



Sustainability Report 2010



Celulose Irani S.A.



Mission

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

Vision

We are among the 5 biggest and best Brazilian companies in the segments where we operate and one of the 100 best companies to work for in Brazil. We are recognized and preferred by our customers, our suppliers and partners, and attractive to our investors by providing the highest degree of operational effectiveness and innovation in our products and services.

Principles and Values

Social and Environmental Responsibility

We are promoting and multiplying agents of economic, social, environmental, community and personnel development.

Ethics, Courage, Transparency and Cordiality

We are ethical, courageous, cordial and transparent in all our attitudes and relationships.

Innovation and Pioneering Spirit

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

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UNIDADE PAPEL



A marca da
gestão florestal
responsável

UNIDADE EMBALAGEM



A marca da
gestão florestal
responsável



Em 2010, a IRANI comemorou 10 anos de Certificação ISO 9001 na Unidade Papel e 6 anos de certificação na unidade Embalagem SC.

Highlights and Acknowledgements 2010

Prêmio FIEMA 2010
Categoria Tecnologia Ambiental



5º Prêmio Brasil de Meio Ambiente
Categoria Melhor Trabalho em Ar 2010



Prêmio Benchmarking Ambiental Brasileiro
Realização Mais Projetos
Projeto de Educação Ambiental



Prêmio Empresa Cidadã ADVB/SC
Categoria Participação Comunitária



Prêmio Expressão de Ecologia
Categoria Recuperação de Áreas Degradadas



Campeãs da Inovação
Revista Amanhã



Pulp&Paper International Awards 2010
A IRANI foi finalista na categoria
Estratégia Ambiental



As 500 melhores empresas do Brasil
Realização Revista Isto é Dinheiro



Top 10 em Relatórios de Sustentabilidade
3º lugar em pesquisa realizada pela FBDS e SustainAbility

Chairman's Message

We are publishing the fifth edition of our Sustainability Report. In the first, in 2004, called "Social Balance", we were progressing until we achieved, with the 2009 Report, the A + rating, the highest, according to the Global Reporting Initiative – GRI guidelines.

Celulose Irani SA, with its Sustainability Report 2009 was the only company in the Pulp and Paper segment to be among the TOP 10 companies in the survey "Towards Credibility 2010," of the Brazilian Foundation for Sustainable Development (FBDS) in partnership with the English consulting and independent research center, SustainAbility. Among the sustainability reports of 137 companies surveyed, IRANI reached the third position, behind the companies Natura and Sabesp. In addition, the Company rose five positions relative to the ranking published in 2008.

Following its line of pioneering spirit, IRANI was the first and only Brazilian company to participate voluntarily in the Carbon Disclosure Project (CDP) in the 2010 edition, collaborating with the initiative of the English organization that is independent and a nonprofit making organization that has the largest database of corporate climate impact in the world.

In 2010, the United Nations Global Compact and Accenture Sustainability Services published the largest study of corporate sustainability; this was carried out amongst some 1,000 executives, business leaders and civil society. It shows that sustainability is now effectively a strategic priority for executives around the world (93% view sustainability as critical to the success of their business). For CEOs, there is a real sense in the current process, where players are beginning to see that a sustainable economy is a realistic proposal, but to get to a stage where sustainability is fully integrated with the business, there will have to be an operating environment profoundly different from today. According to the CEO of Accenture Sustainability in an article on HSM Online, based on the views of these executives, one can imagine what will happen in the new business environment. Consider:

- Prevalence of a broader focus on creating business and social value, which will be characterized by a shift in focus solely on financial gain for an understanding of long-term

value creation, which considers both the positive and negatives of a company on society and the environment.

- Businesses must move increasingly further away from viewing the operation as a separate part of the value chain to take greater responsibility in a complete system of inputs.
- Emphasis on new forms of collaboration and partnerships with suppliers and distributors, civil society organizations and governments, to boost the results from sustainability.
- A more effective use of technology to boost transparency, resource efficiency and a transition to a clean energy infrastructure.
- Improve the efficiency of business practices in emerging markets to meet the needs of consumers and citizens in various alternative distribution channels.
- Advancement in Leadership and Sustainable Culture, which incorporates sustainability issues in the way executives and employees think about strategy and execution.

A review of IRANI reports published since 2006, from introductory messages themselves, the reflections of context and, above all, effective performances, allow us to compare them to the ideas and projections of the executives expressed in the survey of 2010 and summarized above. There clearly emerges, the pioneering spirit of the IRANI team in the introjection of the true concept of sustainability, the adoption of an attitude, a culture and the consequent deeds, which ultimately allow the early use of the new model as an effective and modern management instrument.

Furthermore, the outlook presented in the Sustainability Report 2009 indicates that we are organizing our operating strategy in an accountable and transparent way with initiatives like the creation of the Sustainability Committee and the investment in the Center for Technological Innovation and Research & Development.

What indicates our successes, as well, are the various awards we have received, such as the Fiema Award 2010

in the case "Technologies Used for Reducing the Emissions of Greenhouse Gases" in the Environmental Technology category; the 5th Brazil Award for the Environment, won in the category Best Paper on Air - 2010, with the case "Greenhouse Gases Inventory and Related Innovative Actions", the Corporate Citizen Award ADVB 2010; and classification of IRANI among the 50 Champions of Innovation by Amanhã Magazine, among others.

Let us prepare, then, to continue the growth in new circumstances and scenarios, after the worst economic downturn of recent times. The biggest challenge for companies is the acceleration in the complexity and speed of a world that operates a system that is interconnected.

I thank all who contributed to the improvements in the performance indicators listed in this Report for 2010, reaffirming my belief that the best way to predict the future is to build it every day.



Péricles de Freitas Druck



About this Report

The IRANI Sustainability Report shows the challenge of installing sustainability into the day to day of the Company. Therefore, it is not a simple rendering of accounts, but a commitment to the future of the Company and it is carried out by all stakeholders. Here you will find the IRANI strategies for seeking a sustainable relationship with society, the environment and the productive process. All efforts and endeavors of the Company are directed to that such interaction is balanced and harmonious.

IRANI has made its choice. It is explicit in this report. A transparent and objective way of showing all collaborates its commitment with a sustainable horizon.

In the scope of this publication are the business units belonging to Celulose Irani S.A., in the states of Santa Catarina, São Paulo, Rio Grande do Sul and its subsidiaries Meu Móvel de Madeira Comércio de Móveis e Decorações Ltda., Irani Trading SA., Forestry SA Habitasul Florestal S.A., and HGE - Geração de Energia Sustentável Ltda.

IRANI publishes its Sustainability Report annually, always in the first half of every year. The process of data collection for this report occurred during 2010 and early 2011, at the time of closing the data from the previous period.





IRANI
Papel e Embalagem

Viveiro de mudas florestais - Vargem Bonita (SC)

The IRANI Sustainability Report, for the fifth consecutive year, follows the Global Reporting Initiative (GRI) in its version G3 Guidelines. In 2010, the report again reached the A+ level of application. The content of this report addresses the topics that are considered as priority issues for our stakeholders and prioritized by the Company management.

Application Level of Report		C	C+	B	B+	A	A+
Contents of the Report	G3 Profile	With External Verification			With External Verification	Answer items: 1.1, 1.2 2.1 a 2.10 3.1 a 3.10, 3.12 a 3.13 4.1 a 4.5, 4.13 a 4.17	With External Verification
	Information on the G3 method of Management					Details of the Management Approach Disclosures for each indicator	
	G3 performance indicators & performance indicator of the Sectorial Supplement					Answer each key indicator of G3 and Sector Supplement * with due consideration to the Principle of Materiality in one the following ways: (a) reporting on the indicator or (b) explaining the reason for the omission.	

Materiality

In 2010, IRANI refined its practice of engagement with the stakeholders. In addition to routine and trade contact with some audiences, the company held two events that were structured and named The Stakeholders Panel. The first occurred in Campina da Alegria (SC), with the participation of 50 representatives from communities, government and society. The second panel was held in São Paulo (SP), with the participation of about 80 people, including shareholders representatives, customers, communities, suppliers, employees, government and society. The purpose of the event was to learn and share the concerns these public in relation to sustainability and identify future challenges for Company.

In these two events of dialogue with stakeholders, the key initiatives recognized were the potential value of the Company with the presentation of superior results, product quality, improvement in the managing of the business over the past seven years, the search for sustainable partners,

the concern about people and the environment, the inclusion of employees and their families in educational, cultural, sports and volunteering, environmental actions and environmental education, the organizational climate, the balance between the growth and forestry reserves, the good relationship between debt and equity ; the transparency of environmental issues, corporate governance, the reaction to new regulations.

The main points of attention raised were: the low liquidity of the Company shares, the need to work more in a network with social projects, the access difficulty for the company to present its social projects, attention to Vila Campina da Alegria (SC); more interaction with the surrounding communities.



There was a demand from shareholders for support in the divulgation of the sustainability concept and in knowing the group of metrics and the practical results of IRANI's sustainability projects. From customers and suppliers, interest was expressed that knowledge be shared about sustainability and to what promote sustainability of the value chain as well as the need to maintain the relationship focused on the management of the Company and not only on product quality, with the hope of working together with IRANI. From the Government and society and the surrounding communities, the desire was expressed to participate in the initiatives of the government institutions and civil society organizations to improve the social conditions of the surrounding communities and participate in the Municipal Council of Children's and Adolescent's Rights (CMDCA).

The results of these events served to support the strategic feedback to guide the contents of this report in a more objective and transparent way, the reporting of the issues considered as most relevant. For the definition of materiality, a discussion took place among members of the Sustainability Committee on matters brought by stakeholders and relevant topics that were defined as relevant to sustainability. With the definition of these topics, stakeholders were consulted to inform which of these topics should be prioritized. From this, the Board met to discuss how these issues are incorporated into the Company strategy and which of them have maximum priority. The result of that meeting should be the four issues that were the highest priority, among 10 relevant topics, as show below.

Materials Issues	
Maximum priority issues	1 Biodiversity
	2 Personnel Development
	3 Energy
	4 Value Creation for Shareholders
Materials Issues	5 Water and Wastewater
	6 Air
	7 Productive Chain
	8 Sustainable Consumption
	9 Relations with Society
	10 Solid Waste

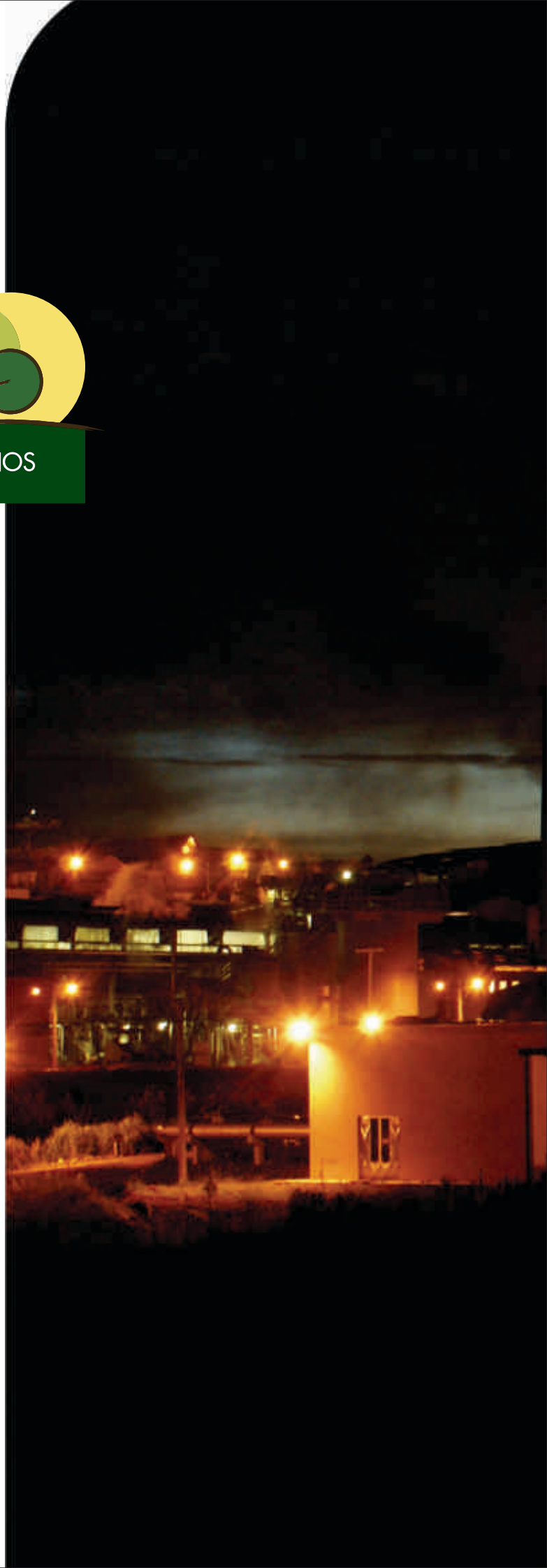
IRANI 70 YEARS



In 2010, IRANI began celebrating its 70th birthday, which will happen in June 2011. Celebrating this anniversary is an opportunity to revive the memory of a company that grows respecting the environment and people, sharing the dreams and desires for a future that gets better and better for everyone.

In 2010, IRANI ended a cycle of growth, technological modernization and creating value in the eyes of the customer and the advancement and recognition in the environmental and economical aspects and it is on the verge of a new virtuous cycle, due to these advances and convictions and in the context of a world that is more aware of sustainability issues, with a economic growth horizon that is limited by the planet's natural resources and the constant concern about ethics.

In October 2010, IRANI decided to terminate the operations of the Furniture Unit in Rio Negrinho (SC), due to the strong Brazilian currency coupled with the downturn in major the overseas markets that were served. This decision, however, offers an even greater opportunity for the integration with the Upper Rio Negro Valley through its subsidiary Meu Móvel de Madeira (My Wooden Furniture) that operate in digital sales of wooden furniture from planted forests. The Personnel Development area led the shutdown procedure, establishing partnerships with surrounding institutions in order to guide employees on matters such as consigned bank loans, unemployment insurance and the preparation and entrance into the labor market with psychological counseling. For the employees that were laid off, IRANI provided two months of food allowance, after the termination of employment contract, plus an additional month of health insurance and educational allowance and scholarship grant until December 2010.





Paper Mill - Vargem Bonita (SC)

Initiatives implanted in 2010



More IRANI Program

Initiative focused on the Lean Manufacturing philosophy that endeavors to produce more with less human effort, time and resources. It offers the optimization of the organization to meet customers' needs in the shortest time possible, while increasing the security and morale of its employees, involving and integrating not only manufacturing but also all parts of the Company. The program has been implemented in the packaging units in SC and SP.

Highlight: holding the Kaizen Week in the Unit Packaging - SC, with the purpose of providing rapid improvements for people and plant, such as settings and setup of machines and the 5S task force.

Goal
2011

Start the Program in the Paper Mill.

Speak There Program (Programma Fala Ai)

This has been developed in the Paper Mill, the program shares appropriate practices applied to the workplace by employees and they share this expertise with other colleagues. In 2010, Speak There worked under with the Capability to Communicate.

Process Analysis Groups (GAPs)

To address issues related to process performance, the Paper and Packaging divisions created the GAPs in 2010. The GAPs handle specific topics in accordance with the procedures of each unit. In the Paper Mill, there are GAPs for Energy Efficiency, Reduction of Fiber Loss



Unidade Embalagem SC - Vargem Bonita (SC)

and Downtime. In Packaging - SC, there is a GAP for the Reduction of scrap. Besides these, there is a group that includes the two units and aims to explore opportunities to improve the profitability of the Paper and Packaging Chain, as well as the Managing Climate Survey Group that also includes employees from the Packaging Unit - SP.



Participation in the GHG PROTOCOL BRAZIL

Among the different methodologies for carrying out GHG inventories, the GHG Protocol is the most widely used tool worldwide by companies and governments to understand, quantify and manage their emissions. It was developed by the World Resources Institute (WRI) in partnership with the World Business Council for Sustainable Development (WBCSD). The Fundacao Getulio Vargas coordinates the GHG Protocol Brazil. The IRANI inventory is part of the GOLD category, it is a complete inventory, based on 2006 IPCC methodology with external verification.

 Visit the 2010 GHG inventory in the site www.irani.com.br.

Voluntary participation in the Carbon Disclosure Project (CDP)

IRANI was the first and only Brazilian company to participate voluntarily in the 2010 edition. The initiative is a milestone for the UK-based independent, nonprofit making organization, which has the largest database of corporate climate impact in the world. The goal of CDP is to get to know the deeds undertaken by companies to reduce or eliminate the emission of greenhouse gases (GHGs) in the atmosphere. The management of GHG emissions and removals enables the company to establish sound management and contribute to the global issue of climate changes.

Implanting the Excellence in Management Model (MEG), of the National Quality Foundation (FNQ)

The implanting of the MEG is focused at this time, on the Paper and Packaging business. Within the MEG issues will be handled related to leadership, strategy, customers, people, society, and information and knowledge and, people and results. In 2010 18 specific working groups were established and they developed a specific action plan for each criterion of excellence that included the review of procedures and inclusion of new practices. With the MEG, the Company envisions following guidelines for a management model based on the practices of world-class companies and thereby reap positive fruits, growing in management skills and leveraging better results.



Elida de Freitas e Castro Druck Library

This was inaugurated in October 2010 in the industrial park of the industrial units in Vargem Bonita (SC) to promote access to information and knowledge of employees and residents of Campina da Alegria (SC). The name is a tribute to the teacher, writer and poet Elida de Freitas Castro Druck who left her name in literature from Rio Grande do Sul by writing children's stories. The project was realized through the Program Sesi - Industry of Knowledge.



Growth of commitments



No Relatório de Sustentabilidade 2009, a Empresa divulgou alguns compromissos assumidos para 2010. Na sequência, apresenta-se o *status* de cada meta proposta.

Relevant Topic	Commitment 2010	Status
Water and wastewater	20% reduction in water consumption in the Paper Mill, when compared to 2007.	COMPLETED
	Increase to 75% the percentage of water reused in the paper mill.	NOT COMPLETED The percentage of 74%. Has been achieved. Some activities planned for 2010 will be carried out in 2011.
	Reduce to 24 m ³ the amount of wastewater generated per ton produced.	NOT COMPLETED This was reduced to 24.6m ³ . The installation of equipment in 2010 will materialize in 2011.
Air	Reduce 210 000 metric tons of CO ₂ eq.	COMPLETED
	Take part in the Best Air in SC award.	COMPLETED
Biodiversity	Complete the Ichthyofauna Project.	COMPLETED
	Participate in the Terra Boa Program.	COMPLETED
Productive Chain	Formalize the practice of prioritizing domestic suppliers. in the purchasing procedures in the production chain.	COMPLETED

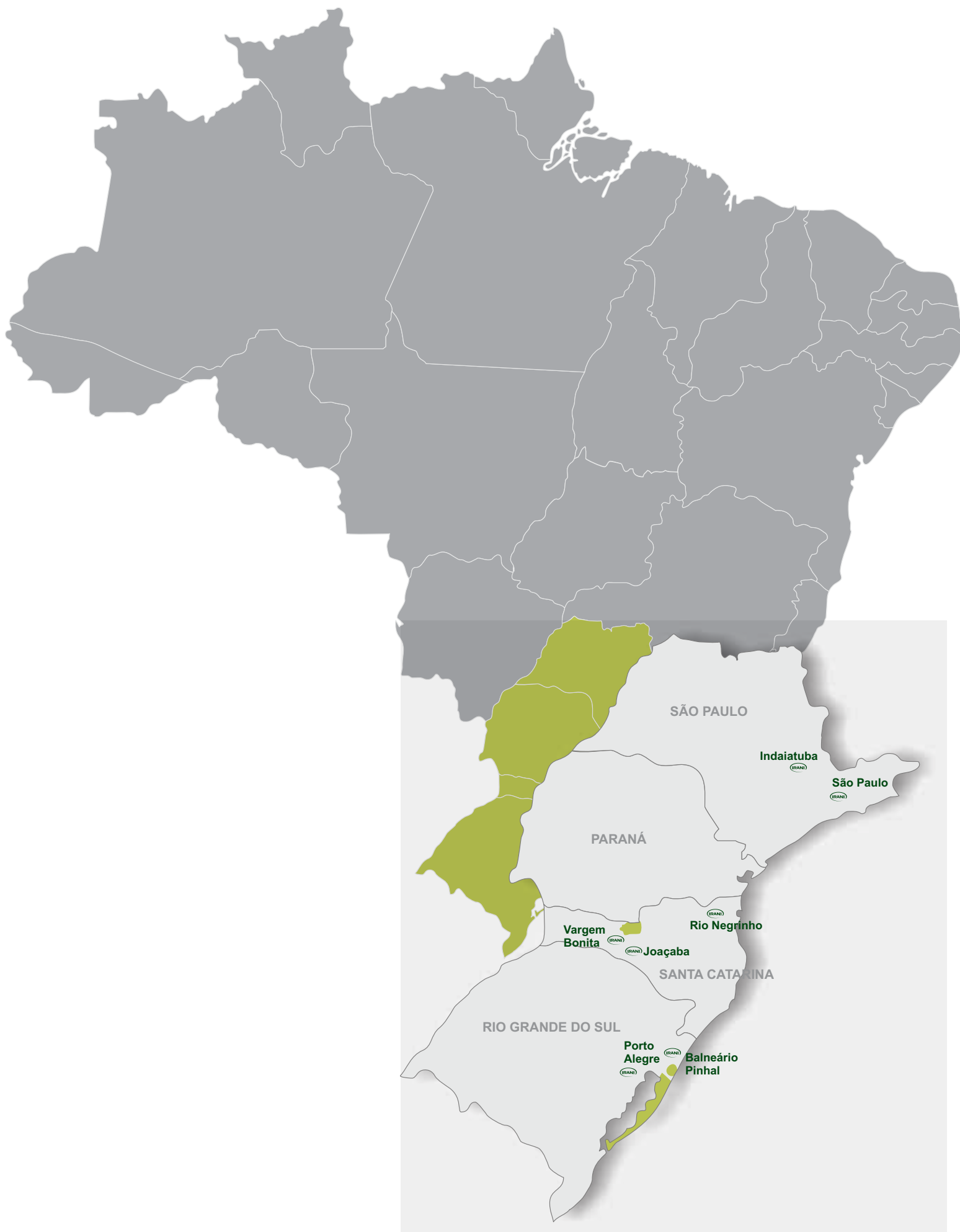
Relevant Topic	Commitment 2010	Status
Personnel Development	Reduce to 18 the total number of workplace accidents with lost time.	NOT COMPLETED In 2010 23 accidents with lost time were registered. The Health and Safety area was reorganized in 2010, and the goal will be pursued again in 2011.
	Conduct training and retraining of 100% of required courses with internal multiplying agents.	COMPLETED
	Train 100% of employees in the Customer Focus Program.	NOT COMPLETED The training was offered to 100%, 94% participated.
	Perform six Popcorn Cinema events in each Company unit.	COMPLETED
	Include 100% of employees in the Supera program.	COMPLETED
	End 2010 with 70 disabled people in the workforce.	NOT COMPLETED The year ended with 56 disabled people. In 2011, new deeds will be carried out so that goal is reached.
Energy	Reduce to 0.78 MWh/crude ton crude produced.	COMPLETED
Value creation for shareholders	Prepare and disseminate a calendar of corporate events.	COMPLETED
Relations with society	Reform and relocate houses damaged by the 2009 tornado. Scheduled for completion in July 2010.	COMPLETED
	Formalize the Broto do Galho association and launch products.	COMPLETED
	Build 25 new homes by December 2010.	NOT COMPLETED 8 new homes were built. The revitalization program is being re-evaluated. For 2011 the goal is to build 15 new homes.
Solid waste	Maintain the percentage of recycled material (23% in the paper mill).	COMPLETED

