transaction between the parties.

5.4 - Maintenance of Derivatives and Powers

The Treasury Department determines the Mark-to-Market (MtM) values and results of the transactions in the Company's derivative portfolio. The department must comply with the Market Risk Policy to duly control the limits and risks of these operations.

In the event of a breach of any item of this policy, the Market Risk team is responsible for immediately notifying the Treasury Manager, who will have one (1) business day to remedy the situation. If the limit continues to be

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exceeded, the Financial Executive Manager and Chief Financial Officer are notified to coordinate the strategy for reestablishing compliance.

Furthermore, the Chief Financial Officer must decide on implementing measures to enable the reestablishment of limits or, as applicable, review the limits in the event of exceptional market conditions.

5.5 - Settlement of Derivatives

Derivative contracts are settled on the respective dates by Suzano's Treasury Back-Office after validation and confirmation of the amounts with the respective partner banks of the operations.

5.6 - Reports

Suzano's Market Risk team submits monthly reports containing data and the exposure limits of the market position of the entire derivatives portfolio to the respective members of Suzano.

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Appendix II
Debt Policy of the Company

Code	Revision	Date	Issued by	Approved by
POL	0	5/3/2017	GEFIN	
Title:				
Debt Policy				

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1 OBJECTIVE

The Debt Policy (“Policy”) aims to establish the guidelines and responsibilities that guide the management of the financial liabilities of Suzano Pulp and Paper (“Company”). This Policy establishes maximum reference parameters for the ratio of net debt to Adjusted EBITDA in certain conditions. Furthermore, the Policy determines guidelines for the currency indexation strategy of Net Debt.

2 SCOPE

The Policy applies to the Company and its subsidiaries.

3 REFERENCE DOCUMENTS

- NDA

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4 DEFINITIONS

EBITDA: acronym for earnings before interest, tax, depreciation and amortization. It basically represents the Company's Operating Cash Flow, excluding financial and tax impacts.

Adjusted EBITDA: Adjusted EBITDA is calculated by excluding non-recurring and/or non-cash items.

Net Debt: obtained by subtracting Total Cash from Gross Debt.

5 GUIDELINES

5.1 – MONITORING RULE

5.1.1 Net Debt/Adjusted EBITDA Ratio

The Company must seek to keep the ratio of Net Debt to Adjusted EBITDA under 3.0, although it may temporarily reach a maximum ratio of 3.5 during certain periods of the investment cycle. In the event of a temporary breach of the ratio limit due to abrupt variations in exogenous factors, such as the exchange rate, a temporary limit of 4.0 may be adopted for up to two quarters.

5.1.2 Currency indexation strategy of Net Debt

The Company must seek to maintain 100% of its Net Debt pegged to the currencies in which it generates its net cash. The Chief Financial Officer is responsible for validating this proportion of currencies, which must be reviewed on a monthly basis. There is a tolerance of 5 percentage points above and below the percentage defined.

5.2 – DECISION-MAKING

5.2.1 Net Debt/Adjusted EBITDA Ratio

The Company's strategic and management decisions must observe the above limits in the long term.

5.3 – CONTINGENCY PLAN

5.3.1 Net Debt/Adjusted EBITDA Ratio

If the ratio of Net Debt to Adjusted EBITDA were to surpass such limits set in this Guideline, the Board of Executive Officers of the Company is responsible for drafting a contingency plan that includes the corrective measures required for reestablishing compliance. This plan must be submitted for approval of the applicable Governance bodies and duly monitored by those responsible for the management of the Company.

5.3.2 Currency indexation strategy of Net Debt

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If the currency indexation of Net Debt fails to comply with the established range, due to non-recurring factors, such as the exchange rate or new international loans, the Treasury Department must report such fact to the Chief Financial Officer, who must decide on an action plan.