

**SUSTAINABILITY
REPORT**
2008



Celulose Irani S.A.



2008

04 President's Message

06 Commitment to Sustainability

08 Sustainability in IRANI businesses

10 Sustainability diagram

11 Highlights in 2008

13 Awards in 2008

14 The Company

16 Balance sheets

18 Mission, vision, principles and values

19 Location of units

20 Products

24 Corporate Governance

26 Governance structure and management practices

28 Corporate responsibility policies

28 Code of ethics

28 Commitment to external initiatives

29 Relationship with interested parties

30 Management Approach and Performance Indicators

32 Economic performance

38 Environmental performance

62 Social performance

88 Information about the Report

89 GRI level of application

90 GRI index

94 Assurance



President's Message

In 2008, Celulose Irani continued along its sustainability management processes and maintained the B + level, as determined by an independent verification conducted by BSD Consulting, in its second consecutive year of assurance, and third year of adhering to the Global Reporting Initiative (GRI) guidelines in its G3 version.

With the new ingredients brought on by the crisis in the international markets, IRANI maintained and strengthened, conceptually and physically, their basic belief that sustainability is a measurement of modern management, effective tool of competition and competitiveness, improving the business performance, its economic, social and environmental target that are factors in a market that must increasingly regulate itself for reasons of governance, transparency, ethics, eco-efficiency, social efficiency, quality, productivity, and widespread and sincere relationships with stakeholders, and by financial modeling committed to stimulating the production and the real economy.

We believe that an attitude, a culture of sustainability, the real understanding of the concept and its practice, are essential to change the paradigms that lead to solutions to the global crisis.

The Company's expansion project - the Project SuperAção (Overcoming Problems Project) - which doubled the production capacity, had an investment of R\$ 160 million, it focused on improving the quality, reducing costs throughout the chain, the a gain in productivity, efficiency and competitiveness in the industrial units, - was completed in October 2008.

The "tsunami", therefore, hit us in the middle of the changes, adjusting machinery, training teams, opening and closing factories, absorbing losses, cost reductions and new disparagement in the midst of consistently shrinking markets and intense competition. Together with the sudden negative exchange rate and the restriction on bank credit, we have the complete framework of the crisis, from which we will emerge stronger because of these timely investments that were made, whose loading, for the time being, results in a heavy reduction of sales scheduled volumes. The competitiveness of the company, however, was secured and is expressed in the progressive growth and EBITDA margins; this is an unequivocal sign of health and its underlying space as a "player" in the new market.

IRANI appropriated in its financial statements for 2008, all losses from the crisis, arising from foreign exchange effects, in regular operations, the asymmetry - over the amount of investment - between the sales projections of the new capacity and the reality of the market in a slowdown.

We suspended, for obvious reasons, the plans for access to the stock market, which was an integral and complementary part of the SuperAção project. The form and "timing" of seeking venture capital is being reviewed in the light of new circumstances.

The Company, moreover, made an effort to reduce its fixed and variable costs, with important results. This favored cutting spending on non-strategic expenses and the compaction of the levels of directors and management, encouraging the growth of new emerging talents. Our human resources, categorically, are overcoming and maturing with the crisis.

We continued with all programs (in the areas of corporate governance, professional and personnel development, sustainability management, innovation, generation of clean energy, the expansion and sustainable management of forests, reduction and sequestration of carbon emissions) whose interruption or delay, even if only temporary, pointed to risks of significant damage to strategies, principles, vision and medium and long term goals.

In summary, we realize that the crisis, shortage of resources and markets, and its unique management, strengthen and unite the team, consolidating the objectives, preparing the technological and human material structure, the construction of which, the Company invested heavily in over recent years to reap the opportunities of a new horizon that is opening in the relations of internal and external business.

The world that will emerge from this extraordinary unprecedented crisis, which dramatically broke from a long cycle of development has brought undeniable benefits to the majority of people and countries as long as it lasted, will rearrange the factors of production and take over the old and good relationship of causes and effects, costs and benefits of attending to the compatible and consistent needs and desires, the real economy, the generation of employment and income, the market economy. This will promote the basic set of real functions and the legitimate interactions between government, private and the tertiary sector. Will offer prestige to the modern definition for capital-labor relationships, imposing a new equation on values and ethics. All of this without giving up the vital impulse of orderly growth, creativity, the boldness and frankness that was built in the past and present.

The future depends on the correct understanding and absorption of the concept of sustainable development: the balance and harmony between its intrinsic vectors - social, environmental and economic. The latter, incidentally, by hypertrophy and the apex of its financial component, was the crisis trigger and continues affecting the growth, which is percolating in the productive sector, reduces the chance of work, the consumption and collection of taxes.

These explosions are included the cycle of capitalist growth. What is important is that in the temporary regressions, we scale more robust levels, both qualitatively and quantitatively, to ensure the balanced development, according to an anthropocentric view.

That is - I'm sure - the world will discover, when the swelling of the traumas of profligacy disappear and once again it will reveal a healthy body, a clear mind, and ready for new challenges.



Péricles de Freitas Druck
Presidente

COMMITMENT TO SUSTAINABILITY

Sustainability is for IRANI, a competitive difference,
a new level of management, permeated by ethics and
transparency in its business.



Nursery forestry seedlings - Forest Unit, Vargem Bonita - SC

At Celulose Irani the concern for sustainability is carried out by the integration of the employees, community and other related public, production processes, the efficient and rational use of natural resources, technology and economic investments. In all of its operations, IRANI endeavors to promote a virtuous circle of environmental preservation and innovation, therefore enhancing the responsibility of being an environmentally correct, socially fair and economically viable Company.

Sustainability in IRANI businesses

In essence, IRANI maintains the commitment to sustainability through recycling and use of planted and renewable raw materials in both the manufacture of its products as well as energy production. The high yield in the production of wood, obtained by the increment of the pinus forests, provides great competitive advantage for the Company. The efficiency of forestry production, combined with a modern production process, has had positive effects on the sustainability of business.

In 2008, Celulose IRANI progressed significantly in fulfilling their strategic goals that seek to ensure the sustainability of the Company. It cites as a highlight the prominent concern for the growth of professional staff and its collaborators, thus, the Company carried out investments, especially in training and development. It is also worth saying that the Company uses renewable resources and use of technologies that seek to neutralize or minimize possible negative impacts on the environment.

IRANI faces some barriers that hinder and / or delay reaching sustainability. Final consumers, for example, still show a resistance to products that are socially and environmentally correct, making it difficult to remain, and even place the products in some IRANI markets. Besides these factors, the credit restriction has become a decisive factor for Company investments, because of the current situation in the world economy.

Celulose IRANI, as an pulp and paper industry which uses wood from planted forests as its raw material, is often questioned on matters involving monoculture and biodiversity. But in IRANI, the planting of commercial forests is done in an attempt to harmonize with existing preserved native forests. The raw material that is used is the trees planted exclusively for that purpose, in addition to recycled raw material (wood chips), the Company collaborates with the preservation of the environment and the reduction of environmental risks. Furthermore, forest management is carried out in IRANI in accordance with the principles of the FSC certification, which guarantees the pursuit of continuous improvement in social and environmental aspects, positive impact on conservation of local biodiversity, the protection of water resources and the awareness of the population to the importance of natural resources.

The Company uses water that is collected and treated adequately. The energy for production processes comes from renewable sources (hydroelectric and thermoelectric based on biomass). Thus, the IRANI search to reduce environmental impacts and develop initiatives that encourage the preservation and conservation of the environment.

Committed to the development of communities where it operates, the initiatives that drive IRANI 's growth and social development of those regions. For these actions, the company encouraged its employees to practice the voluntary exercise, finances social projects for the benefit of children and adolescents, promotes the development and training of its employees, prioritizes the hiring of people with disabilities and encourages diversity in the workplace.

In 2008, the Company has undertaken to reduce the impacts of their operations and assist in the development of communities around the plants. To ratify this responsibility, a search was conducted which assessed the Social-



19,050
HECTARES
areas of conservation

R\$ 160.8
MILLION
were invested in the *Superação*
Project in 2007 e 2008

24,396
HECTARES
of planted forests

Pinus Seed Production Area - Unidade Florestal, Vargem Bonta – SC

environmental impacts that the activities of these communities that IRANI causes. By way of a survey that was carried out, measures were proposed for the improvement that are in the process of implementation and monitoring.

Also in 2008, the Company completed the investment of the *Superação* Project, which started in 2007. With the Project, IRANI can meet their greatest needs in infrastructure and technology.

Another project initiated in 2007, the IRANI Customer Program, conducted in partnership with JCTM Industrial Marketing, presented the first results in 2008. The program is the work of multidisciplinary teams working on special projects aimed to streamline the logistics of customer service, enhance the development products, to demonstrate to customers that paper is a sustainable alternative, make the customer base something that can be recognized by the entire Company structure, and strengthen the relationships with loyal customers, increase the number of employees who what working on “customer focus” means and use customer satisfaction as an indicator of paths for the growth of Irani. In 2009, with the consolidation of these projects, it is expected to strengthen the results obtained by the recognition by customers, the value of deals in IRANI.

All this group of proposals and actions are to ensure that Celulose Irani SA reaffirms its commitment to sustainability. To disseminate the concept with its internal public and the communities where it operates, IRANI promotes awareness and involvement of all stakeholders, making them co-responsible partners and the adoption of sustainable practice.

Sustainability Diagram

In the core business IRANI uses renewable resources and harmonious living with the environment. IRANI uses products from the planted pinus forests and the trimmings as raw material in their products. The water used is suitable collected and treated, the energy comes from renewable sources and the end products are an act of environmental responsibility.



Highlights in 2008

1. FSC CERTIFICATION

FSC Forest Management certificate for the Company's own forests in Santa Catarina.



A marca do manejo florestal responsável
SW-COC-003156
© 1996 Forest Stewardship Council A.C.

Forestry Unit SC

FSC Chain of Custody for the paper and packaging units SC in Vargem Bonita - SC and Mobile, in Rio Negrinho - SC.



Furniture
Unit SC



Cert no. SW-COC-003233
www.fsc.org
© 1996 Forest Stewardship Council



Paper Mill



www.fsc.org Cert no. SW-COC-003361
© 1996 Forest Stewardship Council



www.fsc.org Cert no. SW-COC-003147
© 1996 Forest Stewardship Council

UNDERSTAND WHAT FSC IS

Forest Stewardship Council (FSC) is an international, nonprofit making organization, formed by researchers, environmentalists, and business entities around the world.

LEARN WHAT IS FSC FORESTRY CERTIFICATION

FSC certification serves as a certificate of origin and guarantees that the wood produced by the company or used for marketing or manufacture of its products comes from a forest that is managed in an ecologically correct method, socially fair and economically viable.

TO OBTAIN CERTIFICATION ONE MUST FOLLOW PRINCIPLES AND CRITERIA

The FSC principles and criteria are rules that apply to the entire world and take into account the responsible forest management, biodiversity conservation, the rights of workers and population living in the local community. To receive the certificate, the company must pass an evaluation carried out by a multidisciplinary assessment team to verify compliance with the environmental, social and economic topics which involve its management.

GET TO KNOW THE TYPES OF CERTIFICATION

Forest Management Certification - valid only for forests, the certification recognizes that a producer or company has the activity of forest production in a way correct, respecting the rules of the FSC certification, local communities and workers without harming the environment.

Certification of Chain of Custody - the company that has this certification can put the FSC label on their final products, ensuring the consumer that the product was produced from raw materials from a certified forest, i.e., following rigorous standards throughout the production process, from the forest to the final consumer.

WHO WINS WITH CERTIFICATION?

Company - can remain in increasingly demanding markets or win new ones. Following the rules of certification, guarantees the continuity of their business and adds value to the image of the company.

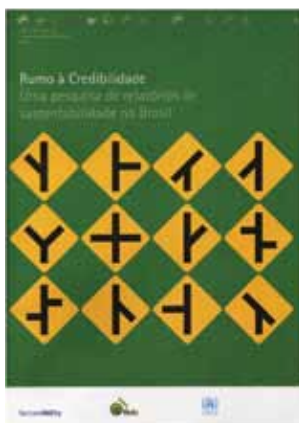
Environment - with the appropriate management, respecting the local biodiversity, it is possible to reduce the environmental impacts and conserve the ecosystem.

Trade - gaining the confidence of consumers, showing interest in environmental preservation activities, this enables and influences the consumption.

Consumer - to buy certified products, consumers help to conserve the environment and improve the lives of workers and residents of surrounding communities.

Workers - have their rights preserved and continuous improvement in the environment and working conditions.

Local community - are considered in the actions and planning of the company, and have expanded their channels of communication, increasing involvement in the search for common benefits.



2 IRANI SUSTAINABILITY REPORT 2007 IS TOP 10 IN ORIGINAL RESEARCH

IRANI is among the 10 Brazilian leaders in sustainability reports, and it is the only one in the paper, pulp and packaging sector to be ranked in Brazil's Leading Reports. The study, released in 2008, was part of the credibility research, held by the Brazilian Foundation for Sustainable Development (FBDS) and by Sustainability. Details of the research can be seen on the site www.fbds.org.br.

IRANI was the only company from the paper, pulp and packaging sector in the ranking of Brazil's Leading Reports.

Awards in 2008

In 2008, IRANI obtained several recognitions in the social, environmental and market; a reflection of the actions undertaken during the year.



The Most Remembered Vendor in Food Production Industries: Revista Indústria da Alimentação



Featured Preference Pack Production: Revista Pack



Social Responsibility Achievement Award 2008: Legislative Assembly of the State of Rio Grande do Sul



Profiles Award
Realized by: Green Yearbook
Profile Green



Reference 2008 Award
Realized by: Revista Referência



Export Merit Award
Realized by: Revista Madeira



Best of Dinheiro
Realized by: Revista Isto é Dinheiro



Sustainable Management Recognition
Realized by: Editora Expressão



The Largest Brazilian Companies
Realized by: Jornal Valor Econômico



Brazilian Environmental Benchmarking Award
Realized by: Empresa Mais Projetos



Top 10 Ranking of Sustainability Reports
Realized by FBDS and Sustainability



Company ADVB Citizen Company Award for 2008
Realized by: Associação dos Dirigentes de Vendas e Marketing do Brasil. (Brazilian Association of Sales and Marketing Leaders)



Fritz Müller Award
Realized by: FATMA



500 Best and Biggest of Exame.
Realized by: Revista Exame



400 Major Agribusiness Companies
Realized by: Revista Exame

HOMENAGEM DO ANO

Award Tribute of the Year
Realized by: ANAVE National Association of Sales Professionals of Pulp and Paper Derivatives

To find out more visit: www.irani.com.br
go the link Success Stories

THE COMPANY

IRANI has the competence, security and excellence
to provide renewable forest-based products.
In the Company's practice there is an absolute
respect for the environment and people.

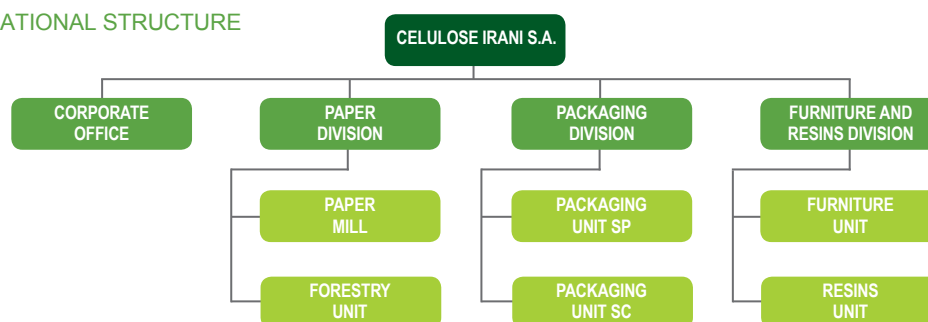


Measurement of trees for the forest inventory - Fazenda Campina da Alegria, Vargem Bonita - SC

Celulose Irani S.A. was founded in 1941. It produces Kraft paper, sheets and corrugated cardboard boxes, furniture and resins. Throughout its history, IRANI has become a Company of absolute values, respect for the environment and people and incorporated into the practice of the concept of sustainability and innovation, ensuring quality products, with appropriate management practices.

Irani has 1,839 employees and 1,145 the service providers, in its different business units - Paper, Packaging, Furniture, Resins and Forestry - distributed in the localities of Vargem Bonita - SC, Santana de Parnaíba (unit was deactivated May 2008) Indaiatuba - SP, Rio Negrinho - SC and Balneario Pinhal - RS. The Company has offices in São Paulo - SP and Joaçaba - SC, headquarters in Porto Alegre - RS, three subsidiaries: My Wooden Furniture (Meu Móvel de Madeira) in Rio Negrinho - SC, Irani Trading S.A. and Habitasul Florestal SA in Porto Alegre - RS, and a subsidiary, Brastilo Inc., in Miami - USA.

OPERATIONAL STRUCTURE



Balance sheets

ASSETS 2008 AND 2007 (IN THOUSANDS REAIS)

	<i>Consolidated</i>	
STOCK	2008	2007
Cash	1,370	59,542
Receivables from customers	49,364	47,655
Inventories	35,616	31,346
Taxes recoverable	12,789	5,996
Deferred Income tax and social security tax	2,884	-
Other receivables	12,891	3,862
Total stock	114,914	148,401
NON-CURRENT ITEM		
Long-term assets		
Recoverable taxes	8,169	6,845
Income tax and deferred social contributions	42,288	17,506
Other receivables	242	210
Investments		
Fixed Assets	362,832	265,191
Intangible	33,543	37,736
Deferred	1,552	4,102
Total non current	448,626	331,590
TOTAL ASSETS	563,540	479,991

LIABILITIES AND STOCKHOLDERS 'EQUITY 2008 AND 2007 (IN THOUSANDS OF REAIS)

Consolidado

STOCK	2008	2007
Loans and financing	112,990	64,858
Suppliers	41,482	34,224
Social and pension obligations	6,974	6,944
Tax obligations	6,434	3,645
Provision for contingencies	4,777	-
Tax Installments	3,880	3,451
Advances from customers	1,626	426
Related parties	6,968	5,638
Dividends payable	32	74
Other payables	5,203	6,888
Total stock	190,366	126,148
NON STOCK		
LONG-TERM		
Loans and financing	255,063	174,303
Related parties	1,161	14,623
Provision for contingencies	52,387	46,400
Tax Installments	12,397	15,105
Deferred tax on revaluation	2,223	2,472
Total non-current	323,231	252,903
MINORITY PARTICIPATION	-	4
SHAREHOLDERS EQUITY		
Joint Stock	63,381	63,381
Shares in Treasury	(44)	(321)
Revaluation reserve	15,993	16,476
Legal reserve	-	2,698
Reserve for profit retention	-	18,702
Accumulated losses	(29,387)	-
Total equity	49,943	100,936
TOTAL LIABILITIES AND SHAREHOLDERS 'EQUITY	563,540	479,991

Paper Manufacturing Plant, Vargem Bonita - SC



Mission, vision, principles and values

MISSION

To generate value for our clients, by furnishing excellent and secure services as well as renewable forestry products, with absolute respect towards both environment and people, and guaranteeing sustainability of our business, by increased growth, fair and lasting return for our investors.

VISION

To be among the 5 (five) largest and best Brazilian companies in the segments in which we deal in as well as among the best 100 companies to work for in Brazil. To be recognized and chosen by our clients, our suppliers partners and to be attractive to our investors, by always seeking the highest level of operational effectiveness and innovation in terms of our products and services.

PRINCIPLES AND VALUES

The social and environmental responsibility

We are promoting agents and multiplier of economic, social, environmental, community and staff development.

The ethics, courage, transparency and warmth

We are ethical, brave, transparent and friendly in all our attitudes and relationships.

The innovation and the pioneering

Cultivate innovation and a pioneering spirit in business, processes, products and services..



Forestry seedling Nursery - Unidade Florestal, Vargem Bonita - SC

Location of units



Commercial Office,
São Paulo - SP.



Administrative, Financial and
Investors Relations Office
Joaçaba - SC.



Head Office,
Porto Alegre - RS.



Manufacturing Unit
Packaging,
Indaial - SP.



Paper
Manufacturing Unit,
Vargem Bonita - SC.



Manufacturing Unit
Packaging,
Vargem Bonita - SC.



Resins Plant,
Balneário Pinhal - RS.



Furniture Manufacturing Unit,
Rio Negrinho - SC.



Products

IRANI produces Kraft paper, sheets and corrugated cardboard cartons, resins and pinus furniture. It endeavors to offer innovative and customized solutions to the market, from permanent investments in new technology and constant research to develop new products.

PAPER

With a monthly capacity of 15 tons, the Paper Unit in Vargem Bonita - SC, supplies the local and international markets. Brown and White Kraft paper is available in the weights of 30 to 200 g/m2 and paper for the manufacture of corrugated cardboard sheets and cartons.

Aligned to the success of its customers, IRANI also develops special Kraft papers for specific uses that meet the expectations of high quality by the converter company.

FineKraft - Indicated for the manufacture of light bags for the fast-food network and bakeries, masking if painting, sewing patterns and plotters.

FlashKraft - Indicated for the manufacture of larger bags, industrial bags, adhesive tapes and packages.

FlatKraft - Indicated for the manufacture of industrial bags and packages.

FlexiKraft - Indicated for the manufacture of industrial bags.

EnveloKraft - Indicated for the manufacture of envelopes.

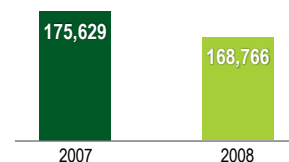
The IRANI papers are certified by Adolfo Lutz and the certification provided by the Center for Food Technology (CETEA) and they are approved for direct contact with food.

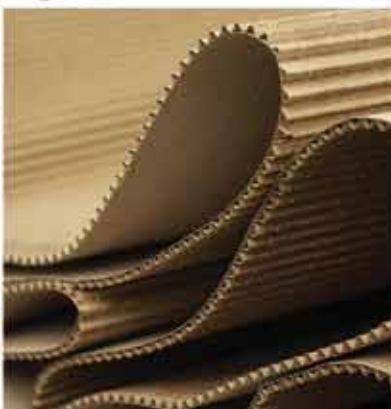
The Company's main markets are South America (Argentina, Paraguay, Chile, Uruguay, Colombia, Peru, Bolivia, Venezuela), Central America (Costa Rica), North America (United States, Mexico), Africa (South Africa, Nigeria, Ghana), Europe (Ireland, Belgium, Germany, Italy, Poland, Netherlands, Spain, Portugal, England), the Middle East (Egypt, Saudi Arabia, Bahrain, United Arab Emirates) and Asia (Malaysia, Singapore, Indonesia, India).

According to the Brazilian Association of Pulp and Paper (Bracelpa), IRANI occupied in 2008:

- the 11th position in the ranking of the largest paper producers in Brazil;
- 5th in the packaging paper segment.

Total Paper
Production
(tons)



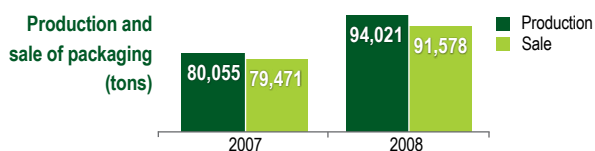


PACKAGING

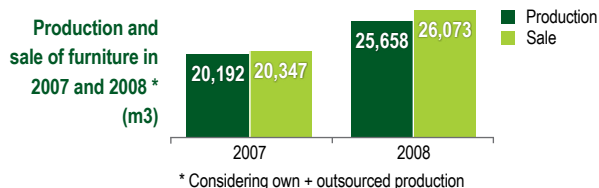
IRANI is one of the most active industries in the Brazilian sector of corrugated cardboard sheets and cartons, with an invoiced value that corresponds to 48% of its revenue. In the Company's production, using various weights of paper for manufacturing that ranges from light boxes to a type of container, simple double or triple corrugated cardboard. The Company develops sheets and corrugated cardboard cartons, besides the Hard System packaging system of large sized and high mechanical strength cartons. The more intensive segments that are supplied are: food, cold storage, fruits, ceramics, fast food, dairy, textiles.

According to the Brazilian Association of Corrugated Cardboard (ABPO) in 2008, the Packaging Division increased its share in the Brazilian packaging market, by 4% in the year.

The production of packaging in both units increased by 17% in 2008, if compared to the previous year.



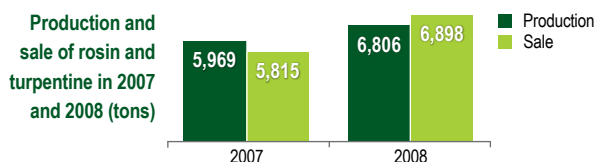
Packaging Unit SP provides a free of direct communication channel with customers. The IRANI Customer service ensures fast and efficient actions and it provide quick solutions bringing satisfaction to users.



FURNITURE

The furniture is custom manufactured for export and also meets the demands of the domestic market through the website: www.meumoveldemadeira.com.br. The Furniture Division has a capacity to produce up to 800 cubic meters per month. It uses reforestation wood as the basic raw material, managed in accordance with the standards and requirements of international environmental preservation.

The production profile is composed of bedroom, sitting room and ancillary furniture made from solid wood, meeting the demands of the world markets.



RESINS

The resins unit is located in Balneario Pinhal - RS and it produces rosin and turpentine from the extraction of crude resin from pinus. The process of resin tapping is done from trees selected according to the standards of environmental management. The products obtained from this the process are marketed for the manufacture of varnishes, paints, soaps, glues, adhesives, enamels, disinfectants, perfumes and insulating uses. In 2008, 5,474 tons of rosin were produced and 1,332 tons of turpentine. The main foreign markets for rosin and turpentine are Holland, Germany, Portugal, France, Spain, Argentina, Chile, USA and Mexico.



OVER 5,400

tons of rosin and

OVER 1,300

tons of turpentine
produced in 2008

OVER 94

thousand tons of packaging
produced in 2008

OVER 25

thousand m³ of furniture
manufactured in 2008

OVER 168

thousand tons of paper
produced in 2008

CORPORATE GOVERNANCE

IRANI endeavors to reaffirm its commitment to sustainability. Guided by this principle, the Company manages its business and searches for positive and sustainable results for all its stakeholders.



Packaging plant, Indaiatuba - SP

The IRANI practices of corporate governance are guided by social responsibility, ethics, courage, transparency, warmth, innovation and pioneering spirit. These are principles and values that enable the Company to maintain an action based on the dissemination of accurate information and respect for shareholders and other interested parties.

Governance Structure and Management Practices

IRANI strives to integrate sustainability into its business strategy. The current world economic crisis is reflected in the credit restriction, reduction in consumption, as well as the resistance from some consumers in the practice of conscious consumption, among others, are challenges found by IRANI in achieving its strategy.

On December 31, 2008, the Capital of IRANI was composed from 8,104,500 shares, of which 7,463,987 were ordinary shares and 640,513 preferential shares.

The IRANI administration is carried out by the Board of Directors, which has deliberative functions, and the Management with executive and representative functions. The Board meets whenever necessary, focusing its attention on the strategic issues of the Company, such as risks to the business, market relationships, corporate policies, investments and monitoring the results, reflected in the Financial Statements Report. All powers of the Board are in art. 12 of the Company Bylaws. Among them, the verification of the management of the directors, that allows the Board of Directors to examine, at any time, the books and Company papers, requesting information about signed contracts and any other acts.

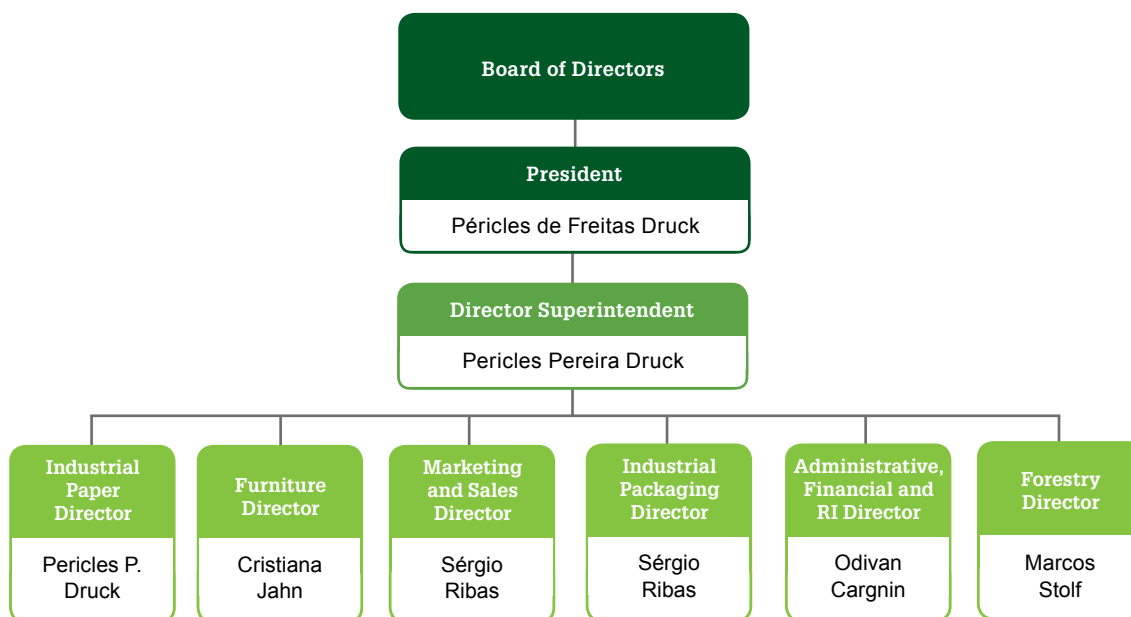
For the companies Habitasul Florestal S.A and Irani Trading SA, controlled by Irani, there are distinct Boards of Directors, each consisting of three members who are also part of the Board of Celulose Irani SA.

	2006	2007	2008
Number of components of the Board of Celulose Irani SA	8	8	8
Non-executive* directors of Celulose Irani SA	6	6	6

* A non-executive Director who that who does not exercise a management function in the Company.

In 2008, an IRANI Sustainability Committee was formed. This committee is made up from 11 collaborators, representatives from all units in the Company. The responsibility for the management of sustainability in IRANI shall be designated by the Committee, subordinated to the IRANI Directors, who take the proposals for approval by the Board.

The President of the Board (Chairman) also has the post of Executive President (CEO) of the Company, but the specific role of Executive Chairman of the Company shall be carried out by the Director Superintendent, who has the responsibility to coordinate the Executive Management. In this case, the Executive President has the primary role for the monitoring and advising of the Executive Board on issues of great importance.



The Board of Directors meets ordinarily, in person, every month, and videoconferencing, whenever necessary.

IRANI continues in its management processes, the development of the Organizational Climate Research, applied to all business units and at all hierarchical levels, and the 360° Evaluation, which is applied to all units for all leaders. The Executive Board is also evaluated by the 360° Evaluation. The Company has a direct channel of communication between employees and Executive Directors through the “Direct to Management”, a tool that allows employees to leave their suggestions and criticisms in ballot boxes provides around the units or posted on the company intranet. The results of this work are taken for the attention of the Board of Directors of the Company.

Relationship between remuneration for members of the highest governance organ, executive management and performance of the organization, including social and environmental performance (in R\$ thousands)

Remuneration of the Board of Directors	Executive Directors* Remuneration	Social Environmental Investments	Gross Operational Income	Net Profit
77	2.606	4.008	485.632	(54.223)

* Executive Directors are considered to have an elective office as per the Company's Statute.

The Company retains independent auditors to check the consistency and integrity of its operations. The Independent Auditors are responsible for issuing the Quarterly and annually “Independent Auditors Report”.

Practices of Corporate Governance in IRANI are guided by social responsibility, ethics, courage, openness, warmth, innovation and a pioneering spirit. These are principles and values that enable the Company to maintain an action based on accurate information and disclosure to the shareholders and other interested parties.

Corporate responsibility policies

IRANI has Corporate Responsibility policies to ensure compliance of conduct that follows the company's culture and to improve its practices. Integrated with these policies, are the Social Responsibility policies, Environmental, Quality, Inclusion of Disabled People, Social Investment, Health and Safety, Volunteers and Business policies. All policies can be found on the IRANI website, www.irani.com.br follow the Sustainability link

Code of Ethics

The commitment to sustainability in IRANI is strongly linked to ethical and transparent attitudes. For this purpose and in order to intensify the actions of the Corporate Responsibility Cellulose IRANI SA established the Code of Ethics in 2008. This Code includes ethical commitments made in the relationship with employees, customers, suppliers, shareholders, among other interested public. It is a practical guide to personal and professional conduct that establishes the way the Company conducts its business.

The text of the Code of Ethics was prepared by the Ethics Committee, made up from members elected by the collaborators, with representatives from all the Company's business units and is approved by the Management and Board of Directors. This committee has an orienting Character, the Committee is responsible for monitoring the compliance with ethical commitments, and to disseminate these commitments to all employees, examine cases of violation of the Code and issue guidance to the Company Directors after the consideration of complaints, the doubts and questions concerning the IRANI Code of Ethics.

To access the Code of Ethics in its entirety, visit the IRANI site: www.irani.com.br and follow the Ethics link.

Commitment to External Initiatives

Since 2007, IRANI has been a signatory of the Global Compact and the Business Compact for Integrity and Against Corruption. These are voluntary initiatives that contribute, through the corporate leaders, for the construction of citizenship, sustainable development and that there is no practice of corruption in all of its units and even in environments outside the Company.

By signing these compacts, IRANI undertakes to periodically evaluate the risks relating to, among other things, corruption



To learn about the Compacts in full, visit the site: www.irani.com.br and follow the Ethics link.

Relationships with stakeholders

IRANI's relationship with the various authorities is based on respect and transparency. Over the years, the Company has endeavored to build long term partnerships, establish communication channels and build relationships of mutual trust in order to recognize the demands. Therefore, contributing to its own growth, the partnerships and the communities where it is located.

CHANNELS OF COMMUNICATION BETWEEN IRANI AND STAKEHOLDERS

Shareholders - The main methods of communication and accountability to the shareholders are: disclosure the Quarterly Information (ITR), sent to the CVM and BOVESPA; the Investor Relations site www.irani.com.br/ri; the direct communications channel with the Investor Relations Director via email ri@irani.com.br; the ordinary general and extraordinary meeting, and the Annual Financial Statements and the Annual Report.

Clients - The Company invests systematically in the creation of practices and procedures that strengthen the relationship in the partnerships with its customers, such as: IRANI Customer Service (SIC), to receive criticism and suggestions; IRANI Online; Preventive Technical Services and the Technical Lecture Cycle, and the participation in the Stakeholders Panel with the objective of strengthening the relationship and encourage the development of their customers.

Collaborators - Internal communication is encouraged in all directions and by a number of channels in IRANI, which encourages participatory management. The main methods of communication with the public are: Intranet, Internet, IRANI World Newsletter; Sustainability Report; wall areas, and mainly, the communication from the leadership. In 2008, a new communication activity was initiated: informal meetings with the Managing Director with the employees. This action aims to strengthen the Company dialogue with the public. In these meetings, the Company's growth strategies were passed on to the collaborators and the importance reinforced with the collaborators. In 2009, this action will be continued.

Suppliers - The main methods of communication are the meetings with suppliers, the Stakeholders Panel, the Sustainability Report, the IRANI site and the IRANI Online application.

Governments and society - IRANI is a driving force in the growth and development in the areas where has its production processes, which benefits all society and has a direct impact on the employability of the residents from the towns surrounding the manufacturing units. Furthermore, the company allocates resources intended for programs and social projects through tax incentives, and monitors these to ensure that they are effective. Representatives from these stakeholders participate in the panel and also receive the Sustainability Report.

Communities - IRANI has a strong presence in the surrounding communities. It finances social projects to benefit these communities, and encourages its collaborators to exercise their citizenship, working as volunteers in various projects. The Company maintains the channel of communication active with these communities through its collaborators. With the Campina da Alegria - SC community, communication take place with a newspaper 'Open Talk' (Conversa Aberta), this is a bimonthly publication. Representatives from this public also participate in the Stakeholders Panel.

MANAGEMENT APPROACH AND PERFORMANCE INDICATORS

The search for a balance between social, environmental and economic aspects, transparency and involvement of the stakeholders in the business direct IRANI for towards a performance that is based on sustainability.



The techniques for measuring the economic, environmental and social data and the basis for the calculations used are accurate, based on data taken the ERP (Microsiga System) used by IRANI. Other environmental data, such as emissions control, and the amount of waste and the measurement of areas, are systematically monitored by electronic spreadsheets in the responsible areas, in addition to the SIMULA, SIG-Florestal and MasterBI.

Economic performance

The year 2008 was marked, externally, by the strong financial and economic crisis that has developed from the month of September and in the internal environment of the Company, the completion of the Project Superação, which allocated R\$ 160.8 million to the modernization of the paper and packaging plants.

The IRANI consolidated Gross Income grew in 2008 by 10.2%. The growth that was seen by the Company occurred, mainly because of increases in productivity and sales from the Packaging plants at its two plants: in Indaiatuba - SP, where the new plant was set up during 2008, and in Vargem Bonita - SC, where investments with the technological upgrading and increasing of its capacity were also finalized during 2008. The Company's Paper sales decreased its participation in sales during the year, increasing the supply of paper to the packaging plants.

The dollar oscillated between falling in the first half of 2008 and increasing from the second half, closing the year with recovery of 32% over the 2007 closure. The devaluation of the real had a strong impact on the Company's result because of the updating of loans and financing in U.S. dollars and Euros. Because of the company policy to maintain payment levels over the time, in hard currency equivalent to the receipts in these same currencies, there was a protection of cash flow, not generating a significant, or unexpected cash outflow because of this sudden change in the price of the currency. To this end, in 2008 the Company did not have, losses on currency derivatives, because it does not operate with them.

IRANI foresaw a growth in the operations of its paper and packaging units, driven especially by the consolidation of investments that were made and the Project Superação which made the Company even more competitive in the market.

The Company ended the year with negative net result of R\$ 54.223 million, of which R\$ 61.8 million is related to exchange rate variations. The Adjusted EBITDA, however, had an increase of 12.4%.

The operating result was affected in 2008, by the work involved in the Project

Superação, which meant many non-recurring costs such as labor compensation because of the severance of employees who did not want to move with the transfer of the plant from Santana de Parnaíba - SP to Indaiatuba - SP, as well as the simultaneous operation of both plants for two months during the transition period, a stoppage of more than 30 days of the Machine Paper V for the implementation of modernization, and the learning curve of the project.

Also in 2008 the company adapted its financial statements to the changes implemented by the laws 11,638/07 and MP 449/08, the effects are informed and reflected in explanatory notes and reflect a small increase in the net worth of the company. However, it should be noted that the Company has in its assets, land and forests registered at their historical cost and are undervalued in an amount the exceeds R\$ 200 million in relation to the market value, according to reports from specialized companies, not reflected, therefore, in the Permanent Assets and Net Worth. This update of the assets should be better expressed in the presentation of financial statements by (IFRS) International Financial Reporting Standards, which the Company is already working on.



In 2009, the current situation indicates that the Brazilian and worldwide economy's are retracting. Expectations are the a GDP growth of around 2% or less, lower than the level achieved in previous years, but it shows Brazil as one of the few countries in the world that is growing. Even in a world crisis scenario, IRANI foresees growth in its paper and packaging operations, primarily levered by the consolidation of Project Superação which investments has made the company more competitive.

KEY FINANCIAL INDICATORS

Consolidated (in thousands of Reais)	2008	2007
Gross Operating Income	485,632	440,347
Brazilian Market	392,367	351,888
Overseas Market	93,265	88,459
Net Operating Income	388,391	350,400
Gross Profit	90,497	89,763
Gross Margin	23,3%	25,6%
Result before Tax	(81,530)	22,066
Net Result	(54,223)	14,595
Adjusted EBITDA	58,519	52,055
EBITDA Margin	15,1%	14,9%

EBITDA EARNING BEFORE INTEREST, TAXES, AND DEPRECIATION AMORTIZATION (*)

Consolidated (in thousands of reais)	2008	2007
Result before Tax	(81,530)	22,066
Depreciation, Depletion and Amortization	36,306	27,911
Financial Result	(91,189)	1,883
EBITDA	45,965	48,094
Provisions (IPI and contingencies)	10,238	3,961
PDD – Customers with debits prior to 2008	2,316	-
Adjusted EBITDA	58,519	52,055
EBITDA Variation	12,4%	

* Note: EBITDA is the operating result by adding (income) financial expenses and depreciation, amortizations and depletions. EBITDA is not a measure used in the accounting practices adopted in Brazil and does not represent cash flow for the given periods and it should not be considered as an alternative to net income or as an indicator of operating performance or as an alternative to cash flow or as an indicator of liquidity. The EBITDA does not have a standardized meaning and the definition of EBITDA for IRANI may not be comparable to the EBITDA or Adjusted EBITDA as defined by other Companies. While EBITDA does not provide, in accordance with the accounting practices used in Brazil, a measure of cash flow from operating activities, IRANI uses it to measure operational performance. Additionally, it is understood that certain investors and financial analysts use the EBITDA as an indicator of operational performance of a company and / or its cash flow.

GROSS INCOME

The gross revenue was 10.2% higher in 2008, making a total of R\$ 485,632 million against R\$ 440,347 million from 2007. Whereas if U.S. dollars, the value of the Gross Income was 19.0% higher than in 2008, totaling US\$ 270,641 million, compared to US\$ 227,619 million in 2007.

NET OPERATING INCOME

The net operating revenue was 10.8% higher in the 2008, compared to 2007. The gross profit in 2008 was R\$ 90,497 million, compared to R\$ 89,763 million in 2007, a growth of 0.8%. The Gross margin showed a reduction in 2008, impacted by non-recurring costs and machinery downtime caused by the implementation of Project Superação, remaining at 23.3%. The profit before income tax, in turn, was R\$ 81,530 million negative in 2008, compared to the R\$ 22,066 million positive recorded a year earlier, impacted by the change in the exchange rate established in the period.

EBITDA

The absolute value of the consolidated adjusted EBITDA was established at R\$ 58,519 million, against R\$ 52,055 million for 2007, representing an increase of 12.4%. The consolidated adjusted EBITDA margin has grown, from 14.9% in 2007 to 15.1% in 2008.

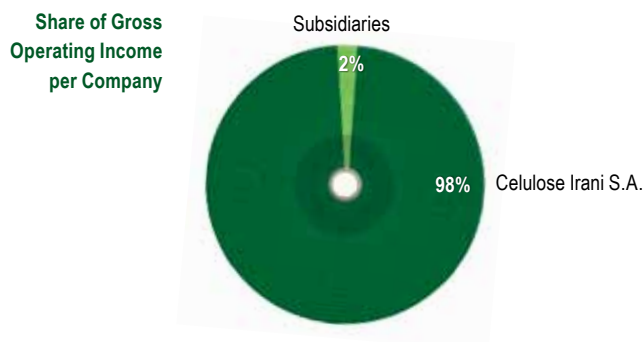
FINANCIAL RESULTS

The Financial Result was R\$ 91,189 million negative, compared to R\$ 1,883 million positive in 2007. Of the R\$ 91,189 million negative in 2008, R\$ 61,841 million represented an exchange rate fluctuation, R\$ 2,615 million was financial income and R\$ 31,963 million were financial costs (interest, bank charges and rebates).

NET INCOME

The IRANI net result, in 2008, was R\$ 54,223 million negative compared to R\$ 14,595 million in the previous year. Additionally, a portion of assets was revalued in R\$ 483 million in 2008 (R\$ 1,460 million in 2007), that was not transferred as revenue in the Statement of Results of the Fiscal Period (DRE) (Ruling 183/95 of the CVM), but that would be used for compensation for the loss in the exercise. The result of the Company in 2008 was partially absorbed by reserves from profits of previous years.

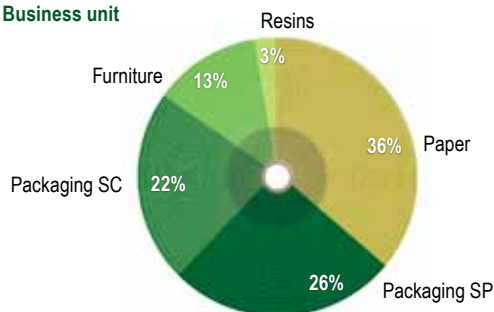
The share of the Consolidated Gross Operating Income in 2008 was as follows:



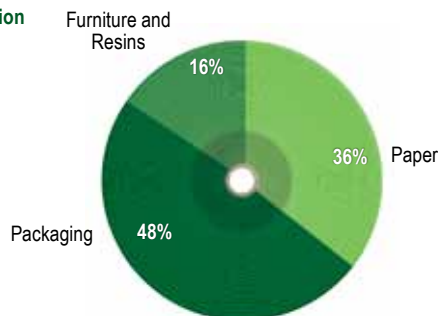
SALES

The distribution of sales in the the Parent Company had the following participation in 2008.

Participation of sales per Business unit



Participation of Sales by Business Division



VALUE AVERAGING (DVA) (IN THOUSANDS OF REAIS)

	<i>Consolidated</i>	
	2008	2007
1. INCOME	504,123	443,864
1.1 Sales of goods, products and services	485,632	440,347
1.2 Other income	13,234	3,826
1.3 Revenue from the construction of own assets	7,693	368
1.4 Provision for doubtful debt - Reversal / (Constitution)	(2,436)	(677)
2. INPUTS FROM THIRD PARTIES	316,234	299,207
2.1 Cost of goods sold and services	237,957	250,027
2.2 Materials, energy, third party services and others	78,277	49,180
3. GROSS ADDED VALUE (1-2)	187,889	144,657
4. DEPRECIATION, AMORTIZATION AND DEPLETION	36,306	29,043
5. NET VALUE ADDED BY UNIT (3-4)	151,583	115,614
6. VALUE ADDED RECEIVED IN TRANSFER	36,746	44,851
6.1 Result by the equity method	-	-
6.2 Financial incomes	36,746	44,851
7. TOTAL ADDED VALUE TO DISTRIBUTE (5+6)	188,329	160,465
8. DISTRIBUTION OF ADDED VALUE	188,329	160,465
8.1 Personnel	63,401	53,394
8.1.1 Direct Remuneration	53,778	45,274
8.1.2 Benefits	8,046	6,748
8.1.3 Pension Fund	1,577	1,372
8.2 Taxes and contributions	39,877	39,959
8.2.1 Federal	23,932	29,034
8.2.2 State	15,518	10,483
8.2.3 Municipal	427	442
8.3 Return on third party capital	139,274	52,517
8.3.1 Interests	132,448	42,970
8.3.2 Rents	6,826	9,547
8.4 Remuneration on Equity	(54,223)	14,595
8.4.1 Interest of Equity	-	4,250
8.4.2 Dividends	-	2,133
8.4.3 Profits (losses) retained in period	(54,236)	8,211
8.4.4 Participation of non-controllers in retained earnings	13	1

R\$ **485.6**

MILLION
Gross Income

R\$ **58.5**

MILLION
adjusted EBITDA



Packaging Manufacturing Plant, Indaiatuba - SP

Environmental performance

The IRANI Environmental management is based on meeting the current environmental legislation, in the reduction of environmental risks and in seeking a continuous improvement in reducing environmental impacts, minimizing emissions water, air emissions, waste generation and practicing the sustainable use of land and natural resources.

The Company distinguishes itself by developing environmentally friendly projects that combine technology and the conscientious use of natural resources, contributing to sustainable development. To develop innovative projects, such as Clean Development Mechanism projects which were approved by the United Nations (UN) and enabled IRANI to achieve a reduction in greenhouse gases, thereby creating global benefits. Moreover, it was considered as environmental benchmarking on a national level for two consecutive years, in 2007 and 2008, and gained several awards at a national and regional level.

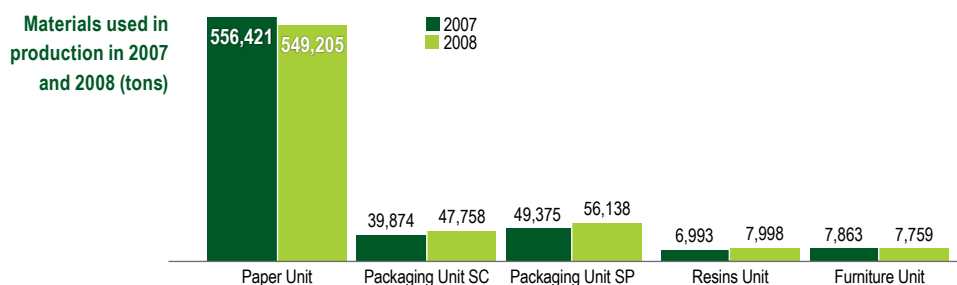
For 2009, IRANI intends to work closely on some goals:

- complete the Ichthyofauna project, which consists of identifying the biodiversity of fish and the quality assessment of the water in the Flor do Mato reservoir at Campina da Alegria in Vargem Bonita - SC;
- complete the industrial landfill work in the paper unit. The work is underway and is scheduled for to be completed in 2009;
- seek appropriate alternatives to the allocation of plastic from the chips.

MATERIALS

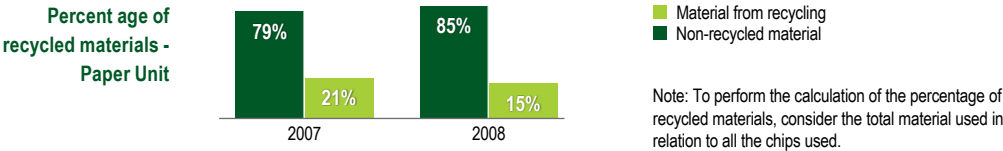
The use of recyclable materials (chips) helps in reducing the demand for virgin material, reducing the impact on the environment and promotes a more sustainable process.

The materials that make up the total represented in the chart below includes: Paper Unit: Wood, chips and Inputs. SC and SP Packaging: Paper, Paint, Glue and Resin. Resins unit: resins. Furniture Unit: wood and paint.





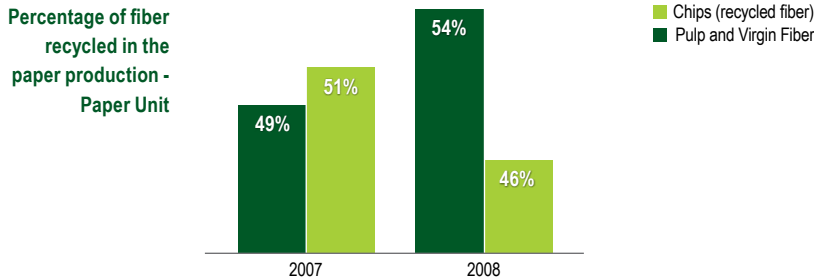
As can be seen in the chart below, in 2008, there was a reduction in the consumption of recycled materials, due, mainly, the constant stops foreseen in the Paper Machine V (MPV) modernizing project which uses chips as the main raw material. A more precise study of the inputs used in the production process and that were not counted in 2007, which contributed to the increased in the percentage of non-recycled materials.



For 2008, the goal was to increase by 30%, in the Paper Unit, the consumption of recycled materials. This target was not achieved because of the reduction in the consumption of chips caused by stoppages of MPV during the implementation of its modernization project.

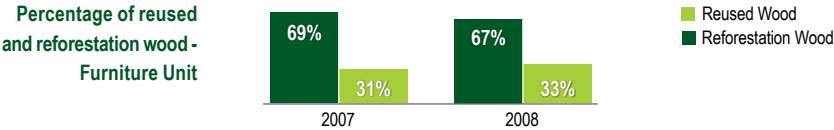
PERCENTAGE OF RECYCLED FIBER USED IN PAPER PRODUCTION - PAPER UNIT

In 2008, in the paper unit, 46% of chips were used (recycled fiber) for paper production. Because of the MPV planned stoppages caused because of its modernization project f, the consumption of chips was a small reduction, compared to 2007; the percentage was 51%, as shown in the chart below.



PERCENTAGE OF REUSED AND RE-FORESTING - FURNITURE UNIT

In the Furniture units, the waste generated from wood (stubs) is reused for the manufacture of furniture. In 2008, the percentage of reused wood was 33%.



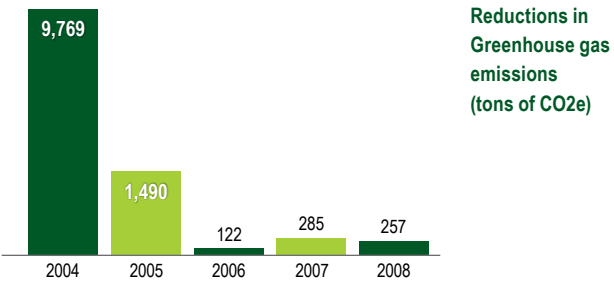
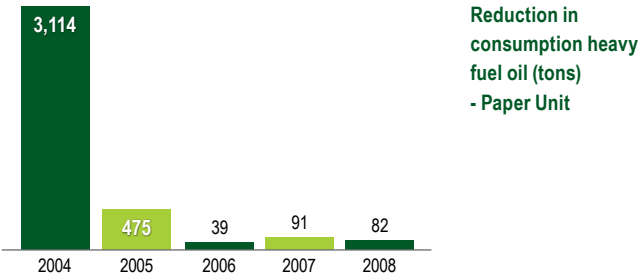
The exploitation is carried out through the joint at the top pieces of wood (stub). This process is called finger joint. The joining of several small pieces makes it into a shingle, which will then be joined together with other slat walls, forming a panel. These can be used for making furniture. According to the greenhouse gases inventory, about 0.2 ton of CO₂e will not be issued for each ton of waste wood that is not thrown into the landfill.

ENERGY

In 2008, about 75% of the energy demand was supplied by IRANI's energy own production. The energy was generated by three hydroelectric stations located near to the industrial unit and a thermoelectric station, also owned by IRANI, which was driven by biomass. The biomass consists of waste generated by the Company, by sawmills in the region, and also the wood from the planted Eucalyptus forests.

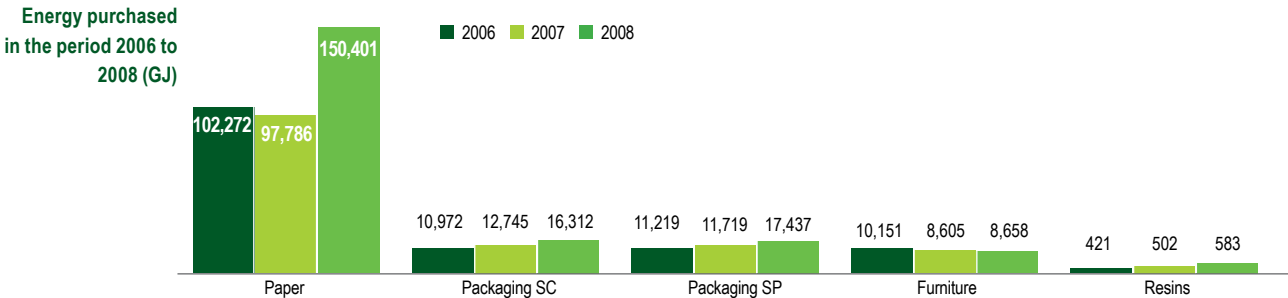
This biomass is converted into energy by burning it in the Co-generation plant. The waste is turned into clean energy, which replaces the use of fossil fuel. Moreover, its use can reduce the consumption of non-renewable natural resources and avoids problems with final disposal of forest residues.

With the adoption of waste for the generation of energy, reducing the consumption of heavy fuel oil and ceased using generators that used diesel fuel used earlier by the Company. The quantity of heavy fuel oil consumed decreased by about 97% in 2004 to 2008. Furthermore, the reduction of consumption of heavy fuel oil allowed a significant reduction in the greenhouse gases emissions. These reductions are observed in subsequent graphs.

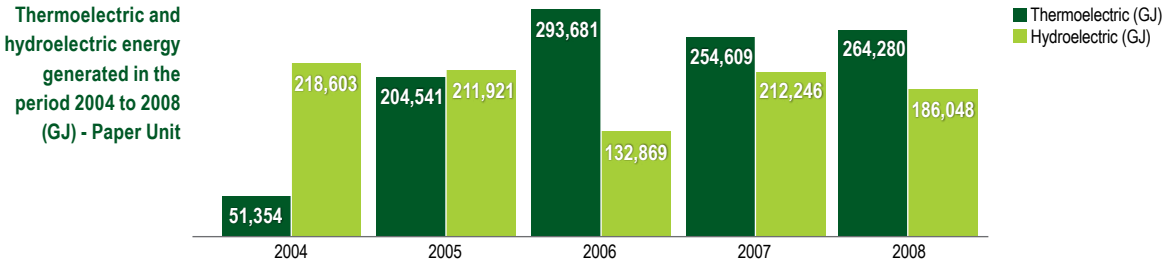


IRANI's São Luis hydroelectric generating plant, in Ponte Serrada - SC

In the graphs that follow, the following information can be seen; the amount of energy purchased during the 2006 to 2008 period, the percentage of self-generated energy in the same period, the consumption of biomass used in the generation of energy and a comparison between the self-generated and purchased energy in Paper Unit.



The increase in the energy consumption in 2008 was caused by the operation of several new electrically operated machines that came into operation during the process of modernization of the MPV, at the Paper Unit. The increase at the Packaging Unit - SC, was due to the expansion of industrial area by 6,916.01 m², the installation of an additional corrugating machine, the installation of a press for the wood chips/waste, the exchange of the glue melting unit, the purchase of a new DRO printer (4 colors), and a Robopac wrapping machine.



CONSUMPTION OF BIOMASS TO GENERATE ENERGY – PAPER UNIT

Períod	Biomass Consupcion(t)	Energy generated with Biomass (GJ)
2004	319,072	51,354
2005	354,755	204,541
2006	394,024	293,681
2007	415,585	254,609
2008	421,931	264,280

Biomass for the generation of energy, Paper Unit, Vargem Bonita - SC

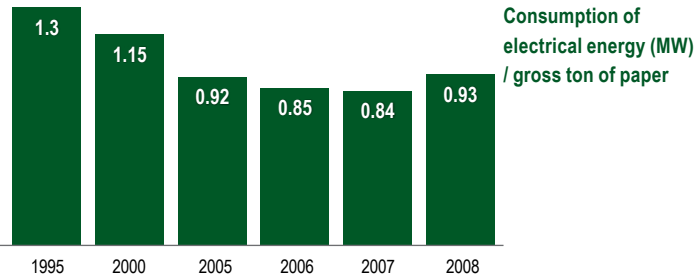
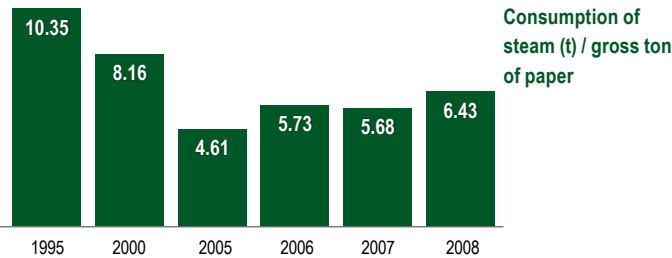
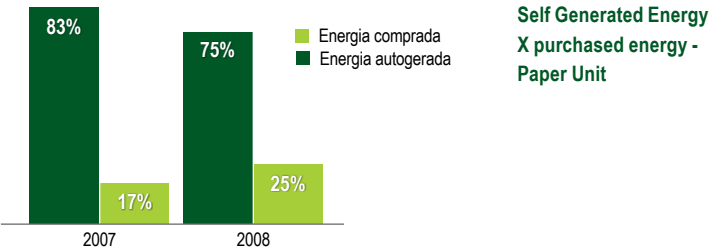
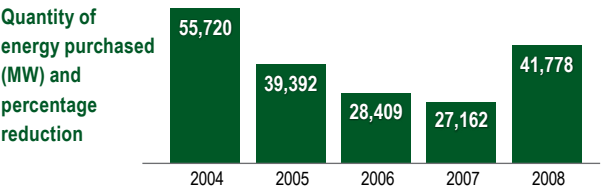
In the graph at the side, one can see an increase the purchases of energy from the local Electrical Energy Utility Company in the State of Santa Catarina (CELESC) in Paper Unit, during 2008, also because of the modernization of the MPV.

Over the years, it was possible to obtain savings in energy through investments in periodic preventive and corrective maintenance in the energy generation and power transmission systems and in the control of leaks and waste steam. Despite the increase in electricity and thermal consumption per ton of paper produced in 2008, it can be seen that over the years, there was a significant decline in consumption of this resource.

The amount of electricity consumed by ton of paper produced reduced by about 28% between 1995 and 2008. The amount of steam consumed per ton of paper produced reduced by about 37% between 1995 and 2008, as can be seen the graphs at the side.

In 2008, the target was to reduce the energy consumed per ton crude produced to 0.80 MW, however, this was not achieved because the modernization of the MPV demanded that higher consumption of energy when it was operating.

In the chart below, you can see the quantity of energy purchased by IRANI over the past 4 years and also the average reduction* of purchased energy was 38.5%, considering 2004 as the base year.



Period	Reduction in energy purchases
2004 a 2005	-29%
2004 a 2006	-49%
2004 a 2007	-51%
2004 a 2008	-25%
Average reduction *	38.5%

* Average reduction in 2005, 2006, 2007 & 2008.

The Paper Unit promotes the monitoring and the production adjustments that enable the stoppage of the intermediate production equipment between 6.30 pm to 9.30 pm (peak period), which allows the supply of products that have a lower power consumption without compromising quality final.

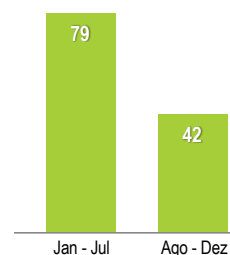
REDUCTION OF ENERGY CONSUMPTION BECAUSE OF PRODUCTION ADJUSTMENTS

Redução média diária (MWh)	Redução média mensal (MWh)	Redução total em 2008 (MWh)
3,69	73,89	739



During 2008 the transportation of the collaborators was optimized, which provided a reduction in the energy consumption and an indirect reduction of greenhouse gases emissions. Between the months of August and December, there was a decrease of 16,500 kilometers because of reduction in the number of vehicles that were used. Therefore, there was a reduction of 1,500 liters in the consumption of diesel, equal to 4.15 tons of CO₂e, approximately, which was not thrown into the atmosphere. Moreover, 80% of the IRANI vehicles have FLEX engines and use, preferably, ethanol as the fuel. This fuel is advantageous because it is a renewable source, and burning it propitiates the emission of methane, whereas the fuels that are derived from petroleum, such as gasoline and diesel, release, as well as methane, carbon dioxide and nitrous oxide. With the decrease in consumption of gasoline and the increase in the consumption of ethanol, there was a reduction in the emission of greenhouse gases, as shown in the chart below. In the January-July period, the consumption of gasoline was higher. From August to December, ethanol was in greater use.

Reduction of Gas Emissions obtained from the reduction in the consumption of gasoline (tons CO₂e)



Water collection, Vargem Bonita – SC

WATER

AMOUNT OF WATER USED PER SOURCE (M3)

Unidade	Fonte	Quantidade
Paper	Surface - River	8,029,325
Packaging SC	Surface - River	21,517
Packaging SP	Artesian well	21,684
Furniture	Artesian well	7,800
	Municipal Services	1,076
Total		8,081,402

At the Paper Unit, water collection comes from surface sources in two places, both in the watershed of the Rio Chapecó in Santa Catarina, which belongs to the Uruguay Basin. A collection point corresponds to a 5.75 hectares reservoir located in the Ribeirão da Anta, one of the tributaries of the Mato River, where the most important collection point is located. Packaging unit in SC, the abstraction of surface water source occurs in the Anta Stream, owned by the Uruguay River Basin. At the Packaging Unit - SP, the water collection is carried out with artesian wells that are located in the Company. In the Furniture unit, water collection comes from surface sources, carried out by the city, in Rio Negrinho - SC.



MORE THAN **17** MILLION

m3 of water was not collected because of water reuse

The IRANI activities are considered to be

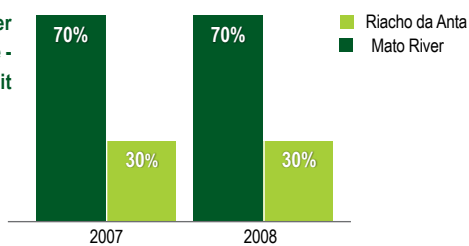
CARBON NEUTRAL

R\$ **5,1** MILLION

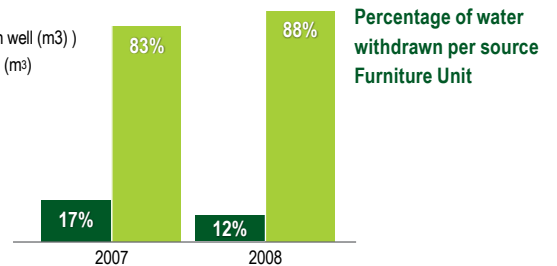
of net income comes from the sale of Carbon Credits

Co-generation Power Plant - Paper Unit, Vargem Bonita – SC

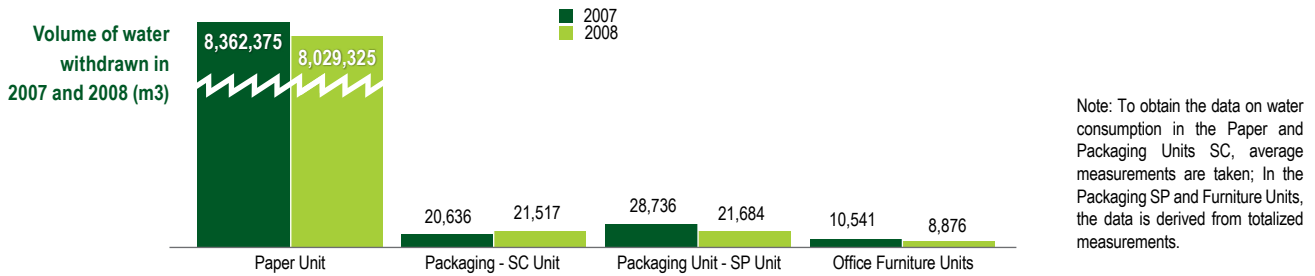
Percentage of water collected by source - Paper Unit



Percentage of water withdrawn per source Furniture Unit



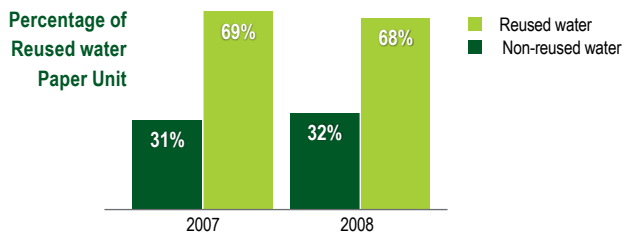
Considering the Paper, Packaging SC, Packaging SP and Furniture Units, there was a consumption of 8,081,402 m³, as shown in the chart below.



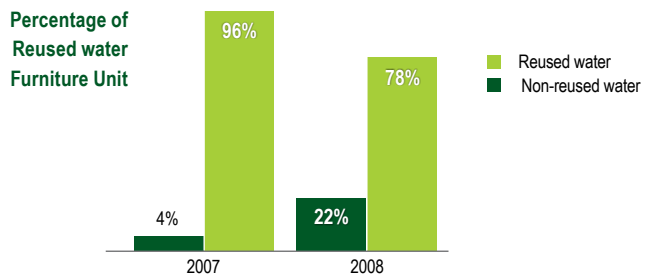
In 2008, in the Paper Unit, some adjustments enabled a reduction in the water consumption. The condensate (waste from evaporation) is now reused in the causticizing and pulp washing system, reducing the demand by approximately 60 m³ / hour of water.

The target for the coming years remains to be the reduction in the total volume of water, as noted in the Report Sustainability in 2007.

Also, with investment in technologies that enable the reuse of water, IRANI in 2008, did not capture the equivalent of 17,280,000 m³. The chart at the side shows the percentage of reused water in the paper unit.



In the Furniture unit, after the effluent is treated, it is reused in the paint booths, reducing the need to capture more water. The percentage of water can be reused in this Unit is shown in the chart at the side



The waste water from the Paper and Packaging units - SC is discharged into the Mato River, in Santa Catarina. The waste water from the Packaging unit -SP is discharged into the Barnabé stream, a tributary of the Jundiá River, located in the city of Indaiatuba - SP. The discharged from the Furniture Unit goes into the Rio Negrinho, which is in the Rio Negro watershed, Rio Negrinho - SC.

EMISSIONS, EFFLUENTS AND WASTE

CARBON INVENTORY

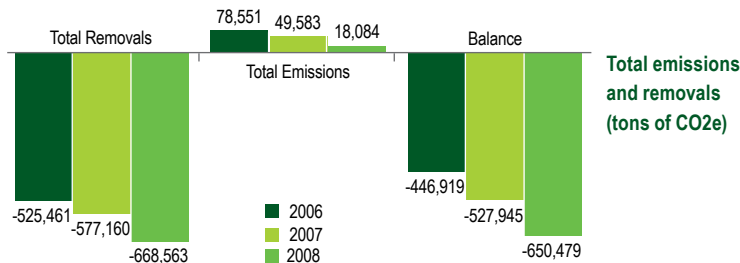
The greenhouse gas Emissions Inventory Project is carried out by Celulose Irani S.A. annually, it aims to check emissions and sinks and evaluate the potential of the Company in relation to “Zero Carbon”, i.e. consider if the company is neutral in the emissions of carbon dioxide. IRANI was the first company to certify its greenhouse gas inventory in accordance with the ISO 14064:2006 standard. The ISO 14064 certification demonstrates that the activities of the Organization remove more carbon from the atmosphere of that it emits, making IRANI Carbon Neutral.

In the chart at the side, note the total removals, total emissions and the balance of the Organization during 2006, 2007 and 2008. In 2008 the emissions decreased by approximately 81% compared to 2006 and removals increased approximately 27% compared to 2006.

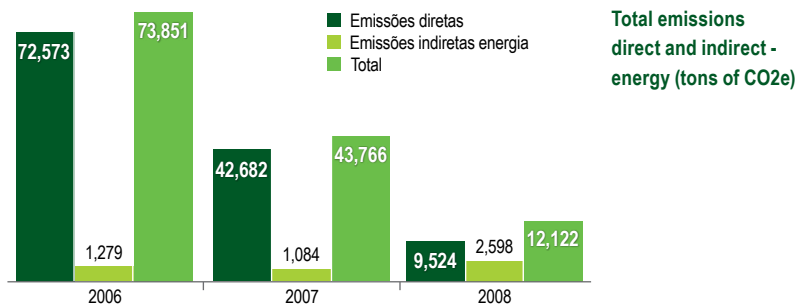
The greenhouse gas inventory is set up in accordance with the procedures and practices recommended by the GHG Protocol and according to the principles and requirements of the International Standard ISO 14064:2006 Part 1 - “Specification and guidance to organizations for the quantification and reporting of emissions and removals of greenhouse gases.”

The calculations for the emissions and removals of greenhouse gases and emission factors are selected based on the Intergovernmental Panel on Climate Change (IPCC) methodologies.

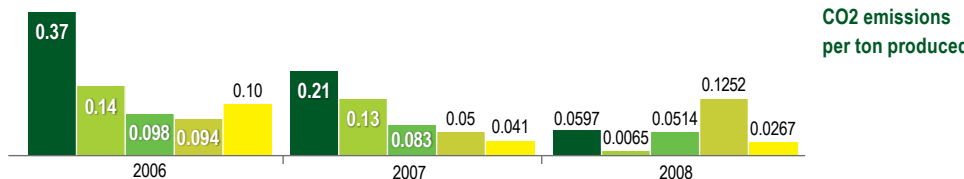
The main factors that contributed to the reduction of direct emissions were the Effluent Treatment Station, the Paper Unit because they cannot be considered as a source of methane emissions and the elimination of heavy fuel oil in the Packaging Unit - SC. What helped to minimize indirect emissions (energy) was the factor used for the calculation. In 2006 and 2007 the factor used in the calculation was regional and from 2008 the Ministry of Science and Technology established a single national factor, which provided an 80% reduction in emissions.

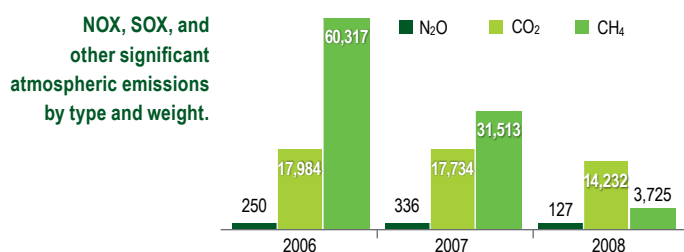
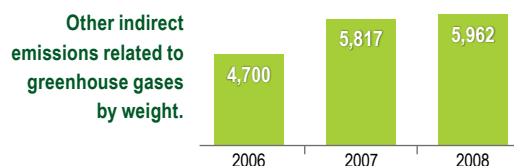


NOTE: The alteration in the values of the emissions and removals for 2006 and 2007 are not shown in the report from the previous period due to the recalculation (as requirement of standard ABNT ISO 14064-1:2007, item 5.3.2) carried out in accordance to the change in the methodology for calculating indirect emissions for energy consumption.



- Paper
- Packaging - SC
- Packaging - SP
- Furniture
- Resins





In the previous graph it can be seen that in the paper unit, there was a reduction in CO₂e emissions of per ton produced. The result for 2006, 2007 and 2008 are below that which was presented by the National Inventory of GHG emissions (in 1994), where the Paper and Pulp segment emissions corresponded to 0.50 tons of CO₂e per ton produced.

The indirect emissions result from outsourced road transport fleets and the use of agricultural machinery in the outsourced forests of the operational units (agricultural tractor, forestry tractors, chain saws and motorized-brush cutters). The increased emissions in 2008 are due to the inclusion of emissions from transporting employees and the internal transport of waste in the Paper and Packaging units - SC. The CDM project for the Effluent Treatment Station contributes significantly to reducing methane emissions.

CLEAN DEVELOPMENT MECHANISMS

The reductions in the greenhouse gas emissions, in IRANI, occurred because of the development of small scale Clean Development Mechanism (CDM) projects. With the intension of directing socially responsible activities, the Company implemented the Co-generation Plant in 2004 and modernized the Effluent Treatment Station in 2007, permitting the generation of carbon credits.

The data presented here was obtained through the monitoring of data conducted internally, which were then validated through audits. The methodology used for the calculation of reductions of certified CO₂e is approved in the United Nations - UN and, periodically, IRANI undergoes external audits by an independent company for the validation of the data and subsequent approval by the UN. The target of achieving a reduction of 215 tons of CO₂e with the two CDM projects was not achieved. IRANI reduced 203,549 tons of CO₂e in 2008. The target was not reached due to the reduction in energy and steam consumption during the modernization works of the MPV. For 2009, the target remains to be the reduction of 215 tons.

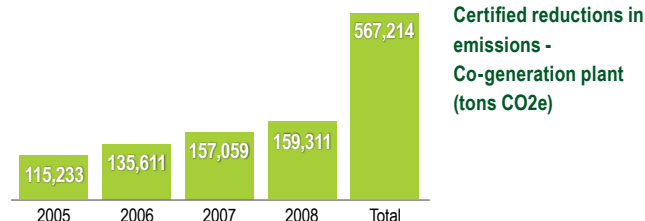
The CDM projects allowed for the reduction in the emissions of about 200 tons of CO₂e per year.

CDM - CO-GENERATION PLANT

The project is registered with the United Nations - UN as "Irani Biomass Electricity Generation Project" and was approved on July 07 2006. This project is available for consultation at: http://cdm.unfccc.int/issuance/cers_iss.html, under the number 0404. The methodologies used in the Co-generation Plant project are AMS.I.D and AMS.III.E, version 7. AMS.ID is the generation of renewable electricity that substitutes the energy provided by the state utility. AMS.III.E is to prevent production of methane with use of controlled burning of biomass.

The inputs that are used to generate energy in the cogeneration plant are forest-based waste that replaces the use of non-renewable natural resources. Thus it is possible to reduce the emissions of greenhouse gases such as carbon dioxide and methane that are generated in large quantities when burning fossil fuels.

With the deployment of Plant, there was a certified reduction in pollutants gases. The certified emissions reductions (CER), obtained between 2005 and 2008, totaled 567,214 tons of CO₂e. Taking into account the average obtained during the last two years, an estimated reduction in carbon dioxide emission in 21 years by IRANI is about 3,321,885 tons of CO₂e.



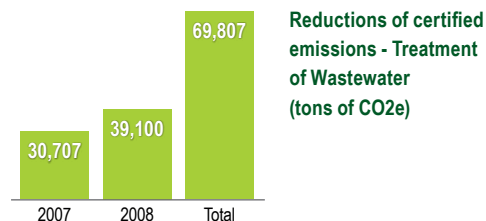
Celulose Irani S.A. was the first Brazilian company in the Pulp and Paper sector and the second in the world to have carbon credits issued by the Kyoto Protocol.



CDML - MODERNIZATION OF THE EFFLUENT TREATMENT STATION

The project is registered with the United Nations - UN as "Irani Wastewater Methane Avoidance Project" and was approved on January 19, 2008. This project is available can be seen at: <https://cdm.unfccc.int/Projects/registered.html>, under the number 1410. The methodology used is AMS-III.I, version 6, dated 08/10/07, which is to prevent the production of methane in the treatment of wastewater through replacement of anaerobic lagoons by an aerobic system. The CDM project was the first fully aerobic effluent treatment system in the world, to be approved by the UN.

The modernization was carried out in order to replace the anaerobic degradation (without the use of oxygen) by aerobic degradation (with the use of oxygen) of organic matter, thus avoiding the emission of methane, a greenhouse gas that is responsible for global warming. The new treatment system is known as secondary treatment using activated sludge with extended aeration, one of the more efficient biological methods that prevent the mud from being deposited to the bottom of ponds and generate methane.

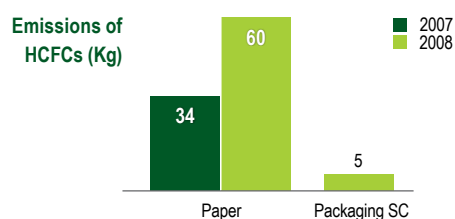


With the modernization of the Effluent Treatment Station, there was a verified reduction in polluting gases. The Certified Emission Reductions (CER), obtained between 2007 and 2008, totaled 69,807 tons of CO₂e. Taking into account the average obtained in 2008, an estimated reduction of carbon dioxide emission in 21 years in IRANI is about 821,100 ton of CO₂e.

In 2008 net sales of R\$ 5.1 million were received from the sales of carbon credits by the two CDM projects approved in the UN.

CONSUMPTION OF SUBSTANCES THAT DEplete THE Ozone Layer

The Company uses for the maintenance of air-conditioners the R-22 refrigerant gas, also known as HCFC-22 (Chlorodifluoromethane) *.



* The HCFC-22 (Chlorodifluoromethane) contributes to the depletion of the ozone layer.

In 2008, the emission of HCFC's in the Paper Unit had an increase by virtue of the increase in the rate of maintenance of the equipment. With the construction of the administrative area, the number of air-conditioners increased. In the Packaging Unit - SC, the compilation of this indicator began in 2008, because of the construction of the new administrative building where air conditioners were being installed.

It was no possible to reduce the consumption to 30 tons, as per the target for 2008 because of the increase in the number of cooling equipment and, consequently, the increase in the maintenance involving the replacement of gas.

VOLUME OF EFFLUENTS GENERATED (m³/year)

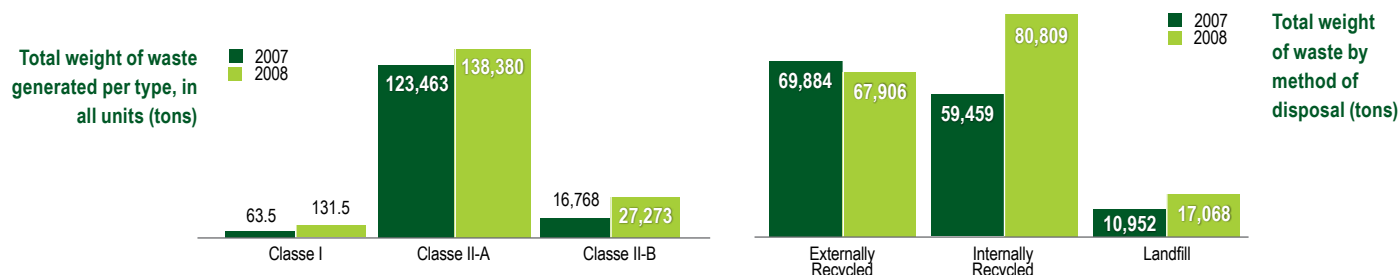
Unit	2007	2008
Paper	6,816,704	6,607,743
Packaging SC	8,064	4,140
Packaging SP	6,106	8,366
Furniture	2,276	3,456
Resins	126	126
Total	6,833,276	6,623,831

Note: Data are from the effluents are measured by a of flow meter in the paper and resin units, in other units are they are taken by averages.

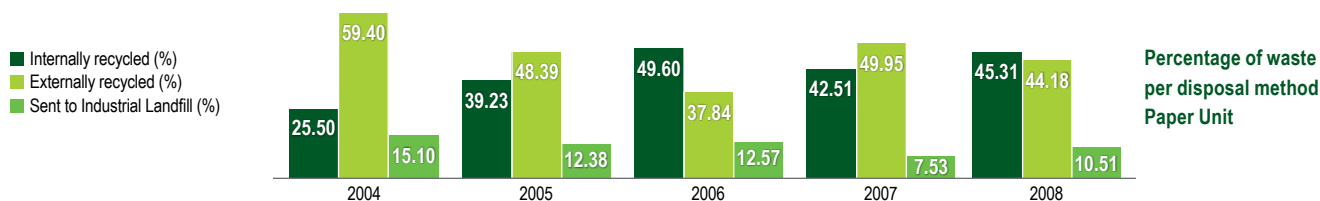
The liquid effluent generated by IRANI is sent for chemical, physical and biological treatment to reduce environmental impacts. Before being directed to the receiver body, the treated effluent is monitored by means of parameters such as pH, suspended solids, decantable solids, biochemical oxygen demand (BOD), chemical oxygen demand (COD), oxygen, temperature, sulfide, cyanide, iron, phosphorus, nitrogen and phenols.

In the Paper Unit, the reduction in the volume of generated effluent in the 2008 period occurred due to the planned shutdown of the MPV in the modernization project, in addition to the reuse of the condensate from the process.

In 2008, the largest amount of waste generated had the final destination of being recycled (about 90%), which contributed to reducing the consumption of raw materials from natural resources, as well as to minimize environmental problems occurring from inadequate final disposal.

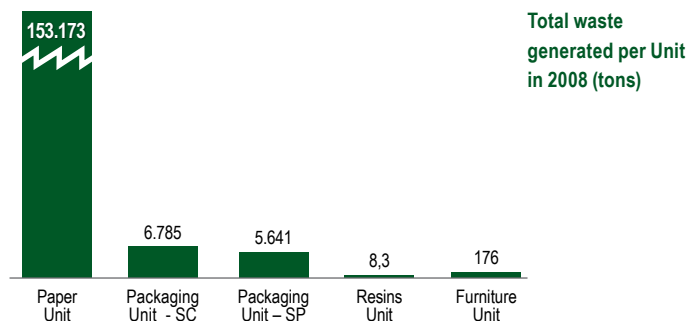


Note: according to NBR 10004/2004: Class I waste is hazardous, and Class II-A are non-inert, and class II-B are inert.



The total solid waste generated in 2008 was equivalent to 165,783 tons. In the chart below note the total waste generated per unit.

In the Paper Unit, the increase in the amount of waste sent to the landfill, as can be seen in the graphs above, occurred because of expansion of the MPV, which underwent refurbishing and production adjustments of. In the Packaging Unit - SC, the monitoring of waste has been improved, the Unit now accounts for all the waste that is generated, which was not the case in previous years, also increasing the amount of generated waste. In the Packaging Unit - SP, monitoring is also being improved, and in 2008 a list of the higher ratio of waste generated was included.



Hazardous waste generated during 2008 is represented by ambulance room waste, waste oil, batteries, lamps and grease. This waste was treated by specific companies that are specialized contractors. The IRANI waste collection company provides the satisfactory transportation and treatment. The lamps are decontaminated and recycled, the oil is refined and reused, and batteries are medical waste transported to the industrial class I landfill. The contracted company has an environmental permit for transportation, as well as for the treatment meeting the requirements of the environmental organ.

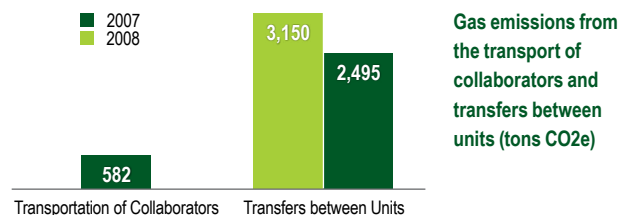
HAZARDOUS WASTE (tons)

Unit	Generated Waste	Treated Waste
Paper	41	41
Packaging SC	13	13
Packaging SP	49	49
Furniture	38	38

In 2008, 100% of all hazardous waste generated by the Company, some 141 tons was collected, transported and treated by specialized companies, that are skilled and environmentally correct.

TRANSPORTS

In 2008, the transport of employees represented a consumption of diesel of approximately 210,614.96 liters, which represents the emission of 582 tons of CO₂e. However, the transport of the transfer of raw materials between the units contributed to the emission of approximately 2,495 tons of CO₂e in that same period.



PRODUCTS AND SERVICES

Celulose Irani search's to decrease environmental impacts caused by its production process. The benefit to the Company is that its products have no significant impacts during use, in addition to them being fully recyclable

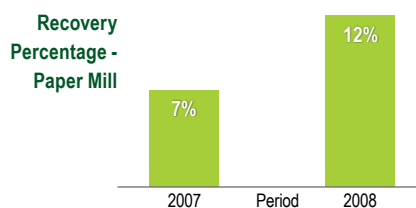
In 2008, as an initiative to decrease theses environmental impacts, a steam line was installed to the corrugators in the Packaging Unit - SC. This steam line came from the boiler of the Co-generation in the Paper Mill.

This system enables the Company to reduce the greenhouse gas emissions, such as carbon dioxide and methane, because the inputs used in the burning process in the boiler are forest-based waste

The annual reduction in the greenhouse gas emissions is the equivalent to 4,181 tons of CO₂e, which represents a reduction of 73% in the emission of greenhouse gases from the Packaging Unit - SC based on

the 2007 GHG report.

This project enabled a reduction in the use of the boiler in the Packaging Unit - SC, now it is only used during the maintenance stops of the co-generation boiler. Consequently, there is a reduction in the consumption of heavy fuel oil, a fuel from non-renewable natural resources and responsible for largest amounts of greenhouse gases, from the beginning of the operation of the steam line, which occurred in September 2008.



The average monthly consumption of heavy fuel oil in the Packaging Unit - SC, was the equivalent of 141 tons, with this new situation, the average monthly consumption is equal to 4.14 tons. The reduction was 97% in the monthly consumption.

The Company also endeavors to recuperate the goods sold and convert them into useful materials for new production processes. Thus, the Paper Mill of paper recovers the cutting from the Packaging Units - SC and Packaging Units - SP, for the production of new paper..

BIODIVERSITY

Celulose Irani has a responsibility with the conservation of the biodiversity of the ecosystems around its units. Thus, it maintains significant areas of the remainders that are typical of these formations, always trying to provide a balance between their areas of production made up from planted forests and the maintenance of the native forests areas and natural formations that are in its properties.

These forest areas are located in the West of Santa Catarina and along the coast of Rio Grande do Sul, both inside the Atlantic Forest biome characterized as mixed rain forest in Santa Catarina, and with the formation of dunes and moist broadleaf forests in Rio Grande do Sul.

The Atlantic Forest is one of the most biodiverse biomes in the world and is also considered a "Hotspot". This is actually a sum of diverse ecosystems, with interactions with structures which vary in each region. The Atlantic forest holds around 20 thousand species of plants, and 8 thousand of them are endemic. The decrease of the areas belonging to this biome over the years because of human occupation in the most varied ways, culminated in the creation of some legal protective devices, principally the law # 11.428/06, known as the Atlantic Forest Law.

**200
THOUSAND**

tons reduction in
CO₂e per year

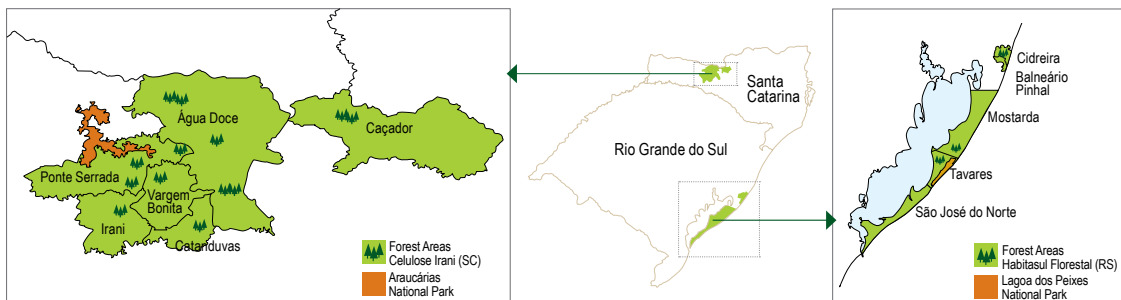
97 %

reduction in monthly use of
heavy fuel oil

90 %

of waste is recycled

New Steam Line – Packaging Unit, Vargem Bonita – SC



FOREST AREAS IN SANTA CATARINA

After the adaptation and evaluation process in April 2008, the Company received the Forest Management certificate Forest Stewardship Council (FSC) for their own areas in Santa Catarina, which account for 33,064 hectares, spread over six municipalities and fifteen properties. The use of soil in these areas is characterized as the following table.

Land Use SC		Area (ha)	%
Production Areas	Pinus	14,409	43.6
	Eucalyptus	1,474	4.5
	Other Species	131	0.4
Preservation Areas	Area of Permanent Preservation (APP)	3,513	10.6
	Legal Reservation	8,307	25.1
	Other Areas	2,533	7.7
	Araucárias National Park	102	0.3
Infrastructure		2,595	7.8
Total		33,064	100

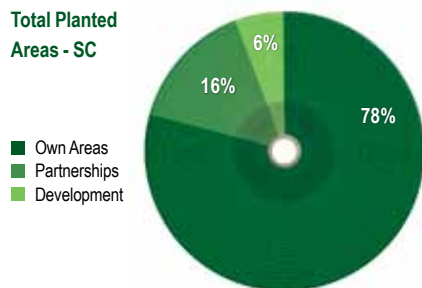
In 2005, The Ministry of Environment created by way of a decree, the Araucarias National Park in the towns of Ponte Serrada and Passos Maia, this is adjacent to some of the Company's properties and also occupying an area of 102 hectares belonging to two of its farms.

The production areas account for 49% of the total and are interspersed with areas Permanent Preservation Areas (APP), Legal Reserve, of which the area exceeds the area required by legislation by 5% or 1,695 hectares, as well as other areas of native forest, totaling 43% of total properties intended for conservation.

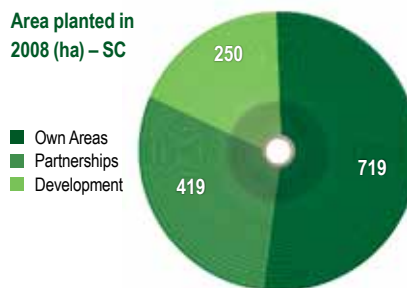
The increase in planted forests through partnerships with rural producers is a IRANI strategy to supply the growing demand for raw materials for its company, as well as to collaborate with the development of the region, combined with the pursuit of sustainable development. This program is called Development and Partnerships and, at the end of 2008, had planted 4,312 acres in 22 municipalities in the region.

The Forestry sector of Celulose Irani S.A. has, ever since 2003, two cases in the Federal Court as a Civil Public Action and a Criminal Action, both deal with environmental damage and are in the processing process, and no first grade judgments had been made by 12.31.2008.

Total Planted Areas - SC



Area planted in 2008 (ha) – SC



FOREST AREAS OF RIO GRANDE DO SUL

The forest areas of Rio Grande do Sul, were acquired by the Company in December 2006, and they are in the final stages of characterization and mapping of the land use of the properties so that the necessary adjustments can be done to allow for the full compliance to the existing legislation and IRANI environmental policy.

The total area of its forests is approximately 13,767 hectares, spread over five municipalities. The use of soil is characterized as shown in the table below.

Uso da Terra RS		Área (ha)	%
Production Areas	Pinus	8,363	60.8
	Eucalyptus	19	0.1
Preservation Areas	APP/ Native Vegetation /others	4,595	33.4
Infrastructure		790	5.7
Total		13,767	100



Planted Pinus Forest
Balneário Pinhal – RS

In the areas in Rio Grande do Sul, the partnerships and leased plantations total 429 hectares.

GESTÃO DE IMPACTOS NA BIODIVERSIDADE

The basis of forest management carried out by IRANI consists of the use of planted Pinus and Eucalyptus forests for the production of wood by taking advantage of the potential growth of these species in the region and respecting the law in relation to protected areas. Together with other impact management measures, IRANI endeavors to be a great ally in the conservation of biodiversity in the regions in which it operates. It also performs preventive and mitigating actions to the possible impacts arising from its activities.

Major impacts on the biodiversity	Mitigating measures (in Santa Catarina)
Extensive monoculture in Exotic species	Preservation of native forests areas totaling 43% of total properties
	Supply and partnership Program
	Studies on flora and fauna in protected areas
	Recovery of degraded areas
	Enrichment of fragments in the initial stages of regeneration
	Protected areas forming corridors
	Production and distribution of native seedlings to employees and the community
Use of species that are easy to disperse	Use of high productivity species
	Trained staff to control the dispersion in non-commercial areas

IRANI seeks to increase the knowledge relating to the environmental impacts of their activities and to minimize or eliminate these impacts. Thus, in 2008 in partnership with the Federal University of Rio Grande do Sul (UFRGS), new research was started on the environmental effects of the management of pinus elliotti in Rio Grande do Sul. In this study the aspects of the management of this species, such as the potential for dispersal, allelopathic potential, carbon sequestration in resin forests, and the survey of the species associated with pinus forests was carried out.

MONITORING AND SURVEILLANCE

As a safety and security measure in their forest, IRANI maintains forest guardians that monitor access to some properties. This practice helps curb illegal actions, such as hunting, predatory fishing and others. Also, a partnership has been started with the Environmental Military Police in Santa Catarina to intensify the fight against these events by monitoring and providing environmental education in the region where the Company operates.

In an attempt to prevent the occurrence of forest fires, IRANI periodically maintains the clearings and fire breaks and maintain a fire brigade equipped and trained to combat any eventual occurrence. The training of this brigade is by volunteer firefighters, by an agreement with the Company.

The control of fishing in the reservoirs and rivers that run through the IRANI properties is another monitoring measure adopted by the Company, in Santa Catarina. Fishing is permitted by means of a request and the registration of visitors in IRANI. This practice, besides benefitting the community as an option for leisure, promotes the awareness of the users about environmental issues, highlighting issues such as the spawning time, preservation of water resources and the environment. Generally, guidance leaflets are given to the collaborators and the community.

Seedling production and the enrichment of forests

Seedlings are produced with the purpose of planting in enrichment areas that are owned by the company, in areas of environmental recovery as well as being donated to collaborators, environmental agencies, municipalities and the surrounding communities. In 2008, approximately 6,200 seedlings were donated to the community and about 19,600 seedlings were planted in the company's own areas.

In 2008, approximately 40,000 seedlings of native species were produced, including those that are in the threatened by extinction list, such as Araucaria (Brazilian Pine) and Imbuia (Brazilian Walnut), totaling about 35 cultivated species.

Flora and Fauna Research

IRANI has been developing and supporting research with the potential of generating a greater knowledge on the interaction between the local flora and the fauna and the planted forests, in an attempt to improve the management methods and enabling the definition of management indicators of the environment. Besides these ongoing

projects (capuchin monkey and the amorous biodiversity) there was a flora and fauna inventory carried out in 2008 by a term of technical cooperation with Embrapa Florestas. The objective of this project is to survey the species in the areas that are protected by Celulose Irani.

Flora - The flora inventory of is being done using plots installed in various areas of the Company. So far, about 2,000 trees have been marked that are part of nearly 110 tree species, and of that total, five species are on the list of endangered species published in 2008 by the Ministry of the Environment (Normative Instruction 006, 24/09 / 2008). These species are: Araucaria (Araucaria angustifolia), Imbuia (Ocotea porosa), Xaxim (Dicksonia sellowiana), Butiá (Butia eryospata) and the saboneteira (Quilaja brasiliensis). Besides the characterization and the preparation of a floristic list of the areas under study, another study is being done on the analysis of natural regeneration.

For more information about endangered species, visit the sites: www.mma.gov.br, www.ibama.gov.br and www.biodiversitas.org.br/florabr/lista_florabr.pdf.

Fauna - The fauna inventory comprises of mammal and bird groups and the objective is to diagnose the areas through qualitative and quantitative surveys, resulting in a list of species and the definition of richness and abundance in each area. The number of certifying records is still small in relation to the potential of the area. However, the continuity of the study, plus the information obtained through bibliographical consultations and museum literature, personal data and consultation with experts, will sponsor the development of a very representative list of species for the IRANI properties.

Mega fauna - The survey of the mega fauna is done by using traps to catch rodents and marsupials, nets for bats, photographic traps and the search for direct and indirect evidence of medium and large species.

Based on several methods, the occurrence of 26 species of mammals has been confirmed, divided into eight orders, Didelphimorphia (3), Xenarthra (3), Chiroptera (2); Primates (2) Carnivorous (6); Artiodactyla (3), Rodentia (6); and Lagomorpha (1). From the species that were recorded, three are listed as vulnerable in the list of Brazilian fauna that are threatened with extinction, namely: *Puma concolor* (Puma), *Leopardus pardalis* (Ocelot) and *Leopardus sp.* (MACHADO et al., 2005).

Although other Taxa are not listed as being threatened, they should be considered relevant to an analysis by conservationists because they are rare, or they suffer high cynegetics pressure, in other words, related to hunting. These are: the (armadillos) *Euphractus sexcinctus* and *Dasyus novemcinctus*, the tetradactyla (giant ant eater); the *Galictis* (Weasel); the *Mazama spp* (Deer), and the (wild pig) *Pecari tajacu*.



Anuro from the region,
Being researched in the
Anurofauna Project

Avifauna - The survey of the bird fauna is being carried out by conventional ornithological techniques, such as observations with the aid of binoculars, identification of sounds and capture using nets. To date, 201 species have been identified, distributed across 50 families, of these, at least five have a significant interest from a conservationists point of view: *Tinamus solitarius* (Solitary Tinamou); *Pionopsitta pileata* (Crested parrot) *Sporophila melanogaster* (Black bellied seed eater); *Sarcoramphus pope* (King vulture) and *Hylopezus nattereri* (Toromtorom), in the case of bio-indicators of the environmental quality or a population decrease in their numbers.

Other taxa should be considered relevant to a conservative analysis because of rarity, for suffering a high hunting pressure (hunting) or being targeted to breed in captivity, such as the Partridge (*Crypturellus obsoletus*), the Scaly-headed Parrot (*Maximilian Pionus*), the Double-collared Seedeater (*Sporophila caerulescens*), the Goldfinch (*Carduelis magellan*), the Green-Winged Saltator (*Saltator similis*) and the Chopi Blackbird (*Gnorimopsar chopi*). Even with the preliminary results, the richness observed in the study area to date, can be considered as high compared with other studies carried out in the region and adjacent areas.

Anurofauna - The survey of the anuran fauna is being going on since 2006 through a partnership with the SP State University (Unesp) in support of the implementation of PhD study by the University.

Considering the knowledge of anuran associated with the Araucaria forest is still very limited, the objective of this study is to determine the richness of the remaining species belonging to Celulose Irani. Up to the present 29 species of amphibians were recorded, and approximately 60% of the species recorded have a wide ecological tolerance, considering that they occupy open natural and/or artificial areas.

Although the majority of species are characterized as open area and colonizers of anthropic habitats, about 40% of the recorded species are dependent on habitats in inside of the forests. These are more demanding species and the need forest training because they are highly adapted to the microclimate within the jungle.

Wild Boar Ecological Research - Because of the large number of exotic wild-pigs (wild boar - *Sus scrofa* and *Javaporco*) in the region and the impacts caused by this species on the local fauna and flora, and they may even displace native populations of other pigs, such as the (*Pecari tajacu*) and (*Tayassu peccary*), since 2008, the Company is supporting this research in this area.



Tufted Capuchin
on the company's
farms

The project has the support of IRANI and is developed by a doctoral student at the Federal University of Rio de Janeiro (UFRJ). The objective of this research is to assess possible environmental disturbances from the biological contamination caused by the wild boar in Santa Catarina, focusing on the ecology of the wild boar (wild boar, peccary and catheters).

Tufted Capuchin research - The project is a partnership between Celulose Irani and Embrapa Florestas, to study the causes of peeling of the Pinus by the Tufted Capuchin (*Cebus nigratus*), which affects the growth of trees. The study was initiated in 2006 and, so far, measurements have been made of damage caused to the Pinus plantations, counting the number of monkeys

on the company farms, inventory and monitoring of plant species that are eaten by the monkeys. With the results obtained so far, it is possible to observe that there is not an overpopulation of monkeys and that the peeling is related to the scarcity of food (fruit) during the winter. Currently, groups of Tufted Capuchin monkeys are accompanied by radio telemetry techniques, which enable us to discover the area of life and the displacement of animals in native forests and Pinus plantations.

ENVIRONMENTAL EDUCATION

In 2008, Celulose Irani S.A. continued the environmental education program and put into operation a new activity: the development of the Ecological Vegetable Garden project.

This project provides a comprehensive perspective, having in environmental education and the possibility of development and dissemination of knowledge on the environment. The project is conducted in partnership with the Galeazzi Paganelli School, located in the town Campina da Alegria, the city of Vargem Bonita - SC.

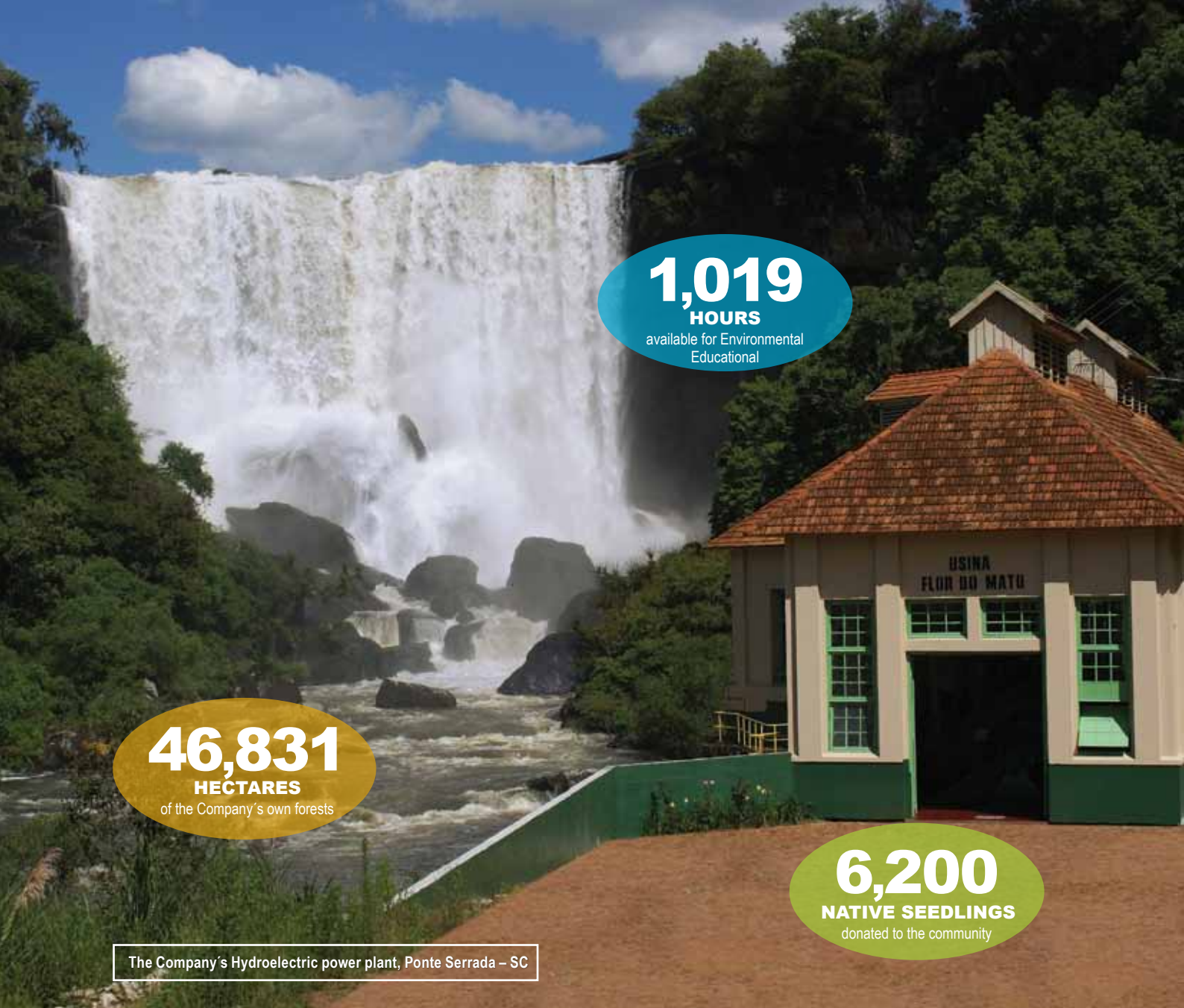
With this initiative, the Company intends to correlate the content of the curriculum of the 5th grade of elementary school with an integrated view of the world that allows the for the adoption of personal attitudes and social behaviors that contribute to a sustainable society.

The principal objective is to use a school garden as a tool for addressing environmental education. Maintaining the garden is based on natural processes. The techniques used to obtain the organic product include the use of compost, green manure, the organic management of the soil and the diversity of the cultures, ensuring a high quality organic food. Moreover, throughout the work, the issue of reuse is highlighted all the time. With the use of PET bottles in the manufacture of garden beds, this avoids the unsuitable disposal of this type of waste, because they are not sent to landfills.

Besides this project, IRANI encourages many other activities on Water Day, Environment Week, Tree Day and the Day of the River. On these occasions, there are educational activities are always available that are designed to involve the collaborators and external public, such as customers, suppliers, schools, universities and communities in the region.

SUMMARY OF ACTIONS AND EVENTS FOCUSED ON ENVIRONMENTAL EDUCATION 2008

Evento	Unidade	Atividade	Local	Público-alvo
Water Day	Paper & Packaging SC	Install information boards	Flor do Mato Reserve	Students and Community
		Lecture	Galeazzo Paganelli School	Students
		Distribution of information pamphlets	Vargem Bonita Units	Collaborators– Vargem Bonita Units
		Disclosure of the survey on points of water consumption	Paper & Packaging Units SC	Collaborators– Vargem Bonita Units
		Install information boards	Packaging Units SC	Collaborators
Environmental Week	Paper & Packaging SC	Lectures on the environment	Municipal School near to Company	Students from the 5th grade of basic education
		Lectures on environment management	Auditório IRANI	Suppliers
		Talks on GHG inventory project	Western SC University	Academics, entrepreneurs and community
		Ecological Walks	Ecological Trail	Students the 5th grade of basic education & Suppliers
		Visit to Nursery	IRANI Forest Nursery	Students from the 5th grade of basic education
		Donation of Seedlings	IRANI Forest Nursery	Students & Suppliers
		Gluing Posters - awareness to reduce water and energy consumption	Paper & Packaging Units SC	Collaborators
Day of the Tree	Paper & Packaging SC	Lectures on the environment	IRANI Auditorium	Students from the São Francisco school, in Luzerna (SC)
		AI Gore Documentary	IRANI Auditorium	
		Visit to Nursery	IRANI Forest Nursery	Students & entity representatives
		Ecological Walk	Ecological Trail	Students & entity representatives
		Work in APP	Riacho da Anta APP	Students
		SGA Lecture	IRANI Auditorium	Entity representatives
		Planting Seedlings	APP Riacho da Anta	Students
		Environmental Police Lectures	Company Auditorium	Collaborators & service providers
		Donation of Seedlings & Flyers	Paper & Packaging Units SC	Collaborators, Students , representatives of entities and entities
	Company Joaçaba	Award of prizes Araucária	Company Auditorium	Collaborators & service providers
		Lecture	Joaçaba Offices	Collaborators
	Furniture	Donation of Seedlings	Regional School	Students & teachers
		Donation of Seedlings		
	Packaging SP	Lecture Prof. UNICAMP	Packaging Units SP	Collaborators
		Company Presentation		
		SESI Theatre		
River Day	Paper & Packaging SC	Cleaning around the pond	Pond	Collaborators, Students and Community
		1st collection of oil for "Recycle oil" program	Vila Campina da Alegria	Community
		Cleaning of d Riacho da Anta APP	Riacho da Anta APP	Collaborators
		Releasing of native fish	Riacho da Anta	
		Placing a plate behind the packaging dept	Packaging Units SC	Collaborators & Community
		Fishing Competition	Pond	
	Company Joaçaba	Phrase Competition	Paper & Packaging Units SC	Collaborators
		Distribution of pamphlets	Joaçaba Company Office	
	Furniture	Environmental Police Lectures	Joaçaba Company Office	Collaborators
		Distribution of pamphlets	Furniture Unit	
	Packaging SP	Distribution of pamphlets	Packaging Units SP	Collaborators
SIPAT	Paper & Packaging SC	Lecture on Sustainability	Company Auditorium	Collaborators
		Training on chemical spillage / leaks	Paper & Packaging Units SC	



1,019
HOURS
available for Environmental
Educational

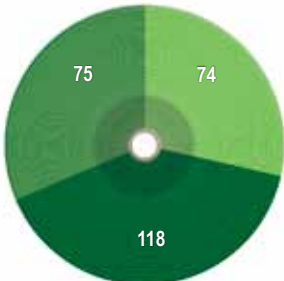
46,831
HECTARES
of the Company's own forests

6,200
NATIVE SEEDLINGS
donated to the community

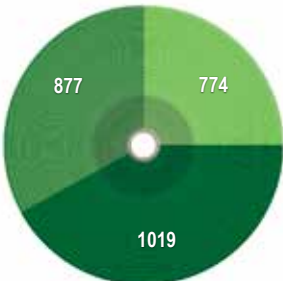
The Company's Hydroelectric power plant, Ponte Serrada – SC

In 2008, there was an increase in the number of hours available for environmental education and the number of staff volunteers involved. The reduction in the number of students occurred because of the development of new activities having the intuition of involving other stakeholders also in environmental educational activities.

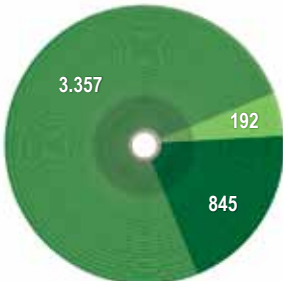
Environmental Educational 2006 2007 2008



Volunteer collaborators



Number of hours made available for Environmental Education



Students participating in Environmental Education

INVESTMENTS IN ENVIRONMENTAL PROTECTION IN 2008

ACTION/PROJECT	ENVIRONMENTAL BENEFITS	UNIT	INVESTMENTS
Installing a steam line	Reduction of GHG emissions and reduce consumption of non-renewable resources.	Packaging SC	R\$ 1,306,538.91
Waste disposal	Appropriate final destination of waste generated in the process.	Paper	R\$ 827,841.40
Replacing of troughs that carry waste	Avoid possible leakage and contamination.	Paper	R\$ 191,626.00
Research projects (Flora and Fauna)	Greater knowledge of the interaction flora x fauna x forestry for improvement in management methods, survey of local biodiversity and identification of indicators of environmental management.	ForestsI	R\$ 132,000.00
Removal of waste	Waste collection for adequate disposal.	Packaging SP	R\$ 112,553.00
Modernization of waste treatment plant	Reduction of environmental impacts by reducing the emission of greenhouse gases, increase the efficiency of removal of GHG reduce suspended solids, among others.	Paper	R\$ 110,215.45
Recovery and enrichment of areas	Environmental suitability and improve environmental quality.	Forests	R\$ 110,000.00
Waste collection	Correct disposal of the waste generated in the process.	Packaging SC	R\$ 105,558.00
Effluent pipe work	Connection of the biological treatment of effluent, allowing for a greater efficiency of the treatment.	Packaging SC	R\$ 85,118.00
Construction of storage area for solid waste	Avoid possible leakage and contamination of the environment.	Furniture	R\$ 82,772.00
Partial sewage network for Vila Campina da Alegria	Destination and appropriate treatment for generated sewage.	Paper	R\$ 82,231.80
Implementation of Wastewater Treatment System for water from the cafeteria	Destination and appropriate treatment for effluent generated.	Paper	R\$ 76,917.32
Construction of new industrial landfill for disposal of class II-B waste	Correct disposal of the process waste.	Paper	R\$ 40,282.10
Waste Destination	Correct disposal of waste.	Packaging SP	R\$ 35,612.00
Carbon Inventory	Quantification and identification of emissions and removal of greenhouse gases; possibility of evaluation of new CDM projects, increased transparency of information with respect to sustainability reporting.	Paper	R\$ 33,688.00
Maintaining APP of Ribeirão da Anta	Rebuilding and restructuring the banks of the creek and reversal of fragmentation of remnants of native vegetation.	Paper	R\$ 27,262.04
Waste Collection	Correct disposal of the process generated waste.	Furniture	R\$ 23,952.00
Restructuring of the Sewage Treatment Station	Reduction of environmental impact, increase the efficiency of the removal of BOD.	Furniture	R\$ 16,512.00
Production of native plants	Environmental education and enrichment of forests.	Forests	R\$ 10,000.00
External laboratory analysis	Regular monitoring of treated effluent.	Paper	R\$ 9,015.00
ISO 14,064 Certification	Obtain certification from an independent body.	All Units	R\$ 8,750.00
Implementation and maintenance of ecological track	Environmental education.	Forests	R\$ 8,000.00
Ichthyofauna Project	Survey and evaluation of local biodiversity through bio-indicators.	Paper	R\$ 6,627.00
External laboratory analysis	Regular monitoring of treated effluent.	Packaging SP	R\$ 6,532.00
Laboratory analysis	Regular monitoring of treated effluent and solid waste.	Furniture	R\$ 5,956.00
APP Project lake 3	Recovery of area with the planting of native plants.	Packaging SP	R\$ 5,682.00
Environmental education	Awareness and motivation of employees, students and communities for the development of conscious actions that are favorable to the environment.	Paper	R\$ 2,491.00
TOTAL			R\$ 3,463,683.02

Social Performance

The Social Performance is the target of attention in IRANI, because it concerns an important asset: people. Relating to the collaborators and the communities surrounding the Company units, all efforts are made with a focus on growth and development.

Various actions were carried out in 2008, aimed at personal and professional development – the IRANI Development of Skills Program - and also the improvement in the workplaces - Project of Organizational Climate Management - in addition to the maintenance and improvement of health and safety at work and the program for inclusion of people with disabilities. Also worth a mention is the encouragement given to the voluntary work for the benefit of children and adolescents, which contributes to the formation of a more just society and appreciates the volunteer as an agent of social transformation. These actions, along with others, are placing IRANI on a new level with the People Management issues. The results begin to appear with more motivated teams, committed and integrated with the strategic objectives of the Company.

In the surrounding communities, the initiatives were focused on the search for the understanding of the social impacts generated by IRANI, and in trying to find the best alternatives for the solution of the demands presented. There were opportunities for people from around the factories to express themselves, and also customers, suppliers, service providers and public authorities. Based on the diagnosis, improvements have been proposed that are being implemented and monitored regularly.

LABOR PRACTICES AND DECENT WORK

Within Celulose Irani the employment practices are based on national and internationally recognized standards such as the Consolidation Labor Laws (CLT), the International Labor Organization (ILO) and the Universal Declaration of Human Rights. The Company operates in accordance with the guidelines provided by the Regional Office of the Public Ministry of Labor in the States of Rio Grande do Sul, Santa Catarina and São Paulo and receives audits from these bodies in all its units.

When a new employee is recruited and integrated all the information relating to wages, benefits, vacations, collective bargaining agreement, rights and duties described in the rules are passed. This Regulation also covers aspects relating to relationships with leaders and colleagues, duties and personal benefits, conflicts of interest and anti-corruption policies and procedures.

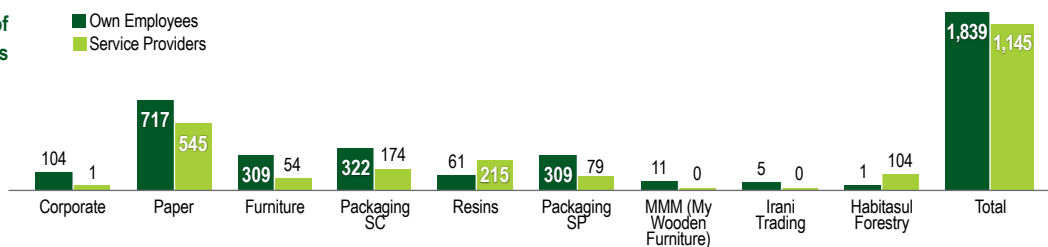
Moreover, in 2008, the Company initiated a Program for the Integration of service providers. This aims to make aware and engage the third party companies with the policies and standards of the Company. The methodology used aims to encourage the practice of safety, awareness about environmental issues and the use of the 5S Program by the service providers, and pass on information about the FSC certification to the service providers working in the Forestry Unit. This training is mandatory and has the validity of one year. Compliance with all guidelines outlined in the Manual of Health, Safety and Environment is supervised by the Company.



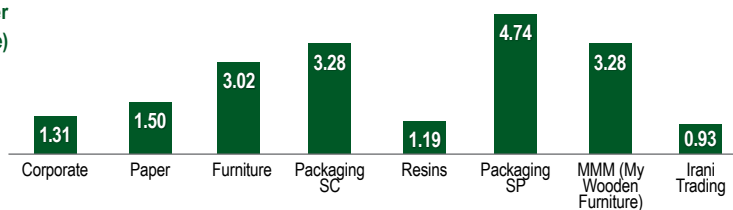


Commercial area of Unit Packaging, Vargem Bonita - SC

Number of direct Jobs

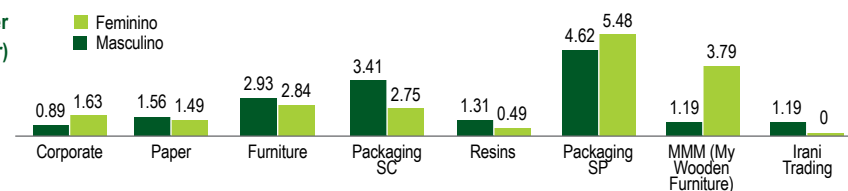


Labor turnover (% Monthly average)

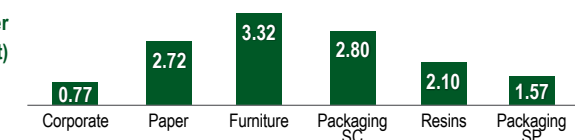


On pages 82 to 87 the yearly comparison graphs can be seen, by state where IRANI has operations and business units.

Labor turnover (% by gender)



Absenteeism (% per business unit)



Note: the graphs shown in this chapter were modified by the criterion. The regions previously shown by the States where the Company has operations, from this version, will be represented by the business units, and some graphs, only consolidated data on the entire company will be shown.

IRANI has a package of benefits that is intended for its collaborators.

Values (thousands of reais)

BENEFÍCIO	DESCRIÇÃO	2004	2005	2006	2007	2008
Food	The company has restaurants in its industrial units. At the administrative offices, it provides meal vouchers. It also offers the employees a monthly basic food basket or meal voucher.	2,582	2,635	2,741	2,712	3,500
Transport	IRANI provides free transport for employees who live far away from the plants.	1,416	1,733	1,915	1,999	2,105
Life Insurance	IRANI has a group life insurance plan, that benefits employees and their families.	101	133	100	170	139
Profit Sharing*	The program was implemented in 2002 and reflects the application of participatory management that is practiced in IRANI. It firmly recognizes the employee's performance and strengthens the commitment to the results of the Company.	675	957	1,242	1,850	1,333
Health Insurance	In all units, IRANI has a partnership with UNIMED as its Health Insurance provider, which covers all direct employees and dependents.	1,287	1,617	1,647	1,787	2,079
TOTAL		6,061	7,075	7,645	8,518	9,156

* The reduction in the amounts invested in the Profit Sharing benefit occurred because of not-reaching the targets that were set. Thus, the second portion of the benefit was not paid. Only the amounts relating to the first half of the year were paid.

HEALTH AND SAFETY AT WORK

On the theme of Health and Safety at Work, IRANI acts in accordance with current legislation, following nationally and internationally recognized standards. In its collective agreements, the Company does not address the matter. In 2008, the Company strengthened its Health and Safety practices in the intensification of campaigns, awareness programs and initiatives that promote the quality of life of the employees

Blood Donation Campaign

In a joint action with the Center for Hematology and Hemotherapy from Hemosc Santa Catarina in Joaçaba - SC, IRANI promoted a campaign in 2008, to mobilize the collaborators about the importance of donating blood. Some actions occurred during the year, at the Administrative Office, and Financial Relations with Investors in Joaçaba - SC. The Company intends to maintain this campaign and extend it to the other business units..

Campaign for vaccination against Rubella/German measles

In a partnership with local first aid posts, IRANI carried out a campaign relating to the vaccination against rubella. The action is the National Campaign to Combat Rubella, developed by the Health Surveillance, which aims to vaccinate both sexes aged between 20 and 39 years. The vaccinations were made available in the Administrative Offices, Financial and Investor Relations in Joaçaba - SC, in mobile units in Rio Negrinho - SC in Packaging - SP Unit in Indaiatuba - SP, and the Industrial units in Vargem Bonita - SC, facilitating the access of employees.

In Company Gymnastics

The Company has a gymnastics program in the Company in plants at Vargem Bonita - SC and the Administrative Office, Financial and Investor Relations in Joaçaba - SC. This program has been ongoing in IRANI since 2006 in partnership with SESI-SC, with the aim of improving the welfare and health of employees.

Participatory Ergonomics Program

In 2008, Celulose Irani developed the Know to Prevent Program, first held in the Packaging Unit - SC. This activity was developed Specialized Service in Safety Engineering and Employment Medicine (SESMT) and helps to prevent diseases, such as work-related musculoskeletal disorders (DORTA) and back pain. This program is the preliminary to the achievement of the appraisal report of ergonomic workplaces. The first stage of the program was the survey of information related to ergonomic working conditions. Then the training for specific physical work requirements, like handling weights, educating the staff to maintain a healthy posture. Some changes were made in the work procedures such as, the standardization of the heights the table for sheets and boxes, adjusting them to the height of employees. Also included in the program, is the participation of employees in the production and the construction of a comfortable work environment. The benefits that were observed were reduction in the number of medical certificates related to DORTA.

Employees Hearing Quality Program

Since 2004, IRANI has been operating the Employees Hearing Quality program (PQAT). The activities of this project has the main objective of reducing the levels of sound pressure at the source, to avoid excessive noise and adapt the working environment, to improve the quality of life of the collaborator. The Hearing Protection

Project aims to guide the employees of industrial areas, through inspections and training, to use their ear protectors in a correct and effective manner. During the course, a Committee from the Paper Mill was formed, consisting of staff volunteers from various sectors of the Company, and professionals from SESMT CIPA. The PQAT should be deployed in all IRANI's industrial units by 2010.

IRANI reinforced the Health and Safety practices with the intensification campaigns, programs and activities of awareness, promoting the quality of life of its collaborators.

Security and Excellence Dialogues (DSE)

In the workplace, information is transmitted relating to the prevention of accidents and the promotion of health. Employees are instructed on Sexually Transmitted Diseases (STDs), Hypertension, Diabetes, Prostate, Breast and Gynecology Cancer, First Aid, amongst other thing. By 2008, these dialogues were deployed only in the Packaging and Paper units - SC. From 2009, they will be deployed in furniture units and Packaging - SP.

Training of the Emergency Brigade

Training sessions are conducted with the Company collaborators and services providers, monthly. The aim is also to stimulate corporate volunteers amongst the collaborators.

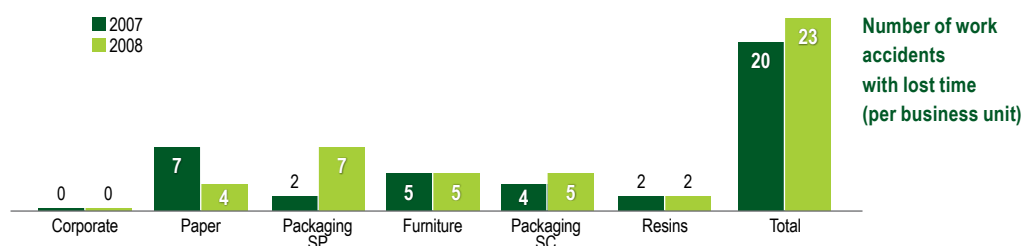
International Commission for the Prevention of Accidents (CIPA)

CIPA is composed of representatives that are elected by collaborators and representatives appointed by Company. The International Commission for the Prevention of Accidents (CIPA) aims to prevent accidents and diseases from work, to make the work compatible with the preservation of life and the promotion of the health the worker.

PERCENTAGE OF EMPLOYEES REPRESENTED IN FORMAL HEALTH AND SAFETY COMMITTEES AND COMMISSIONS

Committee / Commission	Número de colaboradores participantes					Percentage of employees represented
	Paper	Pack. SC	Pack. SP	Furniture	Resins	
Internal Accident Prevention Commission CIPA	25	8	8	18	6	100%
Committee for the Control of Noise	1	1	0*	1	0*	73%
Emergency Brigade	63	7	45	11	11	100%
Security & Excellence Dialogues	707	322	0**	0**	0**	56%

* There are no Committees in these units. ** The SDR's have not been implanted in these units.



TRAINING AND DEVELOPMENT

IRANI endeavors to offer additional qualification its employees, promoting professional and personal training, training courses, training and personal improvement, in addition to incentives for graduate to post-graduate students, technical courses and languages. In 2008, U.S. \$ 1,116,865.40 was invested in training and development.

AVERAGE HOURS OF TRAINING PER FUNCTIONAL CATEGORY

Category		Total hours			Number of Collobartors			Average hours of training per employee		
		2006	2007	2008	2006	2007	2008	2006	2007	2008
Leaders	Directors	374	138	59	7	5	6	53.43	27.60	9.83
	Management	1,508	1,020	347	30	32	23	50.27	31.88	15.07
	Supervisors	3,184	5,180	3,746	138	149	140	23.07	34.77	26.76
	Administrative	1,657	6,035	3,586	195	186	190	8.50	32.45	18.87
	Technical*	7,012	19,055	2,521	1,329	1,427	189	5.28	13.35	13.34
	Operational*	-	-	16,837	-	-	1,291	-	-	13.04
TOTAL		13,735	31,428	27,096	1,699	1,799	1,839	8.08	17.47	14.73

* From 2008, the Technical and Operational categories were separated.

NUMBER OF COLLABORATORS RECEIVING EDUCATION AND LANGUAGE INCENTIVES

Unidade	Mestrado			MBA/Pós-graduação			Graduação			Técnico			Idiomas		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Corporative	1	1	0	17	31	29	27	22	16	1	0	1	12	26	16
Paper	0	0	0	7	7	8	36	43	36	19	3	28	4	2	6
Packaging SC	0	0	0	1	2	4	18	19	18	0	1	1	0	1	4
Packaging SP	0	0	0	5	4	5	27	26	12	1	0	0	3	0	1
Resins	0	0	0	1	1	0	1	3	3	0	2	3	0	1	0
Furniture	0	0	0	3	4	8	5	4	10	0	1	2	1	11	9
Trading	0	0	0	0	2	0	2	0	3	0	0	0	1	2	2
MMM (My Wooden Furniture)	0	0	0	0	0	0	0	0	1	0	0	0	0	0	2
Total	1	1	0	34	51	54	116	117	99	21	7	35	21	43	40

In 2008, IRANI, in partnership with SENAI-SC, took the Pulp and Paper Technician course to be offered in the Company. The course curriculum was adapted to meet IRANI's needs. For Celulose Irani, the investment in the training of employees is essential to monitor the technological growth, develop internal talent and qualifying them for the professional development meeting the needs and demands of the market. The course will prepare 25 new in Pulp and Paper technicians and will last for 1,800 hours and it is held in the morning, afternoon and night shifts.

Also in 2008, IRANI promoted training for service providers in the forestry, forest harvesting and transport areas, several training courses have been held to improve the quality and efficiency of operations, as well as awareness of environmental and health issues and occupational safety.

THE IRANI SKILLS DEVELOPMENT PROGRAM IRANI (PDCI)

This Skills Development Program training program (PDCI) was started in 2008, in IRANI. The objective of this program is to prepare methodologies for the dissemination of knowledge and development of appropriate skills and maximize the performance of employees in line with company strategy.

The essence of the PDCI is that people take advantage of the learning opportunities that are offered by IRANI to achieve better results, not only within the goals of the enterprise, but also in his personal life.

The program focused on 10 skills that will be developed during its implementation. These skills were classified into two groups: the basic skills, made by Quality Culture, Leadership, Communication, Planning, and Organization and Control and the Focus on Results, and the differential skills, related to Customer Focus, Entrepreneurship, Creativity and Innovation / Research and Development, Technology and Construction of Relationships. Some programs are designed to work these skills, including the Cine Popcorn, IRANI Multiplier Program, Best Practices and Leadership Development Program.



27,096
HOURS
invested in training

R\$ **9.156**
MILLIONS
invested in benefits for
the collaborators

**MORE
THAN R\$ 1
MILLION**
invested in training
and development

Cultivation of Pinus seedlings – Forestry Unit, Vargem Bonita -- SC

www.fazenda.gov.br

MANAGEMENT OF THE ORGANIZATIONAL CLIMATE

To improve the IRANI management processes, a new study of organizational climate was held in 2007. In early 2008, with the results of this study a Corporate Plan of Action was developed and this consists of several actions, in order to act promptly on the items identified as the priorities in the research. This action plan completed a monitoring phase with the completion of a sample study involving employees from all IRANI units noting the progress in the implementation of the Plan of Action.

To provide a greater transparency and enable the Company collaborators to monitor the activities foreseen in this plan of action, IRANI, periodically publishes, through their leadership, the status of the defined actions, and their deadlines and responsible.

DIVERSITY AND EQUAL OPPORTUNITIES

Inclusion of Disabled People

In the context of social inclusion and to promote diversity in the enterprise and enhance professional growth of disabled people, IRANI has since 2004 operated in all its units of the Program Inclusion of Disabled People.

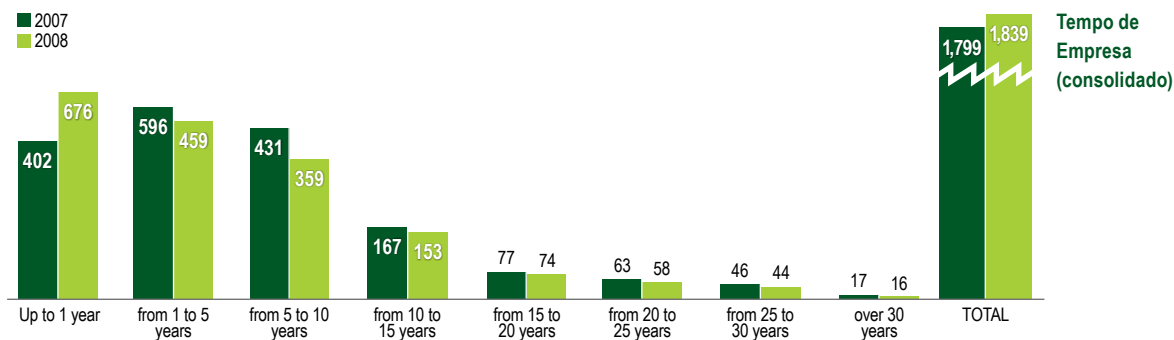
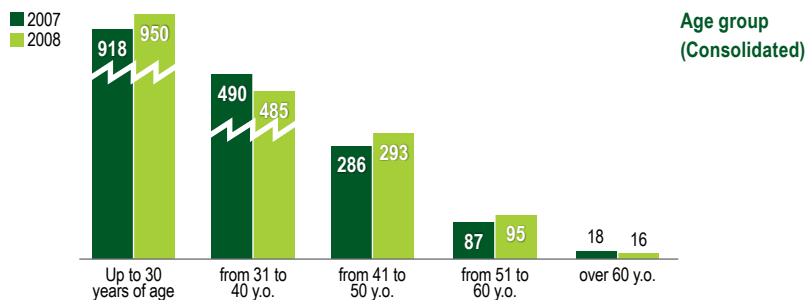
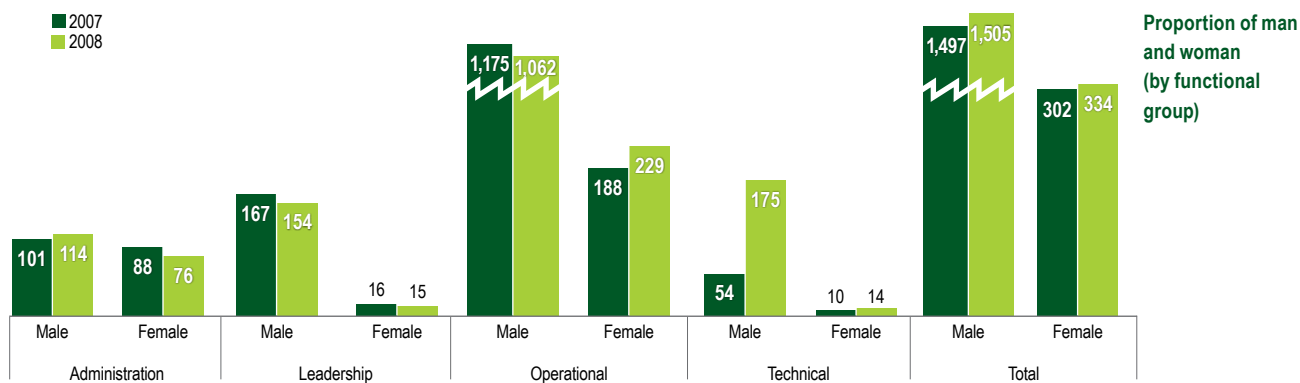
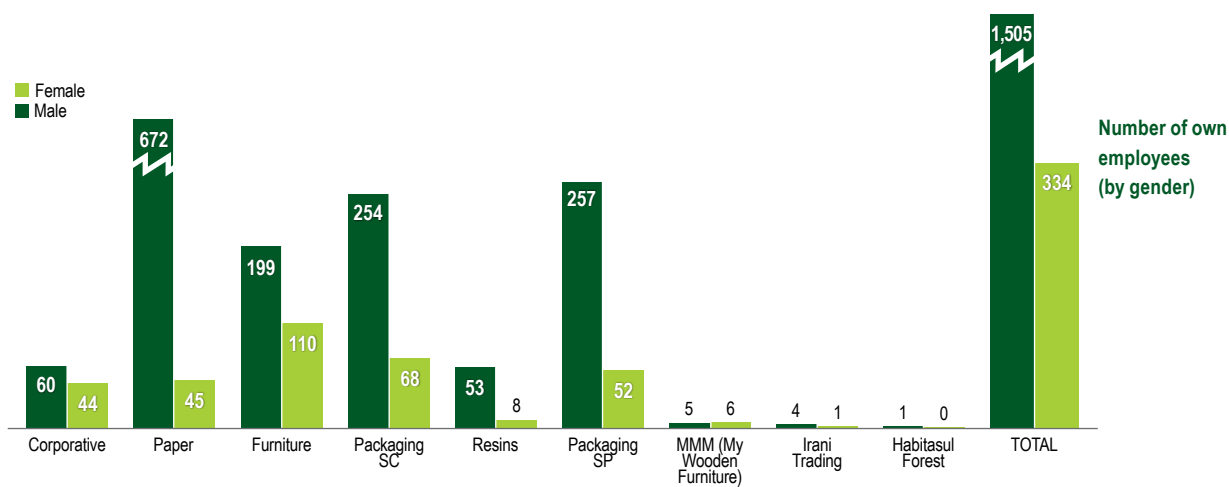
Corroborating with this, in 2008, IRANI launched an awareness week for the inclusion of disabled people, to strengthen its commitment in the valuing and respecting of the diversity within the Company. This commitment is described in the policies; Social Responsibility and Inclusion of Disabled People, which is available on the IRANI website: www.irani.com.br, link Sustainability - corporate policies.

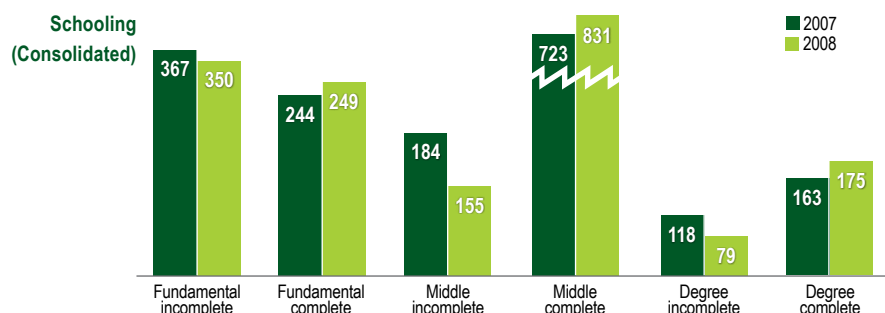
This program was strategically designed by the Company in order to meet the provisions of art. 93 of Law in 8213/91, in relation to the legal reserve of posts for Disabled Persons (PCDs). However, considering the reality of the market and the population of cities where IRANI carried out its business, it has not yet been possible to fulfill the quota established by the Act.

Despite not yet having reached the quota, IRANI wants to maintain the actions that have already been taken and analyzed the points that enabled progress in the hiring and retention of disabled employees, also seeking to strategically map the issues that require some improvement. In the chart below, you see the changes in the program.



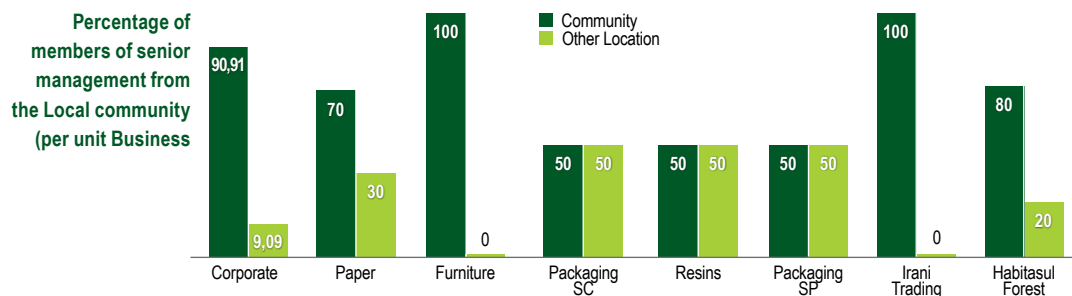
IRANI is looking for special talents. If you know of someone with some type of disability ask them to send a detailed curriculum to; curriculo@irani.com.br with the subject PcD.





The table at the side refers to the proportion of average wage paid to men and women in the same functional category during 2007 and 2008.

	2007		2008	
	Male	Female	Male	Female
Leaders	1	1.08	1	1.06
Administrative	1	0.66	1	0.76
Technical	1	0.93	1	1.03
Operating positions	1	0.63	1	0.70



HUMAN RIGHTS

IRANI always tries to ensure equal opportunities, the non-discrimination of race, color, gender, nationality, religion, political opinion or any other situation, freedom of association and agreement of collective bargaining, abolition of child labor, prevention of forced and slave labor, as described in the Social Responsibility Policy and the Selection of People by adhesion to the Global Compact and the Business Compact for the Integrity and Against Corruption. In 2008, no case of discrimination was reported.

LIBERDADE DE ASSOCIAÇÃO E NEGOCIAÇÃO COLETIVA

IRANI guarantees the rights of its employees to the freedom of association with trade unions and collective bargaining at all hierarchical levels. The Company has 1,839 collaborators and 100% are covered by collective bargaining agreements with unions category.

The Company allows union meetings in their installations, the ease of association with trade unions with the discount of union dues in the payroll, as well as the non discrimination collaborators who are members of unions and their families in relation to programs, projects, opportunities and / or benefits offered by IRANI.

Number of members of trade unions. All units.	Number of members of trade unions that are employees of IRANI.	Number of collaborators licensed to perform work related to unions.	Number of employees licensed to perform work related to unions and are paid by IRANI.	Number of IRANI leaders that also have a position on the board of trade unions.	Percentage of collaborators covered by a collective bargaining agreement.
90	24	3	2	2	100%

CHILD LABOR AND FORCED LABOR OR LABOR ANALOGOUS TO SLAVE LABOR

IRANI fully respects the Consolidation of the Labor Laws (CLT), particularly with regard to the issue of child labor and forced labor or labor that is analogous to slavery. There are clauses in its policy of Social Responsibility that deals with these aspects and monitoring, in all its manufacturing units, the minimum age requirement of 18 years, except with apprentices, and contractually require this determination.

IRANI makes sure that all service providers are paid, according to the legislation, and receive benefits similar to those of its own direct employees and take preventive measures, conducting periodic inspections in all its forest operations.

INDIGENOUS RIGHTS

It was found that near to the Company, there are some indigenous peoples. The three existing indigenous nations in the territory of Santa Catarina are: Guarani, Kaingang and Xokleng and there are located in the municipalities where IRANI has no operations. Similarly, this also happens with the indigenous peoples Kaingang and Mbyá Guarani, in Rio Grande do Sul For more information, visit the sites and www.funai.gov.br www.socioambiental.org / GDP.

INVESTMENT PRACTICES OF THE PURCHASING PROCEDURE

In the process of selecting materials and services suppliers, Celulose Irani uses as criteria for decision making the quality of products and services and costs involved. For wood suppliers, besides the previous criteria, social aspects are analyzed in accordance with the IRANI Wood Purchasing Policy, which is available on the site; www.irani.com.br, follow the sustainability link. The goal for 2009 is to include a clause on human rights in all contracts with suppliers and companies providing services.

Another practice valued by the Company is the prioritization of suppliers based in the regions near to the company. This practice is not yet formalized in the IRANI buying procedures, but in 2008 this represented 24.8% of purchases made by IRANI, reaching a total of R\$108,433,654.63.

PROPORTION OF EXPENDITURE WITH LOCAL SUPPLIERS IN 2007 AND 2008

Municipality	Amount paid in 2007	Amount paid in 2008	% Growth
SÃO BENTO DO SUL - SC	27,136,845	33,970,971	25%
IRANI - SC	13,233,145	15,520,535	17%
RIO NEGRINHO - SC	9,693,217	13,695,540	41%
CONCÓRDIA - SC	2,877,499	9,081,336	216%
VARGEM BONITA - SC	6,960,324	7,354,771	6%
PONTE SERRADA - SC	6,513,770	7,124,462	9%
CATANDUVAS - SC	2,686,548	6,961,479	159%
INDAIATUBA - SP *	-	5,388,450	-
JOAÇABA - SC	5,650,786	5,984,731	6%
SANTANA DE PARNAÍBA - SP	2,967,463	3,279,787	11%
BALNEÁRIO PINHAL - RS	50,910	71,593	41%
Total	77,770,507	108,433,655	39%

* Value only from 2008

SOCIETY

IRANI plays a strong role in the communities surrounding the manufacturing units. In the company's practices, it contributes to the decrease social inequalities in the country. There are Educational, cultural and sports projects, sponsored and supported by the Company, which prioritizes the development of children and adolescents and performs actions directed towards the environment.

In order to approach these surrounding communities, located in the west of Santa Catarina and assess the social impacts generated by the presence and operation of the Company, IRANI in 2008, conducted research with support from Corporate Responsibility Consultants from the SESI-SC. The diagnosis obtained through this study presented ideas for the Company's reflections and the planning of actions aimed at economic and social development of these communities. This research was responsible for pointing out ways and means of improving the management of social impacts and therefore a positive influence on IRANI's relationship with the surrounding communities. It also helped in the management of social projects already implemented and other possible actions to be undertaken.

For the second consecutive year, IRANI was the highlight in the Expressão Yearbook of Sustainable Management in 2008. The company was cited for the Revitalization Project in Vila Campina da Alegria, the community surrounding the units in Vargem Bonita - SC.

CELULOSE IRANI S.A. STAFF ASSOCIATION (AFI)

This is made up from Company employees, the AFI is responsible for the administration of the town, Campina da Alegria, and the community surrounding the factory located in Vargem Bonita - SC.

Members, collaborators of Paper, Packaging SC units and Administrative Office, Financial and Investor Relations, are benefited with sporting and cultural events, and conventions in various establishments around the region, such as supermarkets, pharmacies, hairdressers, and others.



Vila Campina da Alegria, Vargem Bonita - SC

IRANI SOCIAL PROJECTS FOR 2008

REVITALIZATION OF CAMPINA DA ALEGRIA VILLAGE

This project has been done in a systematic way in IRANI, since 2004, and focuses on the Vila Campina da Alegria, in Vargem Bonita - SC, a community where the Company exercises a direct influence. Here are some ongoing activities:

Beija-Flor Community group - composed of residents of the village that in 2008, became further engaged in voluntary activities, mobilizing the entire community to participate in various activities.

Open Chat Newspaper - with material from Campina da Alegria.

Revitalization of the houses - with the construction of 5 new homes in 2008, totaling up to date the construction of 15 homes since the beginning of the project. For this action, this year, IRANI has to transfer R\$ 97,203.00.

Celulose Irani Cultural Center - in 2008 music lessons, painting and a dance course was taught. The center was the stage for the launch of "Campina da Alegria: a history of struggles and conquests", written by a resident of Campina da Alegria, Alcides Maestri, who at 81 years of age realized this dream. The book describes the trajectory of growth in the place and also that of the Company where the author worked for 50 years.

Digital Inclusion Project - action initiated in 2008 with support from several partners. From the August, computer courses were offered to the residents, in the computer laboratory of the Galeazzi Paganelli School. All the material was provided by IRANI.

IRANI EMPLOYABILITY PROGRAM

This program has been ongoing since 2007 and was developed with the aim of creating the conditions for people and the communities to develop.

The IRANI Employability program consists of a partnership between the company and an educational institution, located in Luzerna - SC. The program aims to increase the skills of employees, spouses and children and improves employability in the regions where the Company has a direct impact.

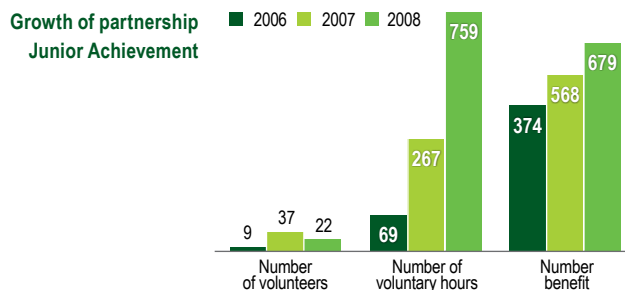
The Company grants scholarships to the value of 80% of the course. The courses that are available are; Industrial Automation Technician and Industrial Maintenance Technician.

In 2008, from the 33 people who started the program, only 17 remained. The drop occurred, mainly, because of the student's lack of interest in the chosen course.

The target for 2009 is that the current participants finalize the courses, the dropouts are controlled and that the program achieves its goals, enabling the students to enter the job market or even the professional growth to them that are already employed..

JUNIOR ACHIEVEMENT

The Junior Achievement is an educational organization dealing with economics and business practices, which offers an opportunity for professionals to perform volunteer work in schools around the region. The partnership with IRANI has been ongoing since 2006. Based on its policy of Volunteer Enterprise, the company encourages their collaborators to participate in this project as a volunteer and provides hours of work for employees who serve as volunteers.



The target from the previous year was met, and a partnership between the Junior Achievement and IRANI was established in Indaiatuba - SP and Rio Negrinho - SC. For 2009, the goal is to involve more employees in volunteer activities.

Participation of volunteers in the IRANI units:

Corporate Office in Joaçaba - 20 volunteers working in the Introduction to World Affairs modules, Our World, Personal Economics, Let's talk about ethics, and Shadow Entrepreneur.

Paper and Packaging Units SC - 8 volunteers working in the Mini Company, Shadow Entrepreneur and Our World.

Packaging Unit SP - 7 volunteers working on Our Resources.

Unidade Resinas - 2 volunteers working with the Benefits of Staying on at School.

YOUNG APPRENTICE PROGRAM

In 2008, IRANI started up a second class of the Young Apprentice Program, which began in 2007. In search of personal and professional development of participants of the Youth Apprentice Program, IRANI promoted specific activities focused on subjects such as communication, ethics, labor market, resumes and interviews.

The first group of young apprentices, from the 6 that were on the course of, 5 obtained employment in various areas of the Company. For 2009, the goal is to take advantage of several young people who have finished the second group. By the closing of this report, 3 youths of the last group had been employed, from a total of 9 young people.

In 2009, it is planned to start the program in the Furniture Unit and Packaging Unit SP besides maintaining this in the Paper and Packaging SC. In total, there will be 11 young apprentices.

ASSOCIATION OF DISABLED PEOPLE - ÁGUIAS DE CONCÓRDIA - SC

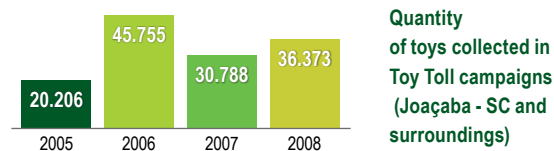
A team of wheelchair basketball players, from the Association of Disabled People - Águias de Concórdia - SC, has had the financial support of IRANI ever since 2007. The Company support for this project demonstrates the commitment to promote diversity and enhance the development of disabled people.

SOLIDARITY CAMPAIGNS

Warm Clothing Campaign - The Warm Clothing Campaign is an initiative of the RBS TV station (a TV Globo Network affiliate in the south), which aims to collect clothes, warm clothes and blankets, for needy segments of society. IRANI was one of the sponsors of the event and encouraged the engagement of their collaborators and campaign volunteers. In 2008, we collected around 190,000 items, benefiting more than 30 institutions and supplying thousands of families.

Social Gift for Christmas - IRANI has adopted the Social Gifts for Christmas since 2005 to offer to customers, collaborators and suppliers. These are Christmas cards that are developed in partnership with social agencies. In 2008, the Company had the support of the Associations of Parents and Friends of the Disabled (APAE) in the cities of Joaçaba - SC and Indaiatuba - SP. The card had a sunflower printed on it and it was designed by the students from APAE's in Irani Celulose S.A. corrugated cardboard.

Toy Toll campaigns - Since 2005, IRANI has supported the Toy Toll, an initiative of the RBS TV station (a TV Globo Network affiliate), which aims to collect toys to donate to needy children. In 2008, this campaign included, in addition to the toys, the collection of clothes and food for victims of the flooding in Santa Catarina that occurred in the month of November. The internal mobilization affected all IRANI's industrial units and offices.



Christmas Campaign - In 2008, the IRANI held several campaigns in the Christmas season. In the paper units, Packaging SC, Packaging SP and the Administrative, Financial and Investor Relations Office, all adhered to the campaign; "Santa in the Post Office." The collaborators received several letters from some needy children in Santa Claus and they complied with their requests. At the Furniture unit, the collaborators adhered to the activity called "Christmas Solidarity", an initiative from São Bento do Sul - SC, a municipality near to Rio Negrinho - SC, where the unit is located. The collaborators give a needy child a present at Christmas. At the Resins Unit, in partnership with (CDL), Chamber of Shop Owners from the city Balneario Pinhal - RS, they also adopted a letter to Santa Claus with requests from the needy children.

Partnership with APAE Joaçaba - SC - For the third consecutive year, IRANI supported the Pig on the Roulette festival, of the APAE. The event takes place to collect funds for the APAE in Joaçaba - SC. In July 2008, a lunch was organized in the Frei Bruno Pavilion in Joaçaba - SC, with support from several partners. At this event R\$ 15,118.62 was collected. IRANI was there in a supportive role, with the voluntary participation of 15 collaborators who contributed to the success of the lunch.

"Santa Catarina needs you" Campaign - In solidarity with the victims of the floods in Santa Catarina, IRANI organized an internal movement to raise donations, with the support of the collaborators from all units in three states: Rio Grande do Sul, Santa Catarina and São Paulo.

Points Donations - In 2008, IRANI organized a series of donations to organizations, schools, Community groups and cooperatives located in the cities surrounding the Company's business units.

Name of Project	Location	Target Public	Investment in 2008 (in reais)
Donations and Sponsorships	Todas as unidades	Entities	257,393.20
Revitalization Project of the vila Campina da Alegria	Vila Campina da Alegria - Community around the manufacturing units factory in Vargem Bonita - SC	Local Community	102,775.20
Young Apprentice	Paper & Packaging Units - SC	Youth in the surrounding community	82,600.25
IRANI Employability Program	Paper & Packaging Units - SC	Collaborators, children and spouses	52,298.34
Junior Achievement	Joaçaba - SC, Herval d'Oeste - SC, Campina da Alegria in Vargem Bonita - SC, Indaiatuba - SC & Balneário Pinhal - RS	Students in public and private schools	16,480.00
Warm clothing Campaign	Joaçaba - SC and region	Poor communities	13,489.20
Social Gift	All Units	Collaborators and partners	7,686.33
Toy Toll Campaign	Joaçaba - SC and region	Children	6,000.00
Association of People with Physical disability of Concordia	Concórdia - SC	People with physical disabilities	5,385.00
TOTAL			544,107.52

In addition to directly supporting the communities in and around the Company's units and invest in social projects, IRANI destines a part of its taxes for projects approved by the incentive laws. These projects should be directly related to Company Social Investment policy, available on the IRANI website: www.irani.com.br, follow the Sustainability link - corporates policies.

Type of Incentive	Value of Transfers (in reais)
State System of Incentives for Culture, Tourism and Sports SEITEC	692,170.33
Rouanet Law	50,000.00

Then demonstrative of all projects supported by IRAN via tax incentives.

ENTITY	PROJECT	VALUE (in reais)	TYPE OF INCENTIVE
Town of Catanduvas	V State Chimarrão Party	197.000,00	SEITEC
Joaçaba shopkeepers Council	Work in honor of Frei Bruno	100.339,29	SEITEC
	40th State Convention of Trade merchant from SC	83.333,33	SEITEC
Girassol Circus Theatre	Girassol Circus	50.000,00	Lei Rouanet
Town of Vargem Bonita	Participation in under 17 Futsal and Judo competitions	43.243,50	SEITEC
Town of Joaçaba	17th Joaçaba Dance Festival	40.000,00	SEITEC
Town of Erval Velho	Tourism Development Program	38.556,45	SEITEC
Town of Água Doce	Construction of a Sand Court	33.734,51	SEITEC
	Água Doce Bandstand	19.796,92	SEITEC
Silvana de Vargas Grapeggia	Contestado Heroes	33.333,00	SEITEC
Independent League of Samba Schools from Joaçaba and Herval D'Oeste	Carnival 2008	20.000,00	SEITEC
André Palermo Szucs	Beijing 2008 and Ironman Paralympics	20.000,00	SEITEC
	Minneapolis pre Olympics and Ironman in Hawai	5.000,00	SEITEC
AJOV - Joaçabense Volley Association	AJOV in the Brazilian Super League	15.000,00	SEITEC
Town of Herval D'Oeste	Reform and expansion of Environment Room for the operation of schools	15.000,00	SEITEC
SDR Joaçaba	Regional Judo Circuit	15.000,00	SEITEC
Town of Irani	Construction of bathrooms at the Covered Court in Poly sport stadium -Ademir Ronsoni	12.833,33	SEITEC
TOTAL		742.170,33	



**MORE
THAN R\$ 700
THOUSAND**

destined to projects that were
approved by the incentive laws

40 %

increase in the number of
people with deficiencies

**MORE
THAN R\$ 500
THOUSAND**

invested in Social Projects

Production of corrugated cardboard cartons, Packaging Unit – SC

In 2008, R\$ 205,000.00 was used for financial contributions to political parties, according to Law No 9096 of 19 September 1995, which provides for the political parties and regulates the articles 17 and 14, paragraph 3, item V of the Federal Constitution.

Celulose Irani did not suffered any kind of lawsuit for unfair competition, and monopoly trust practices, or any fine or penalty resulting from non-monetary sanctions with laws and regulations during 2008.

PRODUCT LIABILITY

At all stages in the life cycle of IRANI products, in other words, from the development of the concept until its disposal after been used, the impacts on the health and safety of customers and the needs of the stakeholders to design products and the production processes are analyzed.

Every reel of paper from IRANI is labeled with the information that will identify the product and ensure full traceability. In addition, basic cares with the paper are specified, how to avoid exposure to extreme conditions in the variation of relative humidity. The label also identifies if that role has FSC certification and is also Carbon Neutral, which shows that the process used to manufacture that product removes more greenhouse gases that it emits. Also, the whole line of papers produced by IRANI, the FineKraft line represents 12.65% of total production. The final use of these papers is the manufacture packaging for packaging of food meeting, especially the bakery segment.

The inputs and raw materials used in this type of packaging must meet the requirements for migration, and sensory contamination of the other contaminants established by the Brazilian legislation that regulates the use of cel-

lulosic packaging in direct contact with food, Ordinance n ° 177/99 of the National Agency Health Surveillance ANVISA, with certificates issued by institutions that are nationally recognized, such as (CETEA) Packaging Technology Center, (IPT) Institute for Technological Research (UFMS) Universidade Federal de Santa Maria and Adolfo Lutz.

The products are manufactured based on IRANI's forestry and renewable raw material. They are biodegradable and recyclable, it is possible place them in the production chain.

Moreover, this line of paper has the certification of ISEG (Forschungs Gesellschaft und Untersuchung mbH Aschaffenburg), which regulates the use in food packaging in the European community and all the inputs used also meet the Food and Drug Administration (FDA) regulations, the U.S. body which regulates the industry. Another line of papers, those used for the manufacture of adhesive tapes, meets the requirements of the European RoHS Directive, which establishes criteria for the export of electronic equipment and its packaging to be exported to the European community.

Throughout the year 2008, Celulose Irani kept the Good Manufacturing Practices for Paper in Direct Contact with food Project (FineKraft line) and packaging (cartons). This practice is related to the Company interest in producing reliable products that have recognized quality and safety for the health of the consumers.

Pursuant to Ordinance No 177/99 of ANVISA and the requirement of our customers, IRANI adopted this project to control personal hygiene, environmental and operational practices, thus ensuring the quality of the final product. This project was implemented in the paper and packaging SC and SP units.

IRANI products are manufactured using renewable forestry and / or recycled material. When discarded in nature, they are biodegradable and it is also possible to reinsert them in the production chain because they are recyclable.

IRANI produces paper in accordance with the standards specified and agreed upon with its customers and discriminated in standardized documents according to the ISO 9001:2000 quality management system.



When there are new needs and market requirements this information is sent to the Research and Development area, which develops the product following some predefined and standardized steps, systematizing the development process. The steps follow a previously defined and standardized flow of previously input data, critical analysis and planning, verification and validation, control of output alterations, defining the project's approval or not.

By being a B2B company, the IRANI marketing activities have a greater informative appeal to support sales, than being persuasive; therefore, it does not influence vulnerable public, nor invade privacy. The main communication activities are related to catalogs, folders, trade events, a site and sponsorships.

INITIATIVES THAT AIM AT THE SATISFACTION OF THE CUSTOMER

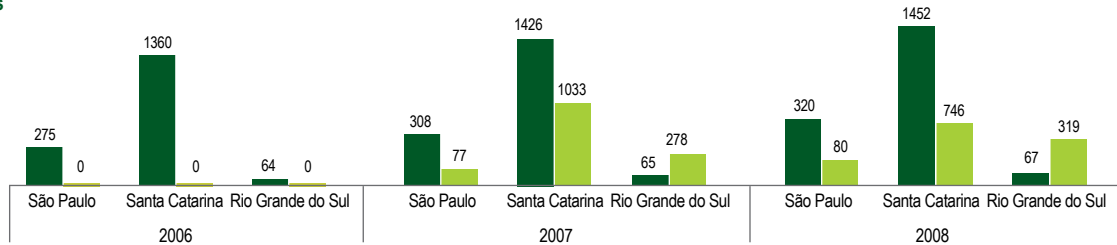
IRANI evolved during 2008, the implementation of preventive visits, to customers, in order to determine the level of satisfaction and the needs of the customers. These visits aim to help the customer in relation to the acquired product, and aim to develop new products and identify new business opportunities. In addition, training and workshops are run with customers to guide the perfect handling and use of the products, obtain a closer approach, provide value to the product, build durable partnerships, strengthen the relationship and encourage the development of clients.

For customer service, IRANI also provides a service known as IRANI Online an application on the website of the Company. The business to business tool allows each user to access information via the IRANI website at: www.irani.com.br at any time and enables them to monitor the entire business process from the reception of the order in the billing system to the production invoice.

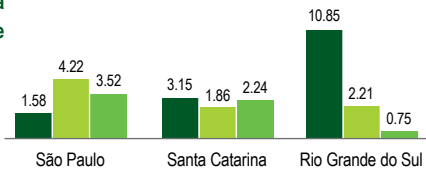
After several studies by a working group comprising of collaborators from various units, in 2008, the Satisfaction Survey was re-implemented in a test phase. The new concept considers that satisfaction is a positive feeling from the appreciation of all the terms and conditions of the relationship between companies and creates grounds for the customers to remain in a relationship with the supplier. These terms and conditions, which are specifically commercial, technical, logistical, financial and production terms, are described in the IRANI Care Program, an internal document that helps in the daily satisfaction and in the understanding of the results of Annual Satisfaction Survey, the objective of which is to verify the client's current relationship with IRANI and re-instate in this client planning process of the relationship, as being an instrument for building the future, not only for benchmarking the past.

Complementary Data

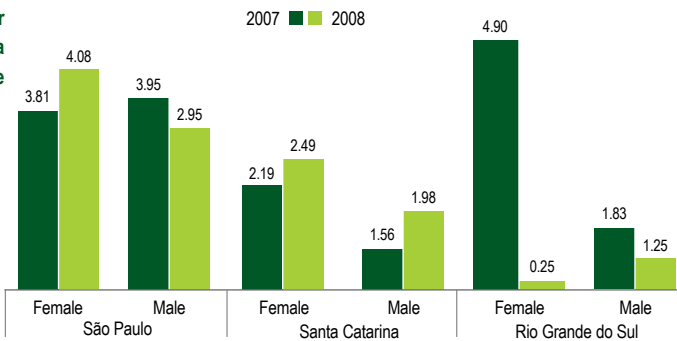
Numbers of direct jobs
■ own employees ■ service providers



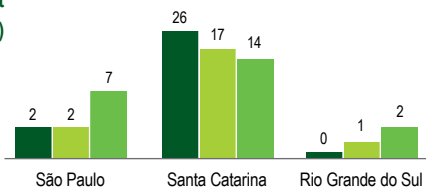
Labor Turnover (average) as a percentage
■ 2006 ■ 2007 ■ 2008



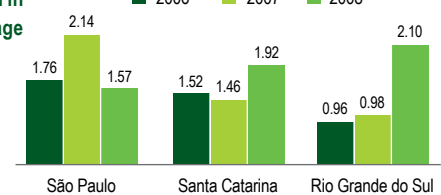
Labor Turnover (by gender) as a percentage
2007 ■ 2008

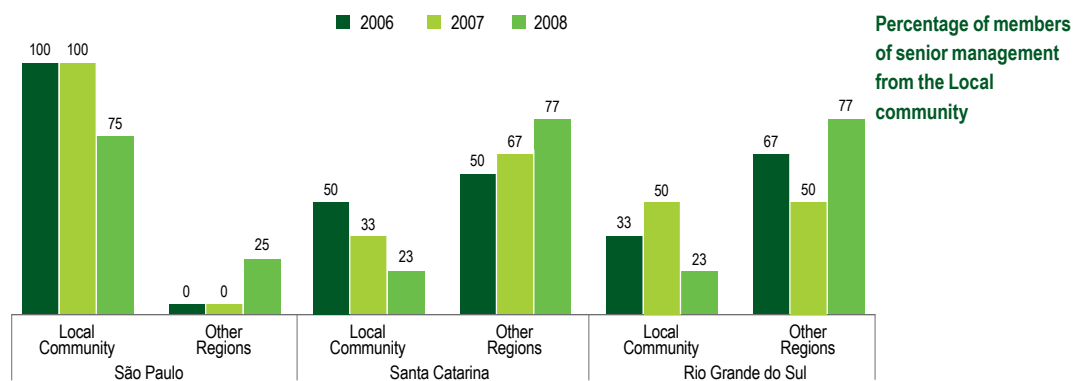
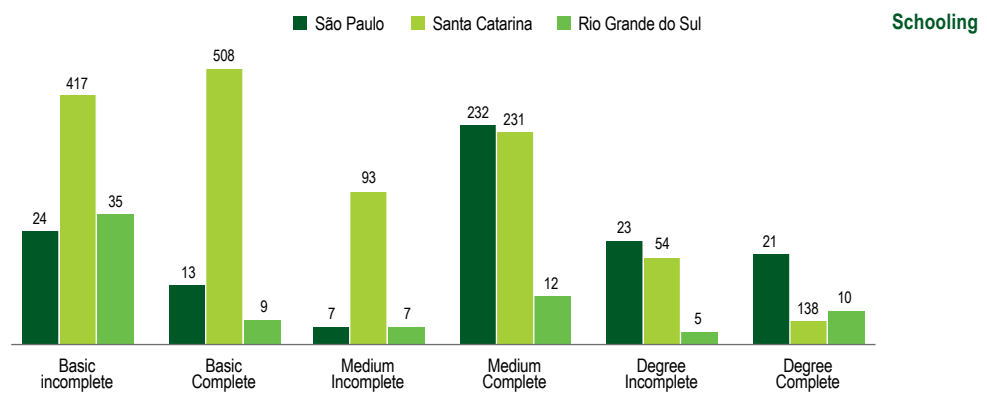
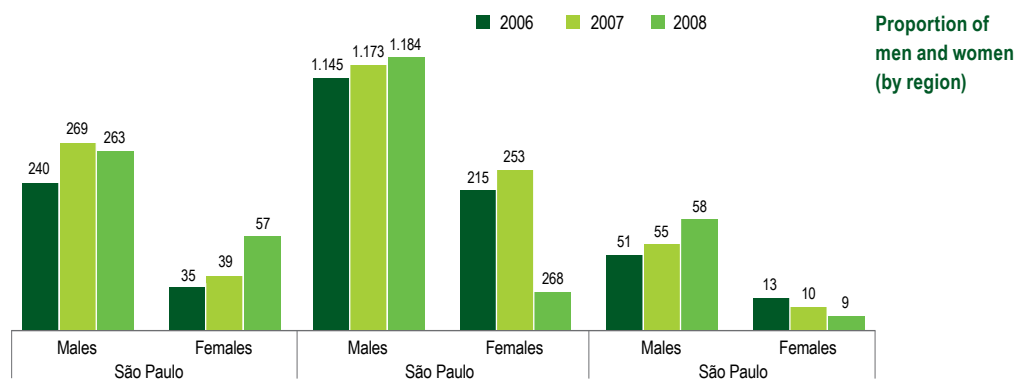
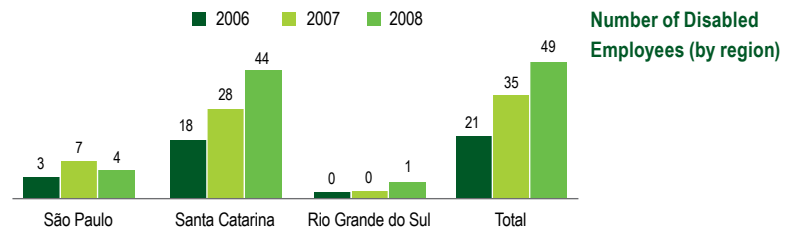


Number of work accidents with lost time (by region)
■ 2006 ■ 2007 ■ 2008



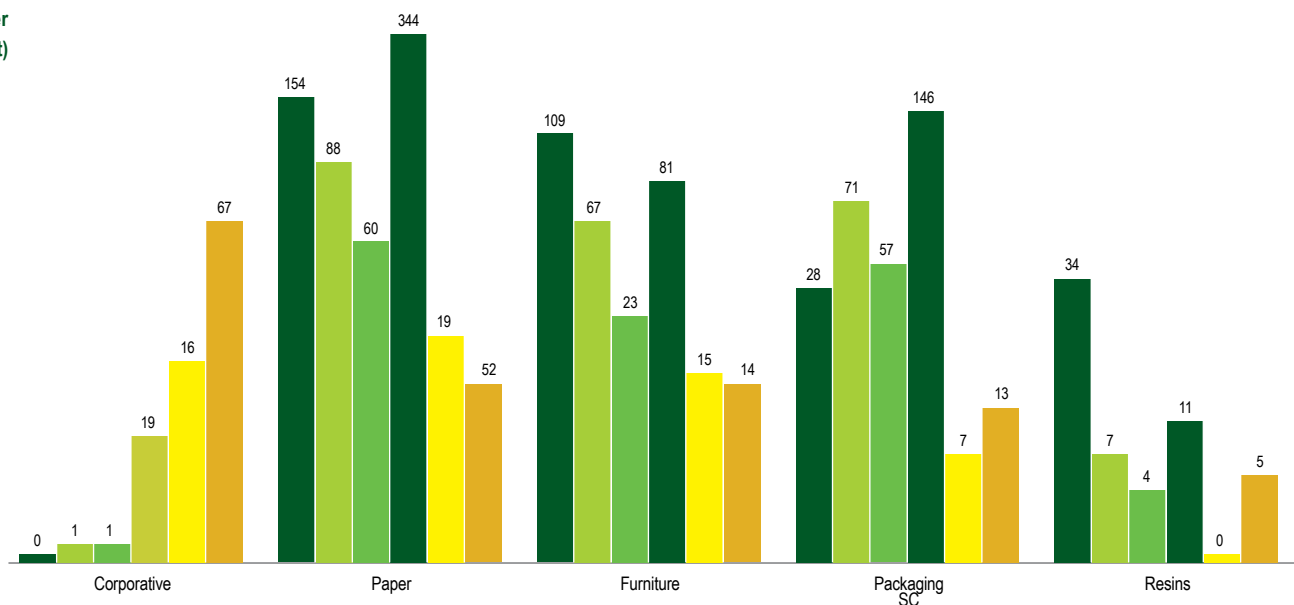
Absenteeism in percentage
■ 2006 ■ 2007 ■ 2008



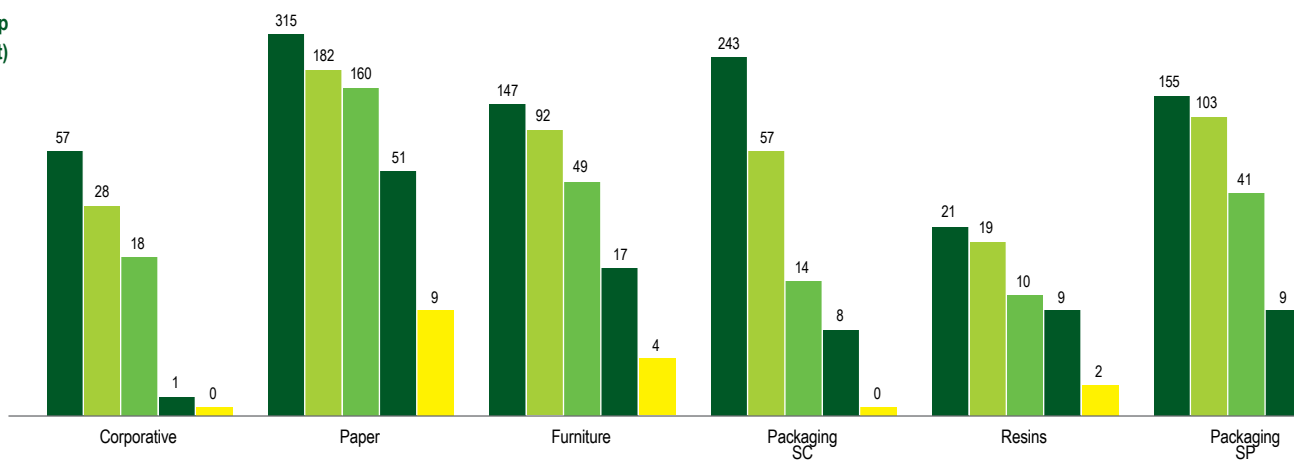


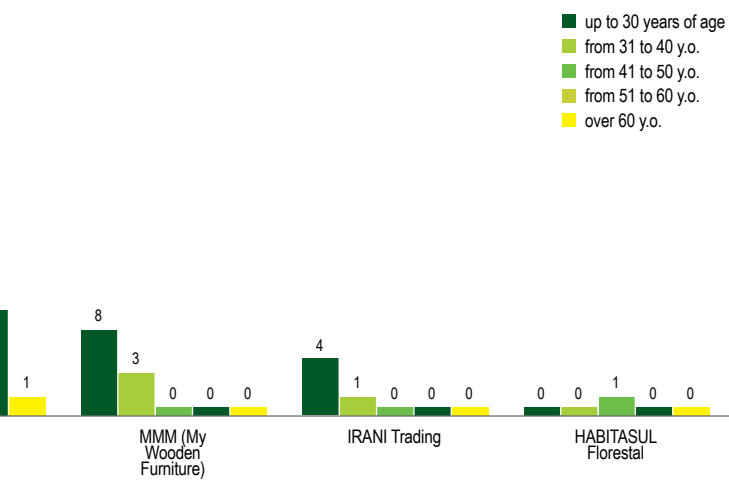
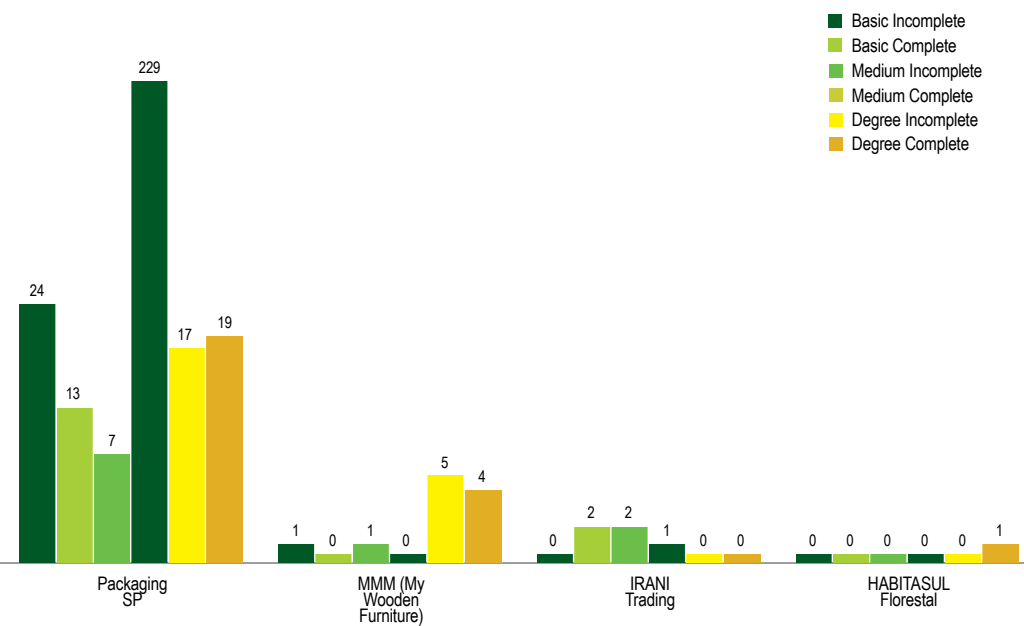


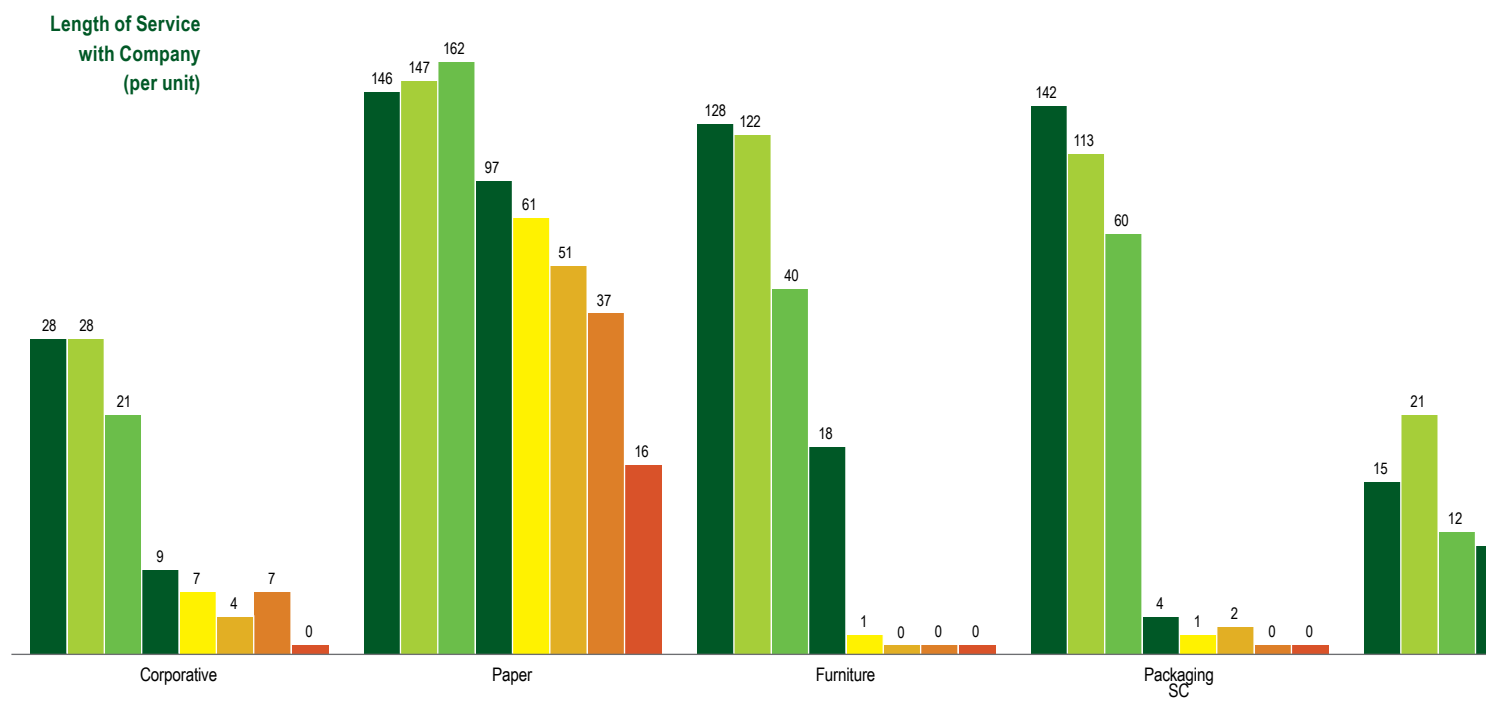
Schooling (per business unit)

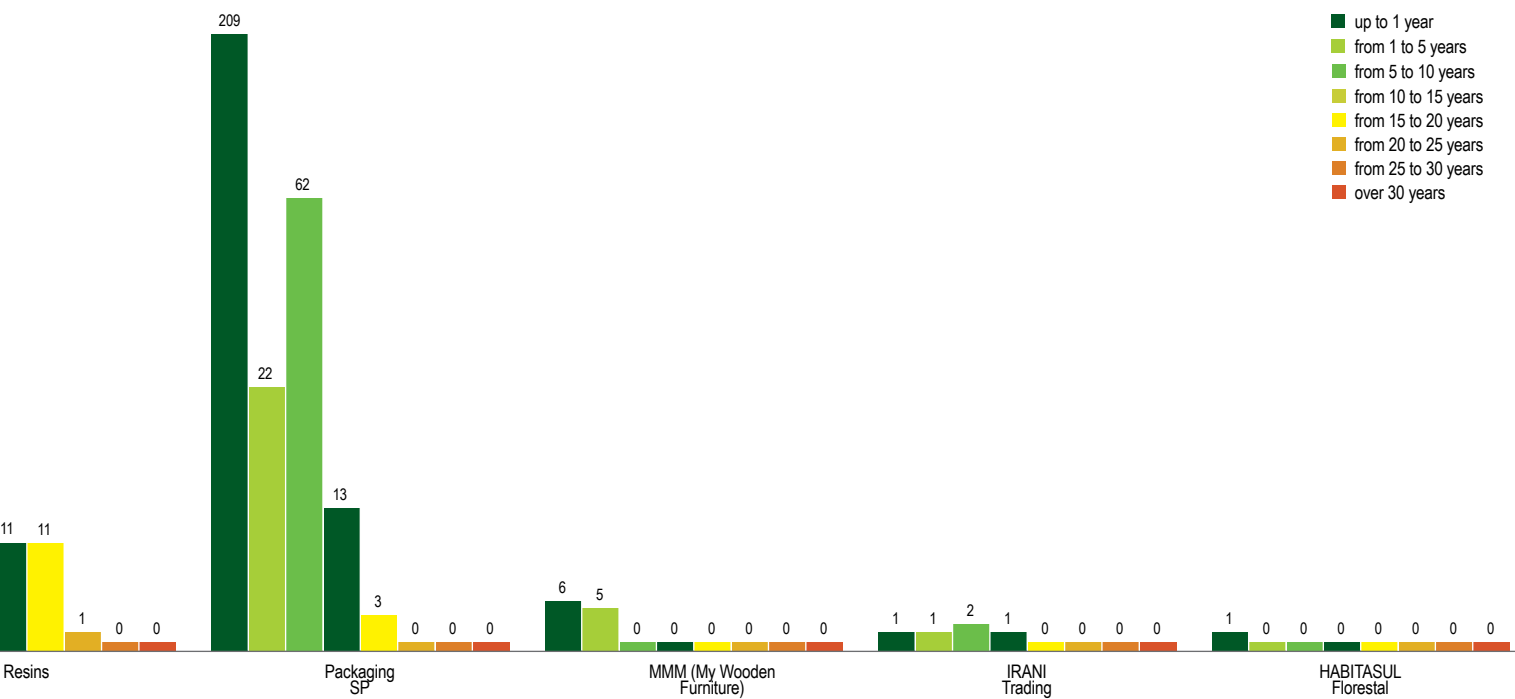


Age Group (per business unit)









Information about this report

Since 2006, the IRANI Sustainability Report has provided the Company results based on the competence guidelines of the Global Reporting Initiative GRI in its version G3.

In the scope of the report, are all business units belonging to the Celulose Irani S.A. in the states of Santa Catarina, São Paulo and Rio Grande do Sul and its subsidiaries; Brastilo Inc., My Wooden Furniture Ltda. Irani Trading SA and Habitasul Florestal S.A.

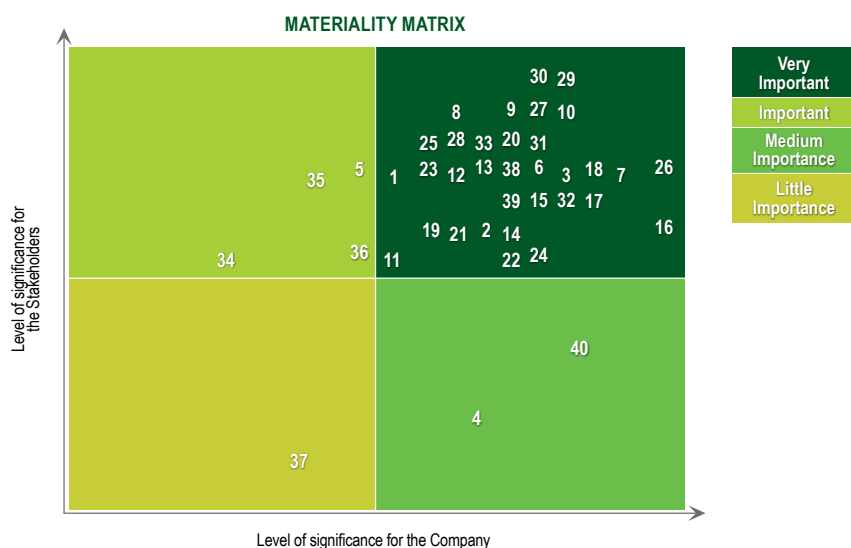
It publishes its Sustainability Report annually, always in the first half of each year. The process of preparing the data for this report occurred during 2008 and early in 2009, when the data for the previous period is available.

Because of the IRANI commitment to becoming recognized for the excellence of its sustainability management, a panel of stakeholders was set up during the construction process of this report, with the purpose of considering the views of public that have dealing with the company regarding the sustainability practices.

Again, in 2008, IRANI submitted the Sustainability Report for the independent verification and level of implementation, based on the GRI guidelines. At the end of this document, is the statement of assurance given by BSD Ltda.

MATERIALITY

In preparing this report, IRANI followed the GRI guidelines and carried out the of materiality. This process was conducted internally, without the support of consultants. The relevance evaluation process for the topics to be reported was attended by 21 people, and 7 internal public representatives, 14 from the external public. From the internal public, 2 representatives of management and leadership representatives from 5 different units of the Company were involved. The external public, had suppliers, customers, community, university, NGOs, government and unions involved.



We used four criteria in the classification of the affairs in relation to their relevance: very high, high, medium and low. The allocation of scores for these criteria allows for its consolidation, taking into account the representativeness of the strategic stakeholders, participants and leaders of Company.



After the consolidation of the results from the questionnaires, the topics were subjects to the evaluation by the management of the Company. Based on the strategic direction of communication and planning in IRANI, the final evaluation was performed on the relevance of these subjects and the Materiality Matrix shown here was defined.

Subjects evaluated	GRI Indicator
Corporate Governance	
1 Bribery	SO2, SO3, SO4
2 Fraud	SO2, SO3, SO4
3 Legal compliance	PR9, PR2, SO8, EN28
4 Shareholder Structure	EC1
Environment	
5 Materials used in the processes	EN1, EN2
6 Energy consumed	EN3
7 Alternative energy sources	EN5
8 Use of water	EN8
9 Conservation and biodiversity	EN12
10 Emissions, effluents and waste	EN16, EN17, EN19, EN20, EN21, EN22
11 Odor	EN20
12 Environmental Management	EN26
13 Preserved Areas	EN11
14 Sustainable management of forests	EN13, EN14
15 Climate changes	EC2
16 Sale of carbon credits	EN26
Human Resources	
17 Benefits	LA3
18 Health and safety at work	LA6, LA8
19 Accidents at work	LA7
20 Training and development	LA10, LA11
21 Diversity and equality	LA13, LA14

Subjects evaluated	GRI Indicator
Human Rights	
22 Investment purchasing practices	HR1, HR2
23 Non-discrimination	HR4
24 Freedom of association and collective bargaining	LA4, HR5
25 Child labor	HR6
26 Forced labor or similar to slave labor	HR7
Relationship with the community	
27 Social Investment	SO1
28 Volunteers	SO1
29 Social-environmental impact	SO1
30 Surrounding communities	SO1
Market	
31 Customer satisfaction	PR5
32 Main markets and customers	
33 Products	PR3
Public regulation	
34 Fines and Sanctions	EN28, SO8, PR2, PR8, PR9
Relationship with Public Authority	
35 Payment of taxes	EC1
36 Involvement with public policies	SO5
37 Contributions to political parties	SO6
Economic Impact	
38 Generation of employment and wealth	EC7, EC9
39 Development of local suppliers	EC6
40 Presentation of the table of distribution of Added Value (DVA)	EC1

With this work, IRANI reinforces its commitment to transparency and respect in their dialogue with its strategic publics, presenting the economic, social and environmental impacts of their activities in accordance with the importance of these issues for the Company and to all those involved with the business.

Application Level of GRI

	C	C+	B	B+	A	A+
Required	Self Declared	With External verification				With External verification
Optional	Examined by others	With External verification				With External verification
	Examined by GRI	With External verification		With External verification		With External verification

TAKE PART IN THE NEXT REPORT - faleconosco@irani.com.br The channel is available for interested parties interested in the Company that have questions and / or want to give suggestions for improvement with future reports.

The 2008 Sustainability Report is available on the Company website: www.irani.com.br in English and Portuguese versions. To request a copy of the Sustainability Report 2008, send an email to faleconosco@irani.com.br.

GRI Index

NA Not applicable | ND Not Available

Indicator	Description	Page
Strategy and Analysis		
1.1	Statement by the President	04, 05
1.2	Key impacts, risks and opportunities	08
Organizational Profile		
2.1	Name of Organization	15
2.2	Major brands, products and services	20, 22
2.3	Operational structure	16
2.4	Location of headquarters	16
2.5	Countries where the organization operates	16
2.6	Type and judicial nature of property	16
2.7	Markets served	20
2.8	Size of the organization	16
2.9	Awards received	13
Report Parameters		
3.1	The reporting period	82
3.2	Date of the previous report	82
3.3	Cycle of issuing reports	82
3.4	Contact information in case of questions	83
3.5	Process for defining the content of the report	82
3.6	Limit of the report	82
3.7	Limitations on the scope or the limits of the report	82
3.8	Joint ventures, subsidiaries, leased properties, outsourced operations and other organizations that can significantly affect comparability between periods and / or between organizations	16
3.9	Data measurement techniques and the basis of calculations	31
3.10	Table that identifies the location of information in the report	84
3.11	Policy and current practice relating to the search for external verification of the report	88
Governance, commitments and engagement		
4.1	Structure of governance	26
4.2	Indication if the President of the highest organ of governance is also an executive director	26
4.3	Number of independent members and non-executives of the highest organ of governance	26
4.4	Mechanisms for shareholders and employees to make recommendations or provide guidance to the highest organ of governance	27
4.5	Relationship between remuneration of the members of the highest organ of governance, Board and other executives and the performance of the organization	27
4.6	Procedures in force at the highest organ of governance to ensure that conflicts of interest are avoided.	26

4.7	Process for determining the qualifications and knowledge of members of the highest body of governance to set the organizational strategy on issues related to economic, environmental and social topics	The Company has no structured process for determination of qualification in sustainability to the highest governance organ	
4.8	Statements of mission and values, codes of conduct and internal principles		18
4.9	Procedures of the highest governance body to oversee the identification and management by the organization of economic, environmental and social performance as well as the stage of implementation		26
4.10	Self evaluation of the performance of the highest organ of governance		27
Commitments to external initiatives			
4.11	Explanation of how the organization applies the precautionary principle		27
4.12	Letters, principles or other initiatives that the organization subscribes to or endorses		28
4.13	Participation in associations (such as federations of industries) and / or national / international organs		28
Engagement with stakeholders			
4.14	List of stakeholder groups engaged by the organization		29
4.15	Basis for identification and selection of stakeholders with whom it is engaged		28
4.16	Approaches for the engagement of stakeholders		29
4.17	Key issues and concerns that were raised by the engagement of stakeholders		82
Economic performance indicators			
EC1	Direct economic value generated and distributed		36
EC2	Financial implications and other risks and opportunities of the organization's activities because of the climate change		ND
EC3	Coverage of the defined pension plan obligations that the organization offers		ND
EC4	Significant financial help received from government		ND
EC5	Variation and proportion of the lower wages compared to the minimum wage		ND
EC6	Policies, practices and proportion of spending with local suppliers		73
EC7	Procedures for local hiring and the proportion of senior management members recruited from the local community		72
EC8	Development and impact of investments in infrastructure and offered services, primarily for the public's benefit		ND
EC9	Identification and description of significant indirect economic impacts		ND
Environmental performance indicators			
EN1	Materials used by weight or volume		38
EN2	Percent of waste materials from recycling		38
EN3	Direct consumption of energy broken down by primary energy source		42
EN4	Indirect consumption of energy broken down by primary source		42
EN5	Energy saved due to improvements in conservation and efficiency		43
EN6	Initiatives to provide products and services with low power consumption		43, 44
EN7	Iniciativas para reduzir o consumo de energia indireta e as reduções obtidas		44
EN8	Total water removal by source		44
EN9	Water sources significantly affected by the removal of water		44
EN10	Percentage and total volume of recycled and reused water		46
EN11	Location and size of the owned, leased or managed area in protected areas or adjacent to, and in areas of high biodiversity outside protected areas	52	
EN12	Description of significant impacts on the biodiversity by activities, products and services in protected areas and in areas of high biodiversity outside protected areas	55	

EN13	Habitats protected or restored	52
EN14	Strategies, the existing measures and future plans for managing impacts on biodiversity	55
EN15	Number of species on the IUCN and national habitats conservation lists of in areas affected by operations, broken down by level of risk of extinction	55
EN16	Total direct and indirect emissions of greenhouse gases by weight	47
EN17	Other relevant indirect emissions of greenhouse gases by weight	48
EN18	Initiatives to reduce emissions of greenhouse gases and reductions achieved	47 e 52
EN19	Emissions of substances that destroy the ozone layer, by weight	50
EN20	NOX, COx, and other significant atmospheric emissions by type and weight	48
EN21	Total disposal of all water, by quality and destination	50
EN22	Total weight of water, by type and disposal method	50
EN23	Number and volume of significant spills	There was no occurrence of spillage of products or substances that might compromise the quality of soil and surface water and / or groundwater at the company's production site's
EN24	Weight of waste transported, imported, exported or treated as hazardous under the Basel Convention	51
EN25	Identification, size, content and protection status and biodiversity status of water bodies and related habitats significantly affected by the disposal of water and drainage	46
EN26	Initiatives to mitigate the environmental impacts of products and services and the extent of reduction of impacts	51
EN27	Percentage of products and packaging recovered for all products sold, by product category	52
EN28	Monetary value of significant fines and total number of non-monetary penalties resulting from non-compliance with environmental laws and regulations	No cases were identified
EN29	Significant environmental impacts from transporting products and other goods and materials used in the organization's operations, as well as the transport of workers	51
EN30	Total investments and spending on environmental protection, by type	60
Social indicators for labor practices and decent work		
LA1	Total employees, by type of employment, employment contract and region	64
LA2	Total number and rate of turnover of employees, by age, gender and region	64
LA3	Benefits offered to full-time employees	65
LA4	Percentage of employees covered by collective bargaining agreements	72
LA5	Minimum period for advance notification of operational changes	The Company does not have in this formalized time, but those involved communicate when necessary
LA6	Percentage of employees represented in formal committees of safety and health, consisting of managers and workers, who help in the monitoring and advising on programs of occupational safety and health	67
LA7	Rates of injury, occupational diseases, lost days, absenteeism and deaths related to work per region	67
LA8	Education, training, counseling, prevention and risk control to assist employees, their families or community members with respect to serious diseases	65
LA9	Issues relating to health and safety covered by formal agreements with trade unions	65
LA10	Average hours of training per year for employees, broken down by functional category	67
LA11	Programs for skills management and continued learning to support the continuity employability of collaborators and to manage the career end	68
LA12	Percentage of employees receiving regular unemployment analysis and career development	There is no regular career development process or unemployment analysis.

LA13	Composition of the groups responsible for the corporate governance and discrimination of employees by category according to gender, age group, minority and other indicators of diversity	71
LA14	Proportion of the basic salary between men and women, by functional group	72
Social Indicators relating to Human Rights		
HR1	Contracts of significant investments that include clauses relating to human rights or those that underwent human rights evaluation	73
HR2	Contracted Companies and suppliers who have been subjected to critical evaluation with human rights and measures taken	73
HR3	Total hours training employees on policies and procedures relating to relevant issues of human rights for the operations, including the percentage of employees who received training	ND
HR4	Total number of cases of discrimination and actions taken	72
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk and measures taken to support this law	72
HR6	Operations identified as a significant risk of occurrence of child labor and measures taken to contribute to the abolition of child labor	73
HR7	Operations identified as a significant risk of the occurrence of forced or similar to slave labor and measures taken to contribute to the eradication of forced labor or child slavery or similar	73
HR8	Percentage of security staff that underwent training in the policies or procedures of the organization on issues of human rights that are relevant to operations	ND
HR9	Total number of cases of violation of rights of indigenous people and actions taken	NA
Social Indicators relating to the society		
SO1	Programs and practices to assess and manage the impacts of the operations on communities, including the entry, operation and exit	74
SO2	Business units evaluated for risks related to corruption	28
SO3	Employees trained in anti-corruption policies and procedures in the organization	62
SO4	Measures taken in response to cases of corruption	No case of corruption has been identified during the period
SO5	Positions on public policies and participation in policy making and public lobbies	ND
SO6	Financial contributions and in kind to political parties, political institutions or related, broken down by country	79
SO7	Total number of lawsuits for unfair competition, for trust and monopoly practices and their results	79
SO8	Monetary value of significant fines and total number of non-monetary penalties resulting from the non-compliance of laws and regulations	79
Performance indicators relating to product liability		
PR1	Stages of the life cycle of products and services where impacts on health and safety are evaluated to be improved, and the percentage of products and services subject to these procedures	80
PR2	Cases of non-compliance with regulations and voluntary codes related to the impacts caused by products and services on health and safety during the life cycle, broken down by type of result	No case of this type was identified during the period
PR3	Tipo de informação sobre produtos e serviços exigida por procedimentos de rotulagem, e o percentual de produtos e serviços sujeitos a tais exigências	80
PR4	Cases of non-compliance with regulations and voluntary codes related to information and labeling of products and services, broken down by type of result	No case of this type was identified during the period
PR5	Practices related to customer satisfaction, including results of surveys that measure the satisfaction	81
PR6	Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	80
PR7	Cases of non-compliance with regulations and voluntary codes related to communications, marketing, including advertising, promotion and sponsorship, broken down by type of result	No case of this type was identified
PR8	Substantiated complaints regarding breaches of privacy and loss of customer data	No case of this type was identified during the period
PR9	Monetary value of fines (significant) for non-compliance with laws and regulations concerning the supply and use of products and services	As there were no reported cases of this type of occurrence, no fines were levied

Assurance

Celulose Irani S.A. hired BSD Consulting to perform the third party work of the verification of the process of preparing its Sustainability Report 2008, prepared in accordance with the GRI guidelines (Global Reporting Initiative), version G3. The BSD conducted the work in accordance with the standard AA1000 2008 (AA1000 Assurance Standard 2008). BSD is the Assurance Provider classified in the registry maintained by AccountAbility with the IRCA.

1. Objectives and Process

The purpose of the verification process is to provide the IRANI interested parties with the an independent view on the quality of the report, the management of the sustainability processes and the adherence to underlying principles of the AA1000 AS 2008. Additional objectives are to ensure continuity of the management of the sustainability processes and to confirm the GRI-G3 level of application.

2. Methodology

The process of independent verification of the report was conducted in accordance with the standard AA1000 2008 (AA1000 Assurance Standard 2008), type 2, which covers two areas of evaluation:

- 2.1. Assessment of adherence to three principles of AA1000: Inclusion, Materiality and Responsiveness.
- 2.2. Assessment of the credibility of published information, based on sample tests.

The procedures developed during the work include:

- Review content of the Sustainability Report;
- Understanding the process of generating information for the sustainability report;
- Review information from the media in general, sites and legal databases;
- Interviews with managers and officials from key areas in relation to the relevance of information for reporting;
- Interviews with executives of the company;
- Where relevant, confirmation of information on the sustainability performance with the understanding steering body the company;
- Based on sample testing, confirmation of details in the Sustainability Report with documentary support, internal management reports and official correspondence;
- Observation of operations in the company in at its operational headquarters in Santa Catarina;
- Conducting an external consultation panel with stakeholders to validate the accuracy of information;
- Consideration of the relevance of the information in the Sustainability Report from the point of view of external public, and:
- Delivery of report to the company containing opportunities for improvement in the accuracy, completeness and response ability of the sustainability report.

Our work does not include the verification of financial data.

3. Scope and Limitations

The scope of our work covers the period covered by the report, from January 1, 2008 to Dec 31 2008, the information on Celulose Irani S.A. in the Sustainability Report, printed version. The level of assurance provided is moderated for both the evaluation of the Principles as well as the Credibility of the information, as defined in the scope and methodology.

4. Independence

BSD is a consulting firm specializing in sustainability. We work independently and assure that no member of BSD maintains consulting contracts or other business ties with IRANI. The work was led by a qualified professional in the AA1000 standard and certified by International Register of Certificated Auditors (IRCA), under the registration number 1,189,266.

5. Responsibilities of Celulose Irani S.A. and BSD

The Sustainability Report is prepared by Celulose Irani SA, responsible for all of its content. The objectives of the declaration of warranty are to inform interested parties of the conclusions of BSD on the adherence to three principles of the AA1000 2008 and on the credibility of information published. Additionally, the BSD warranty statement provides a confirmation of the level of application of the GRI-G3.

6. Main Conclusions about the Adherence to Principles AA 1000AS 2008

In view of the BSD, IRANI gave continuity to the process of the management of sustainability and to the process of preparation of the Sustainability Report. There was no significant increase in the number of GRI indicators reported, but the company demonstrated its strategic commitment to build in a consistent way, the management of sustainability.

a) Inclusion

This principle addresses the organization's commitment to enable the participation of stakeholders in identifying critical issues and the search for solutions in the sustainability context, as well as the inclusion of the sustainability impacts arising from the company's business.

The IRANI demonstrated commitment to maintain the integration of the sustainability management at all levels of the organization.

We identified the need to expand the inclusion of issues related to sustainability in routine activities of the company. Some indicators of sustainability are monitored systematically, others are collected for the specific purpose of publishing them in the Sustainability Report, and there is no systematic monitoring.

To widen the knowledge on the external point of view, a panel of stakeholders was carried out to focus on evaluating the issues raised in the report. For the next period, we recommend that the dialogues with stakeholders should be expanded and that the identified demands are considered to enhance the internal processes.

b) Materiality

The concept of materiality in the context of accountability of non-financial indicators defined by the GRI and AA1000 is about relevance to management issues that have social impacts, environmental and economic factors (internal) and the Assurance of the Celulose Irani SA Sustainability Report in 2008 views of stakeholders on the performance of the organization. One material aspect influences the decision-making, actions and performance of the organization or its stakeholders.

The IRANI began the process of consultation with stakeholders in 2008, through a panel. In 2009 it continued the practice. The participants of the panel emphasized the importance of presenting the indicators more clearly showing the relevance of the published subjects for the specific context of IRANI.

For the first time, Irani incorporated into the materiality test process. In general, the material subjects, according to the test, were dealt with in the report. It is important that the company expand the procedures for assessment of social risks in the supply chain. The explanation on the process for establishing partnerships to promote forests could be improved in the next report.

We recommend the increase and consolidation of the process of engagement of stakeholders for the evaluation of materiality have consistent results both in the context of society (external) and the business

strategy (internal). We stress the importance of establishing the prioritization of stakeholders with selection of solid criteria, allowing more accurate results for materiality to be obtained.

c) Response Capacity

The principle of the capacity to respond comes from actions, decisions and communications of the organization with its stakeholders taken according to the specific demands of the stakeholders. The principle points to the existence of a decision-making processes that provide answers within a reasonable time and valid, thus the ability to provide a response to the organizational challenges of sustainability.

IRANI continued the practice of a consulting panel of stakeholders that was started in 2008.

Although the process has not shown any growth, the company maintained the commitment to the establishment of a dialogue on the issues of sustainability.

We recommend that the process is enhanced with the establishment of an organized structure to respond to the stakeholders. It is important that the sustainability report includes challenges and future plans of the company in relation to sustainability.

7. Main Conclusions on the Credibility of the Information

In the opinion of BSD and according to the work that we carried out, we did not identify inconsistencies could compromise the given information. The process of data and information collecting was properly submitted to BSD and was considered as being appropriate.

In the independent verification process of the information in the report, we have identified the following points for improvement:

- Lack of a systematic process of collecting and tracking data covering all sustainability indicators in IRANI
- Lack of standardization in the measurement and compilation of indicators of waste for IRANI units. Assurance of the Celulose Irani S.A. Sustainability Report 2008 .
- Lack of a formal definition for environmental investments, which may compromise the comparability of this information between periods.
- Need for improvement in the accident controls with outsourced employees.
- Lack of an internal communication channel for the reporting of suspected discrimination.

8. Level of Implementation GRI-G3

Following the orientation of the GRI-G3 guidelines, BSD declares that the sustainability report for 2008 from Celulose Irani S.A. is classified as B +. The report provides answers to key items related to the company profile and provides a broad description of management processes and its approaches to sustainability.

Information is given relating to all categories of indicators: economic, environmental, human rights , labor practices, society and product liability

São Paulo, March 31, 2009.

Maria Helena Meinert
Partner, BSD Consulting - Brazil



DIRECTING BODY

Cristiana Jahn

Marcos Stolf

Odivan Carlos Cargnin

Péricles de Freitas Druck

Pericles Pereira Druck

Sérgio Luiz Cotrim Ribas

GENERAL COORDINATION OF THE SUSTAINABILITY REPORT

Administrative, Financial and Investor

Relations Director Odivan Carlos Cargnin
odivancargnin@irani.com.br

Coordination of Contents and Corporate

Editorial Responsibility Mariana Regensburger Carlesso
marianacarlesso@irani.com.br

Editorial and Graphic Production

Coordination Elaine Silva
elainesilva@irani.com.br

Photography Sirnei Strapassola

Graphic Design PIXSPIN.COM.BR



www.irani.com.br

Circulatio 500 copies

Distribution Customers, collaborators,
suppliers, shareholders,
government, the tertiary sector
and other stakeholders

Printed Maio de 2009