



Celulose Irani S.A.

Sustainability Report

2009





Mission, Vision, Principles and Values

MISSION

Generate value for our customers by providing excellence with safety, services and renewable forest-based products, with absolute respect for the environment and people, ensuring the sustainability of our business, with growth, just and with a permanent return to our investors.

VISION

We are amongst the five largest and best Brazilian companies in the segments we serve and among the 100 best companies to work for in Brazil. To be recognized and preferred by our customers, partners and our suppliers and to be attractive to our investors, always seeking the highest level of operational effectiveness and innovation in our products and services.

PRINCIPLES AND VALUES

The social and environmental responsibility

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

The ethics, courage, openness and warmth

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

The innovation and with a pioneering spirit

We cultivate innovation and pioneering spirit in business processes, products and services.

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President's Message

I saved the message for the opening of the Sustainability Report 2009 - the fourth rendering of the accounts that we do in accordance with the Global Reporting Initiative (GRI) guidelines – relevant moments of the Meeting of IRANI Executives, that we held in December 2009. Times when the management group, by the attitude and words of its emerging leaders, came to consider the essence of the sustainability concept, or their most profound and comprehensive perception.

An observant and privileged participant, because I have to close the event, which aimed to highlight the operational effectiveness of the search for projected results, I spent two days taking notes for the considerations and the closing message. While focusing on the peroration of the topic of the Meeting, I stored for future considerations, unequivocal evidence that, in Irani, the executives internalize and live in their long lasting relations with routine administration, the genuine sustainability process.

Assigning the personal growth and predominance of the real ethical challenge of sustainable development, our group of valued executives, in the philosophical meaning of the word, the humans dimension and moral significance which ensures that ensures consecrated sentences, such as “The world that we will leave our children depends very much on the children we leave in the world,” or “We should meet the needs of the present without compromising the possibility of future generations to meet their own needs.”

By placing people at the center of the sustainable growth challenge, there predominates in the considerations of the event, parallelisms and antinomies about the financial crisis and the ethical crisis, consumerism and intellectual growth, materialness and spiritualities, satisfaction and happiness, to have



Paper Mills, SC Packaging and Vila Campina da Alegria - Vargem Bonita (SC)



and be, leading the group to conclude that “micro and macro solutions improve people” and that solutions “are always inside us.”

It is not fortuitous coincidence that the same group of executives has developed and validated the Company’s Mission: “To generate value for our customers by supplying, with certainty and excellence, services and products from a renewable forest base with absolute respect to the environment, people, ensuring the sustainability of our businesses, with a just growth and a permanent return for our investors.”

In relation to the performance targets of IRANI in the financial year, the numbers and details of these reports and the Warranty Statement set out at its end of the report show this. I understand that the actions were appropriate and satisfactory to the results. I want to stop the origin and essence of the question that today embraces the IRANI endogenous social system - to be part of an entrenched culture - is the guarantee of the policies and actions as integrants of their own sustainability actions as a strategic management model.

Emphasize, as we did in the meeting, of the spontaneous and assumed way, of the prioritization of viable economic results, fair, admirable and perennials, the practice of fundamental values as a compass in all decisions and social-environmental responsibilities of the Company is the reassurance that the IRANI Governance is guided by principles of knowledge and adoption of uniforms.

The great revelation of the last International financial crisis, whose consequences and disorders are known, had its origin in ethics: it is not enough to do right, it has to be done in the right way. It struck me, over the past year, the monotone message from distinguished international speakers on various

aspects of business management, always emphasizing the lack of ethical and social commitments as being an important factor in the crisis. It starts there, in fact, a differentiation that made the difference with the Brazilian economy’s performance in the episode: its relevant companies held these principles firmly incorporated into the routine administration practices.

Anyway, I am pleased that the Habitasul Grupo, the IRANI controller, can be seen at the forefront of today’s recurring topics, whose synthesis has been the concept of sustainability and the correct understanding of it. For over four decades, we have been accentuating the strategic and competitive differential of our businesses, the indispensable four-dimensional approach to all our developments: the economic dimension, the social dimension, the cultural dimension and the environment dimension, whose proper balance follows the success of the projects. And we have pursued the subject of a simple code of fundamental values, with clearly anthropocentric vision: to provide the best for people and communities.

Péricles de Freitas Druck



Commitment to **Sustainability**

For IRANI, the commitment to sustainability is expressed by the balance between economic, social and environmental development. By assuming this commitment, the Company is responsible for generating different impacts.



- 1 Economically viable
- 2 Socially responsible
- 3 Environmentally correct



Environmentally, the main positive impact is recognized by IRANI is the fact that its forests are responsible for the capture of carbon in the atmosphere. The management of this is accomplished by means of the Greenhouse Gas Inventory (GHG), which is the main tool for information on the climatic impact of the Company, as it identifies and quantifies the relevant sources of emissions and removals of GHG. Such information enables for sound management of emissions and removals contributing to the global issue of climate change.

IRANI removes from the atmosphere an amount of carbon which is greater than it emits demonstrating that its activities are Carbon Neutral. **For every ton of paper produced by IRANI, 3.26 tons of CO₂ is sequestered from the atmosphere.** In an effort that has never been carried out in the country, Celulose Irani was the first company in Brazil to certify their inventory in accordance with the ISO 14064-1 International Standard (BRAZILIAN ASSOCIATION OF TECHNICAL STANDARDS, 2006). The first certification was in 2006, and in the following years until 2009, IRANI achieved recertification.

The management and the reduce of the climatic impact have been highlighted as an IRANI strategic priority. Representatives of the Company take part in the consolidation and approval of the law on air emissions for existing sources that are in preparation.

By using wood from planted forests as the raw material, Celulose Irani is often asked about issues involving monoculture and biodiversity. However, the planting of commercial forests is performed with an aim to harmonize with the existing preserved native forests. With the use of these forests that are grown exclusively for this purpose and recycled raw materials (scrap), the Company collaborates with the preservation of the environment and the reduction in environmental impacts. The forest management carried out in the Irani is FSC certified and is in line with its principles and positively impacts local biodiversity conservation, the protection of water resources and the awareness of the population about the importance of natural resources.

The harvesting of resin, a raw material for the production of rosin and turpentine, is a work intensive activity and is carried out in the forest. This has required great effort from the companies providing the service and Irani in order to meet all the requirements of the law and see that human rights are respected. If, on the other hand, it is an important activity in generating employment and income in the region, however it presents risks to the image of companies, when there is any complaint or any conduct that is occasionally wrong. In early 2010, Celulose Irani was the target of false allegations, for



Socially responsible: IRANI develops initiatives that promote social development

example, the connection of some of its service providers to slave labor in Rio Grande do Sul, however, the Company states that all employment practices are guided by respect for people and the environment and that, regardless of whether they are employees themselves or others, the company complies with the law in all aspects of ethical and considers human rights. To confirm this statement, after the disclosure of false news, the Department of Public Prosecution for Employment from Porto Alegre recorded in the minutes of the hearing requested by Celulose Irani, that there were no degrading working conditions found for its service providers in the properties of the Company.

In the social area there is a strong impact on the surrounding communities, especially in Campina da Alegria, and in Vargem Bonita (SC), located in the vicinity of the Paper Mills and Packaging units in SC. This community was created because of the Company, currently, of the 976 residents, 268 are IRANI employees, besides the service providers who also live in the village, the families of employees who depend on the Company, the school, teachers and local commerce. The Company's practice is to prioritize the hiring of employees and contractors from these locations in our surroundings, to encourage local businesses, among other direct and indirect economic impacts.

In the survey that assessed the social and environmental impacts that the company causes in the surrounding community of Campina da Alegria, which was held in 2008, two main demands of the community were verified. The first was the need that the community had to have other opportunities to generate income independently of the Company. In 2009, IRANI initiated the development of the Broto do Galho Project (see section Social performance - Surrounding Communities) that came to fill this need. The other demand refers to the lack of leisure and social activities opportunities for community youth. With this demand, the company plans a new social project to be developed in 2010.

In the fourth quarter of 2008, the Project Resilience was completed, which signifies an investment of R\$ 160.8 million in 2007 and 2008. With this project, IRANI became more competitive due to less use of resources to manufacture the same product. This significantly reduced the environmental impact of business and at the same time it increased profit margins of the products. Yet within a year of crisis, in 2009, the company obtained a **22.6%** growth in sales of corrugated cardboard (in square meters) in relation to 2008 and the adjusted EBITDA margin went from **15.1%** in 2008 to **24.6%** in 2009.

The concern with sustainability already integrates the strategic agenda of IRANI. In late 2009 there was a restructuring of the Company's organizational chart; created the area of sustainability incorporated into the company's management as the Management for Excellence which is committed to integrating the models of the Company's management and increase the synergy between social and environmental actions. We chose to use the principles of management excellence established by the National Quality Foundation (FNQ), concomitant with monitoring and management of the indicators of the Global Reporting Initiative (GRI). Some critical factors for success of IRANI were defined and all actions taken during the year and planned for the coming years consider these factors.

10 critical success factors:

- | | |
|---|---|
| 1 assure a supply of energy; | 6 create value with the products and services; |
| 2 assure availability of forest raw materials; | 7 lead to consolidation in the sector; |
| 3 attract investors; | 8 prepare the structure for growth; |
| 4 increase production; | 9 promote sustainability; |
| 5 increase sales; | 10 promote human development. |

With respect to major risks and opportunities, the Company assumes some challenges. The main one is to promote a culture of efficiency by managing for excellence, human development and culture of innovation. In addition, we determined some sustainability targets disseminated throughout this report.





Native sapling nursery – Forest Unit – Vargem Bonita (SC)

// Our main challenge is to evolve the concept of sustainability. We adopted this because we want to be more competitive and because we believe that sustainability, as a management tool, produces concrete results in improving the economic performance of enterprises, as this also maintains the balance between social and environmental aspects.

Despite the financial crisis experienced in 2009, the year was to consolidate the results of investments made in the previous two years. We obtained a share of 4.5% of the county's production of Paper for Packaging, we ended the year with a headcount of 1,756 employees and we directed R\$ 9.4 million in benefits, for the development and training of people and we had a profit of 44 million. In the environmental area, we highlight the evolution of various indicators, the Clean Development Mechanism (CDM) of the Cogeneration Plant and the Wastewater Treatment and the reduction of greenhouse gas emissions (GHGs) projects as demonstrated in our inventory. In the same year, we recorded revenues from carbon credits equivalent to R\$ 3.2 million, generating 208,616 Certified Emission Reductions (CERs). The Company completed the phase of issuing debentures, which aims to lengthen the short-term debt, reducing risks and optimizing results. For 2010, expectations are for significant improvements in the Brazilian and global economy and we acted to develop in a balanced and responsible in all performance indicators, continuing and reinforcing our commitment to sustainability. //

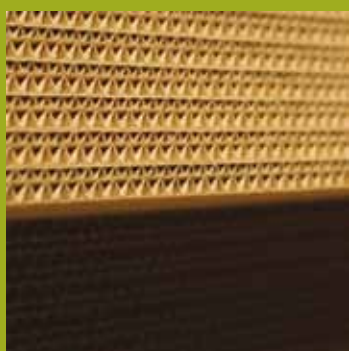
Pericles Pereira Druck – Managing Director

The Company



Commercial Office Packing Unit SP - Indaiatuba (SP)

Celulose Irani produces Kraft paper, corrugated cardboard sheets and boxes, furniture and resins.



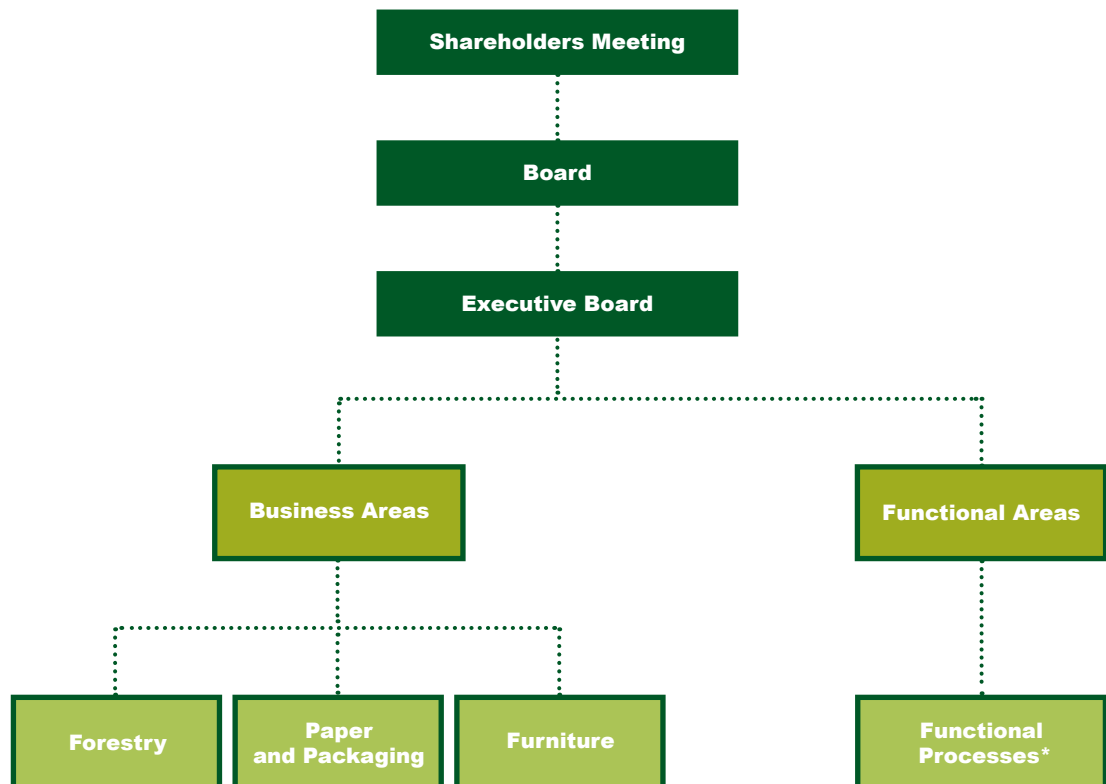


The Company started in 1941, Celulose Irani now has 1756 of its own employees in 2009 and 1086 service providers in five business units:

Paper in Vargem Bonita (SC);
SP Packaging in Indaiatuba (SP);
SC Packaging, Vargem Bonita (SC);
Furniture in Rio Negrinho (SC);
Resins in Balneario Pinhal (RS).

It has offices in São Paulo (SP) and Joaçaba (SC), and headquarters in Porto Alegre (RS) and it has subsidiaries: Meu Móvel de Madeira in Rio Negrinho (SC), Irani Trading SA, and Habitasul Forestry SA and the newly formed Sustainable Power Generation LTDA. (HGE), based in Porto Alegre (RS). HGE has just been incorporated and is not yet in operation.

General Structure



* Finance, Accounting, IT, Supplies, People Development, Marketing, Controlling, Innovation, Legal, Management for Excellence, Strategic Projects.

Location of Units



Business office
São Paulo (SP)



Packaging Manufacturing Unit
Indaiatuba (SP)



Furniture Manufacturing Unit
Rio Negrinho (SC)



Head Office
Porto Alegre (RS)



Paper Mill Unit
Vargem Bonita (SC)



Corporate Office
Joaçaba (SC)



Packing Manufacturing Unit
Vargem Bonita (SC)



Resins Unit Factory
Balneário Pinhal (RS)

IRANI maintains an involvement in, through its leadership, in various professional associations which are considered as strategic to its business, such as the Brazilian Association of Pulp and Paper (Bracelpa), Brazilian Association of Corrugated Board (ABPO), Federation of Trade Associations and Services of Rio Grande do Sul (Federasul), Rio Grande do Sul

Association of Forestry Enterprises (Ageflor) Industry Syndicate of the Cellulose and Paper Industries of Santa Catarina (Sinpesc) Cardboard Industry Union in São Paulo (Sinpesp) and the Commercial and Industrial Association of West of Santa Catarina (ACIOC).

Products

IRANI products are manufactured to provide customized and innovative solutions for the market, always considering the commitment that the Company assumed with sustainability. The products are forest-based are renewable or recycled material which, when discarded in nature, much of it is biodegradable and recyclable, and therefore it is possible reuse them in the production chain.

At all stages of the product life cycle, i.e. from concept development to its disposal after use, the impacts on health and safety of customers are analyzed, besides analyzing the stakeholders needs when designing products and in the production processes.

In 2009, Celulose Irani SA remained the Program of Good Manufacturing Practices for Paper that comes into direct contact with food (FineKraft line) and cartons. Pursuant to Ordinance N° 177/99 of Anvisa and a requirement of our customers, IRANI adopted this program for control and practices of personal hygiene, environmental and operational, thus ensuring

the quality of the final product. The project was implemented in the Paper Mills, SC Packaging and SP Packaging.

**meta
2010**

For 2010, we have the intention to take the program to other units and service providers that have a direct influence on the final product.

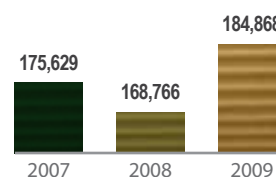
Moreover, the Irani strictly follows the technical specification and procedures of ISO 9001 (BRAZILIAN ASSOCIATION OF TECHNICAL STANDARDS, 2000). The Company has its process initiated by the Research and Development area with the approach in the Technical Projects and Graphs. Upon completion of the project and subsequent approval by the customer, the finished products are always delivered accompanied by technical reports that include information relevant to the product specification.



Paper

With a capacity of 16,250 tons per month, the Unit supplies the local and international markets. It offers brown and white Kraft paper from 30 to 200 g/m², in lines FineKraft, FlashKraft, FlexiKraft, FlatKraft, EnveloKraft and Bag-Kraft for flexible packaging and KraftLiner, Test-Liner, Core and Recycled for rigid packaging.

Total paper production
(in tons)



In the Company's line of products are White and Brown Kraft paper ranging for 30 to 200 gsm, in the FineKraft, FlashKraft, FlatKraft, FlexiKraft, and FancyKraft EnveloKraft lines. For the production of corrugated card sheets and boxes, IRANI manufactures traditional Kraftliner, Testliner, Core and Cover.

FineKraft – suitable for making bags for lightweight fast food chains and bakeries, paint masking, sewing patterns and plotter.

FlashKraft – suitable for making bags, industrial bags, gummed tapes and packages.

FlatKraft – suggested applications in the manufacture of industrial bags and packages.

FlexiKraft – suitable for the manufacture of industrial bags.

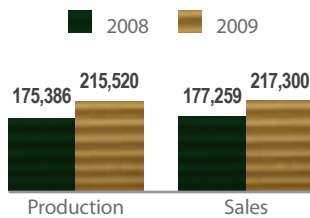
FancyKraft – suitable for manufacturing of light bags and envelopes.

EnveloKraft – suitable for making envelopes.



Planted pinus forest – Forest Unit – Vargem Bonita (SC)

Total Production and Sales of Packaging
(in 1,000 m²)



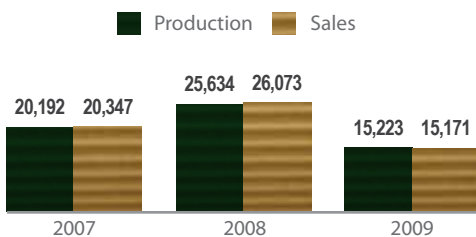
Packaging

In the production of packaging, IRANI uses paper with various weights. It makes corrugated card sheets and boxes, and HardSystem large and high mechanical resistance packaging systems.

It is one of the most active industries in the national segment of sheet and corrugated boxes, with sales representing 55% of its revenue. The segments that are more intensive are food, fruit, sheets and plastics.



Total Production and Sales of Furniture
(in m³)



Furniture

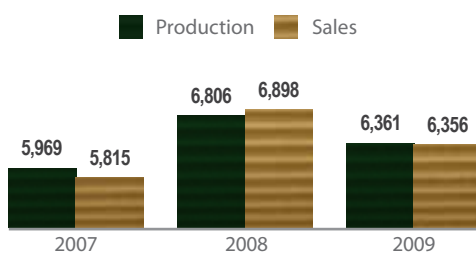
The Furniture Unit has the capacity to produce up to 800 cubic meters per month. It uses as a basic raw material reforestation timber, managed according to international standards and requirements for environmental preservation.

The furniture is custom manufactured for export and meets the demands of the domestic market through the website:

www.meumoveldemadeira.com.br



Total Production and Sales
of Rosin and Turpentine
(in tons)



Resins

The Resins Unit produces rosin and turpentine from the extraction of crude pinus resin. The resin process is performed with selected trees in accordance with the standards of environmental management. The products obtained in the process are sold for making varnishes, paints, soaps, glues, adhesives, polishes, disinfectants, insulators and perfumes.

In 2009 5,110 tons of rosin and 1,251 tons of turpentine were produced.



IRANI's Market

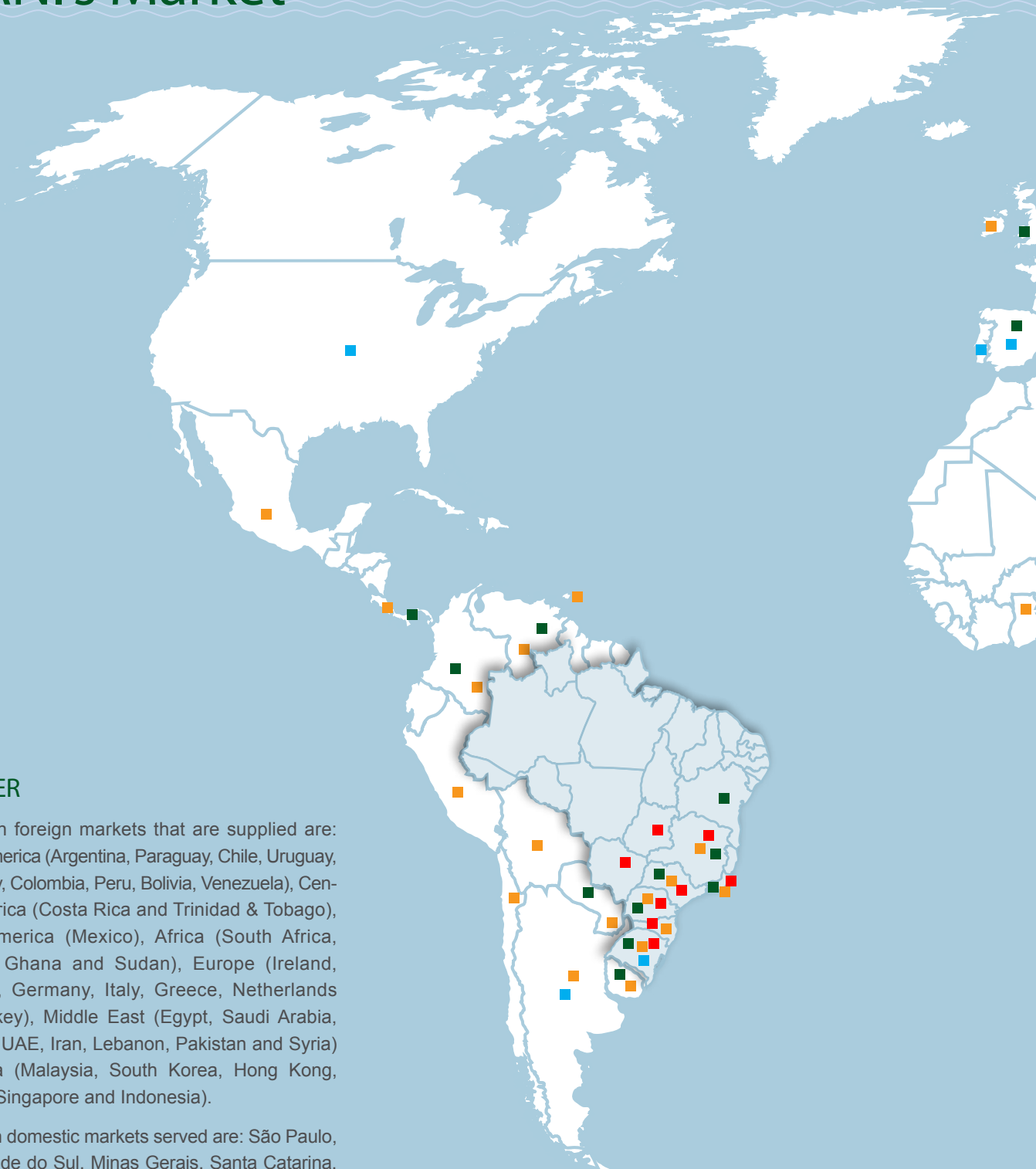
■ PAPER

The main foreign markets that are supplied are: South America (Argentina, Paraguay, Chile, Uruguay, Paraguay, Colombia, Peru, Bolivia, Venezuela), Central America (Costa Rica and Trinidad & Tobago), North America (Mexico), Africa (South Africa, Nigeria, Ghana and Sudan), Europe (Ireland, Belgium, Germany, Italy, Greece, Netherlands and Turkey), Middle East (Egypt, Saudi Arabia, Bahrain, UAE, Iran, Lebanon, Pakistan and Syria) and Asia (Malaysia, South Korea, Hong Kong, Taiwan, Singapore and Indonesia).

The main domestic markets served are: São Paulo, Rio Grande do Sul, Minas Gerais, Santa Catarina, Parana and Rio de Janeiro.

■ PACKAGING

The main domestic markets served are: Sao Paulo, Santa Catarina, Parana, Rio Grande do Sul, Minas Gerais, Goias, Mato Grosso do Sul and Rio de Janeiro.





■ FURNITURE

The main foreign made to order markets served are: Spain, France, Belgium and the UK.

The main foreign markets are served by MMM (Meu Movel é de Madeira) are: Uruguay, Paraguay, Colombia, Venezuela and Panama.

The main domestic markets are served by MMM are: São Paulo, Rio de Janeiro, Bahia, Rio Grande do Sul, Minas Gerais and Paraná.

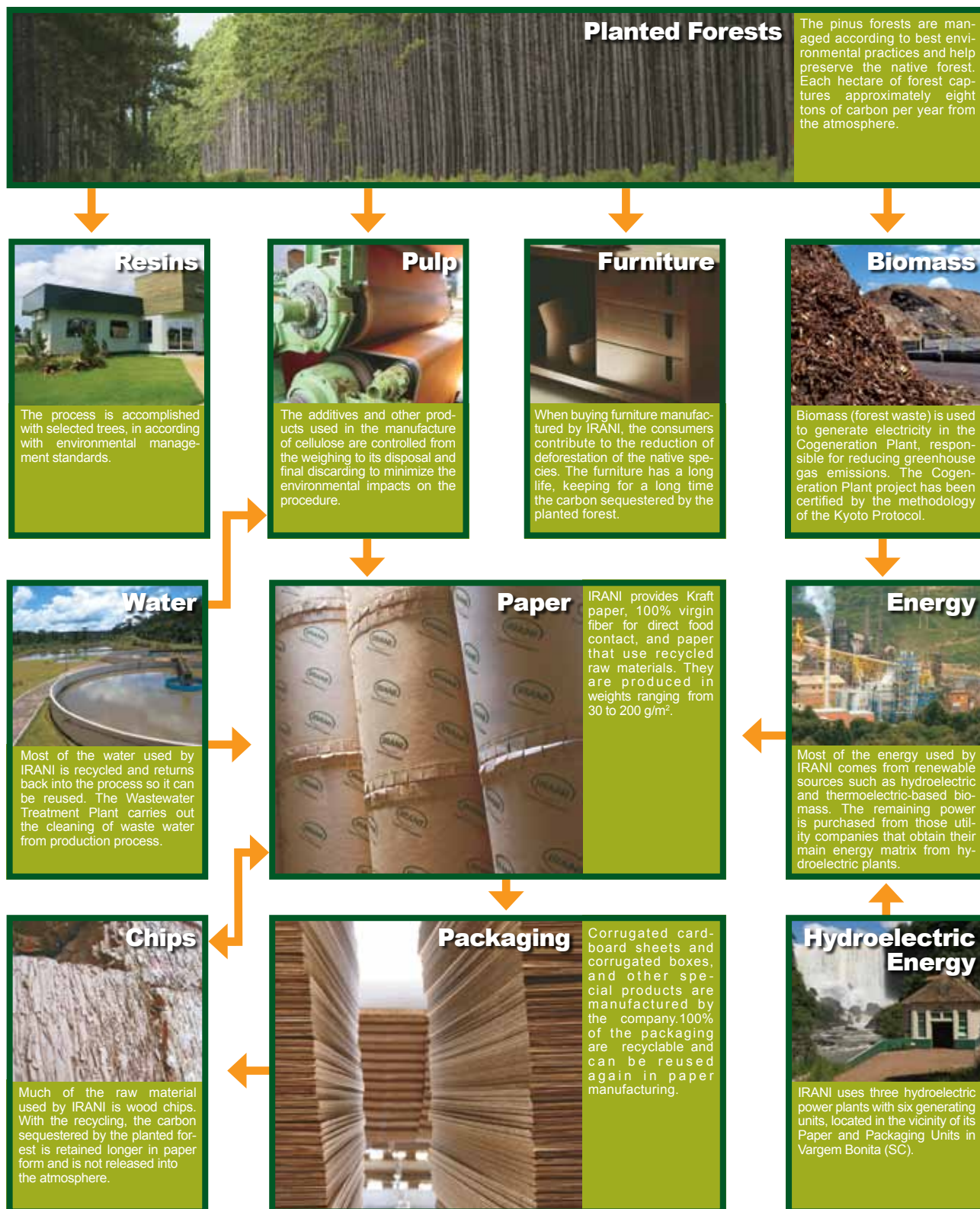
■ RESINS

The main overseas markets for rosin and turpentine are: Argentina, Germany, Portugal, Holland, France, Spain and the United States.

Main internal market served is: Rio Grande do Sul.

The Effectiveness of IRANI Resources

At the core of the business IRANI include the use of renewable resources and the harmonious coexistence with the environment. IRANI uses feedstock for their products from the forest and planted pinus and the shavings. The water used is properly collected and treated; the energy used is from renewable sources and the end products, in an act of environmental responsibility.



Balance Sheets

ASSETS 2009 AND 2008

In thousands of reais	Consolidated	
	2009	2008
CURRENT STOCK		
Cash and cash equivalents	3,025	1,370
Accounts receivable	61,457	49,364
Inventory	32,659	35,616
Recoverable Taxes	6,775	12,789
Income tax and deferred social contributions	576	2,884
Banks blocked account	12,202	3,340
Other accounts receivable	10,948	9,551
Total current assets	127,642	114,914
NONCURRENT RECEIVABLES		
Realizável em longo prazo		
Recoverable Taxes	5,038	8,169
Income tax and deferred social contributions	13,397	42,288
Other receivables	1,664	242
Investments	937	-
Fixed Assets	337,005	362,832
Intangible assets	33,543	33,543
Deferred	1,163	1,552
Total noncurrent Liabilities	392,747	448,626
TOTAL ASSETS	520,389	563,540

CURRENT LIABILITIES & NET WORTH 2009 & 2008

In thousands of reais	Consolidated	
	2009	2008
STOCK		
Loans and financing	134,775	112,990
Suppliers	37,352	41,482
Payroll and social security	7,184	6,974
Tax liabilities	7,826	6,434
Provision for contingencies	1,038	4,777
Tax Installment	3,620	3,880
Income tax and deferred social contributions	7,422	-
Advances from customers	1,547	1,626
Related parties	306	6,968
Dividends payable	3,872	32
Other accounts payable	7,486	5,203
Total current liabilities	212,428	190,366
NONCURRENT RECEIVABLES		
Long-term liabilities		
Loans and financing	168,725	255,063
Related parties	-	1,161
Provision for contingencies	20,094	52,387
Tax Installment	14,292	12,397
Deferred taxes on revaluation	2,009	2,223
Tax obligations	588	-
Other accounts payable	1,048	-
Income tax and deferred social contributions	11,098	-
Total noncurrent Liabilities	217,854	323,231
MINORITY PARTICIPATION	3	-
Net worth		
Share capital	63,381	63,381
Treasury shares	(80)	(44)
Revaluation reserve	14,379	15,993
Legal reserve	814	-
Retained earnings	11,610	-
Accumulated deficit/losses,	-	(29,387)
Total equity	90,104	49,943
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	520,389	563,540

Certifications



DESCRIPTION

The proposed guidelines for the quality management system are assured only in a continuous improvement process.

CERTIFIED UNIT

Paper, SC Packaging,
SP Packaging & Furniture



DESCRIPTION

Ensures IRANI removes more greenhouse gas emissions (GHG) from the atmosphere than it emits.

CERTIFIED UNIT

All units



DESCRIPTION

The Center for Experimentation and Road Safety (Cesvi Brazil) certifies with five-star the FineKraft paper for use as Masking Tape.

CERTIFIED UNIT

FineKraft Paper Mill



DESCRIPTION

Attest that the paper may come into direct contact with food without putting consumer's health at risk.

The production of the IRANI paper complies with Ordinance N° 177/99 of the National Agency for Sanitary Surveillance (Anvisa), with certificates issued by Cetea, IPT and UFSM.

CERTIFIED UNIT

FineKraft Paper Mill



DESCRIPTION

Ensures that the timber produced, or used by the company comes from sustainably managed forests.

Forest Management Certification: valid only for forests, recognizes that the forest production meets the FSC standards.

Chain of Custody Certification: ensures that the product was manufactured following strict standards in the entire production process, from forest to final consumer.

CERTIFIED UNIT

Forest Management Certification: own forests in Santa Catarina

Chain of Custody Certification: Paper, SC Packaging, SP Packaging and Furniture

The mark of responsible forestry
SW-FM/COC-003156
SW-COC-003147
SW-COC-003233
SW-COC-003361
FSC products on request
© 1996 Forest Stewardship Council A.C.

Highlights and Recognitions in 2009



**11º PRÊMIO
EMPRESA CIDADÃ
ADVB 2009**

**Corporate Citizen
Prize ADVB/SC**

Environmental
Preservation category



Fritz Müller Prize

Awarded by FATMA



**Valor 1000 Yearbook
(Biggest Companies)**

Realization *Valor
Econômico* Magazine



**Brazilian
Environmental
Benchmarking Award**

Awarded by Mais
Projetos



The Best of Dinheiro

Awarded by *ISTO É
Dinheiro* Magazine



**Brazil
Environmental Prize**

Category MDL Awarded
by AMCHAM RIO



Vocational Rehabilitation Prize 2009

Panorama case of Vocational
Rehabilitation in IRANI



Febramec 2009 Prize

Category Atmospheric
Emissions

Greenhouse Gases



**Expressão de
Ecologia Prize**

Pollution Control
category

Paper and Pulp sector



**Social Responsibility
2009 Prize**

Awarded by Assembleia
Legislativa do Estado
do Rio Grande do Sul



**Innovative
Company Seal**

Awarded by Anpei

Corporate Governance



Control Panel of the Cogeneration Plant - Paper Mill - Vargem Bonita (SC)

IRANI'S commitment to the best practices in relationship with its shareholders and stakeholders more that causes the Company to adopt a corporate governance guided by its values.



- 1 Resins Unit (RS)
- 2 Head Office (RS)
- 3 Corporate Office (SC)
- 4 Packing Unit (SP)



Corporate Governance

The share capital of IRANI on December 31, 2009, subscribed and paid-up, was R\$ 63,381,494.07, consisting of 8,104,500 shares of which 92% (7,463,987) are common shares are entitled to vote and 8% (640 513), preferred shares without voting rights.

The IRANI administration is exercised by the Board of Directors, which has deliberative functions, and the Management, with executive and representative functions. The Board shall meet whenever necessary, focusing its attention to the strategic issues of the Company, such as risk to the business, market relations, corporate policies, investments and performance monitoring of the report translated from financial statements. All powers of the Board are described in Article 12 of the Company Bylaws. Among them, there is the inspection of the management of directors, allowing the Board to examine, at any time, Company books and papers, requesting information on contracts that have been signed and any other acts. The members mandate if for two years, and they may be re-elected.

Currently, the Board of Directors is composed of the following members:

Péricles de Freitas Druck - Chairman;
Eurito de Freitas Druck - Vice-President;
Pericles Pereira Druck - Director;
Ernani Medaglia Muniz Tavares - Director;
Paulo Sérgio Viana Mallmann - Director;
Paulo Antonio Schmidt - Director.

For the companies Habitasul Florestal S.A and Irani Trading S.A, both controlled by IRANI, there are distinct Boards of Directors, each one is made up from three members who are also part of the Board of Directors of Celulose Irani SA

The President of the Board (Chairman) accumulates the function of CEO of the Company, however, the specific role of Executive Chairman of the Company is exercised by the Managing Director, who has the responsibility for coordinating the Executive Board. In this case, the Chief Executive has the main role of monitoring and advising the Executive Board on issues of major relevance.

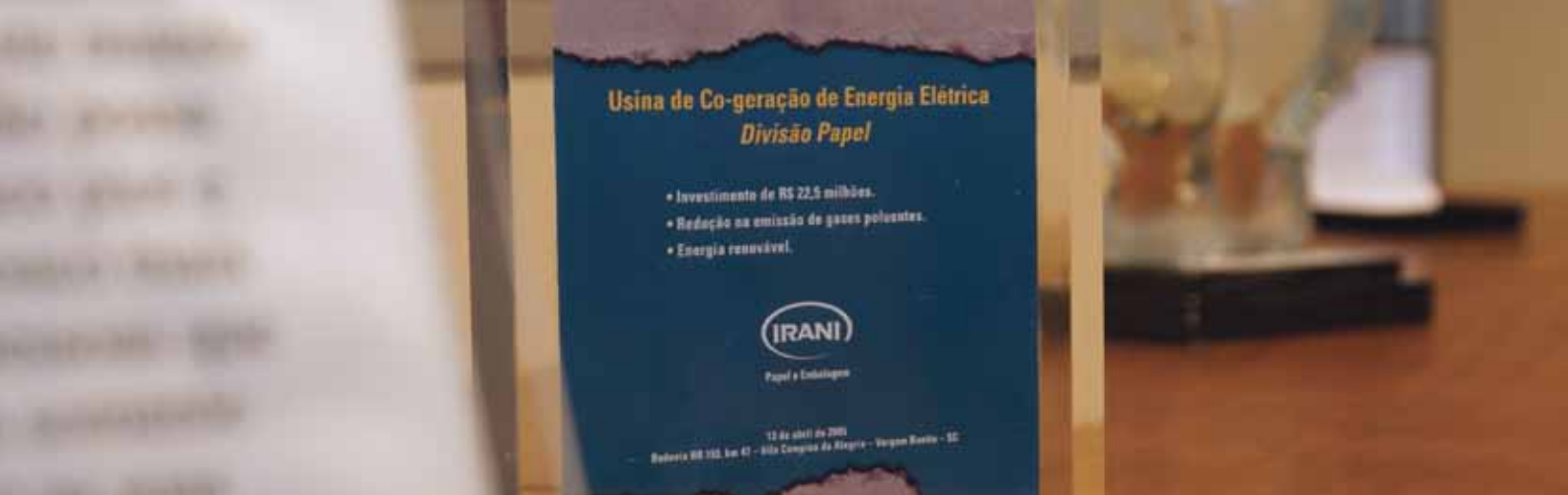
The tenure of the directors is two years, and they may be re-elected. The Board meets in regular session, face to face, every month, and by videoconference, when necessary.

	2007	2008	2009
Number of components of the Celulose Irani S.A. Board of Directors	8	8	6
*Non Executive Board Members of Celulose Irani S.A	6	6	4

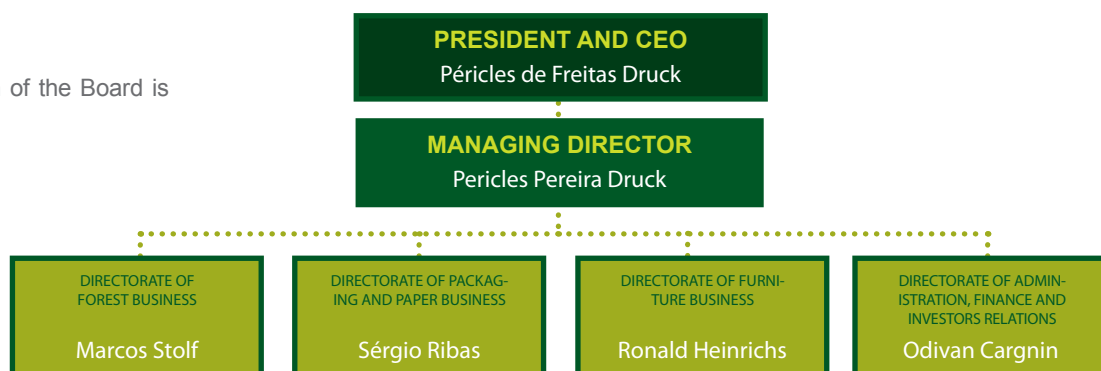
**A non-executive Board Member is one who does not exercise a management function in the Company.*

**meta
2010**

In line with best Corporate Governance practices, IRANI's goal for 2010 is the preparation and dissemination of a Calendar of Corporate Events which consists of a list of upcoming events for the year, the program for the dissemination of quarterly and annual results, holding ordinary and extraordinary meetings and the availability of the Boards minutes of meetings and other documents in the Securities Commission (CVM) and on the Company's Investor Relations site.



The composition of the Board is as follows:



The expenditure with administration fees, without social charges, amounted to, in thousands of reais, to R\$ 2,305 by December 2009 (R\$ 2,683 in 2008). The Ordinary General Meeting of April 29, 2009 approved for that year, the total remuneration of directors of at the most R\$ 4,500.

In the IRANI Investor Relations site, there is a tool called **Contact IR**, where anyone can send suggestions, make inquiries, recommendations and get information on the Company. Moreover, in the same space, e-mail and phone number is disclosed of the Director of Investor Relations for people wishing to make contact.

The Company retains Independent Auditors to verify the consistency and integrity of its operations. The Independent Auditors are responsible for issuing the opinion of the independent auditors, quarterly and annually.



Go to: www.irani.com.br/ri and see!

Sustainability Committee

This has been in operation since 2008. It is composed of nine employees, representatives from various Company units, the committee is responsible for proposing several actions related to sustainability management in IRANI and it is subordinate to the Company Management, it takes the leading proposals for the approval of the Board. The committee meets weekly by videoconference and its Mission is:

“Promote daily and innovative attitudes to build an economically viable business, environmentally friendly and socially fair, seeking high standards of governance based on ethics and transparency front of various stakeholders.”

In 2009, the committee acted strongly with the planning of its actions. It conducted a review of all actions and projects that IRANI already performed in the sustainability area, and the strengths and weaknesses in the subject were defined, and an analysis of the opportunities that the Company did not visualize.

From this work, we have defined six goals that guided the action proposals that were considered as sustainability priorities:

- 1 encourage actions that add value to products following criteria that are recognized as sustainable;
- 2 continuously improve the internal understanding about sustainability;
- 3 be a reference for other companies in the sustainability issue;
- 4 encourage innovative projects that prioritize sustainability practices;
- 5 establish strong partnerships with key members of the value chain with a commitment to sustainability;
- 6 develop a process of sustainability management indicators.

Ethics Committee

In 2009, the Celulose Irani made a movement in all units to deliver and disseminate to employees the Code of Ethics that sees all actions and make public ethical conduct and respect for human rights that are made in connection with interacting public. The text of the Code of Ethics that was open for discussion and input from all employees documents values and the commitments of the Company seeking a correct and transparent business activity in relation to the employees, customers, suppliers, shareholders, communities, governments, Society and the State, besides making clear the positioning that the Company assumes to ensure that conflicts of interest do not appear in their relationships. By publicizing the Code of Ethics, IRANI also divulged the Business Pact for Integrity and Anti-Corruption, a commitment assumed since 2007.



To access the full Code of Ethics, visit www.irani.com.br, follow the link: Código de Ética (Code of Ethics)



Commitment to External Initiatives

Global Compact



IRANI has been a signatory to this pact since 2007. It is the result of an initiative by the United Nations (UN), for the private sector, and aims to encourage the practice of Corporate Social Responsibility. According to the UN, the Global Compact's goal is to encourage the alignment of policies and business practices with the values and goals that are internationally relevant and universally agreed upon. Since it is a signatory, IRANI seeks to contribute to the practice of the 10 principles of the pact.

Human rights principles

- 1** Respect and protect human rights.
- 2** Prevent violations to human rights.

Principles of labor law

- 3** To support freedom of association at work.
- 4** Abolish forced labor.
- 5** Abolish child labor.
- 6** Eliminate all forms of discrimination in the workplace.

Principles of Environmental Protection

- 7** Support a precautionary approach to environmental challenges.
- 8** Promote environmental responsibility.
- 9** Encourage technologies that do not harm the environment.

Principles against corruption

- 10** To combat corruption in all its forms, including extortion and bribery

In the GRI Index in this report, it is possible to relate the indicators to the Global Compact principles.



Employees - Packaging Unit SC - Vargem Bonita (SC)

Business Pact for Integrity and Anti-Corruption



This pact is an initiative of the Instituto Ethos, which aims to disseminate the good practices of business ethics that can eradicate corruption. In it, IRANI undertakes to meet the objectives proposed by the agreement to guide its employees on the importance of fulfilling the agreement. In the IRANI Code of Ethics, released to the stakeholders, it is possible to find an explanatory text of the pact. By signing the pact in 2007, IRANI pledges so that there will not be any corruption in any of its units and even external environments of the Company.



Visit the site www.irani.com.br, on the Code of Ethics link, and learn more about the Pact



Management **Approach**

Invest in the development of employees is a Celulose Irani priority

IRANI has Corporate Responsibility Policies for ensuring the compliance of conduct aligned to the culture of the Enterprise and to improve its practices.



Corporate Policies

Integrated with the Corporate Policies are: Social Responsibility, Environmental, Quality, Inclusion of Disabled People, Social Investment Health and Safety and Corporate Volunteers.



Visit the site www.irani.com.br, click the Sustainability link and find out all the corporate policies.

Sustainability is the basic parameter of the IRANI management model, providing better economic, social and environmental performance. In 2009, meetings were held to review the 2008-2012 Cycle of Strategic Planning. This planning occurs systematically in many cycles throughout the year.

In late 2009, there was a management restructuring in the Environmental Management and Quality that became known as Managing for Excellence, incorporating the area of Sustainability. The purpose of this change was to integrate all related areas, in order to increase the synergy between social and environmental actions and oriented towards sustainability, guided by a management model driven by the National Quality Foundation (FNQ). For 2010, we intend to evolve this of Management of Excellence Model and it is hoped that this will obtain better results in all areas of the Company.

Accuracy of data

The techniques for measuring economic, environmental and social data and the bases of calculations used are accurate, guided on data extracted from ERP systems Protheus of TOTVS, Simula, Brisa, GIS, Execplan Intelligence and Planning. Other environmental data, such as the control of emissions, quantity of disposed waste, the GHG inventory and measurement of areas, are monitored systematically by electronic spreadsheets in the responsible areas.



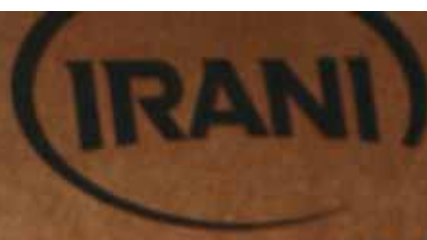
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to se preocupa com a sua
utiliza Papéis IRANI do tipo
tato direto com alimentos.
o Instituto Adolfo Lutz.



www.irani.com.br



Celulose Irani S.A.



Economic


Performance



Stock of corrugated sheets IRANI - Packing Unit SP - Indaiatuba (SP)

For IRANI, sustainability, is a management tool that allows for the production of concrete results in the improvement of economic performance, so as to, also, maintain the balance between social and environmental aspects.





2009 was marked by a strong worldwide economic and financial crisis that began in 2008. For Celulose Irani, this was a year of the maturity of the investments made in 2007 and 2008 and the beginning of the capture of its benefits. Amid the crisis, IRANI had its margin to generate cash to grow substantially, as well as its market share in the corrugated cardboard segment, as a result of the new level of competitiveness reached after the investments. Also in 2009, measures were implemented to reduce costs in all units, seeking to adapt the operational structure to the new reality brought on by the crisis.

The consolidated Gross Revenue IRANI remained virtually stable in 2009, down only by 1.4% compared to 2008. This good performance recorded by the Company in a period in which firms in general suffered greatly from the effects of the global crisis was due mainly to increases in productivity and sales of the packaging business at its two plants: in Indaiatuba (SP), where the new factory was established in 2008, and Vargem Bonita (SC), where investments in technological and capacity upgrading building were also completed in 2008. The paper mill decreased its share of the Company's revenues by increasing the supply of paper to the Packing Units.

The dollar closed with a devaluation of 25.5% compare to the end of 2008, which contributed to the reduction of debt in foreign currencies. Because of the Company's policy to maintain over time the payments in hard currency equivalent to the receipts in these currencies, there is a natural protection of the cash flow, by not generating additional or unexpected outgoings because of this sudden change in the price of currencies. Accordingly, the Company did not have in 2009, losses on currency derivatives, as it does not work with these instruments.

The net result of 2009 was R\$ 44.069 million, helped by R\$ 58.823 million relating to the positive

net foreign exchange variation in the period. The adjusted EBITDA increased by 58.6% compared to 2008, showing a significant improvement in the ability to generate operating income.

The EBITDA margin rose from 15.1% in 2008 to 24.6% in 2009. Thus, the net debt/EBITDA ratio, which was 6.35 times in 2008, rose to 3.11 times in 2009.

In 2009 following the strategies in the changes to the financial statements of that began in 2008 with the classification of the financial statements on the changes implemented by the Law 11638/07 and 449/08 MP. During that year, there were published several technical pronouncements and interpretations approved by resolutions of the CVM, which will be applied by the Company from the financial statements for 2010. The Company presented its financial statements with the evaluation of biological assets (forests) and the land using the fair value method. This new accounting concept, which will be officially adopted in 2010, has a positive impact of R\$ 204 million on net worth from December 31, 2009, raising it from \$ 90 million to \$ 294 million, more suitably reflecting the actual position of the assets and the net worth of the Company.



Visit the site www.irani.com.br/ri and see other economic indicators.



Forestry Seedling nursery - Forestry Unit - Vargem Bonita (SC)

Main Financial highlights		
Consolidated (in thousands of reais)	2009	2008
Gross operating revenue (*)	479,071	485,632
Domestic market	403,324	392,412
Foreign market	75,747	93,220
Net operating income (*)	376,879	388,391
Gross profit	92,760	90,497
Gross margin	24.6%	23.3%
Net profit	44,069	(54,223)

* 2009 – Gross and net operating revenue adjusted by 3.907 million reais for the purchase of performance for the ACC contact is not ordinary Company income.

Earning Before Interest, Taxes, Depreciation and Amortization (EBITDA)*		
Consolidated (in thousands of reais)	2009	2008
Income before taxes	70,704	(81,538)
Depreciation, depletion and amortization	40,311	36,306
Financial Results	(12,588)	91,189
EBITDA	98,427	45,957
Provisions (IPI and contingencies)	4,581	10,238
Non-recurring items *	(10,190)	2,316
Adjusted EBITDA	92,818	58,511
EBITDA Margin	24.6%	15.1%
* Non-recurring Events	(10,190)	2,316
Sales of assets - IR	(11,647)	-
Storms	1,457	-
PDD - customers with maturities before 2008	-	2,316

Note: EBITDA is the additional operational result of the (income) net financial expenses and depreciation, depletion and amortization. The EBITDA is not a measure used in the accounting practices adopted in Brazil, it does not represent cash flow for the periods shown and should not be considered as an alternative to net income as an indicator of our operating performance or as an alternative to cash flow as an indicator of liquidity. EBITDA does not have a standardized meaning and our definition of EBITDA may not be comparable to the EBITDA or adjusted EBITDA, as defined by other companies. While the EBITDA does not provide, in accordance with the accounting practices used in Brazil, a measure of operating cash flow, our management uses it to measure our operating performance. Additionally, we understand that certain investors and financial analysts use EBITDA as an indicator of operational performance of a company and/or its cash flow.

Gross revenue

Accumulated in 2009, the gross revenues showed a slight decrease of 1.4% compared to 2008, totaling R\$ 479.071 million against R\$ 485.632 million in 2008. Whereas the dollar value of the gross revenues was 10.1% lower in 2009, totaling R\$ 243.25 million against \$ 270.641 million in 2008.

Net operating revenue

In 2009, the net operating revenue totaled R\$376.879 million, a decrease of 3% over the previous year. The gross profit in 2009 totaled R\$ 92,760 thousand, compared to R\$ 90.497 million in 2008, a growth of 2.5%. The gross margin increased in 2009, staying at 24.6%. Profit before income tax was R\$ 70.704 million in 2009, reversing the negative results shown in 2008 to the amount of R\$ 81.538 million.

EBITDA

In 2009, the adjusted EBITDA totaled R\$ 92.818 million, an increase of 58.6% compared to 2008. The consolidated adjusted EBITDA margin grew, from 15.1% in 2008 to 24.6% in 2009.

Financial Results

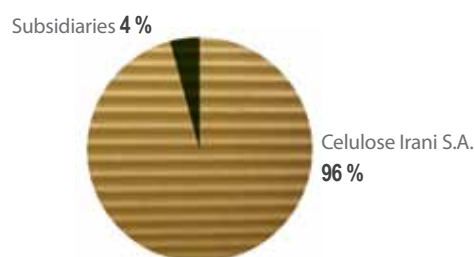
In 2009, the financial result was positive by R\$ 12.588 million compared to R\$ 91.189 thousand negatives in 2008. Of the R\$12.588 million positive in 2009, R\$ 58.823 million representing net exchange rate variation, R\$ 1.949 million financial income and R\$ 48.184 million corresponded to financial expenses (interest, bank charges and discounts granted).

Net profit

The Net profit in 2009 was R\$ 44.069 million positive, thus reversing almost entirely the negative result of R\$ 54.223 million from the previous year. Additionally, we carried out a parcel of the revalued asset of R\$ 1.614 million in 2009 (R\$ 483 000 in 2008), which is not carried forward as income in the Statement of Net Income (DRE) (CVM Deliberation 183/95).

The participation of the consolidated gross operating revenue in 2009 was as follows:

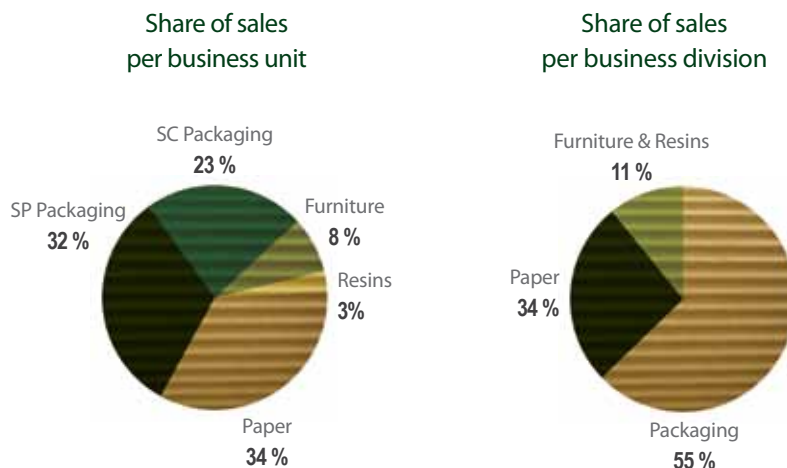
Participation of gross operating revenue per company





Sales

The distribution of sales in the parent was as follows in 2009:



Financial Risk Management

The managing of a company is projected, managed and the resulting attitudes and actions of the people. The procedures are indicators for the attitudes that result in actions that are ethical, understandable, of the knowledge of all involved and transparent. In Irani, the procedures are essential, because they grant the internal public, and in many cases, the external public subsidies for taking actions and coherent, accurate and sensible decisions.

In financial management, one of the more important procedures is the analysis of credit that considers and advises on the conditions and positions required that the customers need to have for the Company to agree and trust them and a grant credit limit and payment deadline for products marketed by it. The credit limit, its analysis, its amount in value involves all areas of the Company, namely production, commercial, support areas and management. No area or department of the Company can guarantee credit to a customer before the Financial analysis of customer-specific documents, market information where it operates, banking information and public credit and approve or not the granting of credit.

In the Company there are other procedures and policies to prevent any possibility of financial risk, such as the procedure for travel expenses, approvals of requisitions and payments via petty cash, hiring third-parties, billing addresses, immobilization of capital, motor vehicle claims policy, accounts payable, resale of goods (mobile business), financial and administrative routines for the subsidiaries, reimbursement of mileage, among others.

Statement of Value Added (DVA) (in thousands of reais)

	Consolidated	
	2009	2008
1 REVENUE	540,672	504,123
1.1 Sales of goods, products and services	482,978	485,632
1.2 Other revenues	58,386	13,234
1.3 Revenue relating to the construction of own assets	-	7,693
1.4 Provision for doubtful accounts - up	(692)	(2,436)
2 SUPPLIES PURCHASED FROM THIRD PARTIES	367,473	316,234
2.1 Cost of goods and services sold	284,668	237,957
2.2 Materials, energy, and other outsourced services	82,805	78,277
3 GROSS VALUE ADDED (1-2)	173,199	187,889
4 DEPRECIATION, AMORTIZATION, DEPLETION	40,311	36,306
5 NET VALUE ADDED GENERATED BY THE ENTITY (3-4)	132,888	151,583
6 Added value received in transfer	75,538	36,746
6.1 Financial income	-	-
6.2 Receitas financeiras	75,538	36,746
7 TOTAL VALUE ADDED TO DISTRIBUTE (5+6)	208,426	188,329
8 DISTRIBUTION OF VALUE ADDED	208,426	188,329
8.1 Personnel	58,617	63,401
8.1.1 Direct Compensation	45,688	53,778
8.1.2 Benefits	9,768	8,046
8.1.3 FGTS	3,161	1,577
8.2 Taxes and contributions	36,711	39,877
8.2.1 Federal	24,749	23,932
8.2.2 State	11,486	15,518
8.2.3 Municipal	476	427
8.3 Remuneration of debt	69,029	139,274
8.3.1 Interest	62,950	132,448
8.3.2 Rentals	6,079	6,826
8.4 Remuneration of capital	44,069	(54,223)
8.4.1 Dividends	3,872	-
8.4.2 Gains (losses) for the year retained	40,198	(54,236)
8.4.3 Participação dos não controladores nos lucros retidos	(1)	13



Environmental Performance

Seed Production Area (SPA) - Forest Unit- Vargem Bonita (SC)

Preserving the environment is one of the responsibilities of Celulose Irani. The Company identifies, analyzes, develops and invests in stocks that allow it to minimize the environmental impacts on their production activities, always acting in accordance with environmental regulations.



1



2

1 Cogeneration Power Plant
2 Wastewater Treatment Plant



The following are highlights in the environmental area; the Clean Development Mechanism (CDM) of the Cogeneration Plant and the Wastewater Treatment and of Greenhouse Gas (GHG) Emissions Inventory. For three consecutive years, the Company was considered as a nationwide environmental reference by receiving the Brazilian Environmental Benchmarking Award, a national reference in the socio-environmental area, and received numerous other awards at a national and regional level.

Besides investing in technology to preserve the environment, IRANI, aiming to educate developers and residents of surrounding towns, supports and encourages projects in environmental education. Through these projects, the company spreads the culture of preservation and conservation of the environment and seeks to strengthen the concept and practice of sustainability.

Some graphs that were released earlier in sustainability reports were excluded because of the analysis that the Company did on their relevance.

The proposed targets for 2009 were to:

a) the work at the industrial landfill in Paper Mill was completed and the landfill is already operating;

meta 2010 b) Ichthyofauna project, which is the identification of fish biodiversity and assessing the quality of the Flor do Mato reservoir water, located in Campina da Alegria, in Vargem Bonita (SC), is ongoing and its completion is the goal for 2010. In 2009, 384 hours of sampling were carried out that resulted in the collection of 908 fish specimens representing eleven species and six families. This work is involving species identification and the analysis of micronuclei; the Integrated Quality Index will be applied that is constructed through the analysis of three attributes of the fish fauna: number of species per sample, total number of individuals sampled and species diversity. Checks will be also be carried out on the black spots and comparative analysis of the physical-chemical parameters and microbiology of the water;

meta 2012 c) project to seek alternatives to the adequate destination of plastic waste was not completed, and the goal is for completion in 2012. There is an ongoing study to search for partnerships.

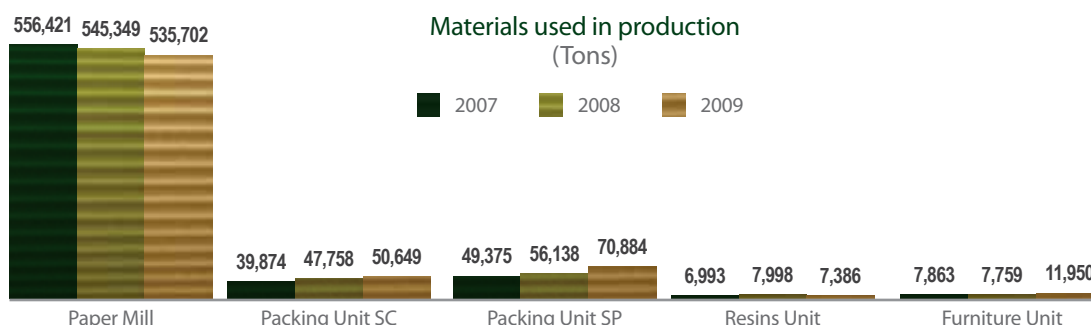


Conservation Area - Araucaria Forest - Vargem Bonita - (SC)

Materials

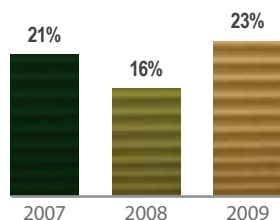
In 2009 the total consumption of materials was equivalent to 676 570 tons, which represented the main inputs and raw materials of the units.

The materials that compose the graph below include: wood chips (recycled fiber) and inputs in the Paper Mill; paper, ink, glue and resin in the SC Packaging and SP Packaging units; resin in the Resins Unit, Wood and paint in the Furniture Unit.



The increase in the percentage for the period of 2008 in the Paper Mill was due to the revision the input notations.

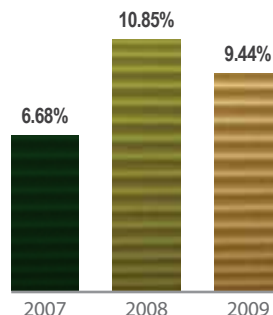
Percentage of recycled materials - Paper Mill



Packaging and SP Packaging units, using them to produce new paper. These wood chips acquired from these units are from the product supplied by the Paper Mill enabling its traceability. As for chips acquired from the market there is no evidence of its origin.

After the modernization of Machine 5, there was an increased production and an increase in the consumption of recycled material. This machine uses a large amount of recycled paper, allowing for the reuse of waste paper and flexibility in the use of raw materials.

The recovered percentage of scraps from the SC and SP Packaging units are acquired by the Paper Mill



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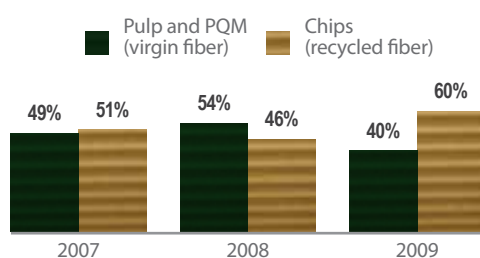
Maintain the percentage of recycled material.

The increase in the percentage for the period of 2008 was due to the revision the input notations.

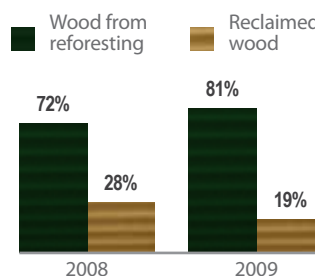
IRANI endeavors to recover the goods sold and convert them into useful materials for new production processes. Thus, the Paper Mill recovers the trimmings from product sales made in the SC

In the Paper Mill, in 2009, we used 60% of chips for paper production, contributing to increased recycling.

Percentages of recycled fiber – Paper Mill



Percentage of reclaimed wood – Furniture Unit



Reclaimed wood – Furniture Unit

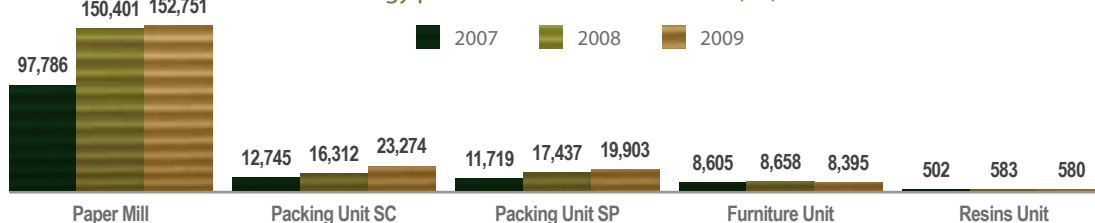
In the Furniture Unit, the waste generated from the wood (stump) is reused for making furniture. In 2009, the percentage of recycled wood was 33%. The use of this is carried out through the seam from the top of the wood. This process is called a finger. The joining of several smaller pieces makes them form a slat, which will then be joined with the slats on the other side forming a panel, which can be used for making furniture.

In 2009, the Furniture unit consumed more wood, but lowered its reuse. This is justified due by the production mix that did not generate as much breakage, so there was a better utilization of wood in the optimizers.

Energy

The IRANI energy demand was provided at 75% by self-production, from its own three hydro electric units located around in the area around the industrial park and a thermoelectric unit that uses biomass. The thermal energy is water and is generated and used by the Unit Mill. The Packaging Unit SC uses steam from the Paper Mill Cogeneration boiler.

Energy purchases from 2007 to 2009 (GJ)

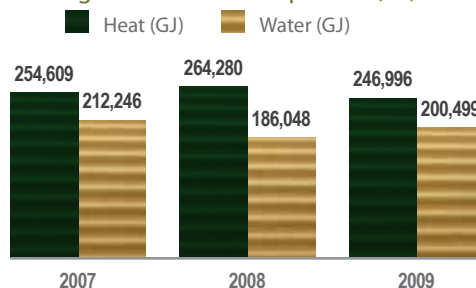


In the reporting period, there was an increase in energy consumption of the from the utility company due to the increased production.

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2014

Generate 90% of the energy consumed. One of the actions being done to achieve this goal is the re-empowering project of hydropower stations that will increase the potential for power generation.

Thermal energy and hydropower generated in the Paper Mill (GJ)



With the Cogeneration Power Plant IRANI produces clean energy for its factories in Vargem in Bonita (SC)



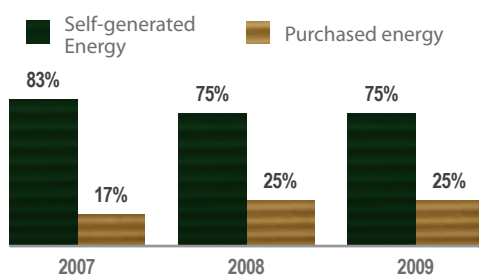
Consumption of biomass for power generation Paper Mill

Period	Consumption biomass (t)	Energy generated from 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
2009	429,464	246,996

Biomass consists of forest waste that is generated by the Company and from industries from the region's timber sector, as well as wood from planted eucalyptus forests.

The beginning of the operation project of the CDM Cogeneration Plant (2005) and consumption of biomass (a renewable and cleaner fuel) have provided a lower impact on the environment.

Percentage of energy self-generated and purchased by the Paper Mill



Quantity of natural gas consumed Packing Unit SP

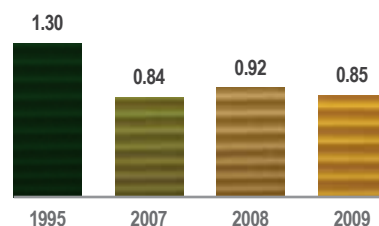
Period	Quantity consumed (m³)
2008	1,267,706
2009	1,266,911

The investments in preventive and corrective maintenance of steam leaks and waste, as well as systems for generation and transmission of energy enable savings. Such maintenance occurs periodically in order to avoid the wasting of energy and steam.

The amount of electricity consumed per ton of paper produced has reduced by approximately

34.6% from 1995 to 2009. The amount of steam consumed per ton of paper produced decreased about 44.5% over the same period.

Consumption of electricity energy (MWh) per gross ton of paper



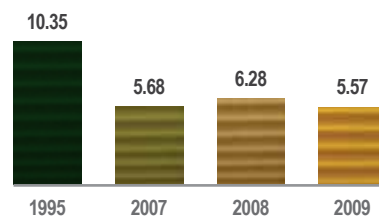
The value for the period from 2008 is different from what was reported in the previous year. The value of 0.93 reported previously justified because of rounding in the records from 2008.

**meta
2012**

**Reduce to 0.78 MWh/ton of gross
produced**

The specific energy consumption per ton produced in 2009 by the Paper Mill totaled 0.85 MW, a result 7.6% lower compared to 2008. According to the comparative performance of pulp mills in 2007 conducted by the Brazilian Technical Association of Pulp and Paper (ABTCP) and Bachmann & Associados, the average specific energy consumption was 0.77 MW per ton.

Steam consumption (t) per gross ton of paper

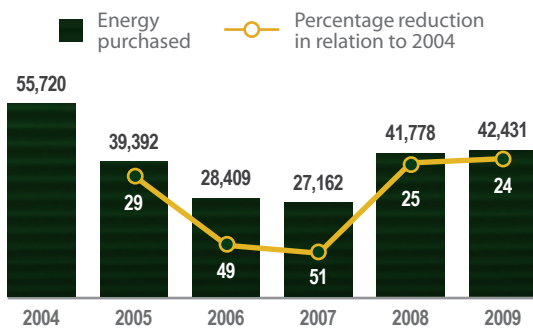


The value for the period from 2008 is different from what was reported in the previous year. The steam consumed by the SC Packaging was deducted from 2008, because the data on the chart relates to the Unit Paper Mill.

Because of the generation of energy from renewable natural resources, the Paper Mill has reduced the consumption of energy purchased from non-renewable resources.

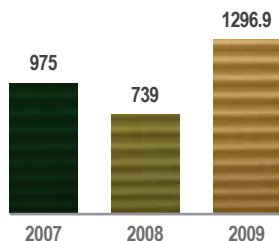
According to the chart below, the amount of energy purchased in the last five years had a mean reduction (mean reduction in the years from 2005 to 2009) of 36%, considering the year 2004 as the base year.

Quantity of electricity purchased and its percentage reduction (MWh)



The Paper Mill carries out the monitoring and adjustments to production that enable the stoppage of production equipment in the period from 6:30 pm to 9:30 pm (peak time), which enables to the supply of products with a lower power consumption without compromising the final quality.

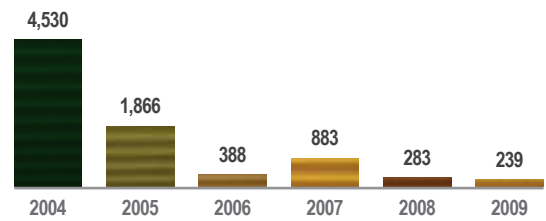
Energy saved due the production adjustments (MWh)



The annual quantity of bunker oil consumed decreased by approximately 94.72% from 2004 to 2009, the Unit Mill, and 90% from 2008 to 2009, in the SC Packaging. This reduction permitted for the reduction in GHG emissions, as shown in the graphs below.

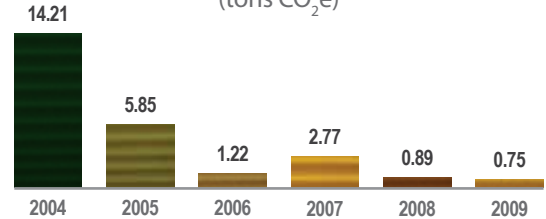
Paper Mill

BPF Oil consumption (tons)



The data in this chart is different from those informed in the previous year due to the changes in data source for the standardization of information.

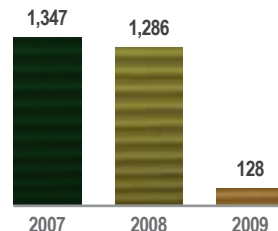
GHG emissions (tons CO₂e)

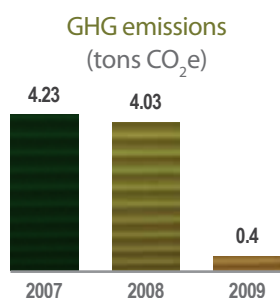


As there was a change in the data on the amount of bunker oil consumed, consequently, there was a change in the GHG emissions.

Packaging Unit SC

Bunker Oil consumption (tons)





The reduction in the use of bunker oil in the Paper Mill is due to the implementation of the Cogen-

eration Plant that with this system enables the reduction of oil use, as the inputs used for the combustion process in the boiler are from forest-based waste (biomass). The Packaging Unit SC, the reduction was due to the implementation of a steam line from the Cogeneration Plant, which goes to the corrugating machines. With the construction of the steam line, the bunker oil fueled boiler was moved to SC Packaging, using it only in cases of maintenance.

Water

At the Paper Mill, the capturing of water from a surface source occurs at two sites, both located in the Rio Chapeco watershed in Santa Catarina, which belongs to the Uruguay Basin. One capture point corresponds to a reservoir of 5.75 hectares, located in Ribeirao da Anta, one of the tributaries of River do Mato, where the most important point of capture is. In the Packaging Unit SC, uptake of surface water occurs in the Riacho da Anta, which belongs to the River Basin. For the Rio Mato and the Riacho da Anta, Irani recorded an account in the Department of Sustainable Development. The grants will only be granted after the registration of all users in the state of Santa Catarina. The Chapecó River Basin Committee is being organized, so that it is constituted, it will help in

awarding grants. So far, there are no restrictions on the catchment of water.

At the Packaging Unit SP, the catchment of water is carried out using boreholes located inside the Company; this unit has authorization for water catchment. At the Furniture Unit, the capture of surface water comes from the Rio Negrinho, located in the town of Rio Negrinho (SC). This unit is registering to become a water user, the award of the authorization from this river basin, also is not being carried out. At the Resins Unit, the catchment comes from artesian wells.

Considering the Paper, SC Packaging, Furniture and SP Packaging units, there was a removal of 7,277,163 cubic meters of water, as shown in the following table.

Total water withdrawal by source (m³)				
Unit	Fonte	Amount		
		2007	2008	2009
* Paper	Surface - Rio	8,362,375	8,029,325	7,197,103
	Casan			26,212
SC Packaging	Surface - Rio	9,389	7,588	8,864
	Casan		13,929	9,452
SP Packaging	Artesian well	28,736	21,684	27,190
Furniture	Artesian well	10,541	7,800	7,560
	SAMAE		1,076	783
Total		8,411,041	8,081,402	7,277,163

* In previous years, the information on the Paper Mill was not stratified.

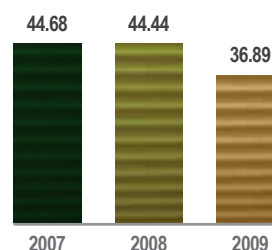


Variation in percentage of consumption		
Unit	2007 a 2008	2007 a 2009
Paper	-4%	-13.62%
SC Packaging	*129.17%	*95.07%
SP Packaging	-24.5%	-5.38%
Furniture	-15.79%	-20.85%

*In 2007, the calculation of water volume of the Packaging unit was done using a different methodology to 2008 and 2009, so there is an increase in the percentage of consumption for this unit.

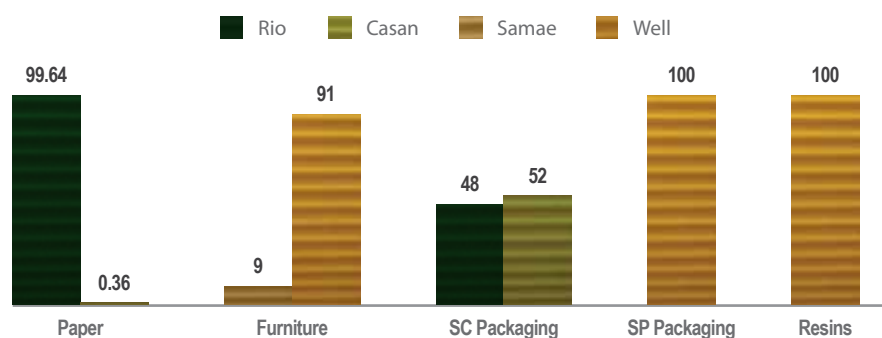
The target disclosed in the Sustainability Report for 2007 and 2008 was to achieve a 7% reduction in the volume of water. In 2009, the volume of water used by the Paper Mill totaled 7,223,315 m³. This represents a 13.62% reduction over 2007, surpassing the disclosed target.

Specific water consumption – Paper Mill
(m³ of water per gross ton produced)



The specific volume of water per ton produced in 2009 by the Paper Mill, totaled 36.89 m³ a results that is 16.97% lower than 2008. According to the comparative performance of pulp mills conducted in 2007 by ABTCP and Bachmann & Associados, the average water consumption of enterprises producing paper packing was 23.2 m³ per ton.

Percentage of water withdrawal by source



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A 20% reduction in water consumption at the Paper Mill, compared to 2007.

A glimpse of the conservation of natural resources, IRANI deployed over the years, using some technologies that enable the reuse of water in some cases. Thus, the water remains in a closed loop. As an example, we can cite the water, which is used in the gas scrubber of the CHP boiler and the system of chimney gas scrubbing occurs in a closed circuit the water being treated in the sewage system of the

boiler is reused to power the gas scrubber. Still, it can be said that the closed circuit cooling tower system and cooling of the turbo generators.

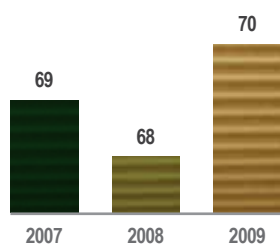
Due to the reused water, the Paper Mill in 2009 did not capture the equivalent of 17.28 million m³

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Increase to 75% the percentage of reuse in the Paper Mill.



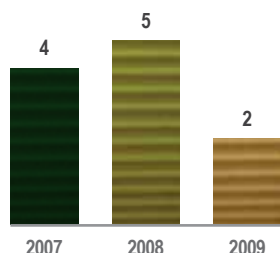
Percentage of reused water – Paper Mill



The amount of water reused in 2009 was equal to the period of 2008. The increase in the percentage of water reused in the above graph is due to the reduction of extracted water.

In the Furniture Unit, after the water passes through the wastewater treatment, it is reused in the paint booths, reducing the need for water catchment.

Percentage of reused water – Furniture Unit



The data in this chart is different from the previous year due to the change in the calculation methodology. The calculation of the Furniture Unit and the Paper Mill were standardized so that they were performed similarly.

The water from the SC Packaging Unit and Paper Mill is discharged into the Rio do Mato, in Santa Catarina.

The water from the SP Packaging Unit is discharged into Córrego Barnabé, a tributary of the Rio Jundiá, located in Indaial (SP). Whereas the discharge from the Furniture Unit goes into the Rio Negrinho, which is located in the Rio Negro watershed, in the town of Rio Negrinho (SC).

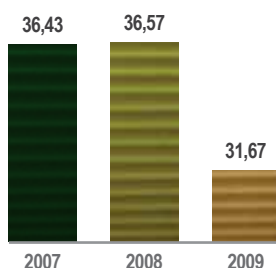
In all units the effluent is monitored according to the wastewater quality treatment plan, where the frequency of analysis is defined. Thus, it is aimed to monitor and control the results obtained in the treatment processes and the activities through the use of statistical techniques to ensure proper management. Monthly, critical analysis meetings are held to review with the objective of verifying the data. The parameters are compared and comply with the environmental regulations.

Parameters such as flow, pH, temperature, dissolved oxygen, suspended solids, decantable solids, BOD and COD are evaluated. For biological systems, factors are evaluated such as sludge age, organic loading, supply in relation to microorganisms, suspended solids from the aeration tank, suspended solids re-circulated sludge, dissolved oxygen, nitrogen, phosphorus and the sludge volumetric index of sludge. Daily, we calculate the total recovered fiber and are carried out to assess microscopic analysis of protozoa in existing aeration tank. Also performed the analysis and monitoring of the receiving body of the effluent and periodically the following parameters are checked: dissolved oxygen, pH, total alkalinity, suspended solids, decantable solids, nitrogen, phosphorus, total coliforms and heat-tolerant coliforms.

Total water discharge by quality and destination

Unit	Volume of effluent (m³ / year)		
	2007	2008	2009
Paper	6,816,704	6,607,743	6,200,592
SC Packaging	8,064	4,140	4,675
SP Packaging	6,106	8,366	10,530
Resins	2,276	3,456	1,924
Furniture	126	126	126
Total	6,833,276	6,623,831	6,217,847

Specific volume of effluent – Paper Mill



The volume of wastewater generated per ton produced in 2009 by the Paper Mill totaled 31.67 m³

a result 13.39% lower compared to 2008. According to ABTCP, the volume of effluent in the Finnish factories in 2004, was 39 m³/ADT. A comparison with the Finnish mills is relevant because of the generation of specific effluent in these companies is lower than the specific generation of Brazilian companies.

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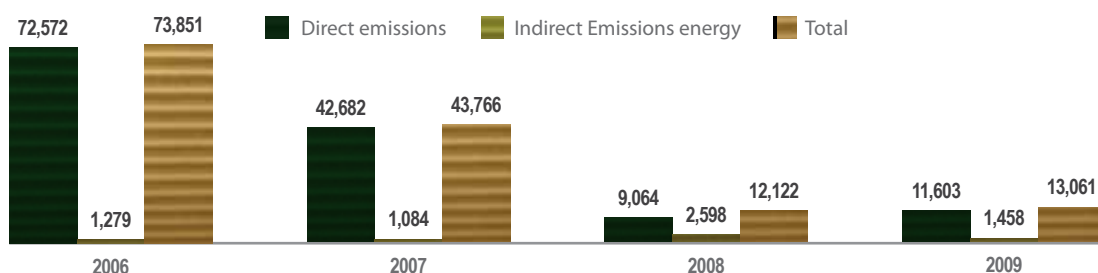
Reduce to 24 m³ the amount of wastewater generated per ton produced.



Emissions, Effluents and Waste

Some data from 2008 relating to GHG emissions and sequestrations are different from what was published in the report in the previous period because the GHG Inventory audit was conducted after the publication of the Sustainability Report 2008.

Direct and indirect energy emissions (in tons of CO₂e)



CO₂ Emissions per ton produced

The Paper Mill at Vargem Bonita (SC), in 2006, 2007, 2008 and 2009 emitted 0.37, 0.22, 0.06 and 0.07 tons of CO₂ produced per ton respectively. These Emissions are below the result shown by the National Inventory of Greenhouse Gases Emissions (referring to 1994), in which the emission of the Pulp and Paper segment corresponds to 0.50 ton of CO₂ per ton produced. The emissions of the Paper Mill also are below the average emitted by the pulp and paper sector in North America. The

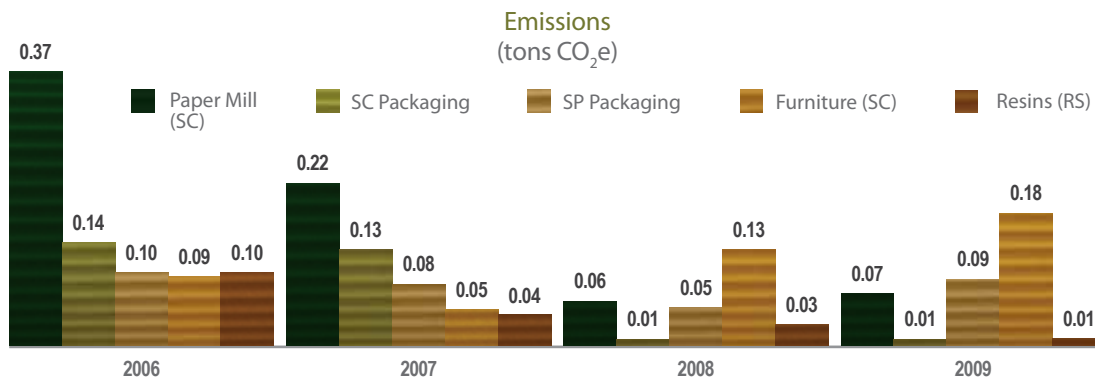
sector emits between 1.46 and 2.20 tons of CO₂ per ton produced (data released in August 2008). A survey of an Asian company showed that that it emits the equivalent of 1.56 ton of CO₂ per ton produced, more than that issued by the paper mill.



Visit the site: www.irani.com.br and learn more about the GHG Inventory. On the site there is a full version and an executive summary.

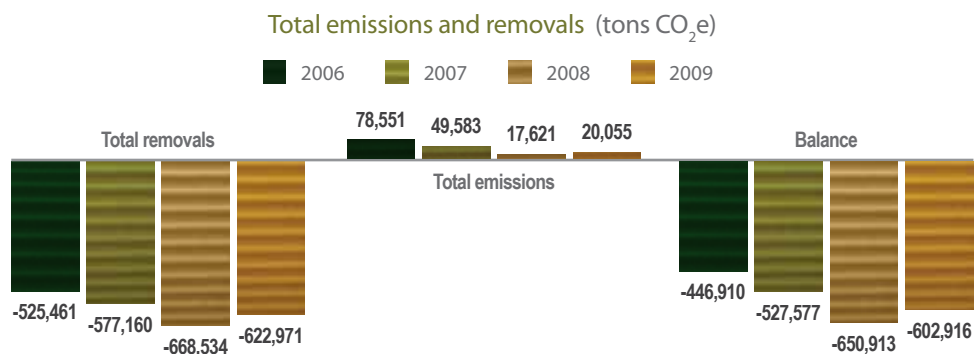


Paper Mill and Cogeneration Plant - Vargem Bonita (SC)

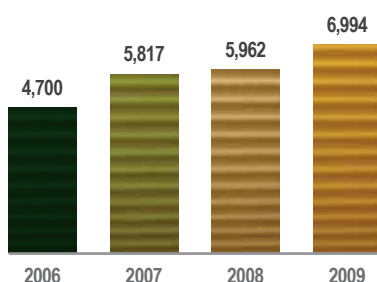


The GHG Emissions Inventory Project conducted annually by Celulose Irani seeks to verify the emissions and sinks and to evaluate the potential of the Company in relation to “Zero Carbon”, i.e. to examine whether the company is neutral on the issue of carbon dioxide.

In the following diagram, we can observe the total removal, total emissions and the balance of IRANI during the periods 2006-2009 and in 2009, the emissions showed a small increase and the removals decreased.

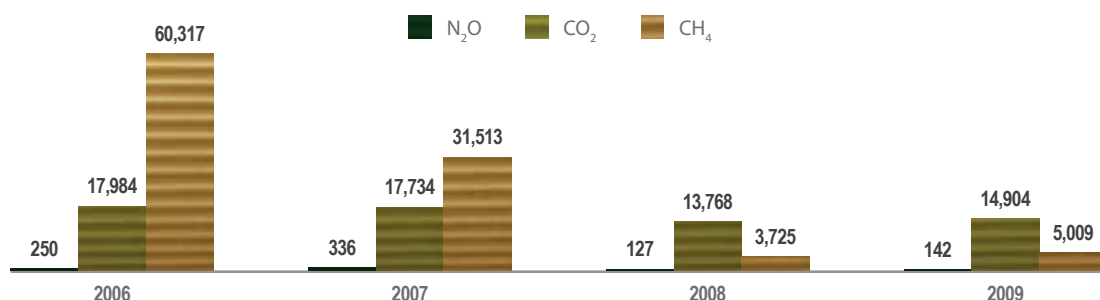


Other relevant indirect greenhouse gas emissions by weight (tons CO₂e)

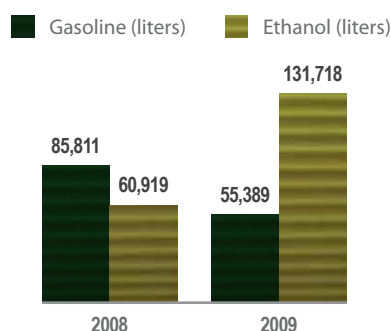


The indirect emissions shown in the chart above are from the transport of staff and materials, transfers between units, internal transportation of waste, agricultural machinery, chainsaws and trimmers used in the forest. The increase from 2008 to 2009 is due to the internal transport of waste and the increased fuel consumption of the outsourced fleet.

NOx SOx and other significant atmospheric emissions by type and weight
(in tons of CO₂e)

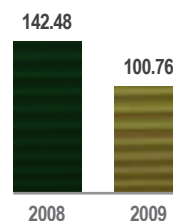


Fuel consumption for light vehicles

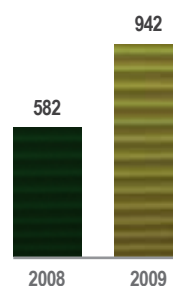


In 2009, there was a reduction in gasoline consumption and an increase in ethanol consumption with the supply of light vehicles. Ethanol is advantageous because it is renewable and provides the combustion of methane emissions, while the petroleum-based fuels such as gasoline and diesel, release in the combustion, besides methane, carbon dioxide and nitrous oxide. With the reduction in gasoline consumption and the increase in the ethanol consumption, there was a reduction in GHG emissions, as shown in the chart below.

GHG emissions for light vehicles
(tons CO₂e)



GHG emissions from the transportation of employees
(in tons)



Wastewater Treatment Plant - Paper Mill - Vargem Bonita (SC)

In 2009, the monitoring of emissions from transportation of employees from the units Furniture, SP Packaging and Resins was included.

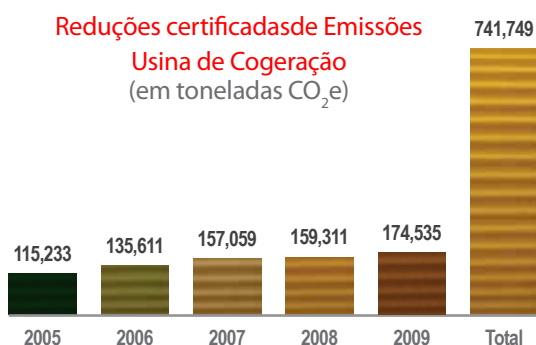
As a way of contributing with consistent actions and projects to alleviate the problem of global warming and reduce GHG emissions, IRANI deployed the CDM project and the CDM Cogeneration Plant Modernization of the Wastewater Treatment Plant.

CDM – Cogeneration Plant

The project is registered at the United Nations (UN) as Irani Biomass Electricity Generation Project. It was approved on July 7, 2006 and can be accessed on the website <http://cdm.unfccc.int/Projects/DB/DNV-CUK1146170596.51/view> under the number 0404. The methodologies used in the project are AMS 1.D, version 7, which is renewable electricity generation, replacing energy supplied by the utility and state and AMS III. And version 7, which is to prevent the production of methane by the use of combustion controlled biomass.

The supplied used to generate energy in this plant come from forestry-based residues that replace the use of exhaustible natural resources. Thus, it is possible to reduce emissions of greenhouse gases such as carbon dioxide and methane, generated in higher quantities in the burning of fossil fuels.

With the deployment of this plant, the certified emission reductions achieved between 2005 and 2009 totaled 741,749 tons of CO₂e. Considering the result obtained in 2009, the estimated reduction in carbon emissions by IRANI in 21 years is approximately 3,665,235 tons of CO₂e.



MDL – Modernização da Estação de Tratamento de Efluentes

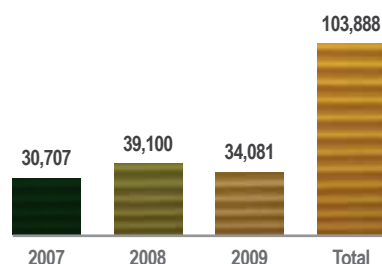
O projeto está registrado na ONU como Irani Wastewater Methane Avoidance Project. Foi aprovado em 19 de janeiro de 2008 e pode ser acessado no site <http://cdm.unfccc.int/Projects/DB/DNV-CUK1194334826.24/view>, sob o número 1410. A Metodologia usada é AMS-III.I, versão

6, datada de 10 de agosto de 2007, que consiste em evitar a produção de metano no tratamento de águas residuárias, por meio da substituição de lagoas anaeróbias por sistemas aeróbios.

A modernização foi realizada com o intuito de substituir a degradação anaeróbica (sem oxigenação) pela degradação aeróbica (com oxigenação) da matéria orgânica, evitando-se, assim, a emissão de metano, um Gás de Efeito Estufa que provoca o aquecimento global. O novo sistema de tratamento é conhecido como tratamento secundário mediante lodo ativado com aeração prolongada, um dos métodos biológicos mais eficientes, o qual evita o depósito de lodo no fundo das lagoas e, consequentemente, a geração de metano.

As Reduções Certificadas de Emissões obtidas entre 2007 e 2009 totalizaram 103.888 toneladas de CO₂e. Considerando-se o resultado obtido em 2009, a estimativa de redução de emissão de gás carbônico pela IRANI em 21 anos é de, aproximadamente, 715.701 toneladas de CO₂e.

Certified reductions of emissions – Cogeneration Plant
(tons CO₂e)



In the Sustainability Report 2008 a target was proposed of reducing, by 2009, 215 000 tons of CO₂e. In 2009 the reduction was 209 000 tons of CO₂e. The goal was not reached due to the reduction of COD which happen because of the closing of the residual water circuits in the manufacturing area.

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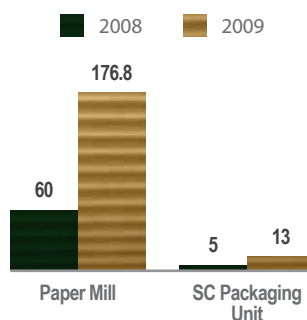
IRANI committed to reduce 210 000 tons of CO₂e.

Consumption of substances that destroy the ozone layer

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

* HCFC-22 (chlorodifluoromethane) contributes to the destruction of the ozone layer.

Emissions of substances that destroy the ozone layer, by weight (kg)



During 2009, there was replacement of the gas R-22 in all the refrigerators in all the administrative office of the Paper Mill, causing the increase shown by the graph. In the SC Packaging Unit, there was expansion of manufacturing, construction of administrative offices during 2008. Only in 2009 were these devices were in operation throughout the period, and an increase in gas consumption recorded this year.

Environmental Depollution Program

The National Transport Confederation (CNT), together with the Federation of Transport Companies Freight and Logistics in the State of Santa Catarina (Fetranscesc), the Union of Transport Enterprises of the West and Midwest Catarina (SetCom) and Union Transport Freight Companies from Catanduvas and Region (Setccar), established in 2009, a partnership with Celulose Irani to develop a Depollution Program, in the Paper and SC Packaging units

The program's objective is to reduce air pollutants caused by vehicles, contributing to improved air quality and the rational use of fuels, besides promoting environmental education to carriers in order to make them vigilant and disseminators of the best environmental practices.

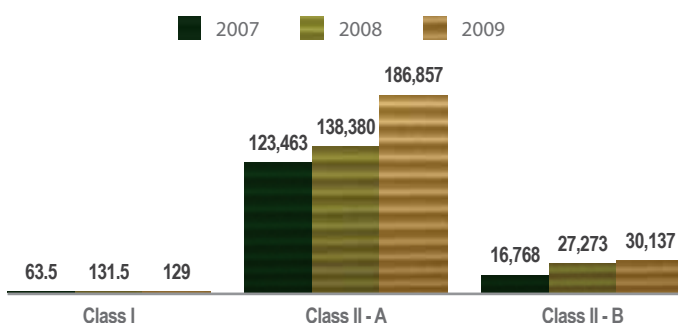
IRANI incorporated into the program all internal vehicles and also the outsourced fleet. The measurement of the vehicles is conducted monthly by a technician. The appropriate vehicles receive a green seal "Depollution stamp" if the vehicle is disapproved, the technician guides the driver to adequate his vehicle. The program started at the company in August 2009 and by December 131 vehicle inspections had been performed.

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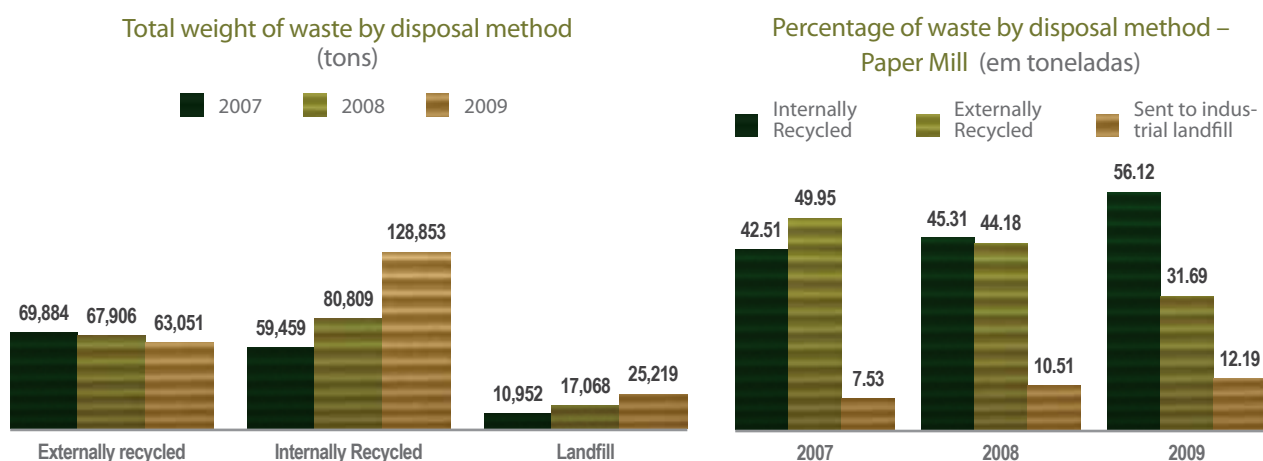
In 2010 IRANI attend the MelhorAr awards in Santa Catarina, which is to reward the company that stands out in the year for Environmental Qualification in Transportation. The items for the evaluation involve a number of measurements, a number of visits made and the number of approved vehicles.

Waste

Total weight of waste generated by type (in tons)



We can cite as an example of Class I oil and outpatients waste. In Class II waste is included the fiber recovered from the effluent treatment plant, coal used in the boiler, calcium carbonate and others. Residues in Class B, is part of waste plastic, glass, metal and others.

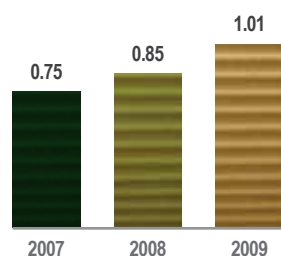


The IRANI Solid Waste Management Program for allows tight control of waste generated in the production process. There are specific procedures guiding the collection, storage and proper destination of all waste generated in the Company. The storage is done in an appropriate place according to the characteristics of each waste material in order to avoid contamination of the soil, groundwater and water resources. Recycling and recovery are the most appropriate forms of treatment and final disposal. This practice decreases the amount of waste thrown into the environment and contributes to the preservation of natural resources.

Management carried out by the company is becoming more rational, increasing the rates of reuse and recycling and reducing the volume of materials disposed of in landfills. Currently, only 12.19% of the total waste generated is sent to industrial landfills; 56.12% of waste is recycled or reused internally and 31.69% is recycled or reused externally.

Waste not recycled internally, such as lamps, pesticide containers, batteries, and others that are intended for companies specializing in the decontamination and recycling.

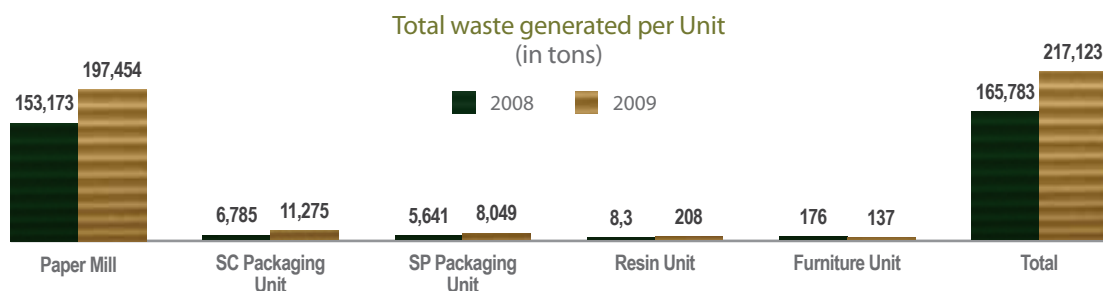
Specific generation of waste – Paper Mill (tons)



The increase in waste in the Paper Mill was due to increased production of machine 5. This machine runs on the chips. However, these chips, when purchased, contain plastic. With the increasing consumption, there is increased generation of plastic waste.

This increase in waste is due also to the strong Wind storm which occurred in September 2009, in Campina da Alegria. There was increased amount of construction waste.

According to the comparative analysis of pulp mills, in 2007 and by ABTCP Bachmann & Associados, the average waste generated is 0.445 tons per ton produced.



The increase in waste Paper and Packaging units in SC occurred due to increased production and loss (windstorm) that occurred in September 2009, generating large amounts of waste from construction. At the SP Packaging, waste monitoring has been improved.

Hazardous waste generated during 2009 are represented by hospital waste, waste oil, batteries, lamps and grease. These waste received special treatment from specialized contractors. The contractors collect waste in IRANI and provide the transportation and treatment. The lamps are decontaminated and recycled, the oil is refined and reused, batteries and hospital waste is transported to Class I waste landfills. The contractors have an environmental permit for transportation, as well as for treatment, complying with the requirements of the environmental agency.

In 2009, 100% (129 tons) of hazardous waste generated by the organization during the period was collected, transported and treated by capable specialized companies, and environmentally appropriate.

Hazardous waste (tons)			
Unit	Waste generated and treated		
	2007	2008	2009
Paper	41	41	26.35
SC Packaging	11	13	74.00
SP Packaging	-	49	0.23
Furniture	12	38	28.79
Total	64	141	129

Registro no Ministério da Agricultura, Pecuária e Abastecimento

The Registration in the Ministério da Agricultura, Pecuária e Abastecimento (MAPA) aims to facilitate the sale of calcium carbonate, a byproduct generated from the manufacture of paper destined for agriculture as a soil pH (acidity correction) correction factor. IRANI obtained registration for the establishment as a producer of the acidity corrector and also obtained registration for the product marketing.

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For 2010, the Company the participation in the Terra Boa Program. This program is developed by the Department of Agriculture and Rural Development of the State of Santa Catarina and aims at the distribution of acidity correction to farmers in the state.

Federation of Agricultural Cooperatives of the State of Santa Catarina (FECOAGRO) signed an agreement with the Ministry of Agriculture and Rural Development to operationalize the distribution of this corrective to farmers with funds from the State Fund for Rural Development (FDR), the Direct to the Producer Program who will start from the first week of March 2010.

IRANI signed a contract in 2010 with the FECOAGRO, with the goal of providing 200 tons/month of calcium carbonate per month to be used as a soil pH corrective.



Conservation areas - Araucaria Forest - Vargem Bonita (SC)

About the FSC

In 2009, IRANI instructed 781 employees from the Paper Mills and SC Packaging Unit and SP Packaging Unit 284 on the Forest Stewardship Council (FSC) Certification. The objective was to discern more information and understanding of the employees on the Chain of Custody certification from the Forest Stewardship Council (FSC). Also, 36 service providers were trained.

The FSC certification ensures that the raw material used in the company comes from sources controlled or managed in an environmentally responsible, socially beneficial and economically viable forest. It operates with a certificate of origin, certifying that the Company obtains forest products that meet the social and environmental aspects, and enable business continuity in the long run.



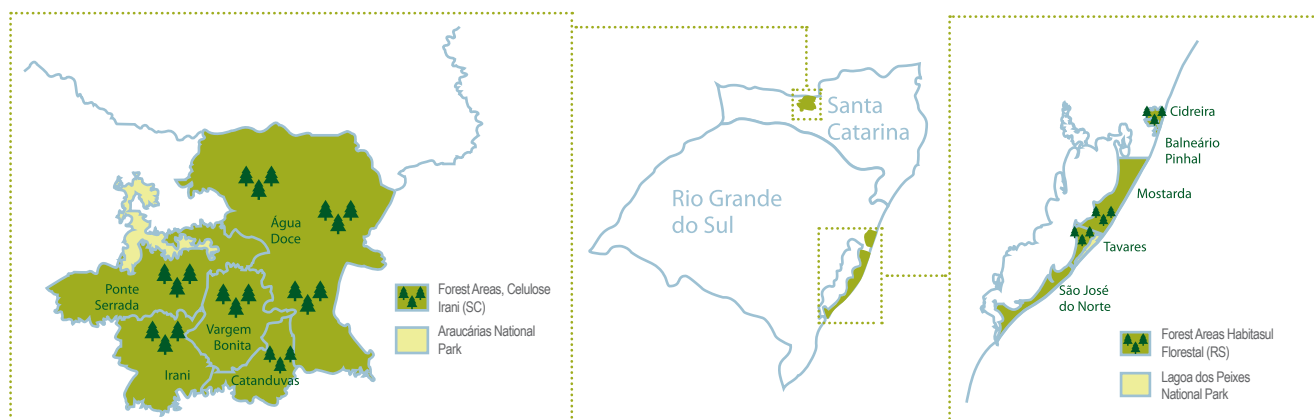
Biodiversity

The Celulose Irani forestry operations are located in western Santa Catarina and the coast of Rio Grande do Sul, located in the Atlantic Forest Biome, and characterized as the Araucaria Forest in Santa Catarina, and with formations of dunes and salt marshes, in Rio Grande do Sul.

The Atlantic Forest is one of the biomes with the greatest biodiversity in the world and is considered a hotspot (all priority areas for conservation, in other words, high biodiversity and threatened in the highest degree. In Brazil, there are two hotspots: the Atlantic Forest and the Cerrado). This is actually a summation of diverse ecosystems, and interactions with structures that vary by region, housing about 20,000 plant species, with eight thousand of them endemic. The decrease of the areas belonging to this biome has occurred over the years because of human occupation in a variety of ways, culminating in the creation of some legal protection mechanisms, in particular Law N° 11.428/06, known as the Atlantic Forest Law.

IRANI has significant conserved areas typical of native forests and natural formations in the properties where its forestry operations are located, ensuring the balance between production areas, composed solely of planted forests and the maintenance of the local biodiversity

Forest Areas in Santa Catarina



The forest of Santa Catarina themselves comprise a total of 29,781 hectares, divided into five districts and 14 properties. The areas for the production cover 47% of the total and are interspersed with areas of conservation defined as Permanent Preservation Areas (APP); Legal Reserve, which has an area of 25.7% exceeds the required by law at 5% or 1,686 hectares; other areas of native vegetation, totaling 44% of the properties, according to

the following table, the general characterization of land use.

In 2009, due to the sale of one their properties (Fazenda Serra Grande), located in the municipality of Caçador, the total area of the Company itself in the state decreased by approximately 10% of the total.

Use of Soil (SC)			
		Area (ha)	%
Production Areas	Pine	12,550	42.1
	Eucalyptus	1,467	4.9
	Other Species	104	0.3
Preservation Areas	APP	3,271	11.0
	Legal Reserve	7,642	25.7
	Other Areas	2,271	7.4
	Araucárias National Park	102	0.3
Infrastructure		2,429	8.2
Total		29,781	100

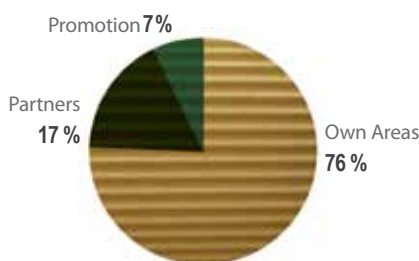
The Properties or management units of the Company in SC are 100% FSC certified ever since 2008, ensuring that forest production is done in an environmentally responsible, socially beneficial and economically viable way, following the principles which shall provide for the conservation of biodiversity, the workers' rights and respect for local communities.

Some properties are adjacent or partly inside the Araucaria National Park – Federal Conservation Unit established in 2005. After the creation of this unit, IRANI participated in several meetings to prepare its Management Plan and became a member of the Advisory Council newly established through Ordinance No. 6, January 25, 2010.

The SC Forestry Unit also maintains reforestation areas in partnerships with farmers of the region by the Program for Promotion and Partnerships, which involves and provides an opportunity for alternative income for communities from their surroundings. Currently, the program has 66 partnership agreements in 20 municipalities in the region, with a total planted area of 3,230 hectares, and forest development agreements with eight municipalities in the region have already benefited approximately 300 farmers.

The Forestry Sector of Celulose Irani SA has, since 2003, two cases in proceedings before the Federal Court, being a civil action and a criminal action; both discharge the environmental damage and are under the instruction phase, not given the first sentence degree until December 31, 2009.

Total Planted Area – SC



Forestry areas of Rio Grande do Sul

The forestry areas of Rio Grande do Sul are distributed in five counties and comprise a total

of 13,914 hectares, 13,531 hectares of its own lands and 383 acres are leased. The areas that are meant for production account for 62% of the total and are interspersed with conservation areas, defined as Permanent Preservation Areas (APP) and native vegetation, totaling 33% of all properties, as shown in the following table, the general characterization of land use.

Upon completion of mapping and land use, areas of this state, began the process of defining the areas to be proposed as a legal reserves to the environmental agency.

Uso da terra		Área (ha)	%
Áreas de produção	Pínus	8,720	62.6
	Eucalyptus	22	0.2
Áreas de preservação	APP/vegetação nativa/outros	4,520	32.5
Infraestrutura		652	4.7
Total		13,914	100

The basis of forest management conducted by Irani is the use of planted forests of pine and eucalyptus for timber production, taking advantage of the potential growth of these species and respecting the current legislation regarding protected areas. With other measures of impact management, the Company seeks to be a great ally of biodiversity conservation in regions where it operates. Also performs preventive and mitigation of possible impacts resulting from their activities.



Planted pine forests for the extraction resin - Forest Unit - Balneário Pinhal (RS)

Major impacts on biodiversity	Mitigating measures
Extensive monoculture with exotic species	Preservation of native vegetation and existing natural areas (SC/RS)
	Partnerships reforestation (SC/RS)
	Studies of flora and fauna in protected areas (SC)
	Recovery of APPs (SC)
	Protected areas forming corridors (SC)
	Production and distribution of native seedlings for employees and the community (SC)
	Using high productivity species (SC/RS)
Use the easy dispersal of species (Pine)	Control of dispersion in non-commercial areas(SC/RS)

Seeking to widen the knowledge on the environmental impacts of their activities and act more broadly to minimize or eliminate these impacts, IRANI, in partnership with the Federal University of Rio Grande do Sul (UFRGS), carried out research on the environmental management effects of *Pinus elliotii* in Rio Grande do Sul. In this study, the evaluation of the following aspects of managing this species: dispersal potential, allelopathic potential, carbon sequestration in resin forests and removal of species associated with pinus forests.

Monitoring and surveillance

As a measure of security and protection of their forest areas in Santa Catarina, Celulose Irani retains, on some properties, forest guards who monitor access to these properties. This practice helps curb illegal actions, such as hunting, fishing and others. Additionally, it has partnered with the Environmental Police in Santa Catarina to intensify the fight against these events by monitoring and environmental education in the operation region of the Company.

As a prevention to the outbreak of forest fires, periodically, the maintenance of firebreaks and partitions is carried out. Even so, the Company maintains a fire brigade equipped and trained to combat any possible occurrences, and the training is given by volunteer firefighters from the region.

Another measure of control and monitoring of the areas, is the procedure for fishing in reservoirs and rivers that cross IRANI properties, in Santa Catarina. In this procedure, fishing is permitted upon application and the registration of visitors. This practice, besides benefiting the community as a leisure option, is an opportunity to the users' awareness on environmental issues, highlighting topics such as spawning, conservation of water resources and the environment.



Production of native seedlings

The Forest Nursery of Santa Catarina, in addition to produce pinus and eucalyptus seedlings/saplings for the commercial plantations for their business aimed at timber production, also produces seedlings of native species in the region that are destined for planting in conservation areas, distributed at events for environmental education and donations to community and public interests.



In 2009, 32,684 seedlings were produced from 40 different species of these, 3,453 seedlings were of the endangered species (*Araucaria* and *Imbuia*). Also in 2009, 10,477 seedlings were donated to developers, environmental agencies, and town halls; 4,614 seedlings were planted in restoration or enrichment projects in conservation areas of the Company.

Flora and fauna studies

IRANI carries out and supports research with potential to generate more knowledge of the interaction between the flora and fauna and planted forests, aiming at the improvement in methods of management and enabling the development of indicators of environmental management. In 2009, the following studies were carried out in Santa Catarina:

- a) The Black Capuchin monkey (*Cebus nigratus*, *Cebidae*, *Mammalia*) and the commercial plantations of *Pinus* spp.: the problem, its causes and the management proposals - Embrapa Florestas & Dieter Liebsch;
- b) Diversity of the Amphibian of the Araucaria Forest – Universidade Estadual Paulista (UNESP) & Carlos Eduardo Conte;
- c) The ecology of the wild boar (*Sus scrofa*) introduced in Santa Catarina: interaction with the native Collared Peccary and the Conservation of Araucaria Forest – Caipora Cooperative for the Conservation and Protection of Natural Resources & The Federal University of Rio de Janeiro & Carlos Salvador;

d) Floristic and phytosociological studies in the Celulose Irani SA – Embrapa Florestas & Dieter Liebsch properties;

e) The qualitative and quantitative inventory of the avifauna in the Celulose Irani SA – Embrapa Florestas & Leonardo R. Deconto properties;

f) Diversity of mammals in the Celulose Irani SA – Embrapa Florestas & Gledson V. Bianconi properties.

Preliminary data from the research carried out already revealed the presence of 125 species of arboreal flora. Of these, five are on the list of endangered species of the Ministry of the Environment (Normative Instruction N° 6, 24/09/2008). The species are: *Araucaria angustifolia* (*Araucaria*), *Ocotea porosa* (Brazilian walnut), *Dicksonia sellowiana* (tree fern or Xaxim), *butia eryospata* (jelly palm) and *quilaja brasiliensis* (Soap tree). In wildlife studies, 201 species of birds, 26 mammals and 29 amphibians have been identified.

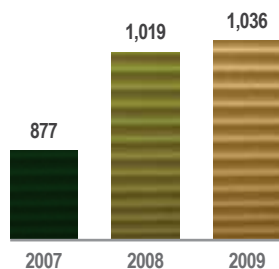
Environmental Education

The goal is to develop Irani's environmental education program aimed at all stakeholders, including employees, schools, universities, customers, suppliers and communities in the region, as the Company deems necessary to the existence of projects and programs to contribute to the advancement of environmental awareness.



Between 2006 and 2009 there have been provided 3,706 hours of environmental education for employees, these hours were allocated for the preparation and the holding of events described in the Summary of actions and events table focused on environmental education. During this period, approximately 10,700 people (employees, students, suppliers, customers, community) were engaged in environmental education.

Hours made available for environmental education



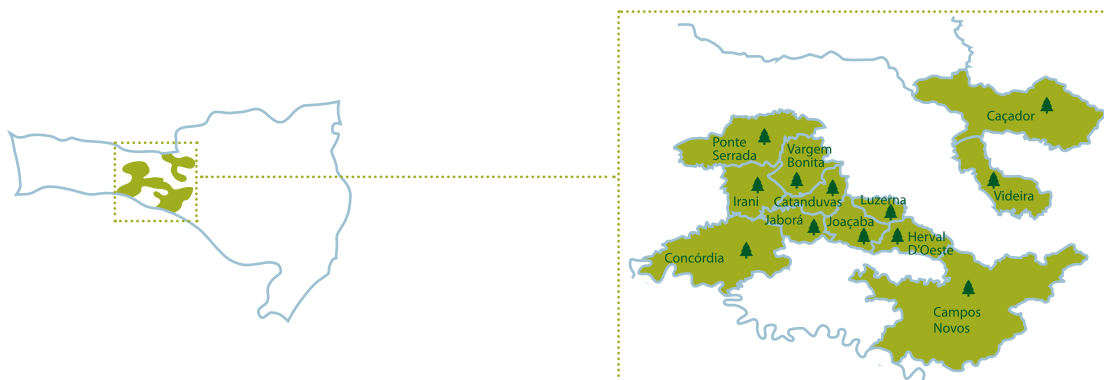
The Schools and universities where the carried environmental education activities were carried out are included in the Western Region of Santa Catarina, comprising 12 municipalities

“It is gratifying to realize the benefits that the business, school, community relationships gives to us all. These social and environmental actions enable us to teach future citizens – our students – to identify and take over as the physical and social subject able to observe, think and analyze in the environment in which they live.”

Elzimara Pohl Varela da Rosa, a school teacher at the Galeazzo Paganelli school, in Campina da Alegria, in 2009

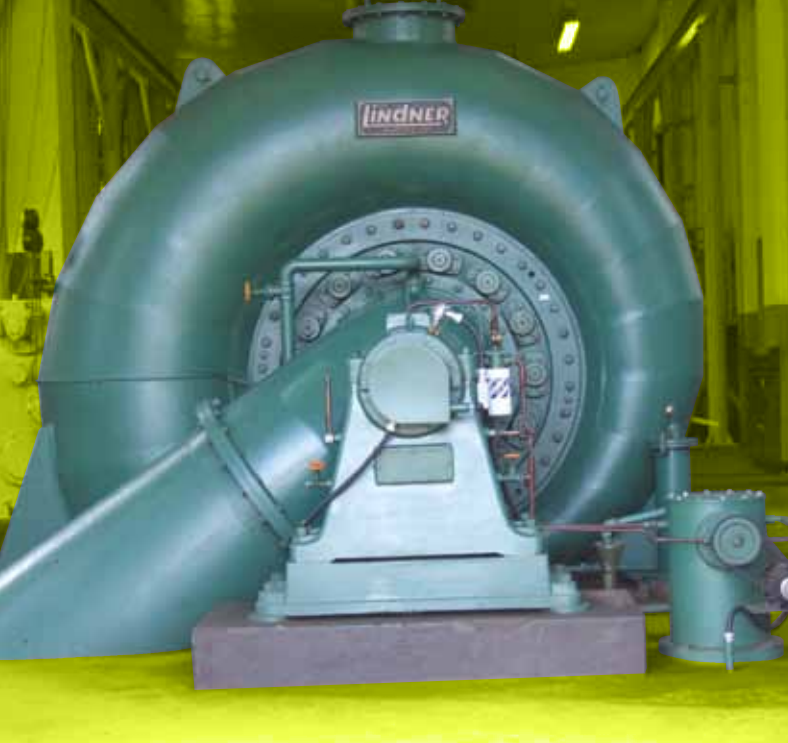


Municipalities with environmental educational activities

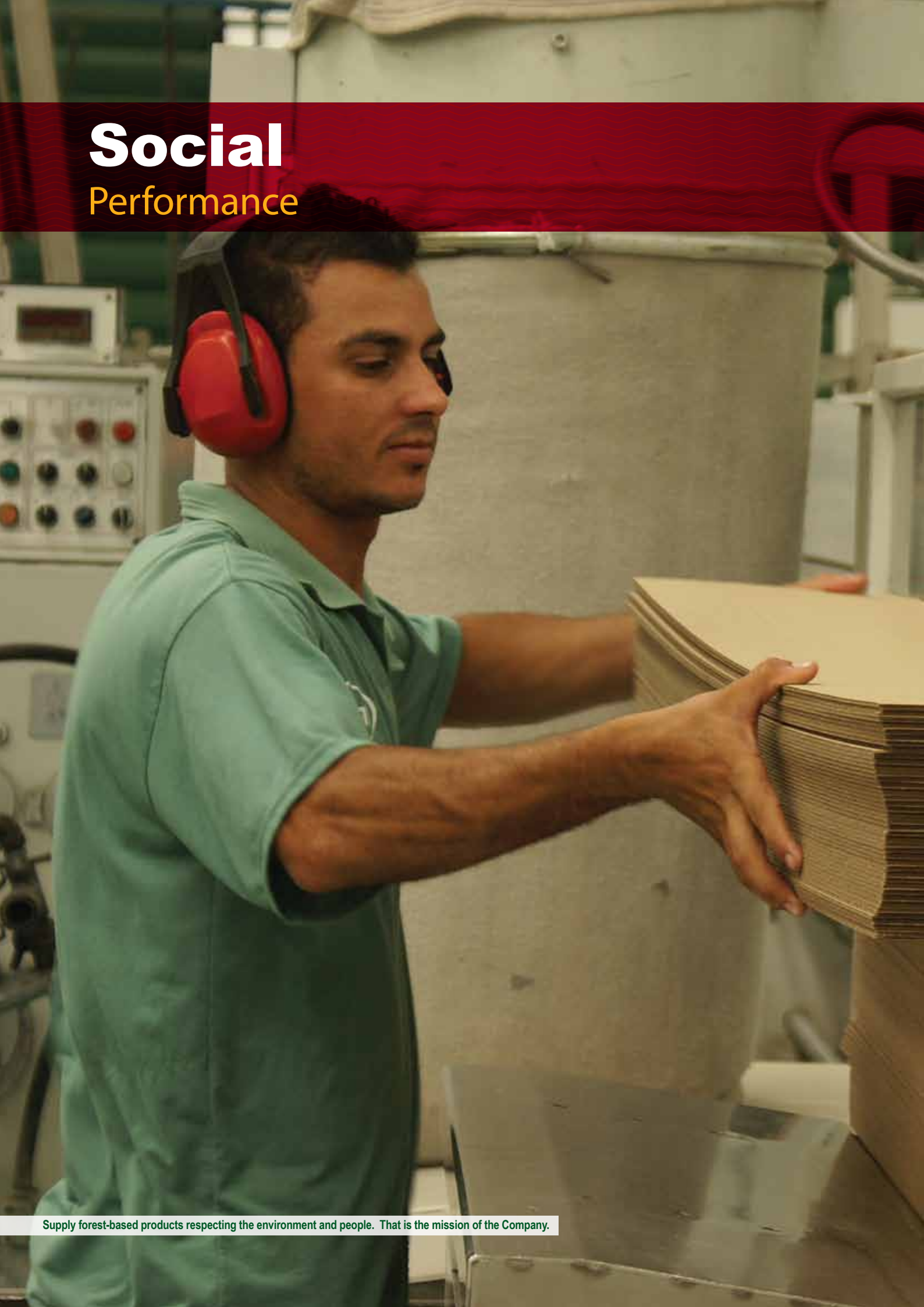


Summary of actions and events aimed at Environmental Education				
Event	Unit	Activity	Local	Target Audience
Water Day	Paper, SC Packaging Forestry	Lecture	Auditorium - Forestry	Employees, Residents of the Village
		Lecture and ecological walk	Ecological trail - Auditorium	School students from José de Herval d'Oeste
		Theatre and music	AFI Club	Galeazzo School students, residents of the Village
		Fishing contest	Reservoir Flor do Mato	Employees, family, residents of the Village, guests
		Waste Collection	Flor do Mato Reservoir	Participating teams the fishing contest
Environment Week	Paper, SC Packaging Forestry	Lecture on the environment	São José School - Herval d'Oes - te/Galeazzo Paganelli School	Students
		Recovery of degraded area	Manufacturing Units	Employees
		Disclosure Recycle Oil Project	Vila Campina da Alegria	Community Dwellers
		Disclosure of recycling PET bottles	Vila Campina da Alegria	Community Dwellers
		Effort to collect of cigarette butts	Manufacturing Units	Employees
		Photo Competition (vote)	Canteen	Employees
		Distribution of trash badges for vehicles	Gatehouse	Employees
		Awareness of truck drivers	Gatehouse	Drivers
		Dynamics in the restaurant (guess number of pine cones)	Restaurant Industry	Employees
Day of the Tree	Paper, SC Packaging, Forestry and SP Packaging	Donation of seedlings and pamphlets	Vargem Bonita Units	Employees and entities
		Ecological Trophy Competition	Vila Campina da Alegria	Employees
		Exposure of photos on seedlings and native seed	Canteen	Employees
		Lecture on fauna and flora	Auditorium Indaiatuba	Employees
		Photo exhibition on selective collection and IRANI's blog	Auditorium Indaiatuba	Employees
Day of the River	Paper, SC Packaging, Forestry	Fishing	In front of the Sesi Industrial restaurant	Employees
		Release of fish	Riacho da Anta	Employees
		Nature Hike	Ecological trail	Galeazzo Students
		Talk, ecological walk and visit to the forest nursery and a view point	Auditorium, ecological trails, pond and gazebo	Customers and suppliers
		Lecture, ecological walk and visit the nursery	Auditorium, ecological trails, pond	São Francisco School students

Environmental investments in 2009				
Type	Action / Project	Environmental Benefits	Unit	Investments (R\$)
Costs with disposal of waste, treatment of emissions and costs of correction	Maintenance Area of Permanent Preservation of Ribeirão da Anta	Reconstructing and restructuring the banks of the creek and reversal of remaining fragments of native vegetation	Paper	13,593.21
	Maintenance Area Permanent Preservati	Recomposition of the area around lakes	SP Packaging	8,833.40
	Recovery and Enrichment of Forests	Environmental adaptation and improvement environmental quality	SC Forest	12,191.50
	Waste disposal	Proper disposal of waste generated in the process	Paper	780,863.30
	Waste disposal	Proper disposal of waste generated in the process	SC Packaging	97,520.00
	Waste disposal	Proper disposal of waste generated in the process	SP Packaging	74,025.22
	Waste disposal	Proper disposal of waste generated in the process	Furniture	33,461.40
	External laboratory analysis	Periodic monitoring the of treated effluent and by products	Paper	10,728.85
	External laboratory analysis	Effluent monitoring and analysis water wells and cleaning of reservoirs	SP Packaging	3,220.00
Costs prevention and environmental management	Construction of new landfill available for industrialWaste Class II-B	Correct disposal of waste generated in the process	Paper	147,217.90
	Construction of TEE canal	No soil contamination	Paper	44,582.48
	Central Motor Command (CCM)	Increased availability of equipment for production	Paper	88,623.00
	Carbon Inventory	Quantification and identification of emissions and removals of greenhouse gases, possibility to evaluate new CDM projects; greater transparency of information regarding the sustainability report	Paper	35,570.81
	Environmental education	Awareness and motivation of stakeholders to develop conscious actions favorable for the environment	Paper	2,517.69
	Project Ichthyofauna	Survey of local biodiversity and evaluation by bioindicators	Paper	376.41
	Sanitary flow dam	Monitoring the flow	Paper	35,000.00
	Research Projects (Flora and Fauna)	Greater knowledge of the flora interaction vs. forestry for wildlife improvement in management methods; survey of local biodiversity, identification and monitoring of Environmental management indicators	SC Forest	95,000.00
	Maintenance of Ecological Trail	Environmental Education	SC Forest	5,000.00
	Production of Native Seedlings	Environmental Education and Enrichment of Forests	SC Forest	15,000.00
TOTAL				1,503,325.17



Social Performance



Supply forest-based products respecting the environment and people. That is the mission of the Company.

Celulose Irani is committed to establish, maintain and value relationships with different stakeholders based on respect, transparency and ethics. Over the years, the company has endeavored to build long term partnerships, establish communication channels and build relationships of mutual trust in order to meet the demands. With this it contributes to its own growth, that of its partnerships and the communities where it operates.





To define who the company's stakeholders are, IRANI carried out an analysis of the related public that are strategic to their business, those that have an impact the Company and the Company also impacts as well. The following stakeholder map has been defined by the board.

Stakeholder map



Employees

Internal communication is encouraged in all directions by a series of canals, which encourages participatory management.

The principal communication methods are: Intranet, Internet, IRANI World Newsletter, Sustainability Report, Murals areas and especially communication through the leadership.

In the Company's intranet, there is a tool called **Talk to us**, where any employee can send suggestions, register complaints, questions and recommendations. This tool is also available on the IRANI site.

In 2009, Irani began a new phase in its relations with its workforce. And to symbolize this change which wants to emphasize the human person more, the area responsible for the guidance changed its name. The Management of Human Resources was renamed the

Development of People Management, and the big challenge will be to help leaders to deepen their focus on the improvement of individuals and teams in order to allow everyone to realize their maximum potential in the Company.

Labor practices and decent work

In Celulose Irani, labor practices are based on national and international standards recognized in the Consolidation of Labor Laws (CLT), the International Labor Organization (ILO) and the Universal Declaration of Human Rights. It seeks to guarantee equal opportunities, the non-discrimination of race, color, sex, nationality, religion, political opinion or other status, freedom of association and collective bargaining, abolition of child labor, prevention of forced and slave labor, as described in its Social Responsibility Policy and Policy for the Selection of People by joining the Global Compact and the Business Pact for Integrity and Anti Corruption.



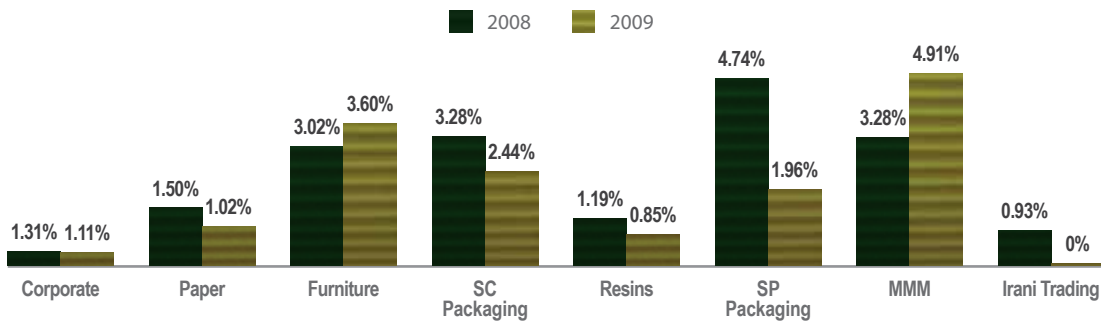
At the time of hiring and integrating new employees, they receive information relating to wages, benefits, vacations, collective bargaining, rights and duties described in the Rules. This regulation also covers aspects relating to relationships with leaders and colleagues, duties and personal gains, conflict of interests policies and anticorruption procedures. In 2009, training was conducted to disseminate the Code of Ethics to the employees from all units of the Company and the corruption issue was addressed.



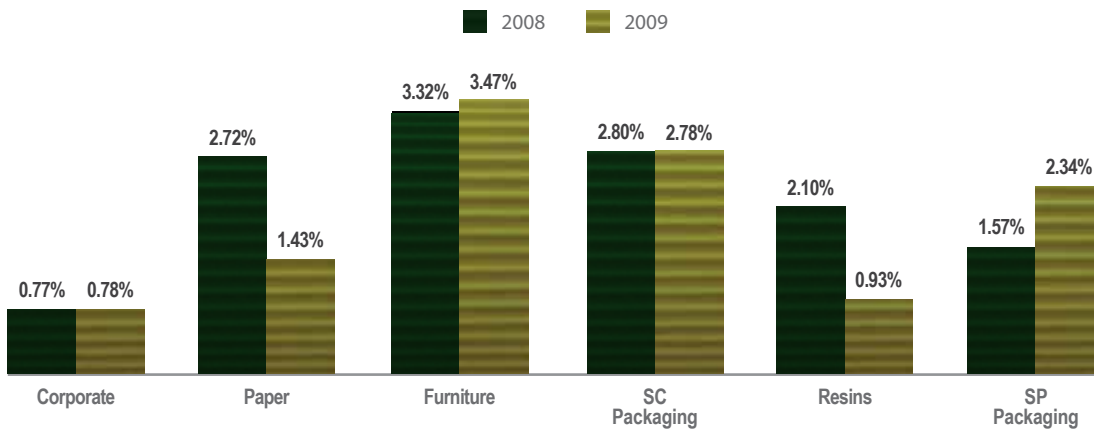
Proportion of males and females (by functional category)



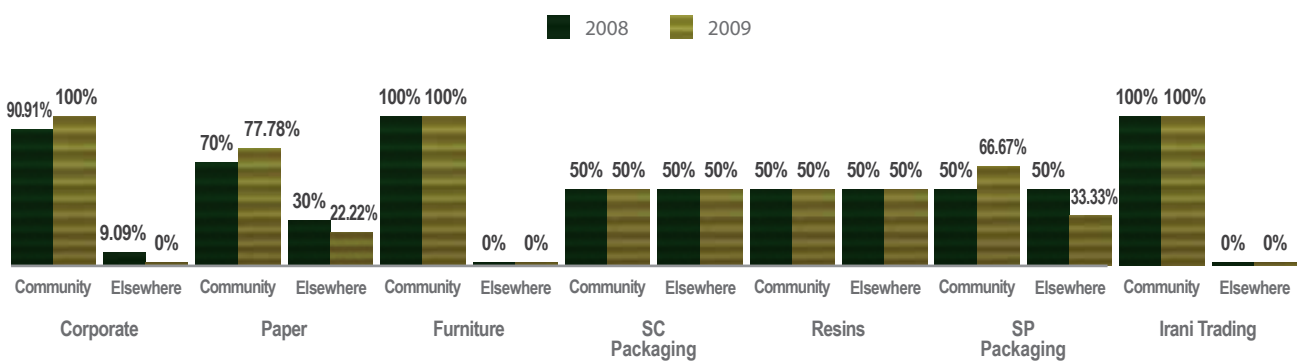
Turnover (% monthly average)



Absenteeism (per business unit)



Percentage of members of high management from the local community



Child labor and forced labor or slavery

IRANI fully respects the Consolidation of Labor Laws (CLT), especially with regard to the issue of child labor and forced labor or slavery. It has a clause in its Social Responsibility Policy in relation to these aspects and monitors, in all its manufacturing facilities, the compliance to the minimum age requirement of 18 years, except as apprentices, besides contractually requiring that determination.

Remuneration

IRANI has in its essence the prerogative to establish and maintain salary and benefits structures equitable and fair across the entire enterprise. It promotes well-being, motivation and commitment of people through a sense of justice, valorization and compliance with standards and the current legislation.

The following table refers to the proportion of wages paid to men and women in the same functional category, during 2008 and 2009.

	2008		2009	
	Male	Female	Male	Female
Leadership (Directors, Management, Supervision and Coordination)	1	1.06	1	0.77
Administrative	1	0.76	1	0.72
Technicians	1	1.03	1	1.03
Operational positions	1	0.70	1	0.73

The average lowest salaries prevailing in IRANI is equivalent to 1.34 minimum salaries that are in force in Brazil, December 31, 2009. Only the apprentice functions remuneration calculated at the minimum wage.



Benefits package that IRANI provides for its employees

Benefit	Description	Amounts (thousand R\$)		
		2007	2008	2009
Food	The company has restaurants in its plants. In places where it has administrative offices, provides meal vouchers. It also provides employees with a basic monthly food basket or food vouchers.	2,712	3,500	3,697
Transport	For employees who live far from the factories, IRANI offers free transportation.	1,999	2,105	1,935
Life insurance	IRANI maintains a group life insurance plan, benefiting employees and their families.	170	139	127
Profit Sharing	This program was implemented in 2002 and reflects the exercise of participatory management as practiced in IRANI, it specifically recognizes employee's performance and strengthens the commitment to the Company's results.	1,850	1,333	670*
Health plan	In all units, IRANI has a partnership with the Unimed Health Care Plan, which caters to all employees and their direct dependents.	1,787	2,079	2,270
Total		8,518	9,156	8,699

* Amount paid in January 2010, corresponding to the program for 2009.

Health and Safety

In 2009, the Company strengthened the Health and Safety practices with the intensification of campaigns, programs and activities that promote awareness of the quality of life of the employees.



Blood Donation Campaign

In joint effort with the Hematology Center and the Hematology Santa Catarina (Hemosc) from Joaçaba (SC), IRANI in 2009 promoted a campaign to mobilize the employees about the importance of donating blood. Some actions occurred during the year, in the administrative and financial office in Joaçaba (SC). The Company intends to maintain a schedule for this campaign and extend it to other business units.

Vaccination campaign against influenza

In partnership with Sesi (SC) a vaccination campaign against influenza was held in Vargem Bonita units and the Administrative and Financial Office in Joaçaba,. The importance of vaccination lies in not becoming ill from influenza, which is a highly contagious disease. The result of the campaign was positive, with a significant reduction in the number of medical certificates related to influenza.

Ginástica na Empresa

The Company has a gymnastics program in the Company, in the factories of Vargem Bonita (SC), the administrative and financial office in Joaçaba (SC), since 2006; in 2009, this was also carried out at the SP Packaging unit. In Santa Catarina, this program is done in partnership with Sesi (SC) and

Sao Paulo with the company Posture, with the aim of improving the welfare and health of employees.

Programa Conhecer para Prevenir

Since 2008, Celulose Irani has carried out the Know to Prevent Program. This is carried out by the Specialized Service in Safety Engineering and Medicine (SESMT) and aims to prevent diseases such as Repetitive Strain Injury (RSI) and Work-Related Musculoskeletal Disorders (WMSDs).

Worker's Hearing Quality Program (PQAT)

Since 2004, IRANI has held the Worker's Hearing Quality Program (PQAT), which is the set of measures to prevent damage to the auditory system. The program is aimed at employees from industrial areas and includes the evaluation of the workplace, control or reduction in sound levels, mapping, indicating the areas and noise control, hearing protection, education, training and audiometric testing program, with predetermined feedback intervals and the results of the surveys carried out with the employees. The program is being run in the Paper, SC Packaging & Furniture units and is being implemented in the SP Packaging Unit.

Safety and Excellence Dialogues (DSE)

In the workplaces themselves, information is transmitted for the prevention of accidents and the promotion of health. Employees were instructed on Sexually Transmitted Diseases (STDs), Hypertension, Diabetes, Prostate, Breast and Gynecological Cancer and First Aid, among others. By 2008, these dialogues were deployed only in the SC Paper and Packaging units. From 2009, they were also implanted in the Furniture and SP Packaging Units.

Emergency Brigade Training

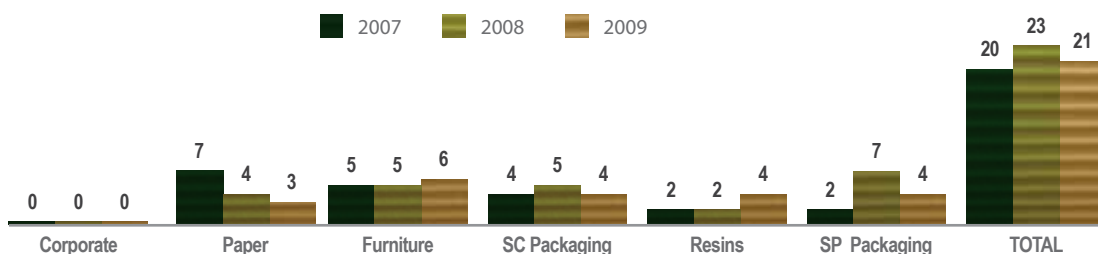
Training is conducted with the Company employees and the service providers on a monthly basis. The goal is also to stimulate corporate volunteer em-

ployees. The voluntary participation of employees in the Fire Brigade has surpassed all initial expectations and the trend is that the number of volunteers is broadened in 2010.

Internal Commission for Accident Prevention (CIPA)

CIPA is formed by representatives who are elected by employees and by representatives appointed by the Company. CIPA aims prevent accidents and illnesses resulting from work in order to make the work compatible with the preservation of life and promoting health to the worker

Number of workplace lost time accidents (per business unit)



meta
2010

Reduce to 18 the total number of workplace lost time accidents.



Percentage of employees represented on committees and formal commissions on health and safety

Committee/Commission	Number of participating employees					Percent of employees represented
	Paper	SC Pack	SP Pack	Furniture	Resins	
Internal Commission for the Prevention Accidents (CIPA)	25	8	8	18	6	100
Noise Control Committee	1	1	0*	1	0*	73
Emergency Brigade	65	25	40	18	8	100
Safety and Excellence Dialogues (SDR)	673	352	15	12	8	100

* There are no committees in these facilities.

Training and development

IRANI endeavors to further qualify its employees, promoting professional and personal growth by providing training, training and personal improvement courses, and incentives for graduate students and post-graduate technical courses and language courses. In 2009, we invested R\$ 720,828.51 in training and development, in 2008 R\$ 1,116,865.40. This year, the financial investment

was 35.45% lower than last year, but the number of hours was 47.18% higher. The focus was on internal training given by multipliers that received special training to carry out the training.

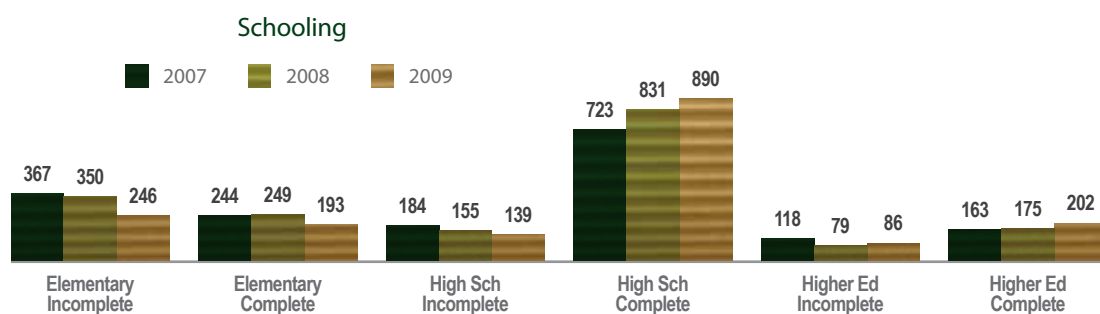


Undertake the training and recycling of 100% of required courses with internal multipliers.

Average hours of training per employee category

Category		Total hours			Number of employees			Average training hours per employee		
		2007	2008	2009	2007	2008	2009	2007	2008	2009
Leadership	Directors	138	59	61.5	5	6	6	27.6	9.83	10.25
	Management	1,020	347	389	32	23	21	31.88	15.07	18.52
	Supervisors/ Coordinators	5,180	3,746	3,047	149	140	172	34.77	26.76	17.72
Administrative		6,035	3,586	6,223	186	190	197	32.45	18.87	31.59
Technical*		19,055	2,521	4,806.5	1,427	189	190	13.35	13.34	25.30
Operation*		-	16,837	21,541	-	1,291	1,170	-	13.04	18.41
TOTAL		31,428	27,096	36,068	1,799	1,839	1,756	17.47	14.73	21.68

* From 2008, the technical and operational categories were separated



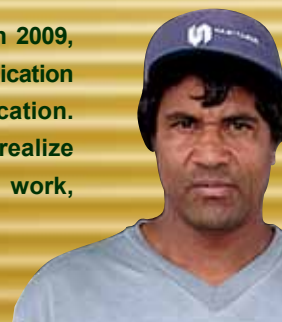
Número de colaboradores que receberam Incentivo Educação e Idiomas

Unit	Master's degree			MBA / Postgrad			Graduation			Technical			Language		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Corporate	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
SC Packing	0	0	0	1	2	4	18	19	18	0	1	1	0	1	4
SP Packing	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	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 the Resins Unit in 2009, IRANI ran a program to motivate its employees to complete primary school. The Company has provided transportation to the Arthur da Costa e Silva State School, the city of Capivari do Sul, located approximately 20 km of the Vila Túnel Verde. In addition to providing transportation, IRANI provided the school materials that were also delivered to employees' children that were of school age. Through this program, 11% of people returned to their studies in 2009.

"I resumed studies with the encouragement from IRANI in 2009, I finished the sixth grade. In this new phase, it will take dedication and initiative so that I can achieve a higher level of education. I know that any such effort is worthwhile, because I realize that learning new things improves my performance at work, producing better results."

Elemar de Oliveira Ramires, employee from the Resins Unit



Focus on the Customer Program

With the help of the multipliers, in 2009, the concept was disseminated of the Focus on the Customer Program in the SC Paper Mill and Packaging units, involving approximately 1,000 employees. Service providers were also involved. This program aims to demonstrate the importance each employee plays throughout the process and the awareness about the impact their work has on the end result. When the employee understands what it takes and what the result is of their work, it helps the client build a perceived value of IRANI. The central idea of customer focus is to identify, analyze and anticipate what the customer needs and would like to exist in the products and services offered by IRANI.

The next step is to complete the training in the Paper Mill, Packaging and Corporate Offices in the SC units. Then, the Program will be taken to the SP packaging unit and then to the other SP units.

meta
2010

Train 100% of employees.

“The way you plant a pinus seed of is directly related to how a roll of paper is produced, a corrugated cardboard carton or a piece of furniture, an lastly, all are integral parts responsible for creating value in our offer and by the perception of differentiation in our products and services.”

Jair Bilibio, IRANI Commercial Manager and Coordinator of the Focus on the Customer Program



Grow Program

In 2009, the IRANI Skills Development Program continued, which was renamed Grow Program.

The essence of this program is that people take advantage of the learning opportunities offered by IRANI to achieve better results, not only within the goals of the enterprise, but also in their personal lives.

The program focuses on 10 skills. These skills were classified into two groups: the Basic Skills, consisting of the Quality Culture, Leadership, Communication, Planning, and Control Organization and Focus on Results and Competency Differentiators, related to Customer Focus, Entrepreneurship, Creativity and Innovation/Research and Development, Technology and Building Relationships.

Capacity and development – building activities is directed at the organizational competencies outlined in the Grow Program. In addition to identifying the demands of the sectors, activities were held such as a differentiated Leadership Development Program, the Multiplier Program and Cine Popcorn.

Five films were shown on with the Cinema Popcorn activities, for a total of 28 sessions throughout 2009, with the participation of 389 employees in discussions of the units Paper Mills, Packaging SC, Resins, Corporate offices and headquarters.

meta
2010

Perform six Cine Popcorn events in each Company unit.

The **Leadership Development Program** began in 2008 and in 2009 was continued. Currently, 135 leaders participate in the program.

“With the course I had thoughts and experiences that promoted a change in my behavior and also enabled the construction of relationships based on confidence and trust in others. For this year, I expect to deepen my vision about the motivation and overcoming obstacles in carrying out activities.”

Maria Salete Carvalho, member of the Leadership Program and employee in the Paper Mill



Overcome Program

The Overcome Program, created in 2009 for performance management, aims to bring to IRANI the style of managing based on competencies and results. This helps management and broadens the classification standards of performance, enabling the analysis of skills and achievements to judiciously evaluate the quality of performance of each employee.

The program, which will be implemented in 2010, provides for the establishment, in a participatory manner, targets to be pursued by all employees during the year, with periodic evaluation and dissemination. Alongside this, there will be a process of evaluating the implementation of individual skills. At the end of the year there will be the consolidation of performance assessments (achievement of targets) and skills through a performance matrix.

That way, it will be possible to administer consistently and with longer term views on the performance of each person in the company.

meta 2010 IRANI has taken on for next year to have 100% of employees enrolled in this program.

Motivate Program

The Corporate Action Plan built in 2008 was reinstated in 2009. The plan has defined projects based on opportunities for improvements identified by employees, including greater contact between

the areas where communication takes place more effectively and for the improvement of leadership in the management of people. Groups have been formed in the units SP Packaging, Paper Mill and SC Packaging to study and work on issues relevant to the everyday life of their own units.

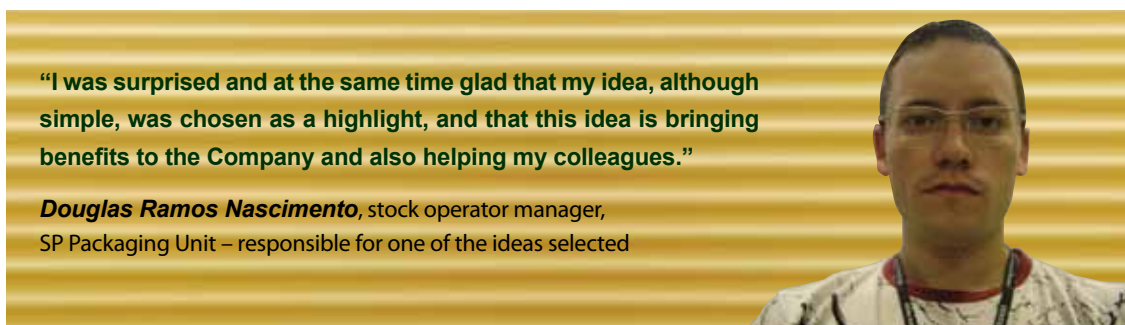
One of the initiatives adopted was to conduct the IRANIDEAS program.

The intention of IRANIDEAS is to recognize the internal talent and encourage the interest and search for new knowledge, stimulating the integration, creativity and innovation process. The ideas that were in accordance with the rules of presentation laid down in regulation were evaluated by a committee comprised of leaders and directors of the Company. SP Packaging Unit had 30 participating employees. The suggested actions considered improvements in the productive process, conventions, leisure activities and the quality of life. Of these, 18 ideas were identified as applicable, two were selected as highlights.

In 2010 the 33 ideas included in the program units of Santa Catarina have analyzed the applicability of the program managers and the Board and will be implemented throughout the year.



Participating Team in the IRANIDEAS Program - Paper and SC Packaging units



In the Resins Unit some important innovations were implanted to improve the climate. It An area of recreation and leisure was inaugurated, with a sports court, bowl field, TV room and games for the employees to use in the breaks from the daily activities. The meals were also changed in the first half of 2009. The company began offering a daily breakfast for employees and the way of serving lunch was replaced by a buffet, after making the necessary reforms to implement the service.

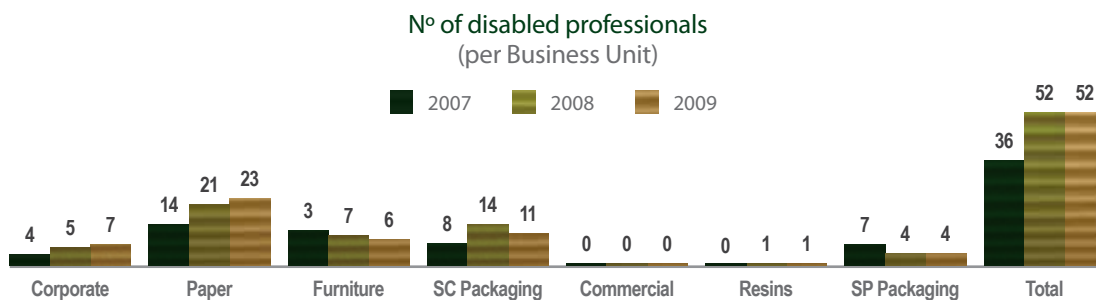
Diversity and equal opportunities

Inclusion of Disabled People

Since 2004, IRANI has established in all its units Programs for the Inclusion of Disabled People, in order to promote diversity in the company, enhance the professional growth of disabled people and also to meet the provisions of Article 93 of Law N° 8.213/91 in relation to the legal reservation of jobs for Disabled People. (DCPs).

IRANI attends the semiannual hearings at the Justice Department of Labor and the Regional Labor Office in Porto Alegre (RS), to present the growth of recruitment/inclusion of disabled people in their business units. In May 2009, the Company received an Offense Statement to because a disabled employee was removed from the payroll without the prior replacement.

Given the reality of the market and the population of the cities where IRANI operates, it has not yet been possible to reach the quota set by the law





IRANI opens the doors of their manufacturing facilities to receive visitors from the community

meta
2010

IRANI accepts as a target for the end of 2010 to have 70 disabled people in the workforce.

If you know someone who wants to fulfill his potential and grow, ask them to send a detailed resume to curriculo@irani.com.br, with the subject as PCD.



Liberdade de associação e negociação coletiva

IRANI guarantees the right of its employees with regard to freedom of association and collective bargaining at all levels.

The Company allows the realization of union meetings on company property, facility in association with unions through the rebate of dues in the payroll, and employees do not discriminate against union members and their families regarding programs, projects, opportunities and/or the benefits offered by IRANI.

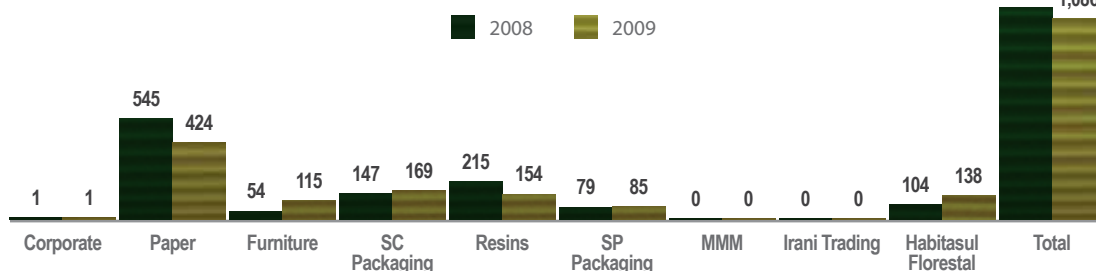
Number of union members All units	Number of unions members that are employees of rivers IRANI	Number of employees licensed to perform work linked to unions	Number of employees licensed to perform work related to trade unions and are paid by IRANI	Number of IRANI leaders who also carry out work on the Board of trade unions	Percentage of employees covered by collective bargaining agreements
90	24	3	2	2	100

Suppliers

IRANI strives to ensure that all outsourced workers are paid according to legislation and receive benefits similar to those of the IRANI direct employees, and take preventive measures, such as conducting periodic inspections in all its forest operations. Also, abolishes any form of infantile exploitation.

The principal form of media are the Sustainability Report, the IRANI site, the Irani Online portal quotes, contacts by phone, email and in person through visits.

Number of direct jobs (service providers)



In 2009, Irani promoted several training sessions for service providers. In the forest of Santa Catarina, training was related to the operation and maintenance of forest tractors (Senar / SC), herbicide application and cleaning of PPE, waste separation and environment defensive driving with timber transportation. With other suppliers, there was training for drivers and service providers in the loading area of the SP Package Unit, specific training in order to standardize care of the Company, among others.

In the supplier selection process for materials and services, Celulose Irani uses as a criterion, the quality of products and services and costs involved. For the wood suppliers, beside the above criteria, it explores the socio-environmental attitudes and the stance with the labor laws and standards of health and safety, complying with the FSC standards. In the Socio-Environmental attitude, among many factors to evaluate as the supplier's stance on issues of human

rights and the concern for environmental impacts created by his organization.

From February 2009, most contracts with suppliers and service companies had a clause included relating to human rights.

In 2009, IRANI developed a partnership with the wooden chips supplier. This consisted in presenting the Company to a group of paper collectors from the city of Canoas Rio Grande do Sul. The visit was intended to show the waste paper collectors the practical industrialization process of the paper. This action is part of a larger project developed by the supplier is expected to provide collectors of paper new working conditions and higher earnings from the sale of recyclable materials

"The partnership established over 15 years in supplying the wooden chips, enabled us to monitor the investments made by IRANI with the manufacturing improvements in process, increasing their purchasing power. Even in times such as the financial crisis, or when the market for chips is in a recession, both sides showed their willingness to remain partners and this revealed partners and the strength of the relationship. We recognize the efforts that IRANI has made in its commitment to sustainability and we share the same values."

Thomaz Basso, CTS Papers



meta 2010

Another effort that is valued by the Company is the prioritization of local suppliers. This practice is not yet formalized in the IRANI purchasing procedures, But That Will Become effective from 2010.

In 2009, such purchases accounted for 22.92% of the total purchases made by IRANI, with a total of **R\$ 73,183,783.81**. In 2008, it accounted for 24.8%, reaching a total of R\$ 108,433,654.63. The Reduction in investment in purchases in 2009 refers to the fact that the company in 2008 was focused on the Overcoming Difficulty's Project, which foresaw the expansion of industrial plants with heavy investment in infrastructure and technology.



Purchases from suppliers in the surrounding communities
Proportion of spending with local suppliers in 2007, 2008 and 2009

City	Amount received in 2007	Amount received in 2008	Amount received in 2009
Balneário Pinhal (RS)	50,910.59	71,592.70	434,706.50
Catanduvas (SC)	2,686,548.11	6,961,478.57	2,213,651.56
Concórdia (SC)	2,877,499.56	9,081,336.19	4,101,358.03
Indaiatuba (SC)	-	5,388,450.28	916,356.36
Irani (SC)	13,233,145.42	15,520,535.18	15,267,223.45
Joaçaba (SC)	5,650,786.99	5,984,730.96	6,165,803.97
Ponte Serrada (SC)	6,513,770.50	7,124,461.86	6,701,256.41
Rio Negrinho (SC)	9,693,217.90	13,695,539.55	10,690,871.10
Santana de Parnaíba (SP)	2,967,463.25	3,279,787.47	3,169,900.14
São Bento do Sul (SC)	27,136,845.47	33,970,971.22	16,140,786.21
Vargem Bonita (SC)	6,960,324.53	7,354,770.65	7,381,870.08
Total	77,770,512.32	108,433,654.63	73,183,783.81

Surrounding communities

IRANI already has a history of strong performance in its surrounding communities. It finances social projects to benefit these communities, and encourage the employees to exercise their citizenship, working in the various volunteer projects. In Campina da Alegria, the community located in Vargem Bonita (sc), the communication is done through the Staff Association (AFI) through the journal **Open Conversation**, which has a circulation bimonthly, and through meetings. In the other surrounding communities the company maintains a communication channel through some employees who are the representatives of those communities.

In addition, the Company contributed to the reduction of social inequalities in the country and it supports or sponsors educational, cultural projects and sporting activities that prioritize the development of children and adolescents; performs actions directed to the environment, since these are located in the communities where IRANI has its operations.

Through the diagnosis obtained by the 2008 survey, which assessed the social and environmental impacts of the Company's operations in nearby communities, IRANI implemented several actions. One such activity was held in Campina da Alegria and was titled **Projeto Broto do Galho**.

To offer more business and professional growth opportunities to the residents of Campina da Alegria, in partnership with the Office of Support to Small Businesses in Santa Catarina (Sebrae) and the City of Bonita Vargem, a core of artisans was set up.

The project is to empower the artisans involved with the basics notions of management, development and the manufacture of handmade products from waste from the paper mills and SC Packaging unit, allowing for the generation of productive jobs, and aggregate income to the project participants. In 2009, 18 artisans participated in the Project.

**meta
2010**

For 2010, the association will be formalized and there will be the launch of products that they produce to be sold to the general public.

"An interesting initiative that also involved the entire community will generate income for many families and best of all, is that we use the waste would be disposed of by the Company as the raw material. This is actually a project with a strong ecological appeal. As a member of the Broto do Galho I'm sure that this will be a year of great accomplishments and promises."

Taís Aparecida Rossetto, artisan in the Broto do Galho project



In 2008, the total investment in social projects was R\$ 544,107.52, in 2009, R\$ 213,711.82. Due to the economic crisis in the second half of 2008, there was restraint in social investments, and the projects that received support from Enterprise had their monthly payments renegotiated.

Revitalization Project of the Vila Campina da Alegria

Concerned with social development in 2009, IRANI presented the community with a proposal for the restructuring and interaction of the AFI, as well as continuing the **revitalization of the Village** project.

**meta
2010**

This project includes the construction of 25 new homes by December 2010.

There will also be the renovation and relocation of houses in the village that were hit by the tornado on September 7. The project also includes sidewalks and the reorganization of the Village. The asset management of the Village will be the responsibility of IRANI and the AFI will take on a new structure.

It will only act in activities related to leisure, culture, sport and commercial agreements and with the support of the Company. Because it is concerned with improving the quality of life in the Campina da Alegria, there will be a segregation of activities.

**meta
2010**

The completion of these activities is planned for July 2010.

In 2009, support for the Community Group Beija-Flor was maintained; this is composed of residents of the Village. With this group, there were several activities were carried out; such as a Carnival night in the Village, Christmas decorations produced from PET bottles and the Recycled Oil Project.



Grupo Broto do Galho – Craftwork with production waste

This last project, was prepared by Irani in partnership with Grupo Beija-Flor and AFI, and it aims to provide vegetable cooking oil waste generated in homes and restaurants in communities around the Vargem Bonita industrial area. In order to encourage conscious consumption, the members of the Group exchanged two liters of cooking oil for a bar of homemade soap.

professional training of children and adolescents involved during working hours.

In 2009, there was a reduction in the number of volunteers, volunteer hours and number of beneficiaries. During this year, IRANI opted to focus only on social entrepreneurship, through the Community Leadership and the Shadow Entrepreneur programs and the dissemination of for sustainable development practices with the Attitude for the Planet and Our Planet, Our Home projects (*Atitude pelo Planeta & Nosso Planeta, Nossa Casa*). In addition, there were two peculiarities that did not allow a breakthrough in the growth of the programs: the outbreak of Avian Flu H1N1 and the tornado that struck the town of Vila Campina da Alegria on Sept. 7. These facts have caused some schools to suspend classes indefinitely and when they returned to their normal activities, chose to perform only the regular activities and cease the Junior Achievement activities for 2010.



Other social projects

IRANI EMPLOYABILITY PROGRAM

Aiming at improving the skills and employability of the employees, children and spouses of the regions directly impacted by IRANI's activities, in 2007 a partnership was created with the Escola Técnica Vale do Rio do Pei-xe (Etvarpe) (a technical school) and the Vargem Bonita (SC) Town Hall. The courses that were offered were, Maintenance or Industrial Automation, and IRANI subsidized 80% of the total costs of the courses, while the City donated the transportation to the city of Lucerne (SC), where Etvarpe is located.

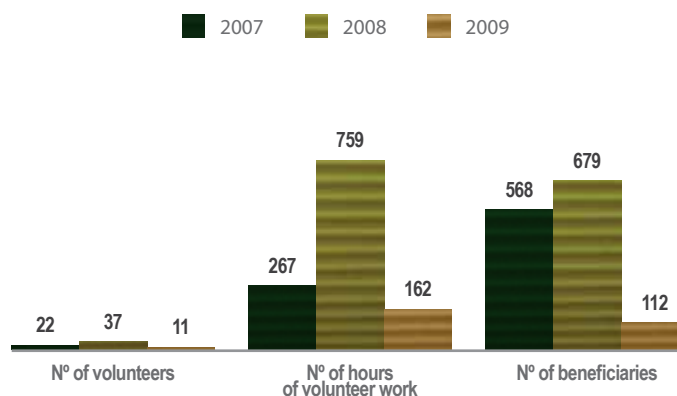
Results:

- 2007-33 registered participants attended the school partnership;
- 2008-17 participants continued the courses that they started. The reduction in the number occurred because of the disinterest of the students involved;
- 2009 - 2 students completed the course and 13 are finalizing the required internships.

JUNIOR ACHIEVEMENT

Since 2006, Irani has been in a partnership with Junior Achievement, an educational organization in economics and business that offers the opportunity for the Company's employees to perform volunteer work in the surrounding public and private schools. In order to encourage the voluntary effort and in line with the Corporate Volunteer Policy, IRANI allows its employees to prepare programs for the

Growth of the partnership with Junior Achievement



YOUNG APPRENTICE PROGRAM

In 2009, Irani graduated 11 young members of the third class of apprentices in the Corporate, Paper, SC Packaging, SP Packaging and Furniture Units. The work methodology looked at seven areas of rotation every three months. Furthermore, meetings with the young professionals were held monthly in different areas to work on the topics chosen by

the young people: communication, teamwork, identification of skills to be developed, ethics and preparation for the labor market. Of the 26 participants who attended the IRANI program since 2005, eight have been hired.

ASSOCIATION OF PEOPLE WITH PHYSICS DISABILITIES – EAGLES FROM CONCÓRDIA (SC)

IRANI is committed to promoting the social integration and the development of disabled people. Since 2007, it provides financially support for this association, which performs basketball sports in wheelchairs. Over the years of this partnership, R\$ 10,350.00 has been invested. In 2009, the Eagles team became the five time champion in the Santa Catarina Paralympic Open Games (Parajasc) in their sport. In 2010, Irani intends to renew the partnership with the team from Concórdia and increase their investments in social projects for disabled people.

CHRISTMAS SOCIAL GIFT

The Christmas Social Gift is a social activity in partnership with social organizations for making Christmas cards. In 2009, a partnership was established with the Associations of Parents and Friends of Exceptional Children (APAE) from municipalities of Indaiatuba (SP), Joaçaba (SC) and Irani (SC) which produced small artifacts for the Christmas trees of all IRANI stakeholders for which the toast is directed.

CHRISTMAS CAMPAIGNS

In 2009, 54% of the employees from the Financial Administration Office became part of the campaign of the Post Office, Santa Claus

in which children less than 10 years of age in public schools in the municipality of Joaçaba (SC) and Herval d'Oeste (SC) wrote letters to Santa Claus containing information on what they would like to get at Christmas. The Post Office received 1047 letters, and the IRANI employees complied with 5.16% of these applications. Employees from the Vargem Bonita Unit met the requests of 10 children from the EEB Galeazzo Paganelli school, in Campina da Alegria (SC).

SUPPORT FOR APAE FROM JOAÇABA (SC)

The APAE from Joaçaba held its annual feast of THE BARBEQUED PIG with support from IRANI and other companies in the region, aiming to raise funds for the institution. The event took place in July and enjoyed the volunteer work of five company employees. R\$16,407.03 was raised at this event.

TIMELY DONATION

In 2009, IRANI benefitted entities around the Company's business units with donations totaling R\$ 51,348.85.

In 2009, Irani earmarked the amount of R\$ 3,000.00 from their taxes to the Municipal Fund of the Rights of the Child and Adolescent (FIA) in the municipality of Joaçaba (SC) and the Foundation for Visual Arts

DIRECT SOCIAL INVESTMENT			
Project Name	Location	Target Audience	Value (R\$)
Associação dos Deficientes Físicos de Concórdia – ÁGUIAS	Concórdia (SC)	Wheelchair user	1,000.00
Junior Achievement Association Santa Catarina	Joaçaba e Vargem Bonita (SC)		10,000.00
Junior Achievement Association São Paulo	Indaiatuba (SC)	Public and private School children	6,000.00
Junior Achievement Association Rio Grande do Sul	Porto Alegre (RS)		1,000.00
Social toast	Todas as unidades	Employees and partners	9,920.00
Donations	Todas as unidades	Various	47,347.85
Open Talk Journal	Vargem Bonita (SC)	Local Community	1,425.00
Employability Program IRANI	Luzerna (SC)	Employees, spouses and children	12,840.00
Young Apprentice Program	Indaiatuba (SP), Vargem Bonita (SC), Joaçaba (SC) & Rio Negrinho (SC)	Employees children	121,986.96
Junior Environmental Guards	Joaçaba, Herval d'Oeste & Luzerna (SC)	State School students	2,000.00
Projeto Broto do Galho Project	Vargem Bonita (SC)	Community of Vila Campina da Alegria	192.01
Total			213,711.82

Biennial Mercosur, by the Law Rouanet, amounting to R\$ 80,000.00. The projects approved by legal incentives should be directly related to the Social Investment Policy of the Company is available on the IRANI site www.irani.com.br, Corporate Policies link.

Customers

The company systematically invests in the creation of practices and procedures to strengthen the partnership with its customers, such as IRANI Customer Service (SIC) to obtain criticisms and suggestions, Irani Online, and the Technical and Preventive Support Service and the cycle of technical talks, aiming to strengthen relationships and encourage the development of its customers.

In 2009, IRANI carried out several activities in partnership with its clients. It took part in events such as the Quality Week promoted by the company Perdigão in some units in Santa Catarina, which enabled IRANI's participation for the third year. It carried out training on corrugated cardboard packaging at *Kraft Foods*. It supported the Bread Blitz in southern cities of Taquari Valley and Rio Pardo, which consisted of the distribution of bread packed with IRANI FineKraft paper and a coupon to go to the bakery and get another roll.

“The expectations about the future relationship between SADIA and IRANI are exiting, IRANI is geographically positioned in the “backyard” of our factories in the South and it has the necessary conditions to supply our future demand, especially because the company is vertical, with professional management and a vies on investment and has sustainable growth, moreover, this latter point is entirely appropriate and in line with the expectations and the proposed future of our company.”

Anderson Campese, negotiator for Cellulosic Packaging Sadia S.A.

Furthermore, focused on the establishment of loyal and lasting relationships, guided by creating perceived value, IRANI held a special event to present the SC Packaging Unit to its major customers and suppliers. The purpose was to show the restoration of production activities in the SC Packaging Unit, after the tornado that occurred on September 7 that shook the physical structures of the unit.

Still, with the purpose of structuring the client's relationship with IRANI and rekindle the planning of this relationship through service specific teams, in 2009 the Group Management Service and Satisfaction Survey was created, responsible for applying this new methodology in the Enterprise for Paper and Packaging

“The expectation is to continue with IRANI as one of our major suppliers of cardboard boxes. Our focus has always been having suppliers close to our facilities and at competitive costs. The professionalism of the commercial area has always been a strong point. It is a company that is concerned with sustainable growth and prepared for new challenges in the market.”

Gerson Luis Bogo, corporate Packaging Buyer for Brasil Foods S.A.

businesses. The initiative allows for the widening of customer perceptions about the products and services offered by IRANI.

The Survey in 2009 showed IRANI as a proactive company committed to customers, recognizing the progress in the interaction with the commercial areas and indicate it as a supplier to other companies. Some of the companies surveyed also appreciate the commitment to sustainability and likes to receive

“We are manufacturers of paper bags, from the lighter line (bread bag) to the heavier line, and multiwall bags (industrial) and promotional bags. Due to the shrinkage in the external market, we suffered with our vendors the consequences of the international crisis. The IRANI commercial area became more aggressive, going to get closer to potential customers. And we, as consumers of paper, we have to do our part by buying from suppliers who demonstrate environmental concern and that the manufacturing process is self-sustaining.”

Mário Sérgio Gonçalves, director of Artbag

information about the activities taken by Irani. The products supplied and the logistics of the Company were the strengths of the assessment, although the prices they charges are considered as being high.

It was suggested to pay attention to some aspects, such as the moisture inconsistency level in the paper from different batches, the need for the continuous improvement in the quality of some types of paper and the printing and palletizing of the production, still require improvements. They also gave some tips for new products. There is confidence in the continuity of the company and recognition of the sustainability activities.

Shareholders

Celulose Irani has been a public company since 1977, belonging to the traditional segment of the BM & FBOVESPA, with shares listed under the codes RANI3 (Ordinary) and RANI4 (preferred). The principal means of communication and relationship with shareholders and financial markets include: dissemination of the Quarterly Information (ITR), sent to the CVM and BM & FBOVESPA; the Investor Relations site, www.irani.com.br/ri; direct

channel to the Director Investor Relations by e-mail ri@irani.com.br; ordinary and extraordinary general meetings, the disclosure of the Annual Financial Statements and the Annual Report.

In December 2009, the percentage of outstanding equity was 12%, and the controllers held 88% of the shares.

Ownership Structure

Controlling Group (ON: 90%/T: 88%)					Free Float	} SHARES ON: 92% PN: 8%
IRANI PART. S. A.	HABITASUL DE- SENV. IMOB.	CIA HABITASUL DE PART.	CIA COMERCIAL DE IMÓVEIS			
ON: 54% T: 52%	ON: 17% T: 17%	ON: 13% T: 13%	ON: 5% T: 6%		ON: 10% T: 12%	

Distribution of dividends

Celulose Irani ensures, a minimum mandatory dividend, the payment of 25% of net income. In the case of preferred shares, dividends are distributed as 10% higher than those given to common shares.

The General Meeting of April 30, 2010 approved the dividend distribution for the year 2009, amounting to R\$ 3.872 million, corresponding to R\$ 0.52 per preferential share and R\$ 0.47 per common share.

"I have been an IRANI shareholder for 40 years and was always greeted with a special affection. I attended the meetings and always had access to information and financial numbers. I visited the factory in Campina da Alegria, went to the inauguration of the new plant in Indaiatuba, I saw the Co-generation boiler being built among other times. The most important is that the company allowed me the opportunity to get know it better, keeping me updated with the reports sent by the RI Department."

Walter Celessinger Carneiro, shareholder

Governments and Society

IRANI is a big driver of growth and development in the regions where it has its production processes, which benefits all society and directly impacts on the employability of the residents in the surrounding towns of their manufacturing facilities. It provides resources for social programs and projects through tax incentives and monitoring for them to be effective.

“We try to maintain a relationship with the Company’s highest level through partnerships to carry out projects that benefit the community. We are fully aware of the importance of socioeconomic of IRANI and we highlight it as co-responsible so that Vargem Bonita has established itself as the 4th city in the state in per capita income. ”

Jairo Casara, mayor of Vargem Bonita (SC)



Maintains relationships with local municipalities, as well as the State and Federal Government representatives, seeking to stimulate the application of public resources in infrastructure into its area of expertise. Participates, including discussion of regional interest regarding the environment (Forestry Dialogues, Advisory Board of the National Park of Araucarias, the Chapecó River Basin Committee, the scrap and industrial waste committee coordinated by Sinpesc, a group consisting of pulp mills and paper mills discussing a proposal for the creation of the a new Conama Law for atmospheric emissions of sector for existing sources, among others) and the business environment.

“The Environmental Foundation (Fatma) together with Celulose Irani through its employees look and do not measure efforts to ensure that the environment is balanced. Proof of this were the investments made and still planned for the coming years. Thus, the relationship Fatma, Celulose Irani and the Environment will continue for years together in 2010 tend to grow. The biggest beneficiaries will be us, humans. ”

Rodrigo Costa, sanitary and Environmental Engineer FATMA
in Joaçaba (SC)





About the Report

This is the fourth edition of the IRANI Sustainability Report adopting the guidelines of the *Global Reporting Initiative* (GRI), version G3. In 2009, the Company reached the application level A+.

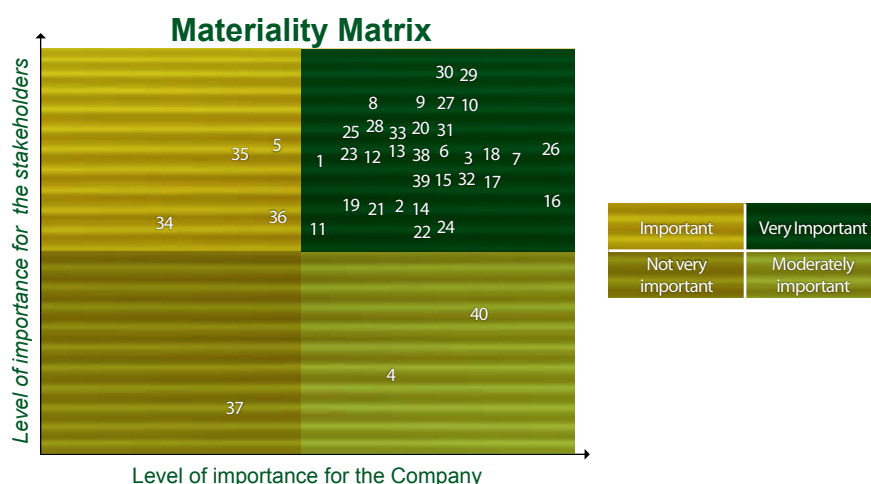
In the scope of the Report, are all business units belonging to Celulose Irani SA in the states of Santa Catarina, Sao Paulo and Rio Grande do Sul and its subsidiaries My Furniture is Wooden (MMM) (*Meu Móvel de Madeira Comércio de Móveis e Decorações LTDA*), Irani Trading SA and Habitasul Forestry SA. However, for some indicators, there is no record of information of all units.

IRANI publishes its Sustainability Report annually, always in the first half of each year. The process of data collection for this report occurred during the year 2009 and early 2010, when data closing for the previous period happens.

For the third consecutive year, IRANI underwent the independent verification of the Sustainability Report and verification of application level, based on the GRI guidelines. At the end of this document is a letter of assurance given by the consulting firm – BSD Consulting.



To define the contents of the report, we used the study of materiality that supported the Sustainability

Report 2008. This study was conducted internally and was attended by 21 people representing the internal and external audiences who attended the stakeholder's panel. The internal public, were involved representatives of management and other leaders, the external public, were involved suppliers, customers, community, university, NGO's, government and union. After the consolidation of the results, subjects were submitted to the board of the Company and based on its strategic direction a final evaluation of the relevance of these issues was performed and a materiality matrix set out, represented below. In 2009, Irani opted to use the same matrix, understanding that the issues that deserved attention were also highlighted in the management of the Company and would be disclosed in this report. For 2010, IRANI committed to conduct a new materiality study, to enhance its engagement process with stakeholders, besides performing the panel again.



Subjects evaluated		GRI Indicator	Subjects evaluated		GRI Indicator
Corporate governance			Human rights		
1	Bribery	SO2, SO3, SO4	22	Investment practice Purchase	HR1, HR2
2	Fraud	SO2, SO3, SO4	23	Non-discrimination	HR4
3	Legal compliance	PR9, PR2, SO8, EN28	24	Freedom of association and collective bargaining	LA4, HR5
4	Shareholding Structure	EC1	25	Child Labor	HR6
Environment			26	Forced labor or analogous to slavery	HR7
5	Materials used in processes	EN1, EN2	Community Relations		
6	Energy consumed	EN3	27	Social investment	SO1
7	Alternative sources of energy	EN5	28	Volunteering	SO1
8	Withdrawal of water	EN8	29	Social and environmental impact	SO1
9	Conservation and biodiversity	EN12	30	Comunidades de entorno	SO1
10	Emissions, effluents and waste	EN16, EN17, EN19, EN20, EN21, EN22	Market		
11	Odor	EN20	31	Customer satisfaction	PR5
12	Environmental management	EN26	32	Main markets and customers	
13	Preservation areas	EN11	33	Products	PR3
14	Sustainable management of forests	EN13, EN14	Public regulation		
15	Climate change	EC2	34	Fines and penalties	EN28, SO8, PR2, PR8, PR9
16	Sale of credits carbon	EN26	Relationship with government		
Human Resources			35	Payment of taxes	EC1
17	Benefits	LA3	36	Involvement with political public	SO5
18	Health and safety at work	LA6, LA8	37	Contributions to political parties political	SO6
19	Accidents at work	LA7	Economic Impact		
20	Training and development	LA10, LA11	38	Employment generation and income	EC7, EC9
21	Diversity and equality	LA13, LA14	39	Development of local suppliers	EC6
			40	Presentation of Added of Value Distribution Table (DVA)	EC1

GRI application level

	C	C+	B	B+	A	A+
Compulsory	Self-declared	With verification external		With verification external		
Optional	Examinado por terceiros	With verification external		With verification external		
	Examinado pela GRI	With verification external		With verification external		Com verificação externa

TAKE PART IN THE NEXT REPORT

The channel faleconosco@irani.com.br is available to IRANI stakeholders who have questions and/or want to give suggestions for improvements for future reports.

GRI index

KEY ND (Unavailable)

Correspondence and identification of the Global Compact principle

Core Indicators

Additional Indicators

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3.8	Joint ventures, subsidiaries, leased facilities, outsourced operations and other organizations	14
3.9	Data measuring techniques and bases of calculations	32
3.10	Consequences of restatements of information provided in earlier reports	There were no restatements information previously provided
3.11	Significant changes in scope, limit or measurement methods	There were no significant changes
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Indicator	Description	Page
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4.6	Processes in place for the highest governance body to ensure that conflicts of interest are avoided	28
4.7	Process for determining the qualifications of members of the highest governance body to define the organization's strategy for issues the themes of economic, environmental and social	The Company does not have a structured process for determination of qualification on sustainability the highest organ of governance.
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4.10	Self-evaluation of the performance of the highest governance body	The Company has no structured process self-evaluation of governance.
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4.15	Basis for identification and selection of stakeholders with whom to engage	70
4.16	Approaches to stakeholder engagement	70 & 92
4.17	Key topics and concerns that were raised through engagement Stakeholder	92
Economic Performance Indicators		
EC1.	Direct economic value generated and distributed	40
EC2.	(PG7), (PG8) Financial implications and other risks and opportunities for the organization's activities due to climate change	11
EC3.	Coverage of the obligations of the pension plan benefit defined the organization's	Not offered in the retirement plan for employees. The Company is preparing the management for this.
EC4.	Significant financial assistance received from government	In 2009, there was no financial help received from the government.
EC5.	(PG6) Variation and proportion of wage compared to the minimum wage	73
EC6.	Policies, practices and proportion of spending with local suppliers	81
EC7.	(PG6) Procedures for local hiring and proportion of senior management hired from the local community	72
EC8.	Development and impact of investments in infrastructure and services provided primarily for public benefit	84
EC9.	Identify and describe the significant indirect economic impacts	09
Environmental Performance Indicators		
EN1.	Materials used by weight or volume	45
EN2.	(PG8 & PG9) Percentage of materials used that are recycled	45
EN3.	(PG8) Direct energy consumption per primary energy source	46
EN4.	Indirect energy consumption by primary source	46

Indicator		Description	Page
EN5.	(PG8 & PG9)	Energy saved due to improvements in conservation and efficiency	47
EN6.	(PG8 & PG9)	Initiatives to provide products and services with low power consumption	48
EN7.	(PG8 & PG9)	Initiatives to reduce indirect energy consumption and reductions achieved	54
EN8.	(PG8)	Total water withdrawal per source	49
EN9.	(PG8)	Water sources significantly affected by withdrawal of water	49
EN10.	(PG8 & PG9)	Percentage and total volume of water recycled and reused	50
EN11.	(PG8)	Location and size of land owned, leased or administered within protected areas, or adjacent to them	60
EN12	(PG7 & PG8)	Description of significant impacts on biodiversity	62
EN13.	(PG8)	Habitats protected or restored	59
EN14	(PG7 & PG8)	Strategies, current actions and future plans for managing impacts on biodiversity	62
EN15	(PG8)	Number of species on the IUCN and national conservation list with habitats in areas affected by operations, by level risk of extinction	63
EN16	(PG8)	Total direct and indirect emissions of greenhouse gases, by weight	52
EN17	(PG8)	Other relevant indirect greenhouse gas emissions by weight	53
EN18	(PG8 & PG9)	Initiatives to reduce emissions of greenhouse gases and reductions achieved	55
EN19	(PG8)	Emissions of substances that destroy the ozone layer, by weight	56
EN20	(PG8)	NOx, SOx and other significant air emissions by type and weight	54
EN21	(PG8)	Total disposal of waste, by quality and destination	51
EN22	(PG8)	Total weight of waste by type of disposal method	56
EN23		Total number and volume of significant spills	There was no spills that could compromise soil and water quality at the Company site
EN24	(PG8)	Weight of transported, imported, exported or treated considered hazardous under the Basel Convention.	58
EN25		Identification, size, protected status and biodiversity value of water bodies and habitats	51
EN26.	(PG8 e PG9)	Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation	10
EN27.	(PG8 e PG9)	Percentage of products and their packaging materials for the total number of products sold by product category	45
EN28.		Monetary value of significant fines and total number of non-monetary sanctions resulting from non-compliance with environmental laws and regulations	No case was identified.
EN29.	(PG8)	Significant environmental impacts of transporting products and other goods and materials, and transport workers	54
EN30.	(PG8)	Total investments and environmental protection expenditures by type	66
Social Indicators relating to labor practices and decent work			
LA1.		Total workforce by employment type, employment contract and region	71
LA2.	(PG6)	Total number and rate of employee turnover by age group, gender and region	72
LA3.		Benefits provided to full-time employees	74
LA4.	(PG3)	Percentage of employees covered by collective bargaining agreements	100% of employees are covered by collective bargaining agreements trade unions

Indicator			Description	Page
LA5.	(PG3)	Minimum advance notice for operational changes		The Company has not formalized this period, but communicates this to the involved when necessary
LA6.		Percentage of total workforce represented in formal health and safety committees		75
LA7.		Rates of injury, occupational diseases, lost days, absenteeism and work-related deaths by region		74
LA8.	(PG6)	Education programs, training, counseling, prevention and risk control in place to provide support to employees, their families or community members regarding serious diseases		74
LA9.		Topics related to health and safety covered by formal agreements with trade unions		In formal agreements with unions specific issues regarding safety and health are not addressed beyond what is laid down in legislation.
LA10.	(PG6)	Average hours of training per year per employee broken down by functional category		76
LA11.	(PG6)	Programs for skills management and continued learning that support the continued employability of employees and assist their Career		78
LA12.		Percentage of employees receiving regular performance reviews and career development		There is no regular career development process or performance analysis.
LA13.	(PG1 & PG6)	Composition of the groups responsible for corporate governance and discrimination of employees per category according to gender, age, minority and other diversity indicators		71
LA14.	(PG1 & PG6)	Proportion of base salary between men and women by employee category		73
Social Indicators relating to human rights				
HR1.		Significant investment agreements that include human rights clauses or that have been undergone human rights screening		There was no acquisition process in the year, but IRANI undertakes to assess human rights aspects in contracts and future investments.
HR2.	(PG1, PG2, PG4 & PG6)	Suppliers and contractors that have undergone human rights screening and measures taken		81
HR3.	(PG1)	Total hours of employee training on policies and procedures aspects of human rights relevant to operations, including the percentage of receiving the training		28
HR4.	(PG1 & PG6)	Total number of cases of discrimination measures taken		No record in 2009.
HR5.	(PG1 & PG3)	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk and the measures taken to support these rights		There is no process in the productive chain on the risk of occurrence of prohibition of collective bargaining or trade union membership.
HR6.	(PG1 & PG5)	Operations identified as having significant risk for incidents of child labor and measures taken to contribute to the abolition of child labor		73 & 81. No record in 2009.
HR7.	(PG1 & PG4)	Operations identified as having significant risk for incidents of forced labor or slave labor, and measures taken to contribute to the eradication forced into child labor or slave labor		73 & 81. No record in 2009.
HR8.	(PG1 & PG2)	Percentage of security personnel submitted to the training in policies or the organization's procedures concerning aspects of human rights that are relevant to operations		ND

Indicator	Description	Page
HR9. (PG1)	Total number of cases of violation of indigenous peoples right and actions taken	There is no record Indians in the vicinity of Company areas. Also, no record of violation of their rights.
Social Indicators concerning the company		
SO1. (PG1 & PG7)	Programs and practices to assess and manage the impacts of operations communities, including entering, operating and exiting.	83
SO2. (PG10)	Business units analyzed for risks related to corruption	29
SO3. (PG10)	Employees trained in policies and procedures of anti-corruption in the organization	28
SO4. (PG10)	Actions taken in response to corruption incidents	No cases of corruption were identified during the period
SO5.	Policy positions and public participation in policy development and lobbying	ND
SO6. (PG10)	Financial contributions and in kind to political parties, politicians or related institutions by country	In 2009, there were no contributions financial payments made to political parties.
SO7.	Total number of lawsuits for unfair competition practices anti-trust and monopoly practices and their results	There was no legal action on unfair competition, anti-trust and monopoly in the period.
SO8.	Monetary value of significant fines and total number of non-monetary sanctions resulting from non-compliance with laws and regulations	In 2009, IRANI recorded the payment of three fines totaling R \$ 6141.69. Two of them were applied by the Ministry Labor and Employment; and the third it is legal transaction with the prosecution of the City Indaiatuba (SP).
Performance indicators relating to product liability		
PR1.	Phases of the life cycle of products and services	16
PR2.	Cases of non-compliance with regulations and voluntary codes related the impacts of products and services in health and safety during the cycle Life, by type of result	There were no reported cases of this type occurrence in the period.
PR3. (PG8)	Type of information about products and services required by labeling procedures and the percentage of products and services subject to such requirements	16 However, technical reports do not contemplate issues of sustainability, of the additional technical information of the product.
PR4.	Cases of non-compliance with regulations and voluntary codes related to information and labeling of products and services, by type of result	No case were reported of such occurrences in the period.
PR5.	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	88
PR6.	Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	IRANI did not adhere to any program of this nature.
PR7.	Cases of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of result	No cases were reported of such occurrence.
PR8.	Substantiated complaints regarding breaches of privacy and loss of customer data	No cases were reported cases of such occurrence.
PR9.	Monetary value of fines (significant) for non-compliance with laws and regulations concerning the provision and use of products and services	As there are no reported cases of this type of occurrence, no fines were levied.

Assurance Statement

BSD Consulting performed the independent verification of the process of preparing the Celulose Irani SA Sustainability Report 2009, developed in accordance with the GRI guidelines (Global Reporting Initiative).

Objects and Scope

The verification process is intended to provide the interested Celulose Irani SA stakeholders an independent opinion on the quality of the report, the procedures for sustainability management, adherence to the principles of AA1000AS 2008 and continuity of established processes. The scope of our work covers the information contained in the Sustainability Report 2009 IRANI, in its printed version.

Methodology

Independent verification of the report was conducted in accordance with the standard AA1000AS 2008 (AA1000 Assurance Standard 2008), type 1, providing a moderate level of assurance. The process includes the assessment of adherence to three principles of AA1000AS: Inclusion, Materiality and Responsiveness;

The procedures carried out during the work include:

- Review of the contents of the Sustainability Report;
- Understanding the process of generating information for the Sustainability Report;
- Review of information from the general media, websites and legal bases. News was identified about alleged violations of labor rights of IRANI contractors in the resins chain. The BSD checked the related documentation to verify facts: Minutes of Hearing with the Ministry of Labor, including the TAC - Term of Adjustment of Conduct, Commercial contracts with the service providers involved, list of contractors by Irani and an interview with the Director responsible;
- Interviews with managers and employees in key areas in relation to the relevance of information for reporting;
- Interviews with directors of the company;
- When relevant, confirmation of information on sustainability performance with our understanding of the governing body of the company;
- Based on sample testing, confirmation of details of the Sustainability Report, with supporting documentation, internal management reports and official correspondence;
- Observation of operations of the company's operational headquarters in Vargem Bonita (SC), the of (SP Packaging) Unit Indaiatuba and the Furniture Unit in Rio Negrinho (SC);
- Analysis of the relevance of the information of the Sustainability Report from the point of view of external audiences.

Independence

BSD Consulting is a company specializing in sustainability. We work independently and ensure that no member of BSD has contracts for consulting or other commercial ties with IRANI. BSD Consulting is licensed by AccountAbility as an

assurance provider (AA1000 Assurance Licensed Provider) under the registration 000-33.

Responsibilities and limitations

The Sustainability Report is prepared by the Celulose Irani SA, responsible for all of its content. The objectives of the Assurance Declaration are to inform interested parties about the BSD findings on the adherence to three principles of AA1000AS 2008 and on the credibility of the information published in the printed report. The additional website content and verification of financial data was not the subject of the BSD Consulting work. Additionally, the BSD Statement of Assurance provides confirmation of the level of application of the GRI-G3 model.

Key Findings on adherence to the AA1000AS 2008 Principles

Inclusion - discusses the participation of the stakeholders in developing a transparent, strategic and sustainable management process.

- The process of engagement with stakeholders initiated in previous years did not continue in 2009. For the next reporting period, it is recommended to continue this important process to strengthen the engagement with strategic public and identify the key sustainability issues for the company. The establishment of clear criteria for the selection and prioritization of stakeholders allows one to get even more precise results for the inclusion and materiality.
- The Sustainability Committee was created with the task of developing IRANI's sustainable practices, with the objective of contributing to the internal innovations, including the enhancement of good corporate governance practices and the incorporation of the topic in the daily activities of the company. To fulfill its role, it is important that the Committee expands its direct involvement in strategic issues related to social and environmental aspects with the top management.
- Overall, the top management demonstrates a strategic vision of sustainability for the businesses, confirmed by the focus of investments in recent years on issues such as operational innovations, certifications, governance, transparency and accountability. Another factor was the definition of the ten critical success factors IRANI, including relevant aspects of sustainability.
- Activities to engage with customers should reinforce the importance of practices for a sustainable for the business success and industry. More specific aspects may be exploited, such as: benefits of environmental management for the sector, value chain and supplier qualification, ethics in the business relationships.

- IRANI maintains its FSC certification in its Chain of Custody for paper, packaging and furniture. It is recommended that the company encourages suppliers to obtain forest certification. The involvement and dissemination of social and environmental practices can also be extended to other suppliers and IRANI's service providers to ensure respect for human rights and labor rights in all parts of the chain.

- There is a high degree of involvement with IRANI and the Campina da Alegria – SC community, particularly relating to the generation of employment and the development of social projects. It is important to intensify the involvement with the communities surrounding the other operating units.

Materiality (or relevance) - matters necessary for stakeholders arrive at conclusions about the economic, social and environmental performance of the organization.

- The report presents a coherent overview of the main topics identified in the relevant Materiality Test conducted on the basis of the Sustainability Report 2007. In 2009 an engagement process with stakeholders was not conducted. It should expand and consolidate this process, periodically and continuously, so that the materiality evaluation of has updated and consistent results, both in the context of society (outside) and in business strategy (internal).

- There are management procedures and analysis of economic and financial risks. Social and environmental aspects are monitored, but are not addressed to in a preventive way and there is no specific procedure for the analysis and management of those risks.

- The main environmental concerns such as sewage, waste and emissions, structured and monitored by the environmental management area, were disseminated and contextualized in the report. It is important to improve the controls related to information to ensure the traceability of environmental indicators. Moreover, IRANI shows its commitment to expanding the use of renewable energy sources (non-fossil) energy efficiently and with energy self-sufficiency.

- The management of Health and Safety Irani is not standardized in all units. It is necessary to integrate the health and safety management of IRANI's units to ensure uniformity of the practices.

Capacity for Answers - addresses the actions taken by the organization due to the specific demands of stakeholders.

- We highlight the importance of expanding and improving the consultation process and responses to stakeholders by establishing an organized structure to meet the critical demands in a timely and targeted manner. To achieve the expected result, it is essential that the company prioritizes the issue at the strategic ambit, t and provide answers to the key demands of the stakeholders.

- The Management of Excellence was created, covering Environmental Management, Quality, Recognition and Sustainability. On visits to the operating units of the SP packag-

ing and Furniture units, it was seen that there is a process of integration between the units and management in these aspects.

- In 2009 the Sustainability area was formally established demonstrating the evolution and importance of managing social and environmental aspects in IRANI. This new structure strengthens the commitment to continual improvement of sustainability practices.

- Celulose Irani is committed to meet all legal requirements related to human rights and labor in their own activities and its service providers.

- One of sustainability commitments made by Irani is the combating of corruption. For this, it formally adheres to the Pact for Integrity and Corruption, of the Ethos Institute. However, we must make it clear how this commitment is being treated and monitored in the internal processes and the management of the value chain.

- In 2008 we carried out a diagnosis of social and environmental impacts of the surrounding communities of IRANI's unit in the State of Santa Catarina, which has led to, in 2009, the alignment of social actions undertaken by the company with the main needs of the regions.

GRI – G3 Application Level

Following the GRI-G3 guidelines, BSD states that the 2009 sustainability report for Celulose Irani SA is classified as a Level of Application of A +. The report offers answers to the items related to the company profile and provides a broad description of the management processes and approaches to sustainability. We provide information relating to all categories of performance indicators: economic, environmental, human rights, labor, society and responsibility for the product.

Concluding Remarks

In the opinion of BSD, IRANI continued the process of sustainability management and the process of preparing the Sustainability Report, and this went from an Application Level of B + to a level of Level A +, with a consequently increased number of indicators reported, confirming the growth of the report regarding the guidelines and principles of the GRI.

São Paulo, April 5, 2010

BSD Consulting – Brazil



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