The Company

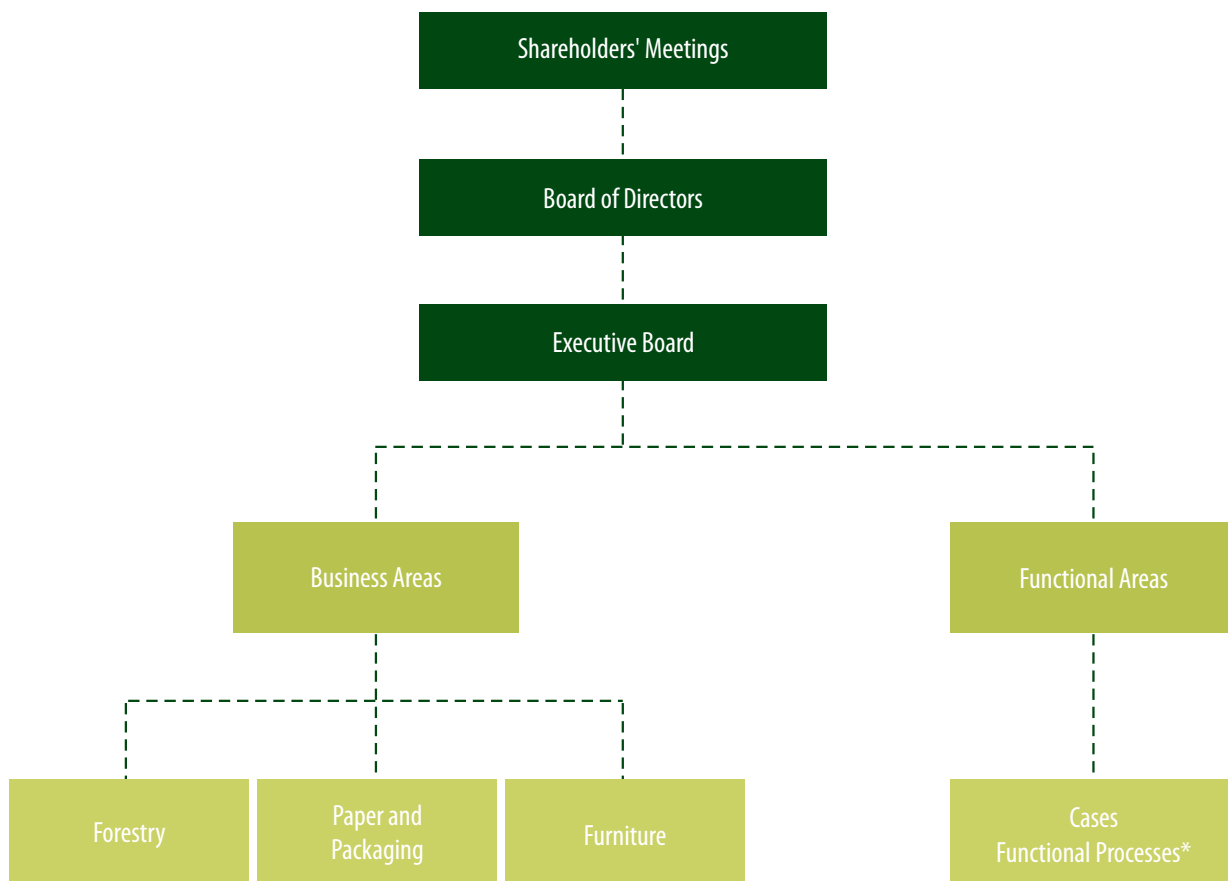
The history of IRANI is marked by innovation and pioneering spirit. It was founded in 1941, and produces Kraft paper, corrugated cardboard packaging and sheets, resins and sells wooden furniture. It employs 1,687 employees and has 1,086 service providers. It has four industrial units: Paper and Packaging - SC, Vargem Bonita (SC), Packaging - SP, Indaiatuba (SP) and Resins in Pinhal (RS). It has offices in São Paulo (SP), Joaçaba (SC) and headquarters in Porto Alegre (RS). It also controls the following companies Meu Móvel de Madeira (My Wooden Furniture) Comércio de Móveis e Decorações Ltda. in Rio Negrinho (SC), Irani Trading SA, Habitasul Florestal S.A. and HGE (Geração de Energia Sustentável Ltda.) (Sustainable Power Generation) based in Porto Alegre (RS). HGE has only just been implanted and it is not yet in operation.







General Structure



* Finance, Accounting, IT, Procurement, Personnel Development, Marketing, Controllershship, Innovation, Legal, Management for Excellence, Strategic Projects.

Corporate governance

The Corporate governance in IRANI is guided by its values and its commitment to best practices in relationships with shareholders and other stakeholders.

The IRANI administration is done by the Board of Directors, which has deliberative functions, and by the Board, with executive and representative functions. For the companies Habitasul Florestal S.A. and Irani Trading S.A, controlled by IRANI, there are separate boards of directors, each consisting of three members who are also

part of the Board of Celulose Irani S.A.

On December 31, 2010, the company's share capital, subscribed and paid up was R\$ 63,381,494.07, consisting of 8,104,500 shares, of which 92% (7,463,987) were common shares entitled to vote and 8% (640,513) preferred shares without voting rights.

	2008	2009	2010
No. of Board members	8	6	7
IRANI Non-executive directors	6	4	5

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



**EXCLUSIVE
ONLINE
CONTENT**

In IRANI, the Chairman of the Board of Directors also occupies the position of Chief Executive Officer (CEO) of the Company and his main responsibilities are to monitor and advise the Executive Board, which reports to the Managing Director on issues of great relevance. The mandate of the directors is two years and reelection is permitted. The Board meets in regular personal sessions, every month, and by videoconference, whenever necessary.

The Board meets whenever necessary, focusing their attention on the Company's strategic issues, such as business risks, market relations, corporate policies,

investments and monitoring performance, reflected in the Financial Statements Report.

All powers of the Board are in Article 12 of the Company Bylaws. Foremost among these is the monitoring of the management of directors, allowing the Board to examine, at any time, Company books and papers, requesting information about contracts and any other acts. The members serve for two years and reelection is permitted.

The Board comprises of the following members and these

are elected until April 2011:

- Péricles de Freitas Druck –; Chairman;
- Eurito de Freitas Druck –Vice-Chairman;
- Ernani Medaglia Muniz Tavares –Director;
- Jorge Juerecy Oliveira da Cunha –Director;
- Paulo Antonio Schmidt –Director;
- Paulo Sérgio Viana Mallmann –Director;
- Pericles Pereira Druck - Director;

The expenditure with administration fees, without any social security contributions, totaled R\$ 5.003 thousand in the fiscal year of 2010 (R\$ 2.681 thousand in 2009). The aggregate remuneration of directors was approved by the Annual General Meeting held on April 30, 2010 and the maximum value was R\$ 5.5 thousand.

In the Investor Relations site, there is a tool called Contact IR that can be used by anyone to send suggestions, ask questions, recommendations and request more information. In this space, the e-mail and phone number of Director of Investor Relations is listed for those who wish to make contact.



Visit www.irani.com.br/ri and check.

IRANI retains Independent Auditors for checking the consistency and integrity of its operations. The Independent Auditors are responsible for issuing the Independent Auditors' Report, quarterly and annually.

Goal 2011

To develop a Corporate Governance Policy this seeks to formalize the existing governance practices and to give a transparent organizational structure.

Organizational Chart

Board of Directors

Chairman/CEO
Péricles de Freitas Druck



Managing Director
Péricles Pereira Druck



Director of Forestry Business
Marlus Wiecheteck



Director of Paper and
Packaging Business
Sérgio Ribas



Director of Furniture
Business
Ronald Heinrichs



Director of Administration,
Finance and Investor Relations
Odivan Cargnin



Sustainability Committee



This was established in 2008 by ten employees, representatives from various units in IRANI. The main deeds that were completed in the year were approval in the Sesi / Senai Edictal Innovation 2010 with the project entitled **Education for sustainability: training a sustainable worker**. This pilot project is in the planning stage and will operate in 2011 with the aim of spreading the sustainability issue amongst the employees in the Paper and Packaging - SC units and the Joaçaba Corporate Office (SC).

Also worth mentioning is the **research** that the committee carried out **with suppliers** to learn how much they are engaged in sustainability initiatives and assess possibilities for partnership, of the total of 186 questionnaires evaluated, 74% showed an interest in taking actions in partnership. In addition, the 1st **Conscious Consumption Campaign**, this has awarded prizes to 12 employees who obtained a reduction in the water consumption in their homes. This campaign was also extended to the residents of the village Campina da Alegria. In 2011, this campaign will be launched again, but this time encouraging the reduction of electrical power.

“

The only downside of the campaign is to know that there are many people who do not have the conscience to save and use water wisely. However, the campaign says it alone, we should increase the awareness and consume according to our need. Do not squander.

”

(Aldair Genaro, employee in the Mass Preparation Unit in the Paper Mill and winner of the Campaign)

Goal
2011

Carry out two campaigns to stimulate consumer awareness among the employees.

Ethics Committee

In 2007 IRANI established the Company's first Ethics Committee, which is now in his second term of management. The group was elected by the employees and has representatives from all Units.

In 2010, the Committee made a motion to update the contents of the Code of Ethics booklet in a participatory manner with the support of all employees. The main changes were to review the wording of the items that dealt with family relations regarding the levels of kin in the IRANI workforce and soliciting and receiving gifts. A topic was also added that deals with the Company's relationships with competitors. The new contents were approved by Management and the Board of Directors in late 2010 and

will be disseminated to all employees in 2011. In this new edition the commitment made in 2007 will be reinforced by becoming a signatory to the Business Pact for Integrity and Against Corruption and undertakes not to allow corrupt practices to occur in any unit and even in outdoor environments. The IRANI Code of Ethics covers all industrial units, offices and subsidiaries.



To access the full Code of Ethics, visit the site www.irani.com.br, in the institutional link.

Commitment to external initiatives

Irani has, since 2007, been a signatory of the Global Compact and the Business Pact for Integrity and Against Corruption. The Global Compact is an initiative of the United Nations (UN) and the Business Pact is an initiative of the Instituto Ethos. Adhering to these pacts represent a stimulus to socially responsible practices and to combat any form of corruption. Over the years, the Company has maintained practices aligned with these pacts, most of

them are disclosed in this report. In the GRI index, it is possible to relate the indicators to the principles of these Pacts.

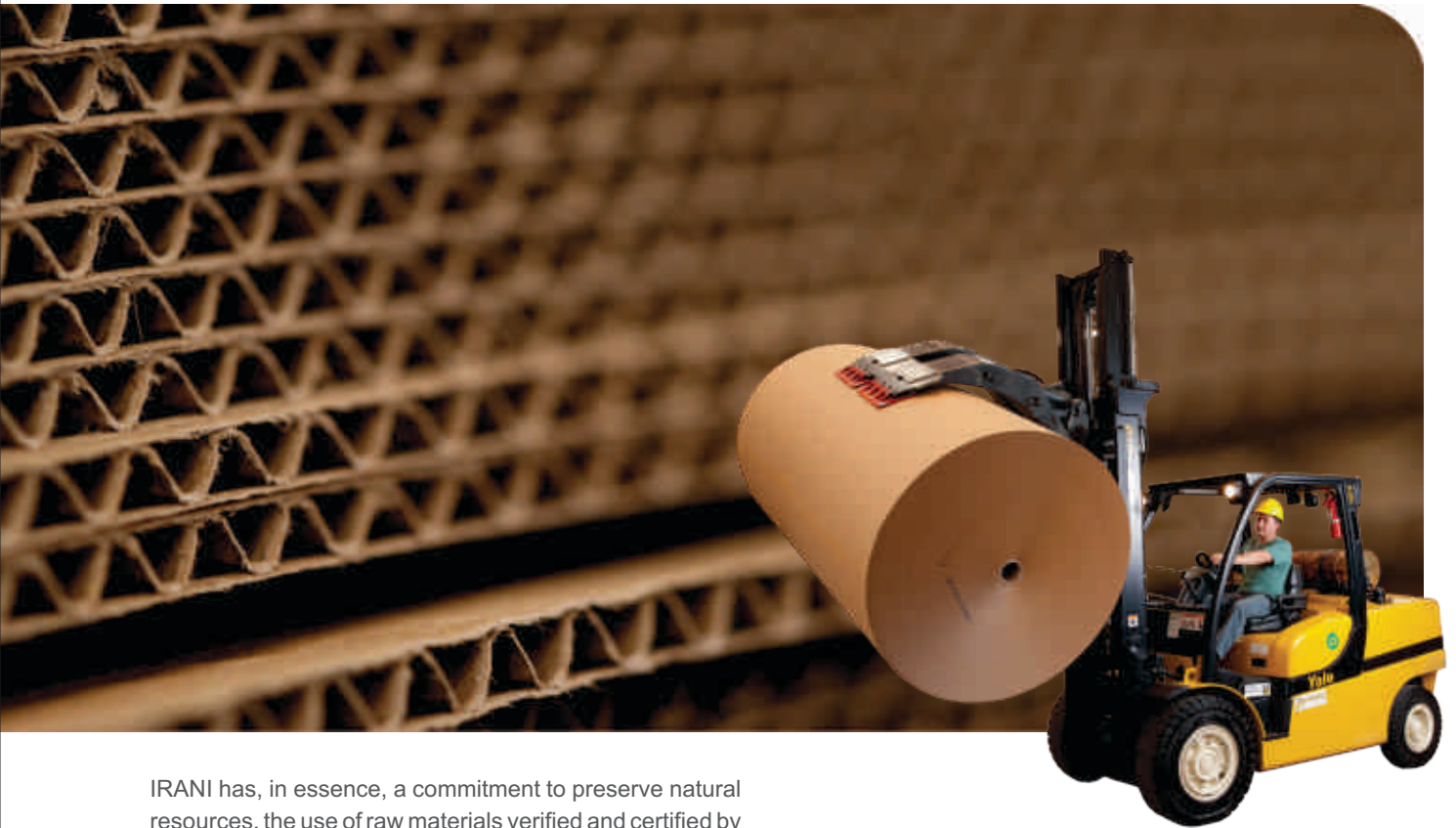


Visit the site www.irani.com.br, click on the code of ethics to Access the complete compacts.



* Clean Company

Products



IRANI has, in essence, a commitment to preserve natural resources, the use of raw materials verified and certified by the Forest Stewardship Council ® (FSC) and the production process guided by the concept and practice of sustainable development. The integrated production based on renewable basis allows the creation of value for its stakeholders, growth and sustainability of the business and a fair and permanent return to investors.

IRANI products are designed to provide customized and innovative solutions for the market. They are recyclable, because it is possible to replace them in the production chain and they are biodegradable when disposed of.

To act in a differentiated way in the market, constantly seeking weight reduction and area reduction solutions for their projects, using fewer raw materials, without compromising the performance of their products. Uses a structure of researchers, designers and technical assistants focused on cost reductions and process optimization.

IRANI has an even greater concern with customer safety with the production of paper and packaging supplied to the food sector. As the development of the concept through to the disposal after its use, the impacts on health and safety of clients are analyzed. Besides analyzing stakeholder needs when designing products and production



processes, considering the CETEA and ISEGA certifications.

IRANI states that the only products that affect food safety are related to the packaging where the surfaces are exposed to the food, the safety of which is defined by the Good Manufacturing Practices recommended by Ordinance No. 177/99 of Anvisa in the following lines: FineKraft; FlashKraft; FlatKraft; FlexiKraft both Brown and White. In 2010, the appraisals were renewed to adapt to the ordinance relating to sensory contamination, the migration of metals and specific microbial contamination, migration of optical brighteners, the content of polychlorinated biphenyls, halophenol content and anthraquinone content (in the pulp).

The Company has its manufacturing process established by the Research and Development Department, which develops projects to meet requests and/or customer needs, market trends, consumer or the Company's strategies, often reinforced by information from the Innovation Center. Upon the completion of this stage and the approval of the customer, the finished products are supplied, accompanied by technical reports that include information relevant to the product specification. All of this strictly follows the technical specifications and procedures of ISO 9001 (2008).

Goal 2012

Undertake a study on the Life Cycle Analysis of Paper and Packaging by 2012.



FSC® Certification

FSC certification ensures that the raw material being used comes from a forest that is managed in an environmentally responsible, socially beneficial and economically viable way. It operates like a certificate of origin, certifying that the Company used forest products that meet the environmental aspects, and enable the continuity of business in the long run. The Company also obtains controlled raw material, i.e., suppliers that meet the IRANI Timber Procurement Policy and are included in a

verification program.

In 2010, training was carried out, with employees involved in the certification process. In addition, maintenance audits of the certificate were carried out in all units.

Paper



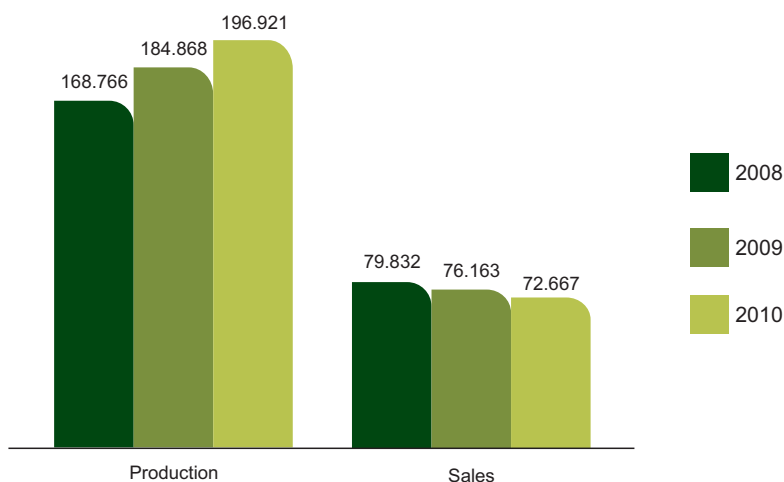
Each line of IRANI paper is indicated for specific products such as bags, bread bags, envelopes, industrial bags, gummed tapes, among other uses. They are indicated for direct contact with food, the papers are produced from 100% virgin fiber and certified by the CETEA and ISEGA Institutes. IRANI also produces recycled paper and uses wooden chips as the raw material.

The Paper Mill has an installed capacity of 16.875 million tons monthly and produces the lines; FineKraft, FlashKraft, FlexiKraft, and EnveloKraft BagKraft indicated for flexible packaging, and KraftLiner, Testliner, Core and Recycled for rigid packaging. IRANI papers are sold in Brazil and internationally.



Visit the site www.irani.com.br to learn about the IRANI roles.

Total production and sale of paper (tons)



Note: Some of the paper production supplies the industrial Packaging plants, to be processed into sheets and boxes.

Packaging

various weights of paper are used, producing single, as well as double and triple, corrugated cardboard. In addition, the Company produces the HardSystem, which allows large packages to have high mechanical strength.

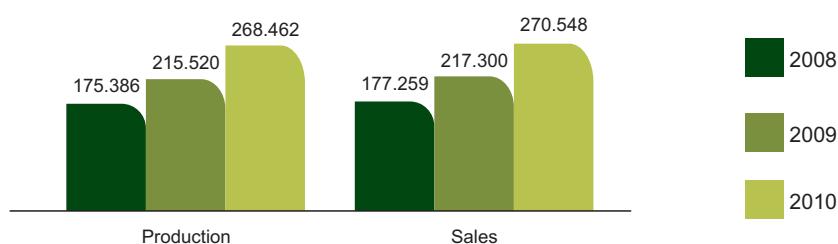
A complete structure of the research, development and technical assistance is made available to customers. A team accompanies the process of the development of the packaging, identifying opportunities and suggesting changes in order to ensure functionality with lower costs and increase production efficiency. In 2010 about 1,300 customer visits were made.

IRANI is one of the most active Brazilian industries in the food products sector, especially the poultry and hog slaughterhouses and fast food networks, and the sheets, beverages and textiles segments.

The sales value of the Packaging business represents approximately 55% of the IRANI revenue. In 2010, the Company increased its market share, in tons, from 4.58% to 4.85%, supplying 528 clients, of these, 126 were first time customers of the Company.

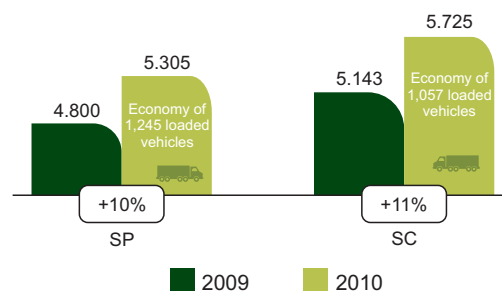


Production and sale of paper total (thousand m²)



In 2010, IRANI implanted in the Packaging Division, the Cockpit Logistics Project, using software that provides a range of logistics services focused on increasing the efficiency of the production chain. The use of this system contributed an 11% decrease in the number of trucks on the roads, reducing GHG emissions, faster deliveries, lower freight costs, agility in responding to customers, greater safety and an improvement in the analytical process of the dispatch.

Average Weight per Vehicle [ton]

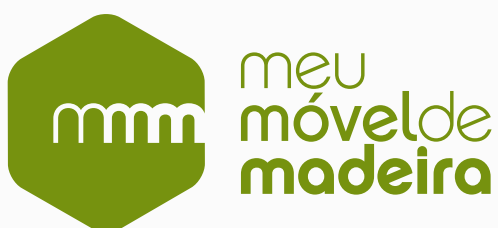


Furniture



In October 2010, IRANI terminated the production activities of this Unit, focusing instead on the marketing of furniture produced at the furniture pole of São Bento do Sul (SC) and Rio Negrinho(SC). Sales are made through its subsidiary Meu Móvel de Madeira Comércio de Móveis e Decorações Ltda. (MMM), via the site www.meumoveldemadeira.com.br.

The Furniture Unit produced, up to the closure of the unit, furniture made from wood from planted forests, guaranteed in its production process, complying with international standards and demands of environmental preservation.



In 2010, MMM established partnerships to promote social activities with the Salvation Army, to donate used furniture from customers, with Record TV and The Ressoar Institute in the Extreme Makeover Social Program and with the Gugu Program from Record TV, in "Dream another Dream." It established partnerships with Universities such as the University of Joinville (Univille) in promoting the contest 'My 1st Royalty' (usage-based payments) and the Pontifical Catholic University (PUC-PR) in the Furniture Design Challenge of Cimo Antique Furniture. It also launched the AMMMIGO Loyalty Program and established a temporary physical store on the Jurerê International



Beach in Florianópolis (SC).



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- In 2010, MMM participated in several initiatives, such as:

- With the delivery of the furniture purchased in the home of the customer.

- MMM provided the Salvation Army contacts to the customer so that he could donate his old furniture

- Extreme Social Makeover, in partnership with the Network Record TV and Instituto Ressoar for the reconstruction of kindergartens.

- All the new furniture were exclusively produced and donated by My Wooden Furniture.

- In the "Dream another Dream" segment, in Gugu's Program on Record TV., MMM donated all of the furniture in the reconstructed houses.

- In partnership with the University of Joinville (Univille), the promotion of the My 1st Royalty contest had the objective of providing students a real contact with product development and ways of distribution aimed at the digital market. The winning team will receive 4% royalties on sales of the Malawi chain during the first year of sales.

- During the summer season, MMM established on the Jurerê International Beach, Florianópolis (SC), a physical store with 7 environments created with its own furniture and without the presence of any sales clerks. The customer service is done through totems scattered throughout the store where the customer can make their purchases online or call a 0800 number and talk to a sales clerk.

- The launch of the AMMMIGO Loyalty Program, which encourages the indication for the purchase through the MMM site and transforms the value of purchases into points that offer discounts.

- In partnership with the Catholic University (PUCPR) in the Design Challenge, where students were given the mission of redesigning prototypes the old CIMO furniture company, (a defunct furniture factory that was located where the MMM digital store is now located) with a more bold and contemporary style. The challenge ends in 2011 and in the end, the 25 projects will be exhibited along with the old CIMO drawings to tell the story of the factory and to value the work of all students.



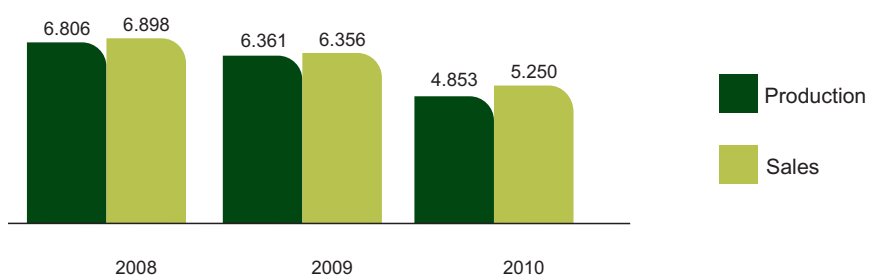
Resins



IRANI produces selected pine resins according to the environmental management standards for the manufacture of rosin and turpentine, very versatile raw materials for applications in products such as varnishes, paints, adhesives and enamels.

In 2010, the Unit produced 3,937 tons of rosin and 916 tons of turpentine.

Total production and sales Rosin and Turpentine (tons)





Unidade Resinas - Porto Alegre (RS)

Mercados atendidos



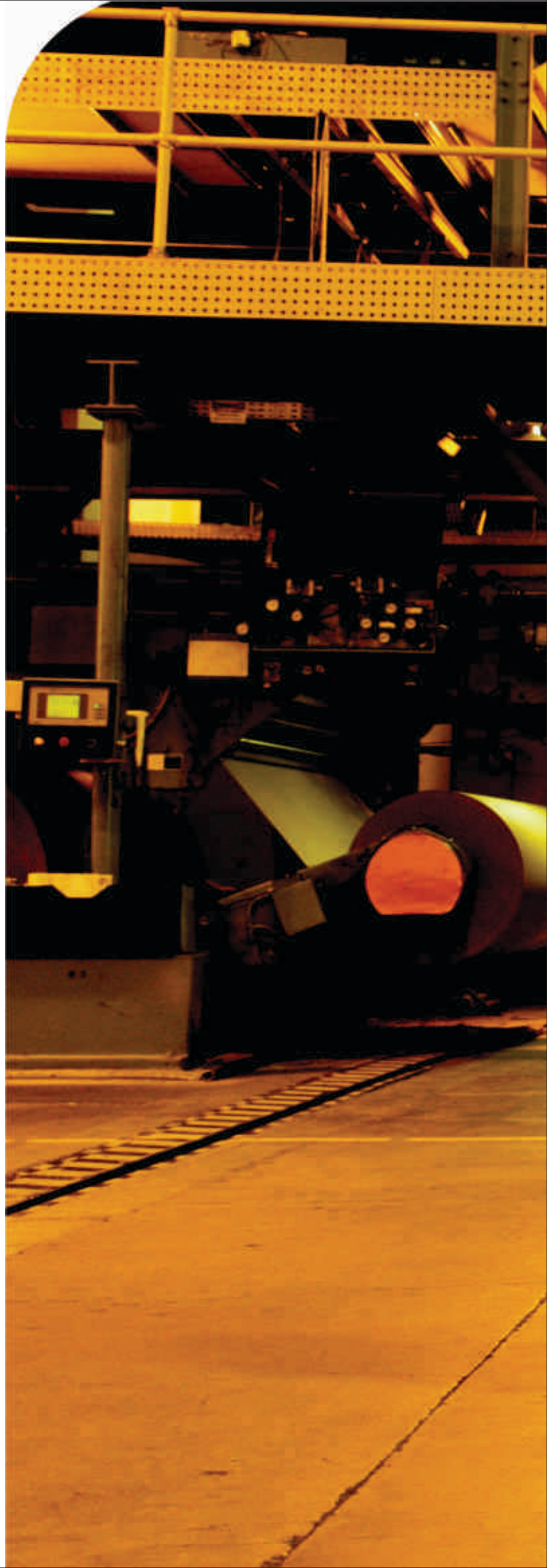


Form of Management

The management of a company is the result of attitudes and the actions of people. The procedures are indicators so that the attitudes that result in actions that are ethical, accountable and knowledge to everyone involved. The procedures provide a basis for taking decisions and coherent, accurate and sensible actions.

Accuracy of data

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





Packaging Unit SC - Vargem Bonita (SC)

Forms of Management

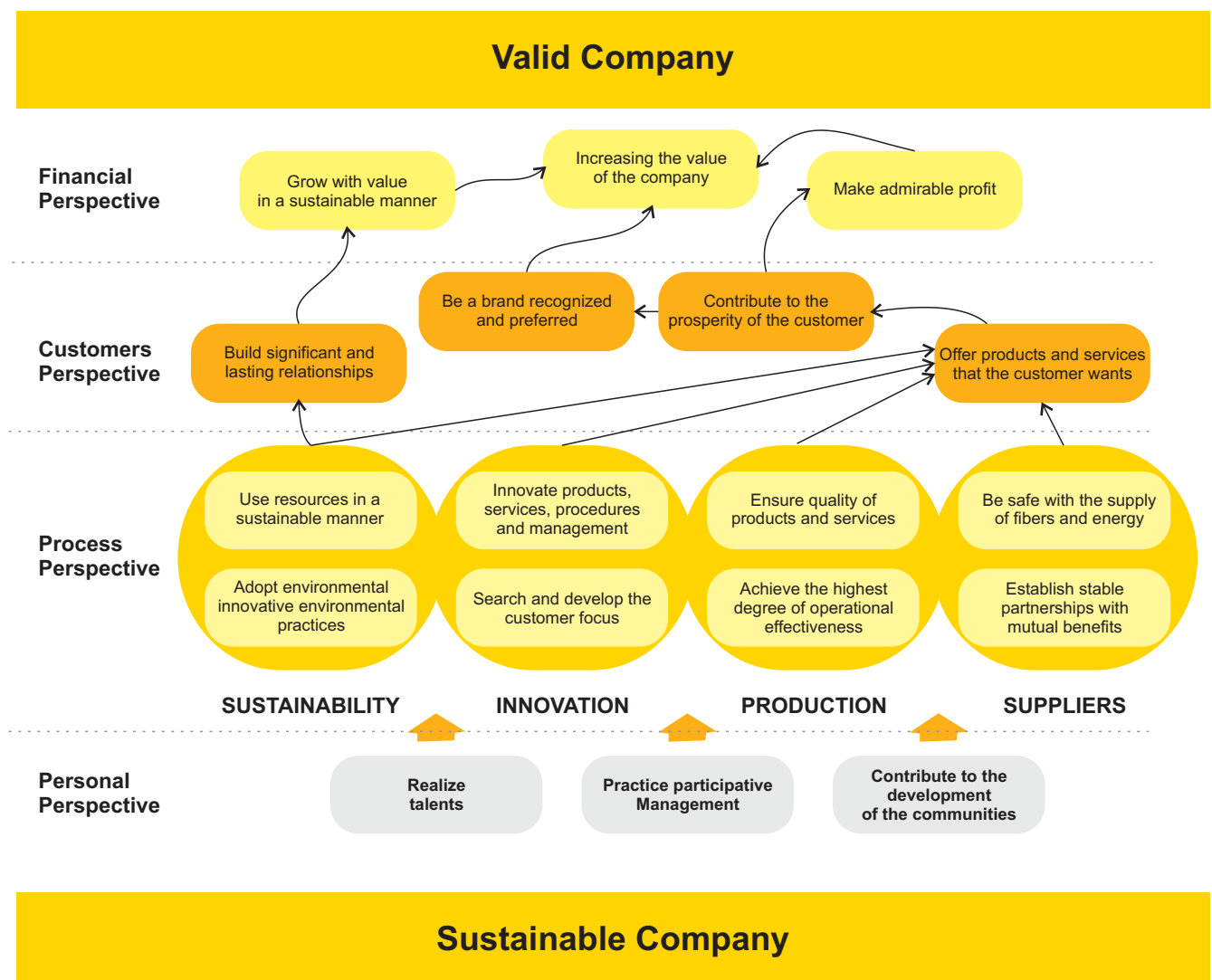
In 2010, IRANI began the implantation process in the Paper and Packaging divisions of a management based on the Model for Excellence in Management (GEM) from the National Quality Foundation, which is based on mechanisms to help organizations improve competitiveness through the constant pursuit of increased value for customers, improved performance, global training in the company, ensuring the commitment to sustainability.

With this management model, it is expected to strengthen the Company with a reference model for continuous

improvement in pursuit of better practices and better results. Many management practices have already been started and are being developed in order to generate greater synergy among all in order to converge to better results.

Also, the Strategic Planning cycle of the Balanced Scorecard (BSC) methodology, was incorporated into with the construction of the corporate strategy map, as shown in the table, and monitoring indicators for the selected strategies.

IRANI Strategic Map



Corporate Policies



Corporate policies are designed to ensure compliance with conduct that are aligned to the company culture and to improve its practices. Integrated into these policies are Social Responsibility, Environmental Quality, Inclusion of Disabled People, Health and Safety, Corporate Volunteer and Timber Purchasing Policies.



Visit the site www.irani.com.br, use the Institutional link to learn all the corporate policies.

Economic Performance

The essence of the IRANI business is to optimize the use of planted pine forests through its multi-purpose, seeking to add value to all production stages of every forestry product, pulp, paper, packaging, wood, resins and biomass for energy.





Balance Sheets

Assets 2010 and 2009 (in thousands of R\$)*

	Consolidated	
	2010	2009
ASSETS		
Cash and cash equivalents	40.362	3.025
Accounts receivable	78.900	61.457
Stocks	39.007	32.659
Recoverable Taxes	8.650	6.775
Linked Bank accounts	6.419	12.202
Other receivables	8.445	10.948
Total current assets	181.783	127.066
Assets held for sale	7.090	-
FIXED ASSETS		
Taxes recoverable	2.401	5.038
Income tax and deferred Social Contribution	14.252	11.518
Judicial Deposits	7.513	7.570
Linked Banks accounts	4.065	-
Other receivables	5.118	1.663
Investments	-	458
Immobilized	684.323	709.409
Biological assets	238.215	199.743
Total non-current assets	955.887	935.399
TOTAL ASSETS	1.144.760	1.062.465

Liabilities and Equity 2010 and 2009 (in thousands of R\$)

	Consolidated	
	2010	2009
ASSETS		
Loans and financing	101.654	134.775
Debentures	12.788	-
Real Estate Letter of Credit	13.258	-
Suppliers	39.632	37.352
Payroll and social security	9.889	7.184
Taxes payable	7.432	7.826
Provision for risks civil, labor and taxes and taxes	-	1.038
Tax Installments	4.113	3.620
Advances from customers	1.941	1.547
Related parties	-	306
Dividends payable	9.775	3.872
Other accounts payable	9.214	7.485
Total current liabilities	209.696	205.005
FIXED ASSETS		
Loans and financing	93.283	168.725
Debentures	88.124	-
Real Estate Letter of Credit	22.097	-
Provision for civil, labor and tax risks	39.928	27.664
Tax Installments	14.624	14.292
Tax liabilities	6.230	588
Other payables	621	1.048
Income tax and differed Social Contribution	203.027	202.422
Total non-current liabilities	467.934	414.739
Equity		
Social Capital	63.381	63.381
Treasury shares	(309)	(80)
Revaluation reserve	10.044	10.409
Legal reserve	2.863	814
Reserve for unrealized profits	79.770	85.165
Valuation adjustments	273.631	274.479
Retained profits	37.736	8.545
Equity attributable to controlling shareholders	467.116	442.713
Participation of non-controllers	14	8
Total net worth and equity	467.130	442.721
TOTAL LIABILITIES AND EQUITY	1.144.760	1.062.465

From the 2010 fiscal year, the IRANI consolidated financial statements are presented in accordance with international accounting standards (International Financial Reporting Standards - IFRS), as determined in the CVM Instructions CVM 457/07 and CVM 485/10. The information for earlier periods has been adjusted to provide a correct comparison.



Pátio de Madeiras - Unidade Papel - Vargem Bonita (SC)

Financial Statements using IFRS standards

From the year 2010, the IRANI consolidated financial statements are presented in accordance with international accounting standards (International Financial Reporting Standards (IFRS), as determined in the CVM Instructions 457/07 and 485/10 CVM. The information for prior periods have been adjusted for the correct comparison. The main impacts relate to biological assets with the cost allocated to

these assets and their useful life. The adoption of these criteria increased the asset value of the Company by R\$ 577.265 million in the opening balance sheet at 01.01.2009. As a result, the net worth of the company went from R\$ 89,620,000 to R\$ 467,116,000 at December 31, 2010.

Reconciliation of Net Income

R\$ thousands	2010	2009
Net income before adjustments IFRS	3.798	43.590
(1) Change in fair value of biological assets	50.738	3.696
(2) Depletion of biological assets at fair value	(13.453)	(12.120)
(2) Reassessment of the useful life of machinery and equipment	4.107	-
Other income (expense)	101	(21.685)
(3) Effect of income tax and social deferred contributions	(7.535)	8.470
Destination of Management participation	(3.396)	-
Net income after adjustments for IFRS	34.360	21.951

Notas: (1) Recognized as revenue.

(2) Recognized as CPV.

(3) Recognized in the income tax expense and contrib. social.

Reconciliation of Net Worth

R\$ thousands	2010	2009
Shareholders' equity before IFRS adjustments	89.620	89.625
Fair value of forests	113.748	120.983
Assigned cost (deemed cost)	414.033	415.220
Deferred income tax on fair value and assigned cost	(178.350)	(180.529)
Making reservations	6.243	20.074
Effect on net profit for the period	30.562	(22.660)
Dividends on IFRS results	(8.740)	-
Shareholders' equity after adjusting for IFRS	467.116	442.713

2010 was marked by the recovery of the financial and economic crisis that marked 2008 and 2009. Brazil's GDP grew 7.5% in 2010 compared to 2009, which generated a strong demand for corrugated packaging, a segment that represents 60% of the Company's sales. According to the Brazilian Association of Corrugated Board (ABPO), the shipment of corrugated board in 2010 was 13% greater than in 2009, expressed in square meters, and IRANI had an increment of 24.5% over that same period, therefore exceeding the sector's performance, which allowed the company to raise its market share to 5.5%. This result was possible thanks to the investments made in 2007/2008 in the Superação Project, which provided the Company with more competitiveness and expanded the production capacity of the corrugated plants located in Vargem Bonita (SC) and Indaiatuba (SP).

The IRANI Consolidated Net Operating Revenues increased by 18.7% in 2010 compared to 2009. This significant performance occurred as a result of investments made in 2007/2008 under the Superação Project, which provided for greater competitiveness and increased production capacity for paper and packaging. In 2010, there have were increases in product prices, which offset increases in costs during the period.

The dollar closed virtually unchanged in 2010 compared to 2009, which helped to maintain stability in R\$ of the dollar-denominated debt. Due to the Company's policy to maintain, over the long term, levels of payments of commitments in foreign currency equivalent to receipts in these currencies, there is a natural protection of the Company's cash flow, not generating additional expenditure or because of unexpected abrupt changes in

the price of currencies.

The Net income for 2010 was R\$ 34,360 thousand. The Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) adjusted remained practically stable, totaling R\$ 92,216 thousand in 2010 compared to \$ 92,34 thousand in 2009. It is important to say that the EBITDA for 2010 was not influenced by specific events, such as the adhesion to Refis and extra timber sales that were made in 2009, which helped in EBITDA in that period. Thus, the EBITDA margin was 20.6% in 2010 against 24.5% in 2009. The net debt / EBITDA ratio was 3.13 times that of 2009, and rose to 3.04 times in 2010.

Also in 2010, IRANI effected transactions with debentures and Real Estate Letters of Credit - in order to lengthen the short-term debt and improve its financial position. 2010 also marked the change of accounting standards, which brought a great impact on the Company's Financial Statements, making them more accurate and appropriate in relation to the real financial position. The impacts of adopting the new standards are contained in Explanatory Notes to the Financial Statements.



These issues, as well as other economic indicators, are addressed in the Financial Report IRANI available at: <http://www.irani.com.br/ri/>

Key financial indicators (including discontinued operation)

Consolidated (in thousands of R\$)	2010	2009
Net Operating Income	447.472	376.879
Internal Market	397.902	301.132
Foreign Market	49.570	75.747
Gross Profit	170.615	87.582
Gross Margin	38,1%	23,2%
Earnings before taxes and interest	39.765	40.116
Operating Margin	8,9%	10,6%
Net Income	34.360	21.951
Net Margin	7,7%	5,8%

Earnings Before Interest, Taxes, Depreciation and Amortization - EBITDA (*)

Consolidated (in thousands of R\$)	2010	2009
Income Before Taxes	39.765	40.116
Variation in fair value of biological assets	(50.738)	(3.696)
Depletion	16.212	25.001
Depreciation and amortization	34.801	37.281
Financial income	42.744	(12.588)
EBITDA	82.784	86.114
Provisions	9.432	4.581
Non-recurring Events*	-	1.645
Adjusted EBITDA	92.216	92.340
EBITDA Margin	20,6%	24,5%
* Non-recurring Events	-	1.645
Sales of assets - farm	-	188
Gales and Storms	-	1.457

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

Net Operating Income

In 2010, the net operating revenue totaled R\$ 447,472 thousand, an increase of 18.7% over the previous year.

Gross profit

Gross profit in 2010 totaled R\$ 170,615 thousand, opposed to the R\$ 87,582 thousand in 2009, an impressive growth of 94.8%. The gross margin in 2010 was 38.1%, 14.9 percentage points more than in 2009.

Earnings before taxes and interest

In 2010 operating income totaled R\$ 39,765 thousand stable compared to 2009, which was R\$ 40,116 thousand.

EBITDA

In 2010, the adjusted EBITDA totaled R\$ 92,216 thousand, which was stable compared to 2009. The consolidated EBITDA adjusted margin decreased from 24.5% in 2009 to 20.6% in 2010. In the fourth quarter of 2009 and also in 2009, there were some events that increased the EBITDA, such as the adherence to Refis IV in November 2009 and an extra sale of timber carried out in September of that year, events which were not repeated in 2010.

Financial Results

In 2010, the financial result was negative at R\$ 42,744 thousand, compared to R\$ 12,588 thousand positive in 2009. Of the R\$ 42,744 thousand negative in 2010, R\$ 360,000 represents a net negative foreign exchange, R\$ 5,938 thousand financial income (income from investments, interest received and discounts obtained) and R\$ 48,322 thousand corresponding to financial expenses (interest on loans and financing, bank charges and other discounts granted).

The financial result is distributed as follows:

R\$ thousands	2010	2009
Financial Income	35.409	75.538
Financial Expenses	(78.153)	(62.950)
Financial Results	(42.744)	12.588

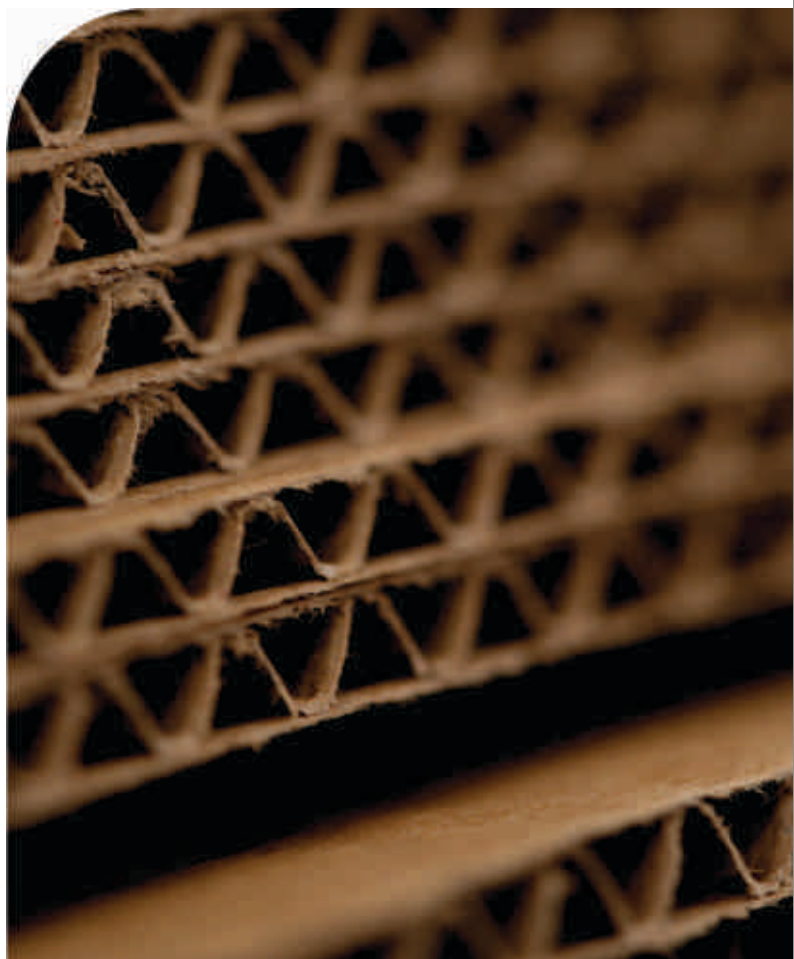
In the financial revenues and expenses shown, foreign exchange assets and liabilities are also included, as follows:

R\$ thousands	2010	2009
Exchange variation Active	30.830	73.589
Passive Exchange variation	(31.190)	(14.766)
Net exchange variation	(360)	58.823

The financial result without exchange variation can be shown as follows:

R\$ thousands	2010	2009
Financial Results without exchange variation	(42.384)	(46.235)

The financial results are influenced by the oscillation of the Dollar and Euro, that are based on the update of certain loans and financing of the Company.



Assessing the fair value of biological assets (forests)

From 2010, the Company began to measure the fair value of its biological assets (forests) on a quarterly basis, as determined by CPC 29. The variation of the fair value of these biological assets produced significant effects on the Company's results in 2010, as shown below:

Effects of the variation in the fair value of the biological assets

R\$ thousands	2010	2009
Variation in the fair value of biological assets	50.738	3.696
Depletion of the fair value of biological assets	(13.453)	(12.120)

The increase in market value of the Company's forests in 2010 was basically due to the increased timber prices observed during the year in the local market, plus the increase in timber volume of the forests (forests in stock), because the increase in the year was greater than the amount removed.

The variation in the fair value of biological assets and their depletion are being recognized in the Cost of Goods Sold (COGS). This new accounting determination allows one to assess more accurately the market value of the Company's forests, providing more accuracy and suitability to the Financial Statements.

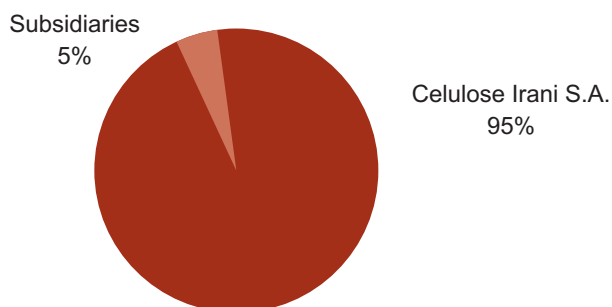
Net Profit

The Net Profit in 2010 was R \$ 34,36 thousand positive, showing an increase of 56.5% over 2009

Operating Performance

The distribution of the Consolidated Net Operational Revenues in 2010 were as follows:

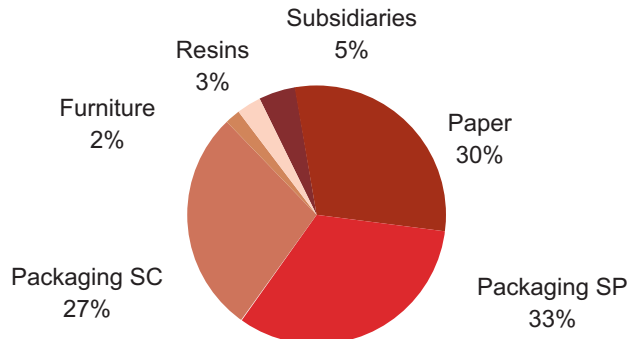
Distribution of Net Operating Revenue by Company



Sales

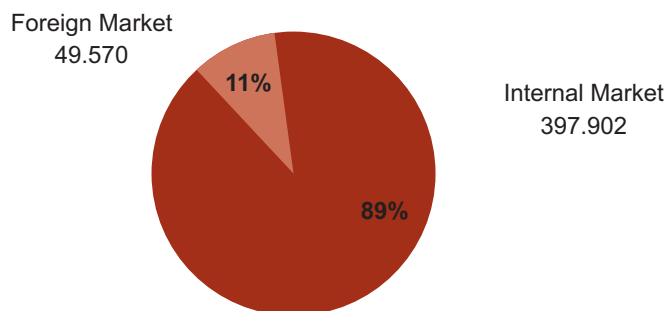
The distribution of sales had the following share in 2010:

Share of sales by business unit



The composition of the Net Operational Revenues per market referring to 2010 is distributed as follows:

Market Share of Internal and External sales (in thousands and%)



Risk Management



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Cash management, risk management and the financial management of investments are part of the management of economic issues that cause an economic impact on the business. These have been carried out by the Financial area since 2004 and they are intended to: manage the risks of the liquidity of financial assets, ensuring that financial commitments are met by the company, protect the cash flow from the market risks associated with fluctuations in exchange rates, interest rates and granting loans to customers, besides complying with some indices, targets, schedules and types of financial transactions and prepare financial data analysis and evaluation of the proposed investments. Monthly, on a consolidated basis, the financial analyses are updated, and they are published quarterly and annually, enabling the decision-making.

The evaluation of the investments to support the strategies with a direct impact on economic and social-environmental outcomes is accomplished through the Investment Evaluation Form (FAI), which includes information about

the values, risks, ROI, timelines and the classification into strategic planning. This assessment has been performed since 2009.

There are also policies and procedures with the purpose of preventing any possibility of financial risk, such as procedures relating to travel expenses, approval requests and payments via a fixed cash fund, outsourcing, billing addresses, immobilization of capital, claims policy for vehicles, accounts payable policy, sale of goods (furniture business), financial and administrative routines for the subsidiaries, reimbursement of mileage, among others.

For 2011, a work area will be structured with a focus on risk management. For the implementation of the risk management program, there will be the support of a consultancy firm aimed at identifying, monitoring and reporting relevant risks to the enterprise- at a strategic, operational, financial and regulatory level.



Statement of Value Added (DVA) (in thousands of R\$) *

	Consolidated	
	2010	2009
1. REVENUE	579.618	540.672
1.1) Sales of goods, products and services	575.493	482.978
1.2) Other revenue	4.748	58.386
1.3) Revenue for the construction of its own assets	-	-
1.4) Provision for doubtful accounts - up	(623)	(692)
2. SUPPLIES ACQUIRED FROM THIRD PARTIES	358.123	371.318
2.1) Cost of goods and services sold	277.629	288.513
2.2) Materials, energy, and outsourced services and other	80.494	82.805
3. GROSS ADDED VALUE (1-2)	221.495	169.354
4. DEPRECIATION, AMORTIZATION AND DEPLETION	50.992	62.281
5. VARIATION FOR BIOLOGICAL ASSETS AT FAIR VALUE	(50.738)	(3.697)
6. NET VALUE ADDED PRODUCED BY THE ENTITY (3-4-5)	221.241	110.770
7. VALUE ADDED RECEIVED IN TRANSFER	36.763	75.538
7.1) Equity	-	-
7.2) Financial income	36.763	75.538
8. TOTAL VALUE ADDED TO BE DISTRIBUTED	258.004	186.308
9. DISTRIBUTION OF ADDED VALUE	258.004	186.308
9.1) Personnel	66.597	58.617
9.1.1 - Direct Compensation	54.306	45.688
9.1.2 - Benefits	9.033	9.768
9.1.3 - FGTS (severance payment fund)	3.258	3.161
9.2) Taxes and contributions	50.361	36.711
9.2.1 - Federal	28.556	24.749
9.2.2 - State	21.411	11.486
9.2.3 - Municipal	394	476
9.3) Compensation of debt	102.868	69.029
9.3.1 - Interest	79.506	62.950
9.3.2 - Rentals	23.362	6.079
9.4) Return on equity	38.178	21.951
9.4.1 - Dividends	9.730	3.769
9.4.2 - Profit (loss) for the year retained	24.631	18.183
9.4.3 - Participation of non-controllers retained profits	(1)	(1)
9.4.4 - Participation of directors	3.818	-

* The explanatory notes are an integral part of the financial statements and are contained in the IRANI Financial Report available at: <http://www.irani.com.br/ri>



Environment

Promote deeds that impact positively on the conservation of biodiversity, the protection of natural resources and the awareness of society about the importance of environmental preservation are among the priorities of IRANI. Besides investing in technology to preserve the environment, the Company supports and encourages projects in environmental education, to strengthen the concept and practice of sustainability.

Global warming is also a focus of attention for the Company. The inventory shows the positive contribution made to absorb more CO₂ from the atmosphere than it emits in its operations. One goal of the inventory is the critical analysis of results and definition of action plans to improve the climate performance in the reduction of emissions causing the greenhouse effect.

In 2010, Irani was finalist in the Pulp & Paper International award, the Company participated in the category "Environmental Strategy of the Year". The award aims to recognize the leadership, vision, and the realization of strategies and achievements in the pulp and paper industry and rewards the performance of businesses, factories and individuals in the industry. The Company was also recognized by Brazil's Environment Award, which aims to promote initiatives that stood out more for reconciling productive activities with environmental protection. IRANI won the award for "Best Work with Air," with the case "Greenhouse Gases Inventory and Related Innovative Actions". In addition, the Company was awarded the 2010 Fiema Award in the "Environmental Technology", category with the case "Technologies used for reducing the emissions of greenhouse gases." This award recognizes the best initiatives aimed at reducing the environmental impacts, ensuring the sustainability of the current and the next generation and promoting environmental awareness.

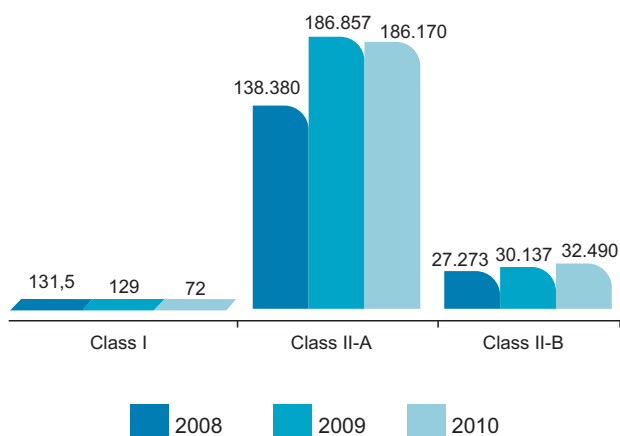




A waterfall at Fazenda São Luiz – Ponte Serrada (SC)

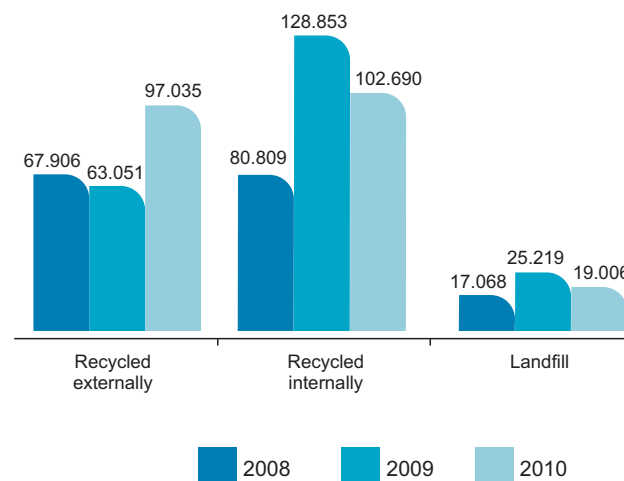
Solid Waste

Total weight of waste generated by type (tons)



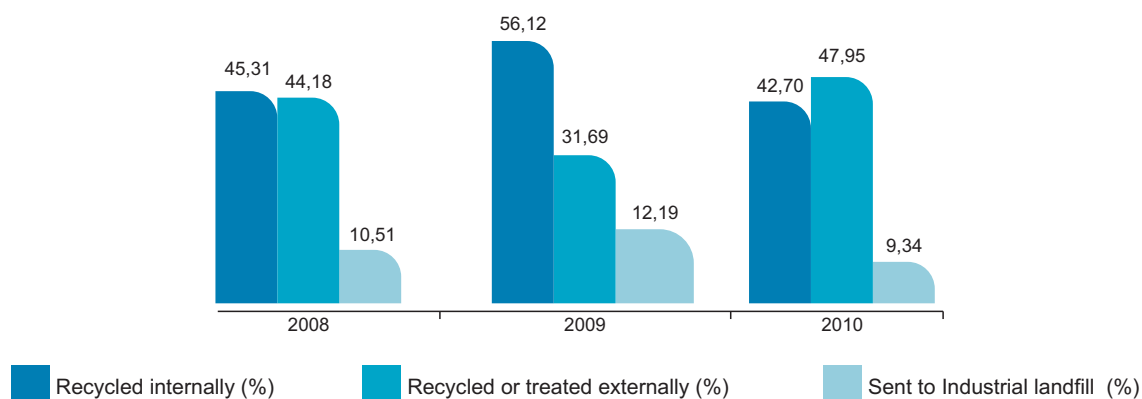
The following can be cited as examples of Class I waste: oil, lamps and hospital/medical waste. Class II waste includes recovered fiber from the wastewater treatment plant, coke from the boiler, calcium carbonate and others. Waste in Class IIB, includes glass, metal and others.

Total weight of waste by method of disposal (tons)



The increase in the total weight of externally recycled materials and the decrease in the internally recycled materials, as shown in the chart above, occurred because of the partnership with the Company Ferticel. Part of the waste previously burnt in the boiler used in the composting of waste to produce organic fertilizer.

Percentage of waste by disposal method - Paper Mill



Goal 2011

Send to the landfill percentage of waste less than 9.34%.

In 2011, the Plastic Waste Reutilization Project will be implemented using the recycling of paper off cuts.

The IRANI Solid Waste Management Program allows for a strict control of the waste generated in the production process. Specific procedures guide the collection, storage and proper disposal of all generated waste. The storage is done in an appropriate place according to the characteristics of the respective waste, so to avoid the contamination of the soil, groundwater and aquatic resources. Recycling and recovery are the most appropriate forms of treatment and final disposal. This practice reduces the amount of waste released into the environment and contributes to the preservation of natural resources.

In 2010, the 200 liter metal drums used in the Resins Unit

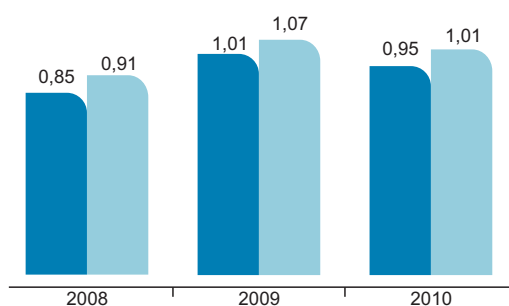
were replaced to store the incoming resin in plastic drums. Before the substitution, the drums were lined with a plastic bag and when empty these bags became waste that had not a suitable method of disposal. With the substitution there was a complete utilization of materials.



EXCLUSIVE
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CONTENT

Management developed by the company is becoming more rational, increasing rates of reuse, recycling, and reducing the volume of materials thrown in landfills. In 2010, only 9.34% of total waste generated by the Paper Mill was sent to landfills. Compared with 2009, a reduction of 23.35% in waste sent to landfill.

Specific generation of waste - Paper Mill

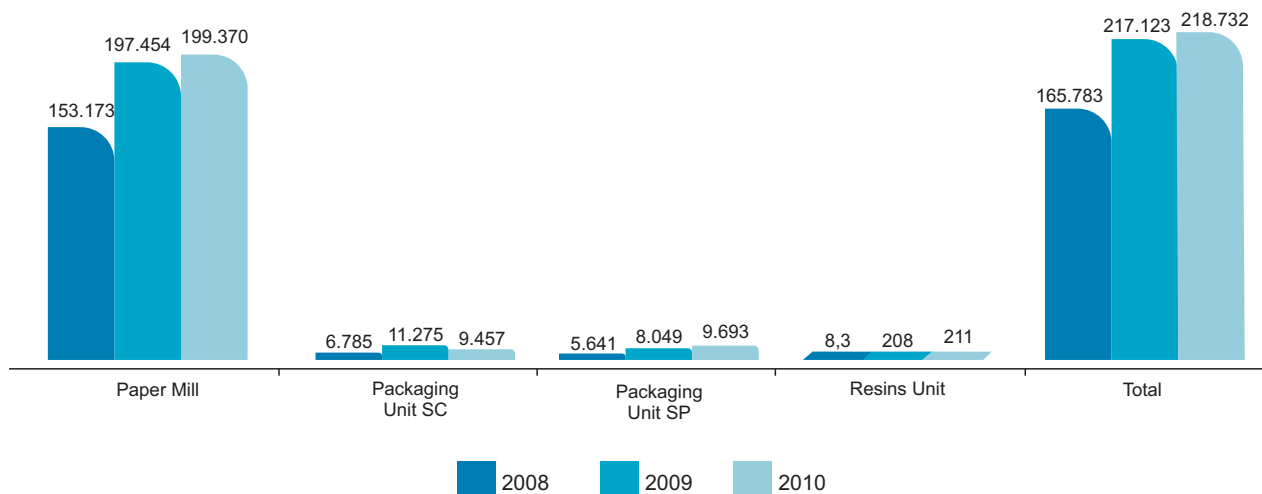


■ Ton / gross tons ■ Ton / liquid tons

In the Paper Mill, the specific amount of waste generated in 2010, per ton gross and net ton, was 5.60% and 5.21% (respectively) lower compared to 2009.

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

Total waste generated per unit



The increase of solid waste in 2010 was due to increased production.

Gross production is the total output of the machines.

Net production is the yield of the production process, after discounting the losses, which represents the products actually sold.



**EXCLUSIVE
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CONTENT**

The Hazardous waste generated during 2010 is represented as bio medical waste, waste oil, batteries, lamps and grease. This waste receives special treatment by specialized companies. The contractors collect the waste and carry out the transportation and treatment. The lamps are decontaminated and recycled, the oil is refined and

reused, batteries and bio medical waste is transported to a Class I landfill. The contractors have environmental permits for transportation, as well as for the treatment, complying with the requirements of the environmental agency.

Hazardous Waste (tons)			
Unit	Waste Generated and Treated		
	2008	2009	2010
Paper	41	26,35	8
Packaging SC	13	74	63
Packaging SP	49	0,23	1
Furniture	38	28,79	*
	141	129	72

*Due to the closure of the Furnisher Unit, data from 2010 could not be obtained.

In the previous table there was no information from the Resins Unit as no hazardous waste is generated in its production process.

In 2010, 100% (72 tons) of hazardous waste generated in the period was collected, transported and treated by specialized companies, which are suitably qualified and environmentally appropriate.

Terra Boa Program

IRANI, in partnership with Trevo Limestone (Calcários Trevo), adhered to the Terra Boa (Good Earth), of the Department of Agriculture and Rural Development of Santa Catarina program in 2010. The program aims to distribute the acidity correcting technology to farmers in the state, through the conservation and improvement of soil quality through soil acidity correction.

IRANI (Paper Mill) provides calcium carbonate, a

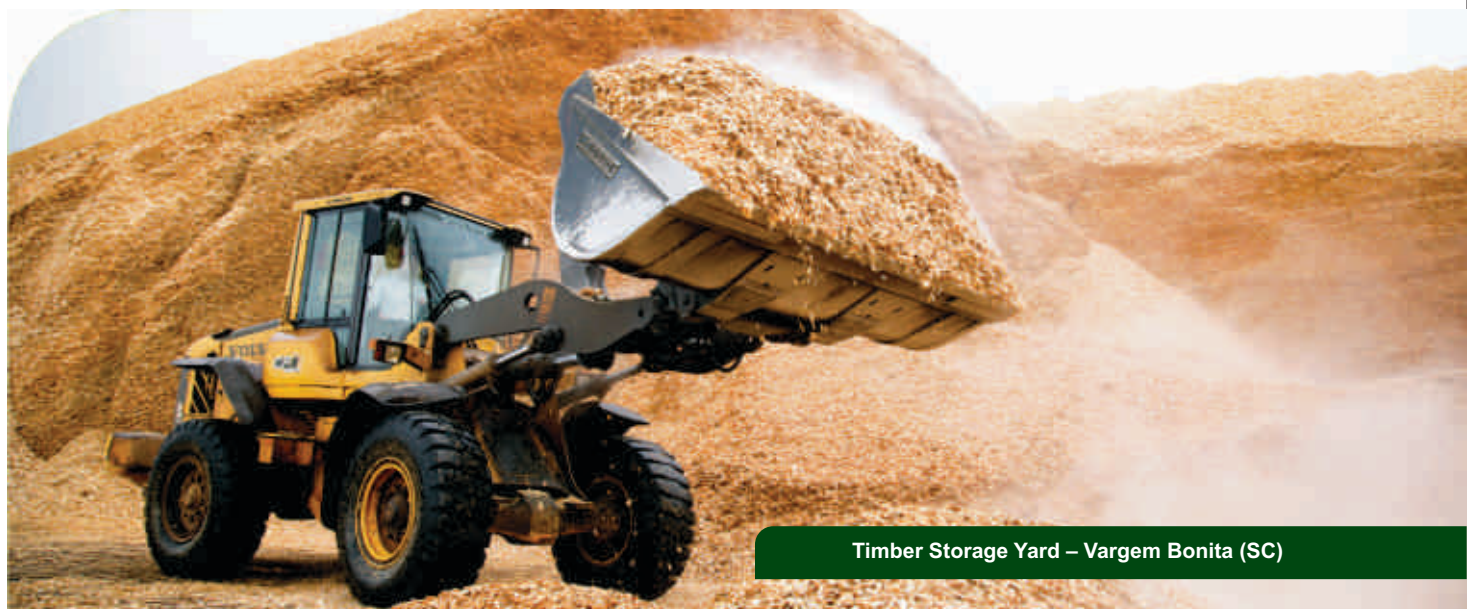
byproduct generated from its operations. To participate in this program, there was the registration with the Ministry of Agriculture, Livestock and Supply (MAPA) as the producer of acidity correction and the product registration for the marketing of calcium carbonate.

From August to October 2010, 96 tons of calcium carbonate were supplied, benefiting seven farmers from the area surrounding the industrial park in Vargem Bonita (SC).



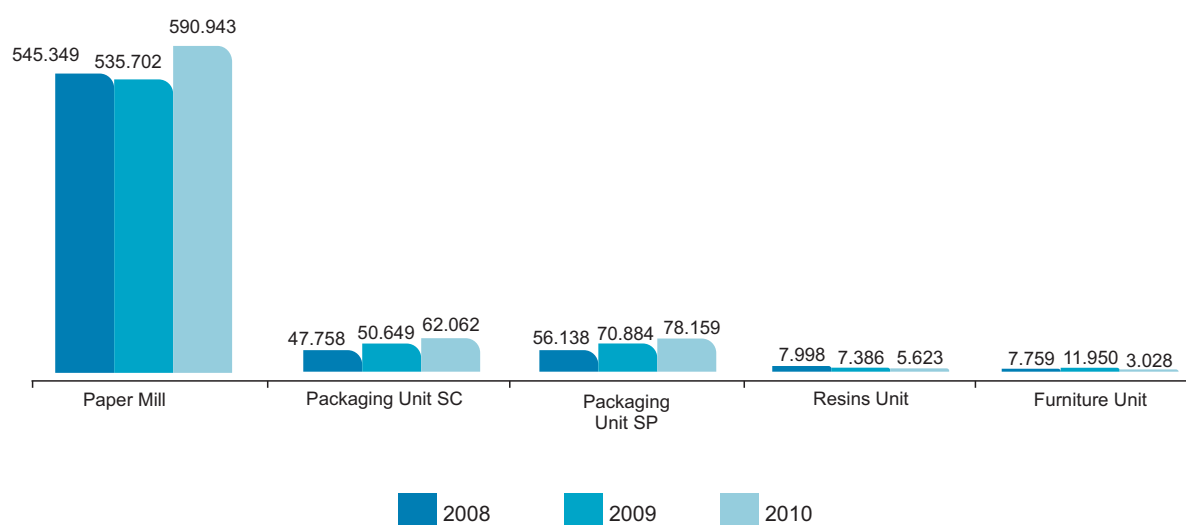
Field Demonstration - Coperio – Catanduvas (SC)

Materials



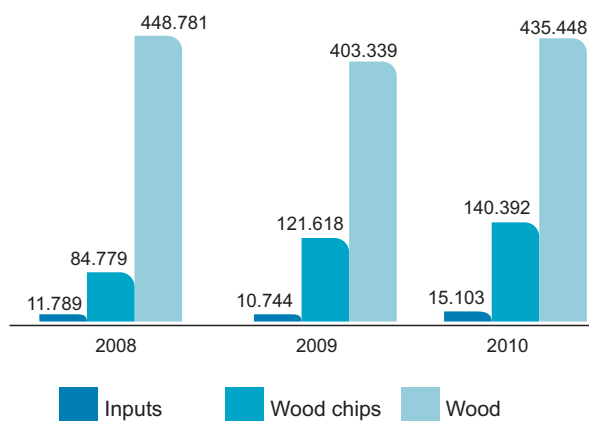
The consumption of material in 2010 was equivalent to 739,814.92 tons, the value represented by the major inputs and raw materials. The materials that make up the graph below include: wood chips (recycled fiber) and inputs in the Paper Mill, paper, ink, glue and resin, in the Packaging - SC units and Packaging - SP; resin, in the Resin Unit, wood and ink in the Furniture Unit.

Materials used in production (tons)



The increase in the consumption of materials in Units Paper, Packaging - SC and Packaging - SP was mainly due to the increase in production compared to 2009. In Furniture Unit consumption decreased because of the closure of the unit in October. The consumption of raw materials in the Resins Unit was lower due to the increase in prices of purchased resin and the reduction of outsourced labor for resin itself.

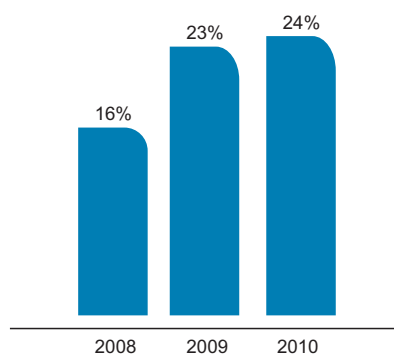
Material used in the Paper Mill (tons)



The Paper Mill is the unit with the highest consumption of production materials, thus in the previous graph the amount of inputs, and wood chips consumed was shown in greater detail.

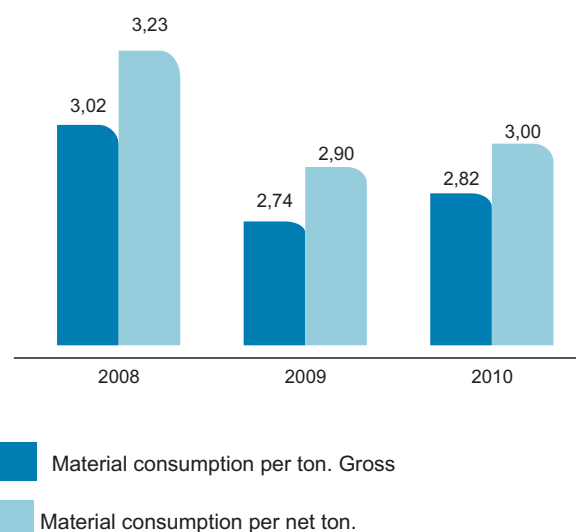
The result shown in the following chart below is based on the total raw materials and inputs used compared to the total chips used.

Percentage of recycled materials - Paper Mill



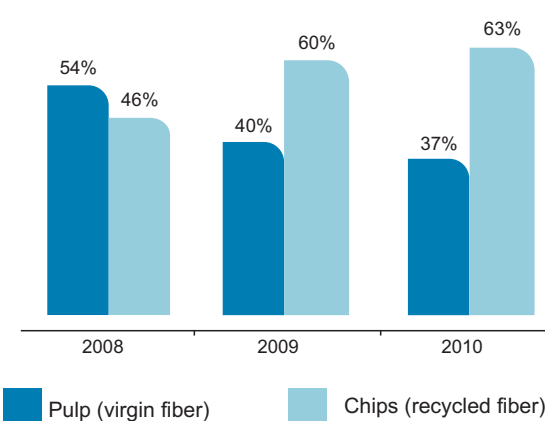
The #5 machine in the Paper Mill uses a large amount of recycled raw material (chips). Recycling provides economic, environmental and social benefits; providing the recovery of the raw material and reusing them in the consumption cycle, generating jobs and income for the chip suppliers, cooperatives and small-scale suppliers.

Specific amount of material - Paper Mill



As can be seen in the chart below the consumption of chips (recycled fiber) used in the Paper Mill in 2010 for paper production increased to 63%, minimizing the consumption of virgin fiber.

Percentage of recycled fiber - Paper Mill



The indicators shown in the previous graph are aligned with the National Policy on Solid Waste, which includes in one of its principles (section VIII, Article 6) the recognition of the reusable solid waste as an economic asset and having a social value, generating employment and income and promoting citizenship.

Goal 2011

Maintain the percentage of recycled material in 23%.



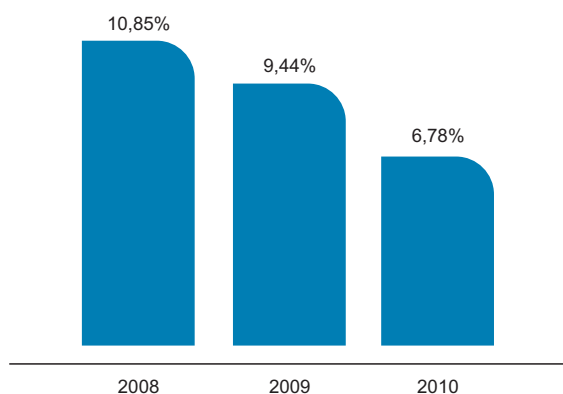
EXCLUSIVE
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CONTENT

IRANI endeavors to recover the goods sold and convert them into useful materials for new production processes.

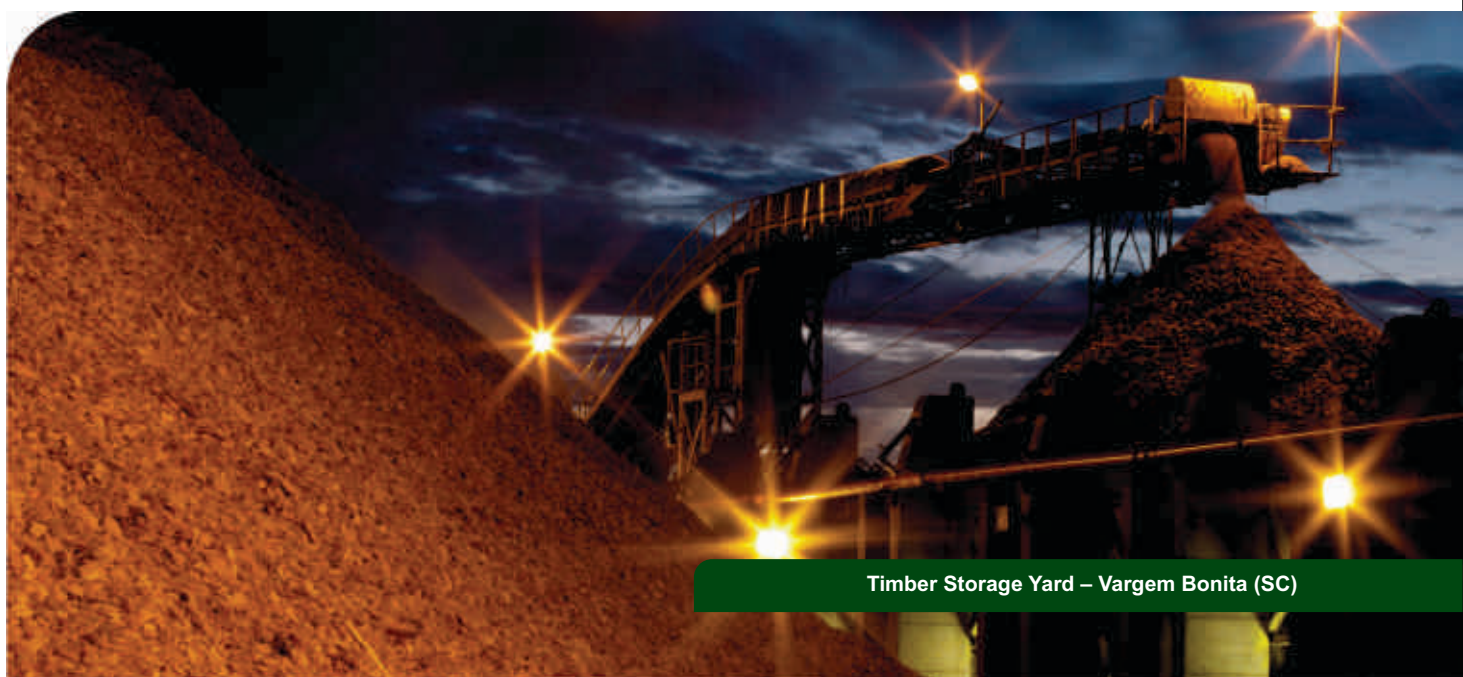
The Paper Mill recovers the chips from the sales of products made by the Packaging Units - SC and Packaging - SP, and uses them to produce new paper. The

chips acquired by the Company's own units come from products supplied by the Paper Mill, enabling traceability. The chips purchased in the market have no evidence of its provenance.

Percentage recovery of Chips in the SC and SP Packaging units acquired by the Paper Mill



The percentage of recovered chips reduced because of the establishment of a Process Support Group in the Unit Packaging - SC in 2010. This group promotes activities for reducing the amount of generated losses.



Timber Storage Yard – Vargem Bonita (SC)

Energy

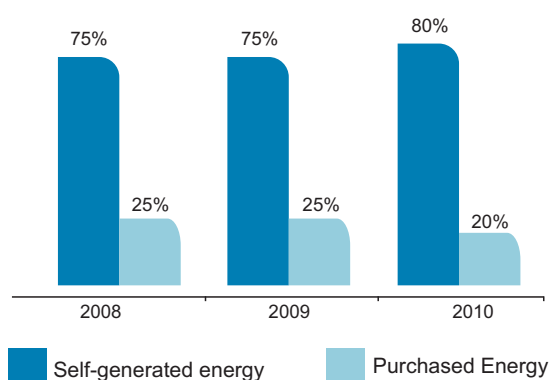


Flor do Mato Mill – Ponte Serrada (SC)

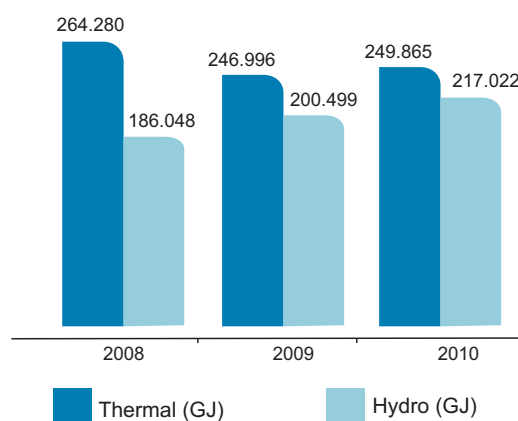
In 2010, approximately 80% of the energy demand of the Paper Mill was supplied by self-production. The energy was generated came from the Company's three hydroelectric power stations located around the industrial park and one thermoelectric unit which is biomass-fired.

The thermal and hydro energy is generated and used by the Paper Mill. Whereas the Packaging Unit - SC uses steam that comes from the thermoelectric Unit in the Paper Mill, the boiler is installed in the Packaging Unit-SC, and only operates sporadically.

Percentage of energy purchased and self-generated Paper Mill



Thermal energy and hydropower generated in the Paper Mill



Goal 2014

Generate 90% of the energy consumed. The re-powering project for hydropower is underway to which provides for increased power generation capability.



**EXCLUSIVE
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CONTENT**

The Biomass used as fuel for the Paper Mills thermoelectric unit consists of forest waste generated by the Company, from wood growing industries in the region and from planted eucalyptus forests. The beginning of the

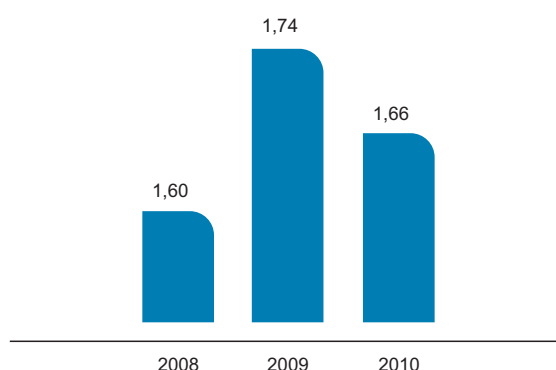
operation of the CDM project's for the Cogeneration Plant (2005) and the consumption of biomass (renewable and cleaner fuel) have provided lesser environmental impact. Next, we can see the consumption of biomass and its energy output.

Consumption of biomass to generate energy – Paper Mill

Period	Biomass Consumption (ton)	Energy generated from biomass (GJ)
2004 (base year)	319.072	51.354
2008	421.931	264.280
2009	429.464	246.996
2010	415.876	249.865

In the Paper Mill, to start the hydroelectric boilers that run on biomass, bunker oil is used as the support fuel.

Specific consumption of biomass / energy generated (GJ)



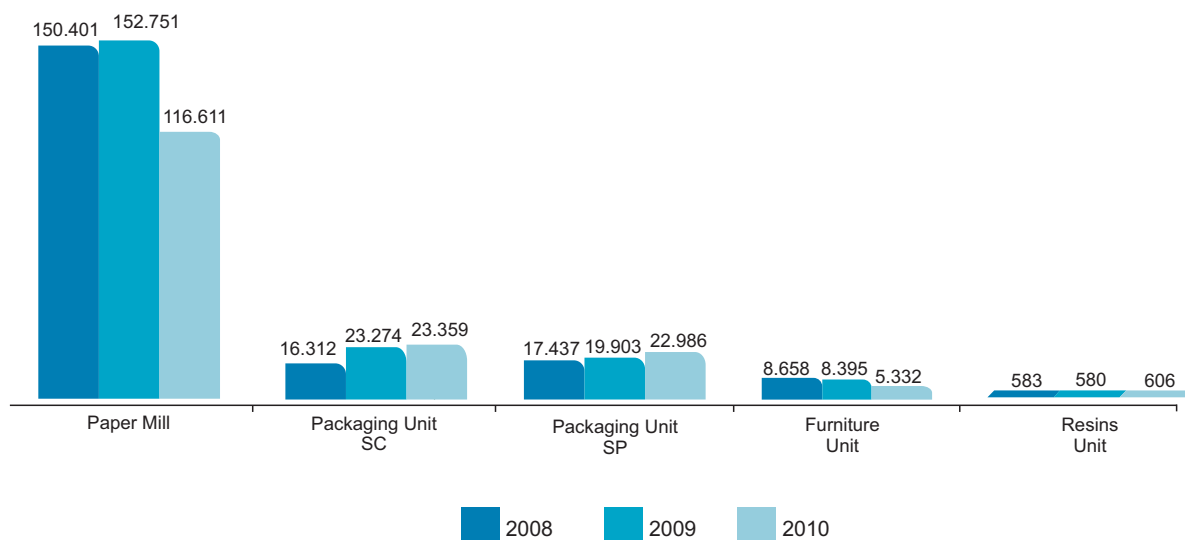
The reduction of the specific consumption of biomass reflects an improvement in efficiency that occurred because of waste disposal with a lower calorific value for composting. In 2010, Irani established a partnership with the Ferticel Company, which promotes the composting of waste to produce fertilizer.

In the Packaging Unit, bunker oil is used as fuel in the boiler. In the boiler of the Packaging Unit-SP, only natural gas is used as a fuel. Below, you can see the amount of oil and natural gas consumed in the respective industrial units.

Non-renewable energy source used to generate energy.	2008		2008		2008	
	Quantity	GJ	Quantity	GJ	Quantity	GJ
Natural Gas (m3) – Packaging-SP	1.267.706	49.453.219	1.266.911	49.422.190	1.463.183	57.078.756
Bunker Oil (Tons) Packaging-SC	1.286	51.954	128	5.171	89	3.600

Source of the calculation for the conversion to tons in GJ (for Bunker Oil): IPCC 2006.

Energy purchased from 2008 to 2010 (GJ)

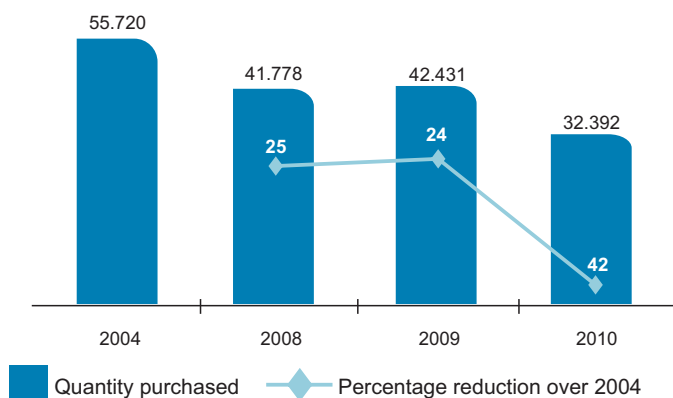


Last year, in the Paper Mill, there was a reduction in the consumption of utility power, this is justified by the increased generation of hydropower and thermal energy and the reduced specific energy consumption. The reduction in the Furniture Unit was because of the closure of the unit. In the other units, the increase was due mainly to increased production.

Owing to the self-generation of energy from renewable natural resources, the Paper Mill has reduced consumption of purchased energy.

As shown in the graph below, the amount of energy purchased in the last six years had an average reduction (average reduction from 2005 to 2010) of 37%, considering 2004 as the base year.

Quantity of electricity purchased and respective percentage of reduction (Mwh)





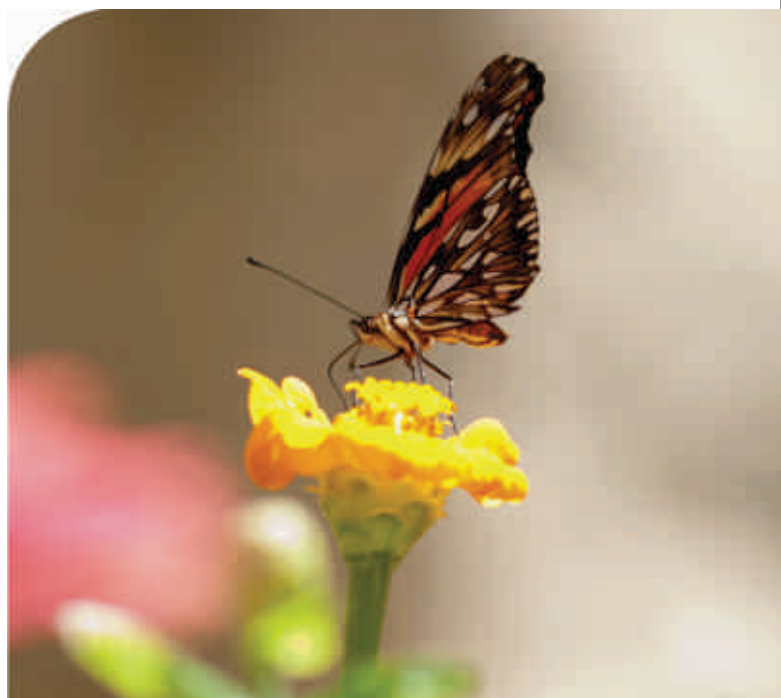
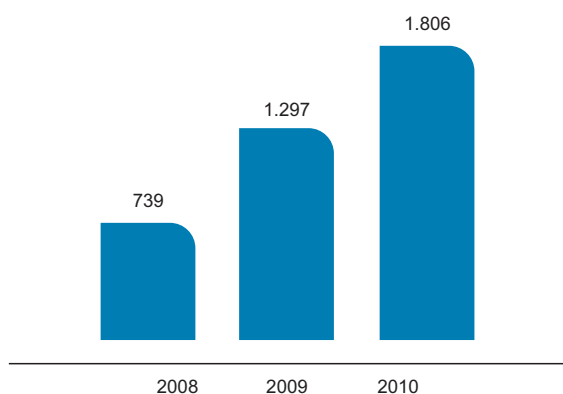
EXCLUSIVE
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CONTENT

The Paper Mill carries out the monitoring and adjustment of production that enables the stoppage of production equipment in the period from 6:30 pm to 9:30 pm (peak time), which enables the Company to supply products with a lower power consumption and without compromising the final quality. Between 2008 and 2010, there was an increase of 144% in energy savings due to

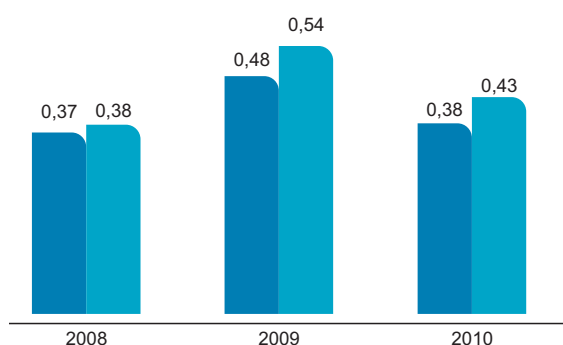
production adjustments.

In the Packaging unit - SP transparent roof tiles were installed in some parts of the industrial park to eliminate the need to use of artificial lighting. Between 5 pm and 7 pm some equipment is shut down with the aim of reducing both energy and costs.

Energy saved due to production adjustments

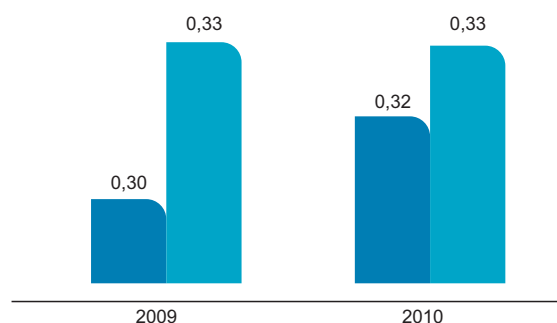


Specific consumption of Energy Packaging Unit SC



- Energy consumption / ton. Gross
- Energy consumption / ton. Net

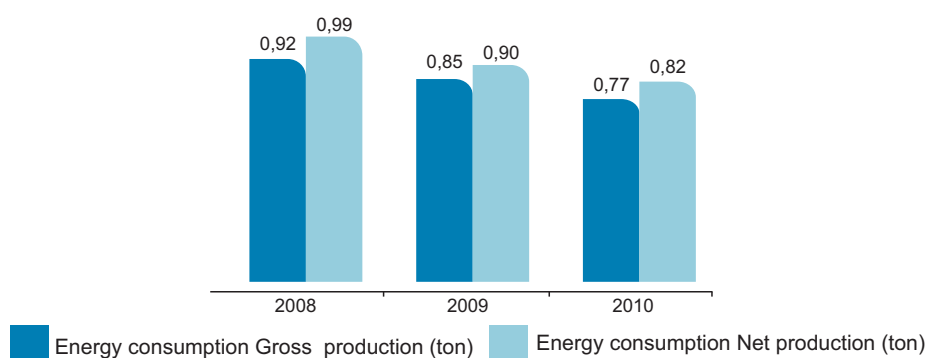
Specific consumption of energy Packaging unit SP



- 2010 Energy consumption / ton. Gross
- 2010 Energy consumption / ton. Net

Over the years, it has been possible to achieve energy savings in the Paper Mill by investing in preventive and corrective maintenance to prevent leaks and the waste of steam as well as investments in preventive and corrective maintenance in electric power generation and power transmission. This maintenance is carried out periodically in order to avoid the loss of power and steam.

Electric power consumption - Paper Mill (Mwh)

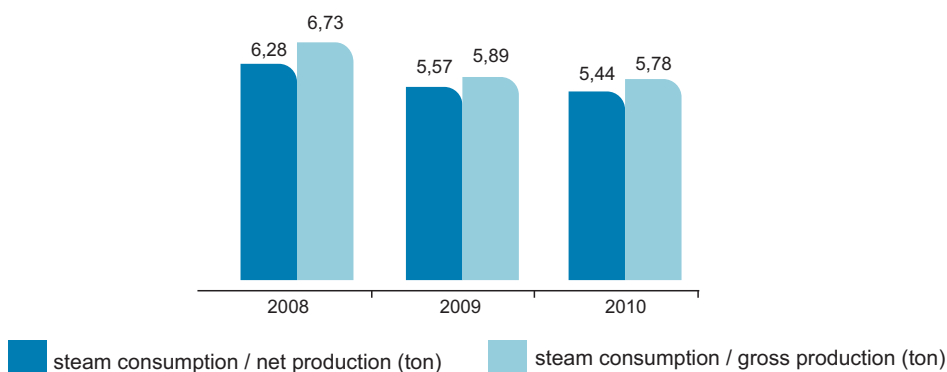


According to the comparative performance analysis of pulp mills conducted in 2007 by the Technical Association of Pulp and Paper (ABTCP) and Bachmann & Associados, the average specific energy consumption was 0.77 MW per ton net.

Goal 2011

Maintain the specific energy consumption of up to 0.78 MWh / crude ton produced.

Specific consumption of steam - Paper Mill (tons)



Water and Wastewater



Rio do Mato – Ponte Serrada (SC)

Considering the Paper Mills, Packaging-SC, Packaging-SP and Furniture, there was a removal of 5,911,312 cubic meters of water, as shown in the following table. There was a reduction in water consumption of 18.76% from 2009 to 2010.

Total water withdrawal by source (m ³)				
Unit	Source	Quantity		
		2008	2009	2010
Paper	Surface – River	8.029.325	7.197.103	5.829.241
	Casan*		26.212	29.636
Packaging SC	Surface – River	7.588	8.864	8.675
	Casan*	13.929	9.452	6.946
Packaging SP	Artesian well	21.684	27.190	35.817
Furniture	Artesian well	7.800	7.560	Not recorded
	SAMAE**	1.076	783	998
Total		8.081.402	7.277.163	5.911.312

*Companhia Catarinense de Água e Saneamento

**Serviço Autônomo Municipal de Água e Esgoto de Blumenau

- Due to the closure of the Furniture Unit's activities, it was not possible to record the consumption of water from the artesian well.
- Packaging Unit SP had an increase in water consumption because of increased production and adequation of the hydrometers.

Consumption Variation as a percentage			
Unit	2007 a 2008	2007 a 2009	2007 a 2010
Paper	-4%	-13,62%	-29,94%
Packaging SC	*129,17%	*95,07%	*66,37%
Packaging SP	-24,5%	-5,38%	24,64%

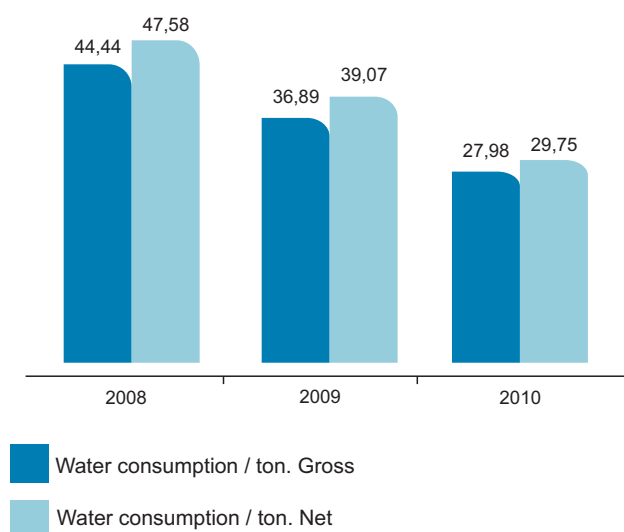
* In 2007, the calculation of the water volume in the Packaging Unit SC was done using a different methodology to 2008, 2009 and 2010, therefore an increase in the consumption percentage for that unit can be seen.

The volume of water captured in 2010 by the Paper Mill amounted to 5,858,877 m³. The unit obtained a 29.94% reduction in water consumption compared to 2007 (period

considered as the base year). In the Packaging Unit - SP, the increase in water consumption occurred because of increased industrial production.

Percentage of water captures by source			
Unit	Source	Percentage	
		2009	2010
Paper	Surface - River	99,64%	99,49%
	Casan	0,36%	0,51%
Packaging SC	Surface - River	48%	56%
	Casan	52%	44%
Packaging SP	Artesian Well	100%	100%

Specific water consumption - Paper Mill (m³)



Goal
2011

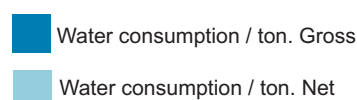
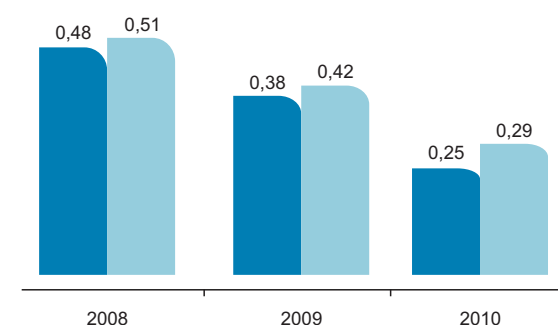
Reduce to 25 m³ the amount of water per gross ton produced.

The specific volume of water consumed in 2010, per gross ton and net ton produced, was, respectively 24.17% and 23.85% lower than 2009.

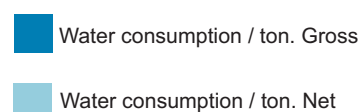
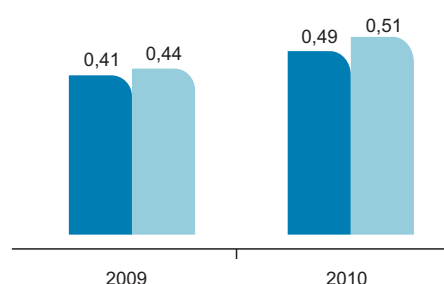
According to the Sustainability Report 2009 of the Brazilian Association of Pulp and Paper (Bracelpa), to produce a gross ton of paper, less than 25 cubic meters of water is used on average.

According to benchmarking of the pulp and paper mills manufactures, carried out in 2009 by the Brazilian Association of Pulp and Paper (ABTCP), the average water consumption per net ton of paper produced was 22.4 m³ (packaging paper).

Specific water consumption - Packaging Unit-SC (m³)



Specific water consumption - Packaging Unit SP (m³)



Water sources significantly affected by water extraction

Paper Mill	The catchment of water from a surface source occurs in 2 locations, both located in the watershed of the Chapecó River, Santa Catarina, belonging to the Uruguay River Basin. One catchment point corresponds to the reservoir of 5.75 hectares, located in Ribeirao da Anta, one of the tributaries of the Mato River *, where the catchment point is more important.
Packaging Unit SC	The catchment of water from a surface source occurs in the Anta Stream*, belonging to the Uruguay River Basin.
Packaging Unit SP**	The catchment of water is carried out by artesian wells located in the company site.
Resins	The water in the Resins Unit comes from artesian wells.
Furniture	The catchment of water from a surface source, until the closing of the activities, occurred in Negrinho River, located in Rio Negrinho (SC).

*For the Mato River and the Anta Stream (water catchment sources of the Paper Mill and Packaging Units-SC), the Company carried out the user registration with the Sustainable Development Secretariat. The Chapecó River Basin Committee is being structured, and as soon as it is constituted, it will assist in granting concessions. Until now, there are no restrictions on water extraction.

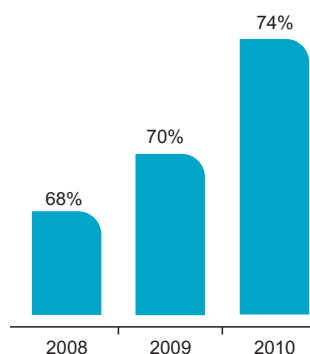
** The Packaging Unit-SP has the granting process underway in the DAEE.

The Company has implemented over the years a number of technologies that have enabled the Paper Mill to reuse water in some cases. The water remains in a closed circuit, as shown in the following table.

Equipment	Quantity of reused water		
	m ³ /h	m ³ /month	m ³ /year
ETE HPB	300,00	216.000,00	2.592.000,00
TG1	450,00	324.000,00	3.888.000,00
TG2	450,00	324.000,00	3.888.000,00
TG3	250,00	180.000,00	2.160.000,00
Towers	500,00	360.000,00	4.320.000,00
Total	1.950,00	1.404.000,00	16.848.000,00

Because of the reused water, the Paper Mill saves capturing, on average the equivalent of 16,848,000 m³ in one year.

Percentage of reused water -Paper Mill



In 2010, the reduced water uptake, increased the percentage of re-circulated water.

Goal
2011

Increase the percentage of reused water to 75%.

Total water disposed of by quality and destination

Unit	Volume of wastewater (m ³ / year)			
	2007	2008	2009	2010
Paper	6.816.704	6.607.743	6.200.592	5.160.957
Packaging SC	8.064	4.140	4.675	4.505
Packaging SP	6.106	8.366	10.530	11.616
Resins	2.276	3.456	1.924	1.829
Furniture	126	126	126	*
Total	6.833.276	6.623.831	6.217.847	5.178.908

* Due to the closure of the activities of the Furniture Unit, we could not get the data from 2010.



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CONTENT

The disposal of water from the Paper Mills and Packaging units - SC is carried out into the Mato River, in Santa Catarina. Water Disposal from the Packaging Unit-SP goes to a wastewater treatment plant in Indaiatuba (SP), which obeys the parameters of Decree 8.468/76. The wastewater from the Resins Unit is released into the Velho Rancho stream in the town of Pinhal (RS). The disposal from the Furniture Unit, before the closure of activities, was done into the Negrinho River, which is a part of the Rio Negro watershed, in Rio Negrinho (SC).

In all units, the wastewater is monitored in accordance with the treatment plan for the wastewater quality, where the frequency of analysis is established as well as the parameters to be analyzed.

Periodically, meetings are held to review with the objective of verifying the data. The parameters are compared and comply with the current environmental regulations.

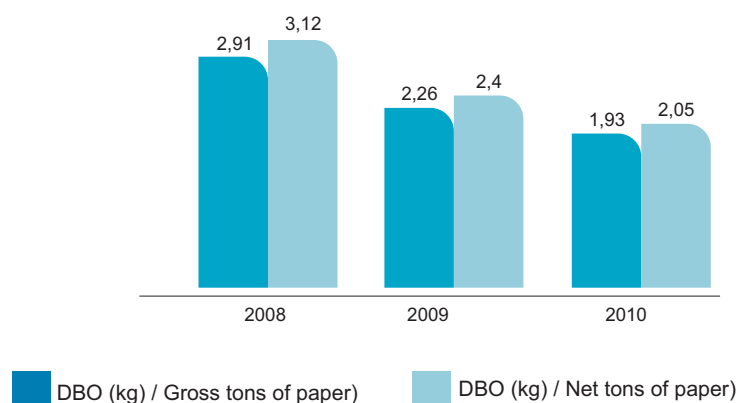
The amount of wastewater generated decreased to 16.70% last year. During this period, the activities that contributed to this reduction are related to improvements such as the closure of cellulose thickener circuit, the replacement of fresh water for water used in the gaskets of some water pumps for cooling and the awareness of machine operators to use only the amount of water needed

for the process.

The wastewater that is generated is treated and to monitor and control the results obtained in the treatment and process activities, the use of statistical techniques to ensure proper management is carried out. Through daily worksheets, we can continue the monitoring the parameters analyzed for monitoring of the treatment. The parameters that are evaluated are flow, pH, temperature, dissolved oxygen, suspended solids, decantable solids, BOD and COD. For the biological system, factors such as sludge age, organic loading; food for microorganisms, suspended solids from the aeration tank, suspended solids of sludge recirculation, dissolved oxygen, nitrogen, phosphorus and sludge volume index are evaluated.

Daily, the total recovered fibers is calculated and is analyzed for the evaluation of microscopic protozoa in the pond aeration. The Biochemical Oxygen Demand (BOD) Parameter is used as a performance indicator of the wastewater treatment station in the Paper Mill. As can be seen in the chart below, there was a reduction of 14.69 in the emission of BOD (kg / ton gross) during 2010 when compared with 2009.

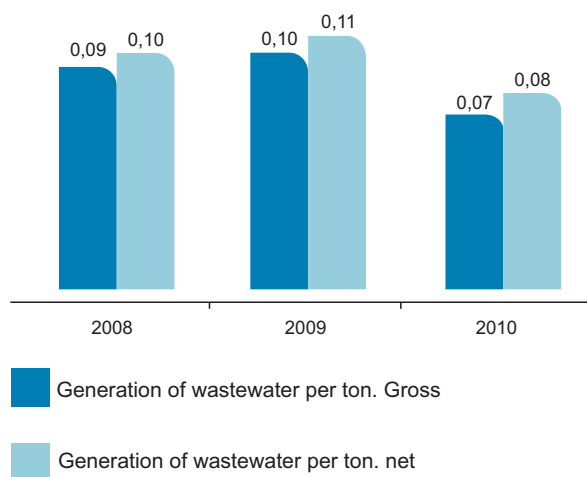
BOD Emissions - Paper Mill



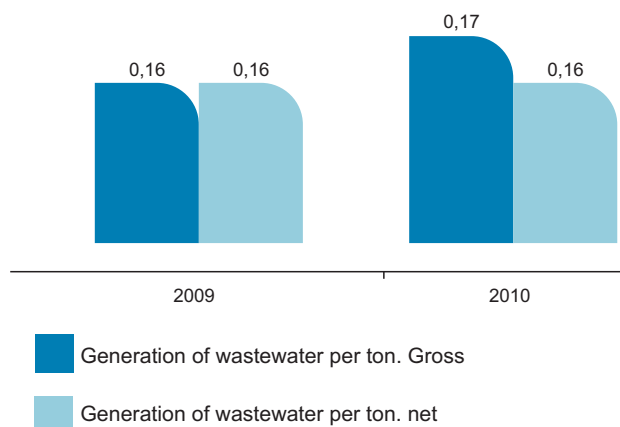
* The BOD at the Paper Mill was considered as being the most significant in relation to the others.

Also, carried out is the analysis and monitoring of the wastewater receptor, and periodically, the following parameters are checked: dissolved oxygen, pH, alkalinity, total suspended solids, decantable solids, nitrogen, phosphorus, total coliform and fecal coliform. Every six months, a report on the results of the analyzed parameters is prepared and sent to the environmental agency.

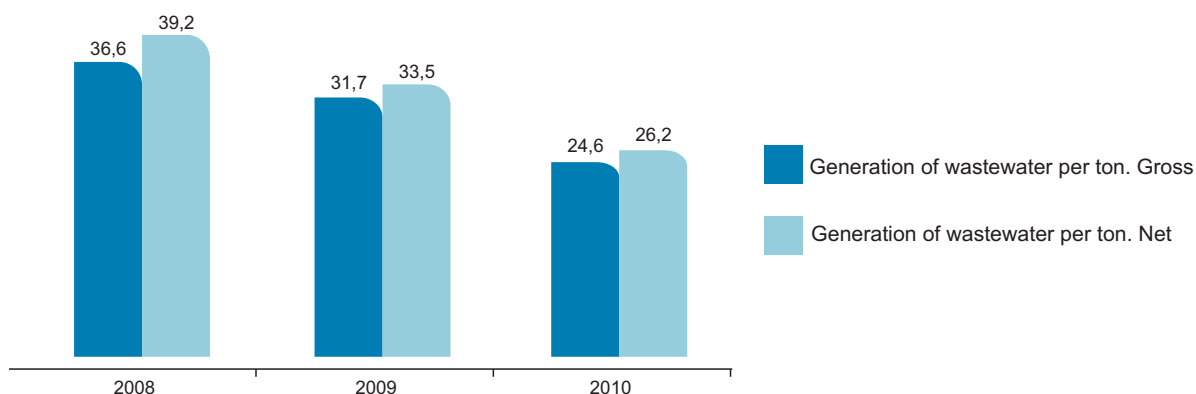
Specific volume of Wastewater - Packaging Unit SC (m³)



Specific volume of wastewater - Packaging Unit SP (m³)



Specific volume of wastewater - Paper Mill (m³)



The specific volume of wastewater per gross ton and net ton produced in 2010 was respectively 22.18% and 21.86% lower than 2009.

Goal
2011

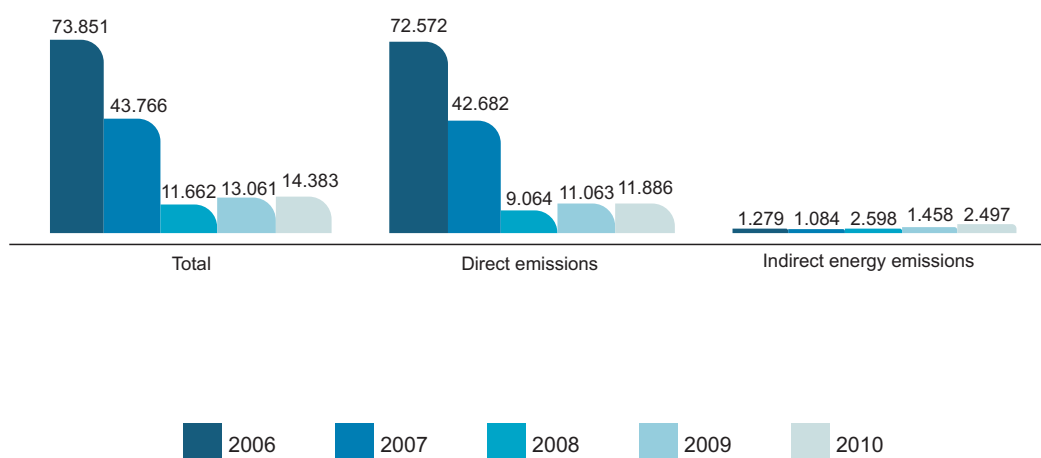
Reduce to 22.7 m³ the amount of wastewater produced per gross ton.

Segundo *benchmarking* das fábricas de papel e celulose, desenvolvido em 2009 pela ABTCP, o volume médio de efluente por tonelada líquida de papel produzida é de 34,9 m³ (para fábricas integradas).

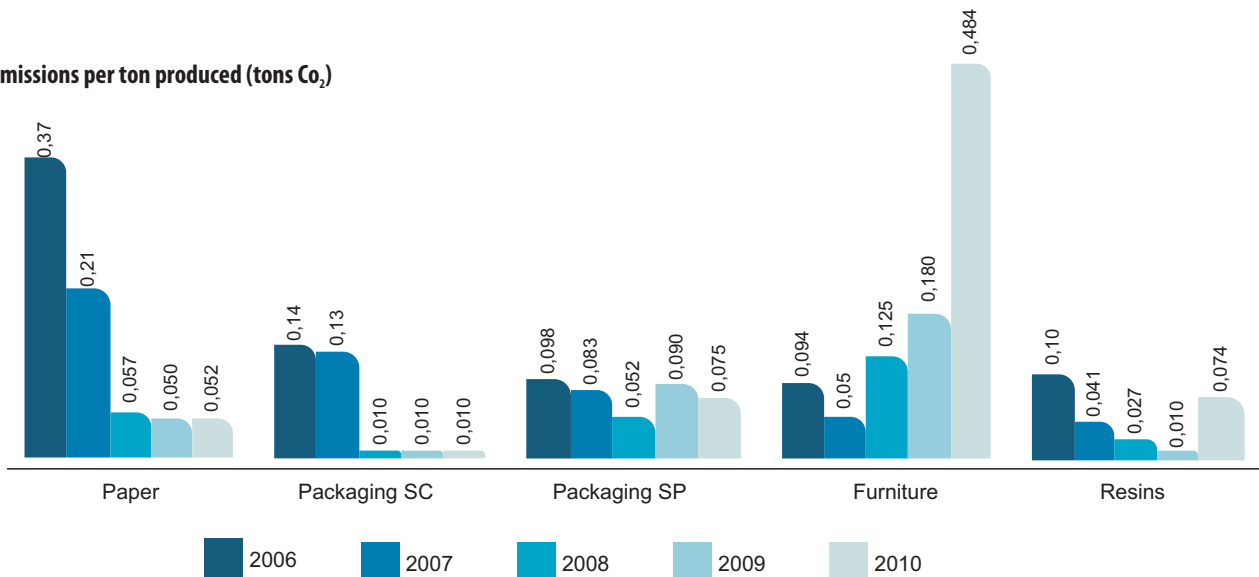


Unidade Papel - Vargem Bonita (SC)

Direct and indirect emissions - energy (tons Co₂)



Emissions per ton produced (tons CO₂)



Due to the closure of the Furniture Unit in 2010 there was a reduction in production that gave rise to specific emission of CO₂ eq.

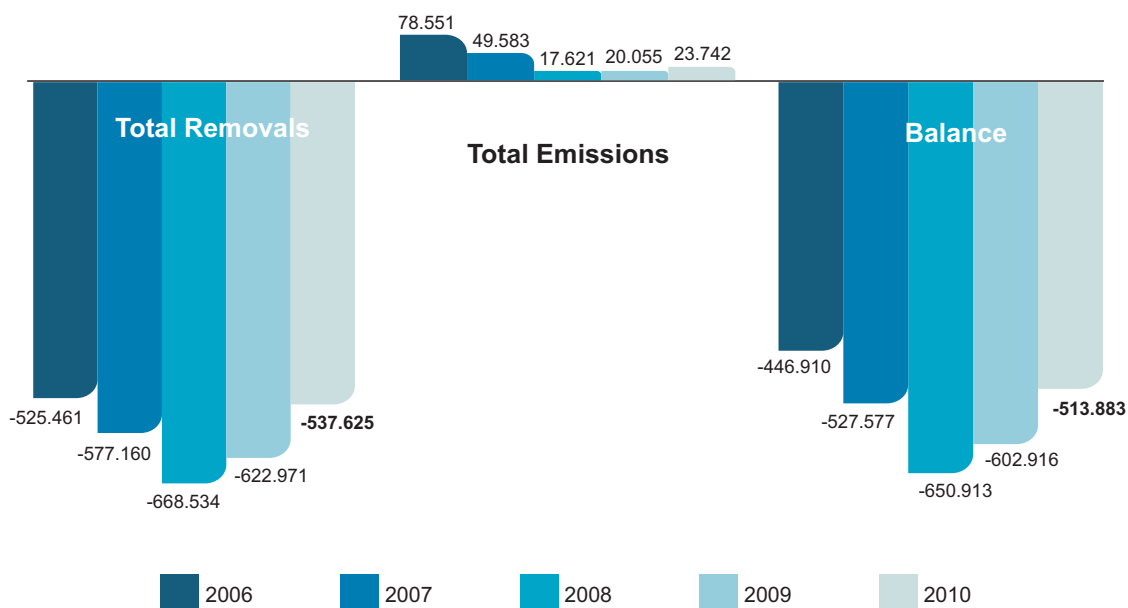


Visit the site www.irani.com.br and learn more about the GHG inventory. In the site the full executive summary is available.

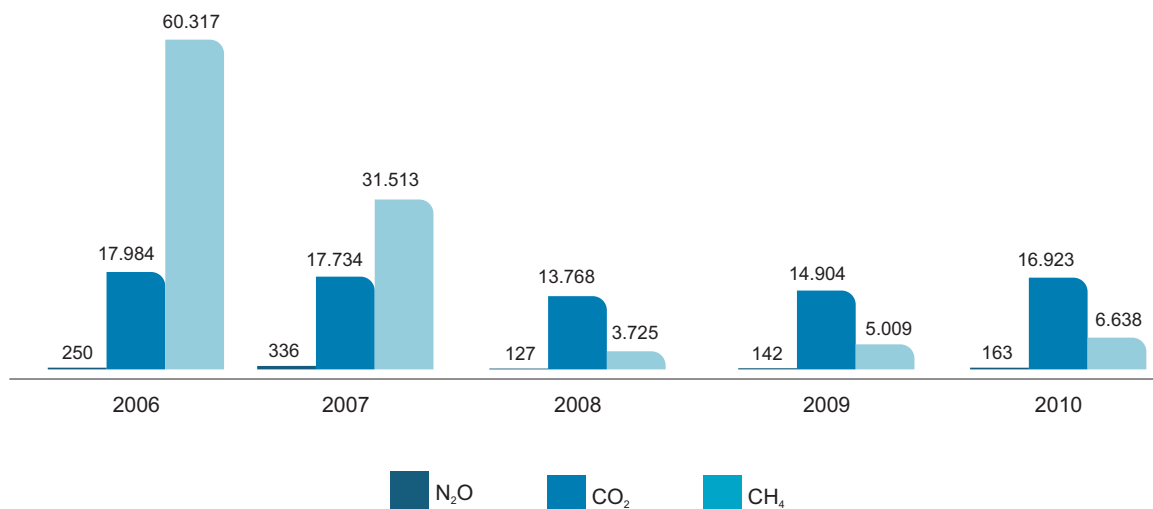
As can be seen in the graph above, the Paper Mill emissions are below the result presented by the National Inventory of Greenhouse Gases Emissions (referring to 1994), in which the issue of the Pulp and Paper segment corresponds to 0.50 tons of CO₂ eq per ton produced. The emissions from this unit is also below the average emitted by the pulp and paper sector in North America, which ranges between 1.46 and 2.20 tons of CO₂ per ton produced (data released in August 2008). A Survey of an Asian company has shown that this Company emits the equivalent of 1.56 tons of CO₂ per ton produced, more

than that issued by the Paper Mill.

In the chart below, the total removals, total emissions and the balance of the Company for the periods from 2006 to 2010 can be seen, it appears that in 2010, emissions had a slight increase and removals decreased. The increase in emissions was mainly due to the inclusion of data relating to road transport, taxis, vans and air travel by employees, in addition to inclusion in the calculations of waste going to private landfills not counted in the previous report.

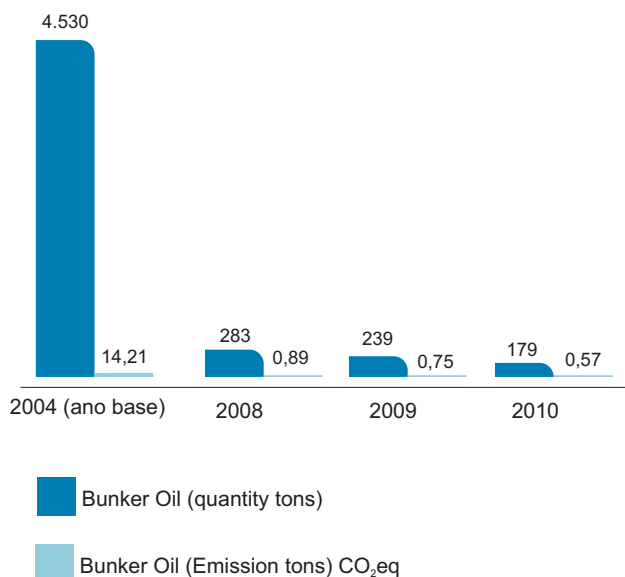


Emissions of N₂O, CO₂ and CH₄

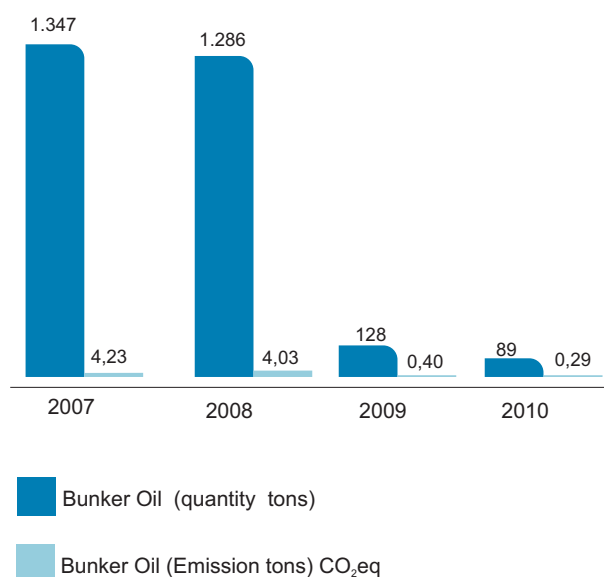


The annual quantity of bunker oil consumption decreased by approximately 96% from 2004 to 2010, in the Paper Mill Unit, and 93% from 2008 to 2010, the Packaging Unit - SC. Thus, the reduction of GHG emissions can be seen in the following charts.

Bunker oil Consumption and emissions - Paper Mill

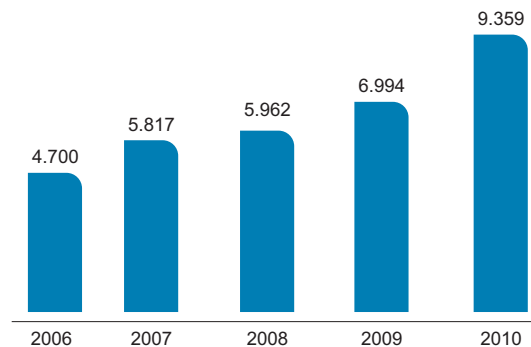


Bunker Oil consumption and emissions - Packaging Unit SC



The reduction of bunker oil, in the Paper Mill, was due to the implementation of the Cogeneration Plant, because the inputs that are used to burn in the process are derived from forest-based waste (biomass). In Packaging Unit - SC, the reduction came from using the steam line from the cogeneration plant, which is destined for use with the corrugators. With the construction of the steam line, the boiler that was fueled by bunker oil in the Packaging Unit - SC, is only used in cases of maintenance of the thermal power unit boiler.

Other indirect emissions of relevant GHG, by weight (tons CO₂eq)



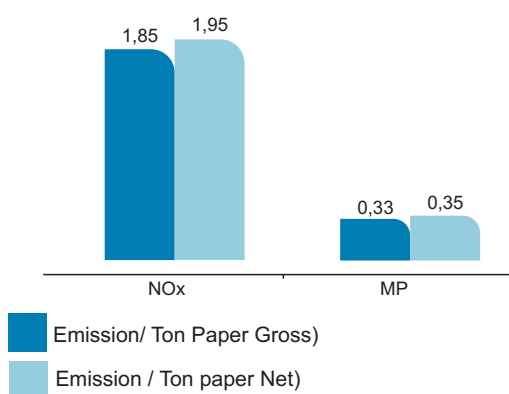
The Indirect emissions shown in the previous chart are the result of transporting employees and materials, transfers between units, internal transportation of waste, agricultural machinery, chainsaws and trimmers used in the Forest area. The increase from 2009 to 2010 occurred due to road transport, taxis, vans and air transport by employees, in addition to the inclusion in the calculation of waste going to private landfills not counted in previous Sustainability Reports.

In the Paper Mill in 2010, the fleet of forklifts was replaced. As of June 2010, the old forklifts in the industrial areas were changed for new and modern forklifts, reducing fuel

consumption and consequently the emission of pollutants into the atmosphere.

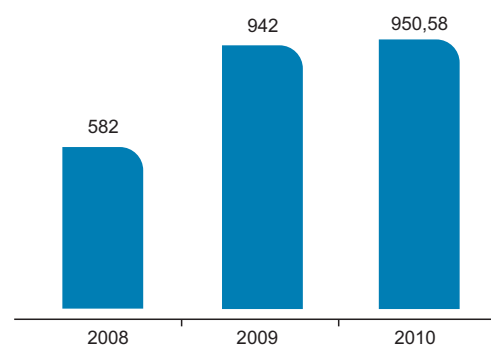
IRANI periodically monitors the emission points of its production facilities through the Emissions Program from Stationary Points. In the chart below the emissions of Nitrogen Oxides (NO_x) and Particulate Matter (PM) from the Cogeneration Boiler in the Paper Mill are shown. The calculations are made based on the results of an external analysis considering the flow of the equipment.

Atmospheric emissions from stationary sources - Paper Mill (kg)



The emissions from the Paper Mill were considered because they are more significant than the others.

GHG emissions from the transportation of employees (tons)



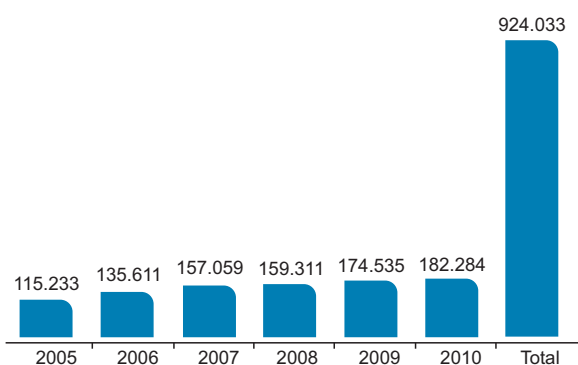
As a way of contributing to the projects and activities to alleviate the problem of global warming and reduce emissions of greenhouse gases, IRANI has the Cogeneration Plant and the Wastewater Treatment Plant projects, both considered as Clean Development Mechanism projects (CDM).

CDM - Cogeneration Plant

The installation of the Cogeneration Plant, at the Paper Mill, allowed for the deployment of a Clean Development Mechanism aimed at the marketing of carbon credits, this is registered at the United Nations (UN) as "Irani Biomass Electricity Generation Project", and was approved in 2006 and is available on the site <http://cdm.unfccc.int/Projects/DB/DNV-CUK1146170596.51/view>.

The project provides lower GHG emissions, because the inputs used to burn in the process come from forest-based waste (biomass), substituting the use of exhaustible natural resources. Between 2005 and 2010, the Certified Emission Reductions obtained totaled 924,033 tons of CO₂eq.

Certified emission reductions - Cogeneration Plant (tons CO₂eq)



The project made provided a financial return from the sale of carbon credits of R\$ 6,356,303.07 for the period 2006 to 2008. Between the periods 2009 and 2010 R\$ 3,512,953.68 were recognized, this amount has not been actually received, but it has already been included in the bookkeeping.

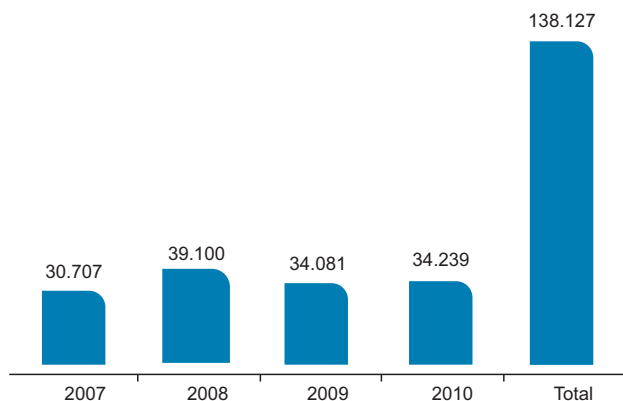
CDM - Modernization of the Wastewater Treatment Plant

Just as the previously mentioned project, the modernization of the Wastewater Treatment Plant, at the Paper Mill, is registered with the UN as the "Irani Wastewater Methane Avoidance Project", and was approved in 2008 and is available at <http://cdm.unfccc.int/Projects/DB/DNV-CUK1194334826.24/view>.

The project allows for the reduction of GHG emissions with the replacement of anaerobic degradation (without oxygen) for aerobic degradation (with oxygen) of organic matter. Between 2007 and 2010, certified emission reductions obtained totaled 138,127 tons of CO₂eq.



Certified emission reductions - Wastewater treatment Plant (tons CO₂eq)



The project enabled a financial return from the sale of carbon credits of R\$ 3,386,148.38 for the periods from 2007 to 2009. During 2010, R\$ 1,072,372.59, were recognized, this amount has not been actually received, but it has already been included in the bookkeeping.

In 2010, the Clean Development Mechanism projects enabled a reduction of 216,523 tons CO₂ eq, achieving the proposed goal (210,000 tons CO₂eq) in the 2009 Report.

Goal
2011

Reduce 210,000 tons of CO₂eq.

Consumption of substances that destroy the ozone layer

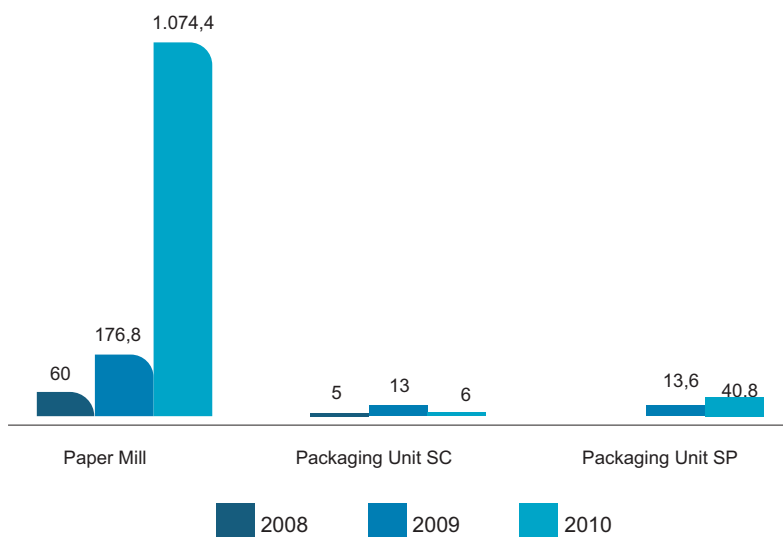
The Company uses the R-22 refrigerant gas, also known as HCFC-22 (chlorodifluoromethane) for the maintenance of air conditioners*.

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



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Emissions of substances that destroy the ozone layer, by weight



During 2010, the replacement of the gas R-22 in refrigerators in all the administrative office of the Unit Mill was carried out, causing the increase shown in the graph. With the intention of reducing the consumption of gas, there was the replacement of piping and damaged equipment. In the Packaging Unit - SP, there was an improvement in the record of information concerning the use of R-22 for 2009, justifying the increase in that unit.

Fight Pollution (Despoluir) Environmental Program



Since 2009, IRANI has maintained a partnership with the National Transport Confederation (CNT), together with the Federation of Freight Transport Companies and Logistics in the State of Santa Catarina (Fetranscsc), the Union of Transportation Companies from the West and Midwest of Santa Catarina (SetCom) and the Union of Passenger Transport from Catanduvas and Region (Setccar), with the Fight Pollution Program in the units in Vargem Bonita (SC). The goal is to reduce atmospheric pollutants emitted by vehicles, mitigating the environmental impacts of transport service the products, contributing to improved air quality and the rational use of fuels, and promote environmental education for the carriers in order to make them vigilant and disseminators of good environmental practices.

IRANI incorporated into the program all the vehicles in the fleet and also the outsource fleet; in 2010, 395 vehicles were checked. The verification of the vehicles of is conducted monthly by a specialized technician. The appropriate vehicles receive a green seal "Fight Pollution" seal, if the vehicle is not approved, the technician directs motorists to undergo adequacy tests.

In 2010, IRANI took part in the Best Air award, statewide, and was ranked No. 2. This award is to recognize the outstanding company in Environmental Qualification in Transport. The items used for the evaluation involve the number of vehicle checked, number of visits made and the number of vehicles approved.

Goal
2011

Take part again in the Best Air Award again and perform at least 500 checks.

Biodiversity



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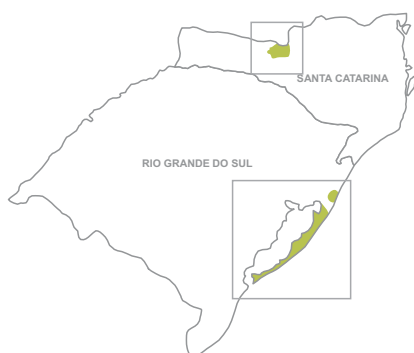
The IRANI Forestry operations are located in western Santa Catarina and on the coast of Rio Grande do Sul, within the Atlantic Forest biome, and characterized as The Araucaria Moist Forest in Santa Catarina, and the formation of dunes and salt marshes, in Rio Grande do Sul.

The Atlantic Forest is one of the biomes with the greatest biodiversity in the world and is considered as a hotspot (a priority area for conservation, which has a high biodiversity and is threatened at the highest level. In Brazil, there are

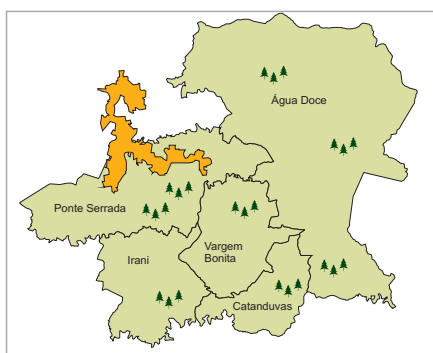
two hotspots: the Atlantic Forest and the Cerrado). This is actually a sum of diverse ecosystems, and interactions with structures that vary in each region, comprising about 20 thousand species of plants, 8,000 are endemic. The decrease of the areas belonging to this biome, over the years, due to human occupation of the most varied types, culminated in the creation of some legal provisions for protection, in particular Law No 11.428/06, known as the Atlantic Forest Law.

IRANI owns significant conserved areas typical of native forests and natural formations in the properties where it operates its forestry operations, ensuring the balance between production areas, consisting solely of planted forests and the maintenance of the local biodiversity.

Location of Forestry Areas



Forestry Areas in SC



▲ Áreas Florestais Celulose Irani (SC)

■ Parque Nacional das Araucárias

Forestry Areas in RS



▲ Áreas Florestais Habitasul Florestal (RS)

■ Parque Nacional Largo dos Peixes

Forestry areas of Santa Catarina

The forestry areas in Santa Catarina themselves comprise a total of 29,781 hectares, distributed in 5 municipalities and 14 properties. The areas destined for production correspond to 47% of the total and are interspersed with areas of conservation defined as Permanent Preservation Areas (APP); Legal Reserves, whose area exceeds the 25.7% required by law by 5% or 1,686 hectares ; other areas of native vegetation, totaling 44% of all the properties, as shown in the following table, the general characterization of land use.

SC Land Use		Área (ha)	%
Production Areas	<i>Pinus</i>	12.516	42,0
	<i>Eucalyptus</i>	1.451	4,9
	Other Species	103	0,3
Preservation Areas	APP	3.349	11,2
	Legal Reserve	7.643	25,7
	Other Areas	2.196	7,4
	Araucaria National Park	102	0,3
Infrastructure		2.421	8,1
Total		29.781	100

The forests, or the Company's own managed units in Santa Catarina have been 100% FSC certified since 2008, ensuring that the forestry production is conducted in an environmentally responsible, socially beneficial and economically viable way, following the principles that oversee the conservation of the biodiversity, for the rights of the workers and local communities. The certification of these forests ensures that about 60 to 70% of all wood used in pulp production is certified. Other wood that is used is considered to be source controlled and undergoes evaluations regarding the adhesion to the timber procurement policy, origin and social and environmental requirements.

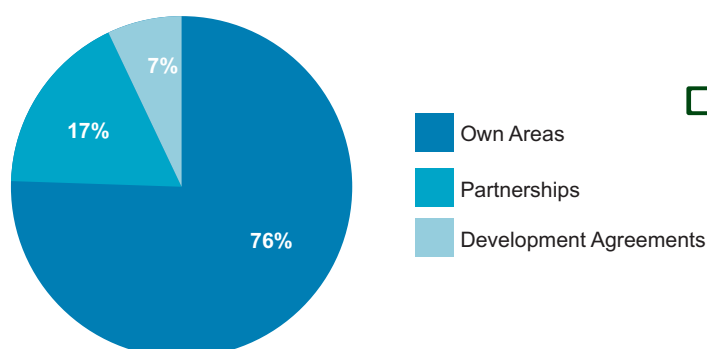
Some properties are adjacent to or partly inside the Araucaria National Park – a Federal Conservation Unit established in 2005. After the creation of this unit, IRANI attended several meetings to prepare its Management Plan and became a member of the Advisory Board

established through Ordinance No 6, January 25, 2010.

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

The Company has, since 2003, two cases currently pending before the Federal Court a civil action and a criminal action, both relate to environmental damage and are in the investigation phase undergoing instruction, and has not had the sentence pronounced in the first level by December 31, 2010.

Total Planted Area - SC



To learn more about the activities in Santa Catarina please visit [www.irani.com.br / media /planomanejoflorestal](http://www.irani.com.br/media/planomanejoflorestal) and check the Public Summary of Forest Management Plan. This document provides information relating to the history of the unit, the activities performed, forest management, the timber supply plan, among others.

The forestry areas in Rio Grande do Sul are distributed across five municipalities and comprise a total of 13,914 hectares; 13,531 hectares are the Companies own lands and 383 hectares are rented out. The producing areas correspond to 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.

Forestry areas in Rio Grande do Sul

Land Use RS		Area (ha)	%
Production Areas	Pine	8.720	62,7
	Eucalyptus	22	0,2
Preservation Areas		4.520	32,5
Infrastructure		652	4,7
Total		13.914	100

In November 2010, several farms, representing approximately 96% of the total planted area in this state, received the Operation License from the State Foundation of Environmental Protection Henrique Roessler (Fepam / RS). Some farms in São José do Norte have filed processes in Fepam, but this depends on the consent of ICMBIO because they are situated about 10 kilometers from the Parque Nacional da Lagoa do Peixe. The process of defining the Legal Reserves area and the environmental agency protocol should occur in early 2011.

The basis of forest management conducted by IRANI consist of the use of planted pine and eucalyptus forests for the production of wood and resin, using 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 the regions where it operates. It also performs preventive and mitigating deeds on the possible impacts resulting from its activities.

Major impacts on biodiversity	Mitigating measures
Extensive monoculture of exotic species	Preservation of native vegetation and existing natural areas (SC/RS) Partnerships reforestation (SC/RS) Studies of flora and fauna in protected areas (PA) Recovery of degraded areas (SC) Protected areas forming corridors (SC) Production, distribution and planting of native seedlings (SC) Using species that have a high productivity (SC/RS)
Use of species that have an easy dispersion of (Pinus)	Control of dispersion in non-commercial area (SC/RS)

Seeking to deepen the knowledge about the environmental impacts of their activities and to act more widely to minimize or eliminate these impacts, IRANI, in partnership with the Federal University of Rio Grande do Sul (UFRGS), has carried out research since 2008 on the environmental effects of the management of *Pinus elliottii* in Rio Grande do Sul. In this study, the aspects of the management of these species as a potential for dispersal, allelopathic potential, carbon sequestration in resin forests and the survey of species associated with pine forests are evaluated.

In 2010 in the areas of Santa Catarina a Furb research project, from the University of Blumenau (SC) was initiated with the aim of evaluating the potential dispersion of pine in the surrounding reforestation areas, as well as study and evaluate alternative methods to the chemical control in the of combat ants.



Production of native seedlings

The Forestry Nursery of Santa Catarina, in addition to producing pine and eucalyptus seedlings for its commercial plantations aimed at producing wood, also produces seedlings of the native species from the region, which are intended for enrichment planting in areas of conservation, the re-vegetation of degraded areas, distribution in events dedicated to environmental education and donations to community and interested public. In 2010, 41,621 seedlings were produced from 44 different species; of these, 18,136 were seedlings of endangered species (*Araucaria* and Brazilian Walnut). In 2010, 5,056 seedlings were donated to employees, environmental organizations, and communities and prefectures, 505 seedlings were planted in restoration or enhancement projects in the conservation areas of the company.

Two recovery projects are ongoing in the Permanent Preservation Areas (APP), one in the Riacho da Anta (near the industrial areas in Campina da Alegria) and another around the Usina Flor do Mato reservoir. The two projects are monitored and tracked by FATMA, which granted the recovery license. The APP for Riacho da Anta allowed the re-vegetation of 15.22 hectares, this being 7.28 hectares of the Riacho da Anta APP and 7.94 acres in areas of compensation by planting of 7,951 seedlings of 16 species

“ The expectation of the Environmental Foundation (FATMA) is to maintain a relationship always open to the discussions of specific projects and ideas, seeking the equilibrium of the environment. We trust the preventive and sustainable measures that Celulose Irani carries out in their activities, and this facilitates our work. ”

Camila Rebelatto, FATMA Sanitary and Environmental Engineer.

native to the region. This project was recognized in 18th Expressão Ecologia Award in 2010.

In the re-vegetation project at the Flor do Mato Plant, about 4,450 seedlings of 12 species native to the region were planted, among them *Araucaria* and Brazilian Walnut that are threatened with extinction. The species identified for the project have a good degree of adaptability to environmental conditions and enable the coverage required along the waterway. They favor the restoration of wildlife and maintenance of water balance, accelerating the natural process of forest development.

Re-vegetation of the APP is an important strategy that enables the recovery of part of the local biodiversity, facilitating biological processes related to maintaining the forests ecosystem, by planting, implantation and management of native species.

Researching the flora and fauna

IRANI carries out and supports research with the potential to generate more knowledge of the interactions between flora and fauna and planted forests, aiming at improving management methods and enabling the definition of environmental indicators of that management.



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Ongoing projects:

- The Capuchin monkeys (*Cebus nigritus*, Cebidae, Mammalia) and commercial *Pinus* spp plantations: the problem, its causes and management proposals - Embrapa Forestry & Dieter Liebsch;
- Ecology of wild boar (*Sus scrofa*) introduced in Santa Catarina: interaction with native boars and Conservation of Araucaria Forest - Caipora Cooperative for the Conservation and Protection of Natural Resources & Federal University of Rio de Janeiro & Carlos Salvador;

Projects Completed in 2010:

- Diversity of Amphibians in Araucaria Forest - Universidade Estadual Paulista (UNESP) & Carlos Eduardo Conte;
- Floristic and phytosociological survey of the Celulose Irani SA properties - Embrapa Forestry & Dieter Liebsch;
- Semi-qualitative inventory of birds in the Celulose Irani SA properties - Embrapa Forestry & Leonardo R. Deconto;

Data from research conducted in Santa Catarina has revealed the presence of 125 species of arboreal flora. Of these, five are on the list of endangered species of the Ministry of Environment (Instruction No. 6, 24/09/2008). The species are: *Araucaria angustifolia* (Araucaria), *Ocotea porosa* (Brazilian walnut), *Dicksonia sellowiana* (tree fern), *Butia eryspata* (jelly palm) and *quilaja brasiliensis* (saponaria). In the wildlife studies 162 species of birds, 45 mammals and 33 amphibians have been identified in the field.



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Monitoring and surveillance

As a measure of security and protection of its forests in Santa Catarina, Celulose Irani retains, on some properties, forestry guards who monitor access to properties. This practice helps to deter illegal activities such as hunting, fishing and others. Additionally, it has collaborated with the Environmental Police in Santa Catarina to intensify the fight against these events by monitoring and environmental education in the areas near to the Company.

To prevent forestry fires breaking out, periodically the maintenance of firebreaks and boundaries is carried out. Even so, the company maintains an equipped fire brigade that is trained to combat any event, and the training is given by the Irani Volunteer Fire Brigade, an institution that has an agreement with IRANI since 2007. In addition to training and lectures, the main activity foreseen in this partnership

is to support fire fighting and environmental education events.

Another measure of control and monitoring in these areas is the procedure for fishing in reservoirs and rivers that cross IRANI properties, in Santa Catarina.

In this procedure, fishing is permitted with the application and registration of visitors. This practice, in addition to benefiting the community as a leisure option, nurtures the awareness of users in relation to environmental issues, highlighting topics such as spawning, conservation of water resources and the environment.

In 2010, the ichthyofauna study was concluded, which began in 2008. This was conducted in the area of influence of the PCH Flor do Mato reservoir, in Ponte Serrada (SC), aiming to analyze the quantity of fish species in the reservoir and establish an Integrated Quality Index (IQI), using fish populations as bio-indicators for assessing the water quality. This study allowed for the identification of the existing biodiversity in the Mato River, a water resource

that receives the treated wastewater from the Paper and Packaging Units - SC. The collections, which have been authorized by the Brazilian Institute of Environment (IBAMA), and in partnership with the Universidade do Contestado (UnC), resulted in 908 specimens belonging to 11 species distributed in 6 families. Of the species that were caught, nine are native and two are exotic species, as shown in the following table.



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Species of fish captured in the sampling points

Family	Species	Common Name
Cyprinidae	<i>Ctenopharyngodon idellus</i>	Grass Carp
	<i>Cyprinus carpio</i>	Mirror Carp
	<i>Astyanax jacuhiensis</i>	Astyanax jacuhiensis
Characidae	<i>Astyanax sp.</i>	Astyanax sp.
	<i>Oligosarcus brevioris</i>	Oligosarcus brevioris
	<i>Oligosarcus sp.</i>	Oligosarcus sp.
Erythrinidae	<i>Hoplias malabaricus</i>	Wolf Fish
Heptapteridae	<i>Rhamdia quelen</i>	Giant Amazon Catfish
Loricariidae	<i>Hypostomus commersoni</i>	Hypostomus commersoni
	<i>Rineloricaria zaina</i>	Armored catfish
Cichlidae	<i>Geophagus brasiliensis</i>	Angelfish

Of the 11 species of fish caught, three are small, three are medium sized and 5 are large, of commercial importance. In relation to food habits, the prevalence is scavengers (46%), which mainly eat algae and detritus, followed by the fish-eating species (36%). