

Suzano's 2031 SLB misses target

Prahalad Prasad^(*)

Suzano (ticker SUZANO), one of world's largest pulp and paper companies and a constituent of AFII's Deforestation Debt Universe,¹ has three Sustainability-Linked Bonds (SLBs) outstanding. One of the company's SLBs, the 3.75% 2031, observed its emissions intensity Sustainability Performance Target (SPT) at the end of 2025.

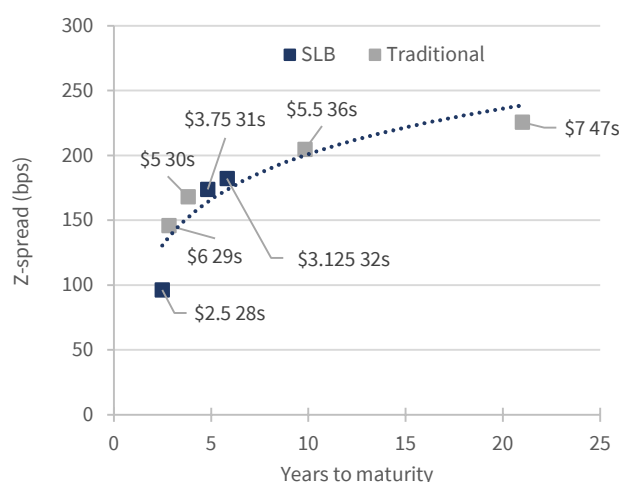
On 23 March 2026, Suzano announced that it had missed this target,² resulting in a 0.25% coupon step-up. This will increase the bond's coupon to 4.00% per annum, payable from 15 Jan 2027 till maturity.³ The company states that the reason for the target miss *"is associated with the company's expansion and internationalization. The incorporation of Suzano Packaging had a significant impact on GHG emissions during the reporting period"*.⁴ It is reported that this target miss will also affect some of the company's Sustainability-Linked Loans (SLLs).

Suzano's two other SLBs, maturing in 2028 and 2032, use different SPTs, related to water withdrawal intensity and women in leadership roles. The latter target was **MET** in 2025, whilst the former is observed at the end of 2026. However, based on Suzano's 2025 reporting, we can rank this target as **Currently MET**.⁵

In terms of pricing, Figure 7 in the Appendix illustrates AFII's hypothetical pricing journey for SLBs. Suzano's SLB appears to be in 'phase 2' — the miss has been confirmed, but Bloomberg has not yet reflected any adjustment to the bond structure at the time of writing.

Figure 1 below shows the current market pricing of Suzano USD bonds. The 2031 SLB is trading broadly in line with the curve, suggesting that the target miss may not have been fully absorbed by the market. We estimate a running option value of 23bps.

Figure 1. Suzano USD bond spreads. Source: Bloomberg Finance L.P., accessed 26 Mar 2026.



¹ This universe identified fixed income issuers with deforestation exposure. For more details, please see "[Deforestation Debt Universe: update](#)", AFII, 29 Jan 2026.

² Pg 118, "[Suzano 2025 Sustainability Report](#)", Suzano, 23 Mar 2026.

³ The 2031 SLB Prospectus Supplement states that the coupon step-up will take effect from and including 16 Jul 2026. As the coupon is paid semi-annually on 15 Jan and 15 Jul, the first higher coupon payment will be 15 Jan 2027. See Pg S-23 "[2031 SLB Bond Prospectus Supplement](#)", Suzano, 10 Sep 2020.

⁴ Pg 118, "[Suzano 2025 Sustainability Report](#)", Suzano, 23 Mar 2026.

⁵ For details of our ranking methodology, please see "[A watershed year for the SLB market](#)", AFII, 15 Jul 2025.

Not investment advice. First published 27 Mar 2026. Important disclaimers at end of the document.

(*) Anthropocene Fixed Income Institute (www.anthropocenefii.org). Author for contacts: pra@anthropocenefii.org

SPT overview

Suzano uses different SPTs across its three SLBs, details of which are outlined below. We note the 2025 Sustainability Report also refers to loans which use the targets, which may also be affected.⁶

Table 1 summarises which targets are used for which bonds together with the different coupon step-ups and observation dates:

- **SPT1:** Scope 1 + 2 GHG emissions intensity must not exceed 0.190 tCO₂e/tonne produced. Suzano's performance is calculated by taking an average of the 2024 and 2025 figures.
- **SPT2:** Industrial water withdrawal intensity must not exceed 26.1m³/tonne produced. Suzano's performance is calculated by taking an average of the 2025 and 2026 figures.
- **SPT3:** 30% or more of leadership positions must be occupied by women. Suzano's performance is based on the 2025 figure.

Table 1. Key characteristics of Suzano's SLBs. Source: AFII, Suzano, Bloomberg Finance L.P.

ISIN	Bond details (coupon, maturity)	SPT1	SPT2	SPT3	Observation Date	Step-up applicability (accrual)
US86964WAJ18	3.750%, S.A, 15 Jan 2031	+25bps			31 Dec 2025	16 Jul 2026 till maturity
US86964WAK80	3.125%, S.A, 15 Jan 2032		+12.5bps	+12.5bps	31 Dec 2026 (SPT2) 31 Dec 2025 (SPT3)	16 Jul 2027 till maturity (SPT2) 16 Jul 2026 till maturity (SPT3)
US86964WAL63	2.500%, S.A, 15 Sep 2028		+25bps	+25bps	31 Dec 2026 (SPT2) 31 Dec 2025 (SPT3)	16 Sep 2027 till maturity (SPT2) 16 Sep 2026 till maturity (SPT3)

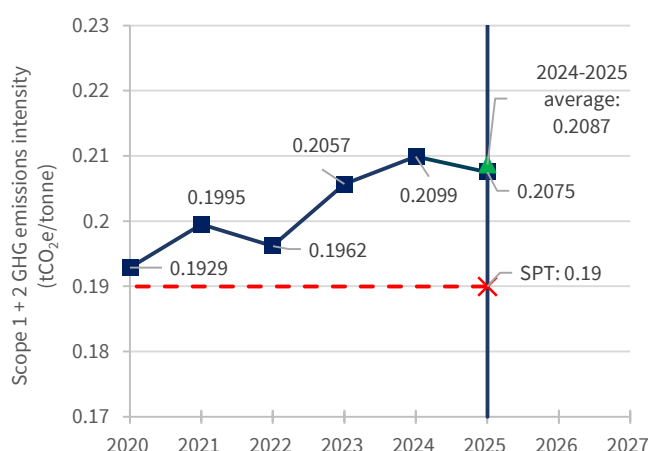
As Table 1 shows, the observation dates for SPT1 (emissions intensity) and SPT3 (women in leadership) have passed. Suzano has reported on these in its 2025 Sustainability Report. SPT2 (water withdrawal) is only observed at the end of this year, so we cannot yet conclude whether this target has been hit. However, given we have the 2025 figure — and know this SPT is calculated as an average of 2025 and 2026 levels — the 2025 figure gives us enough to work out what Suzano must achieve this year to meet the target.

SPT1 – Scope 1 + 2 GHG emissions intensity must not exceed 0.190 tCO₂e/tonne produced

This is the only target linked to the 2031 SLB and was observed at the end of 2025. It is calculated by taking the average of the 2024 and 2025 figures.

As shown by Figure 2, Suzano's emissions intensity has risen overall since the bond was issued in 2020. While fluctuating, average GHG emissions intensity exceeded the target level, which Suzano attributes to its growth and international expansion.

Figure 2. Suzano Scope 1 + 2 GHG emissions intensity (tCO₂e/tonne). Source: Suzano 2025 Sustainability Report.



⁶ For an example of an SLL, please see "[IFC's Sustainability-Linked Loan to Suzano Will Boost Growth and Strengthen Competitiveness of the Brazilian Pulp Industry](#)", International Finance Corporation, 23 Dec 2022.

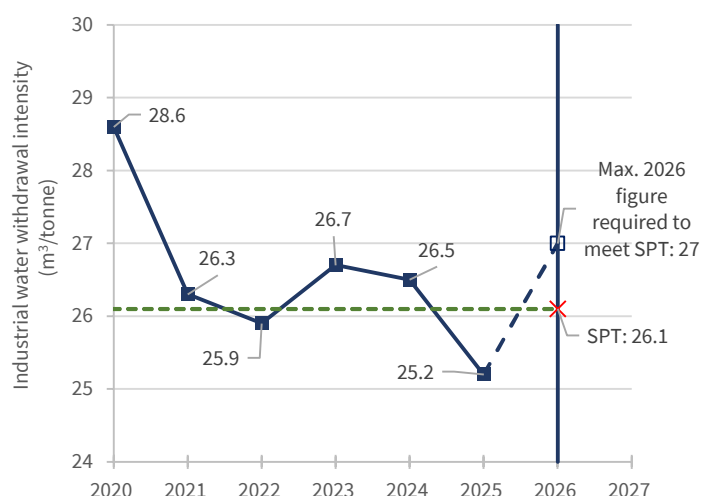
SPT2 – Industrial water withdrawal intensity must not exceed 26.1m³/tonne produced

This target is used by the 2028 and 2032 SLBs. It is calculated by taking the average of the 2025 and 2026 figures, and therefore is not due to be observed until next year.

However, as we know the 2025 outcome, we can calculate the water withdrawal intensity Suzano would need to achieve in 2026 to meet the target. This is shown in Figure 3.

To achieve SPT2, the company appears to require an industrial water withdrawal intensity of 27m³/tonne or less. Based on the 2025 figure, we can rank this target as **Currently MET**, as per AFII's ranking methodology. However, as the SPT is a numeric figure that has exhibited historic volatility, we recognise that it could theoretically increase next year, above the threshold required to meet the target.

Figure 3. Suzano industrial water withdrawal intensity (m³/tonne). Source: Suzano 2025 Sustainability Report.



Suzano also forms part of AFII's Deforestation Debt Universe, a list of significant bond issuers which have substantial deforestation exposure. Reports criticising Suzano's environmental impact, including clearing land, creating water stress and fuelling forest fires, make this KPI of particular interest from a deforestation perspective.⁷

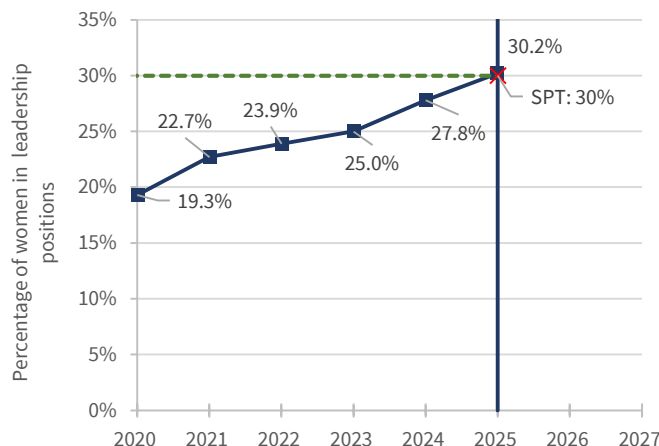
SPT3 – 30% or more of leadership positions must be occupied by women

This target is used by the 2028 and 2032 SLBs, and was observed at the end of 2025.

Figure 4 shows that Suzano has met this target, achieving 30.18% of women in leadership positions in 2025.

This means that the 2028 and 2032 bonds have each met one of their two SPTs.

Figure 4. Suzano % of women in leadership positions. Source: Suzano 2025 Sustainability Report.



Market pricing

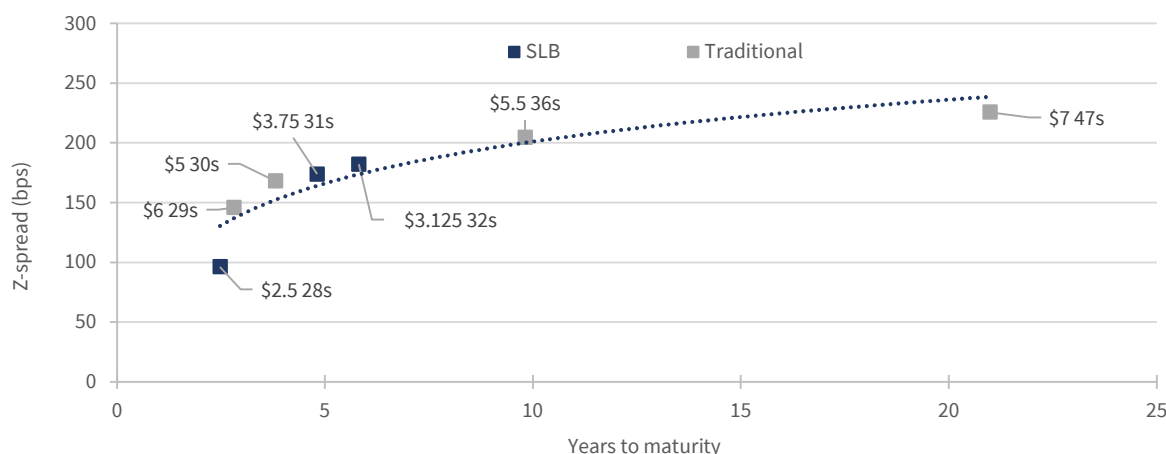
How Suzano's USD bonds are currently trading reveals whether investors have priced in the emissions intensity target miss.

Given the 2031 SLB will step-up by 0.25% from 16 July 2026, this suggests a running option value of 23bps, based on the adjusted coupon being paid from 15 Jan 2027 until maturity. As shown in

⁷ "[Suzano's Pulp Fiction](#)", Environmental Paper Network, Jul 2024.

Figure 5, the bond is trading broadly in line with the curve, suggesting investors have not priced in the increased coupon yet.

Figure 5. Suzano USD bond spreads. Source: Bloomberg Finance L.P., accessed 26 Mar 2026.



The graph also reveals that the 2028 SLB is currently trading tight. However, it is unclear whether this is due to sustainability factors, given the bond has the same targets as the 2032 SLB, which is trading broadly in line with the curve. The current trading level of the 2028 SLB could be driven by other factors, including different coupon, cash price, and liquidity.

We also investigate the performance of the 2031 SLB on a historical basis, to check for any tightening in recent weeks and immediately following the miss confirmation. We compared the performance of the bond to its closest peer, the 2032 SLB, to see if any outperformance was unique to the 2031s. As a reminder, the 2031 SLB will receive an increased coupon going forwards, whilst the 2032 coupon remains the same for now (as the water withdrawal target is not observed until the end of 2026).

Figure 6. Spread history and differential of Suzano 2031 and 2032 SLBs. Source: Bloomberg Finance L.P., accessed 26 Mar 2026.

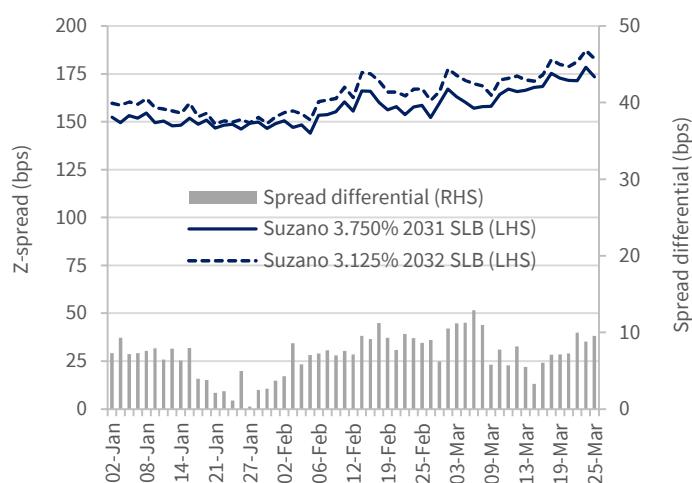


Figure 6 shows that the two bonds have been trading broadly in line with each other since the start of the year, even after the target miss was confirmed by Suzano on 23 March. The spread differential between the two bonds (i.e. a function of the longer maturity) has remained low, again suggesting that the miss has not yet been fully digested by the market.

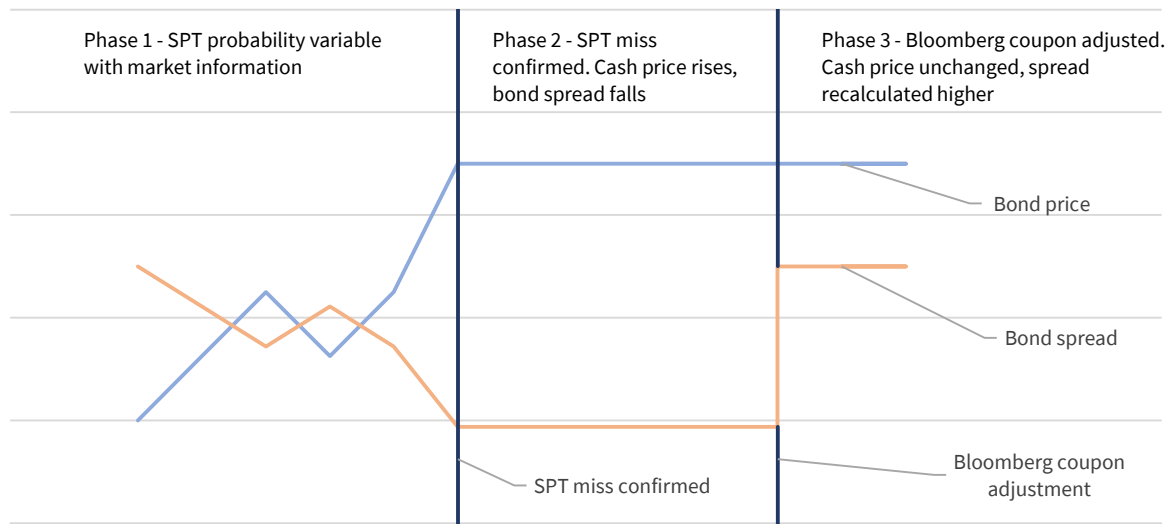
Conclusions

Suzano recently announced that its 2031 SLB has missed its GHG emissions intensity target, resulting in a 0.25% coupon step-up, payable from 15 Jan 2027 till maturity. Current and historical pricing suggests that markets do not appear to have reacted to the target miss yet.

The company also has two other SLBs outstanding, due in 2028 and 2032, respectively. These bonds share SPTs based on industrial water withdrawal intensity and women in leadership positions, the latter of which was met in 2025. The remaining water withdrawal target is due to be observed at the end of this year, which will determine whether the two SLBs step-up or not.

Appendix

Figure 7. Hypothetical pricing journey of an SLB missing its target. Source: AFII.



This research is funded by the Gordon and Betty Moore Foundation through The Finance Hub, which was created to advance sustainable finance.



ABOUT THE GORDON AND BETTY MOORE FOUNDATION:

The Gordon and Betty Moore Foundation fosters path-breaking scientific discovery, environmental conservation, patient care improvements and preservation of the special character of the Bay Area. Visit [Moore.org](https://moore.org) or follow @MooreFound

IMPORTANT DISCLAIMER:

This report is for information and educational purposes only. The Anthropocene Fixed Income Institute ('AFII') does not provide tax, legal, investment, accounting, or any regulatory or regulated advice or services. This report is not intended to provide, and should not be relied on for, tax, legal, investment, accounting, or regulatory or regulated advice or services. Nothing in this report is intended (i) as investment advice, as an offer or solicitation of an offer to buy or sell, or as a recommendation, endorsement, or sponsorship of any security, company, issuer, or fund or (ii) to express a particular investment proposal in respect of a financial instrument or an issuer, or (iii) to propose a particular investment decision in respect of a financial instrument or an opinion as to the present or future value or price of any financial instrument or (iv) to recommend or suggest any investment strategy.

AFII is not responsible for any investment decision made by you. You are responsible for your own investment research and investment decisions. This report is not meant as a general guide to investing, nor as a source of any specific investment recommendation. Unless attributed to others, any opinions expressed are our current opinions only. AFII does not take into account your own circumstances or assets and AFII assumes no direct or indirect responsibility or liability for any investment decisions you make, and you remain fully responsible for your own research, legal and regulatory compliance, and decisions.

Certain information presented may have been sourced from third parties. AFII believes that such third-party information is reliable, and has checked public records to verify it wherever possible, but does not guarantee its accuracy, timeliness or completeness; and it is subject to change without notice. Any reference to an issuer's creditworthiness or likelihood of positive or negative performance in the current or future market is purely observational and should not be taken as a recommendation, endorsement or advice in relation to such issuer or its securities. AFII is a non-profit organisation that provides fixed income investors with the insights and tools they need to align their portfolios with ambitious climate and nature targets. For more information about the Institute, please visit www.anthropocenefii.org.

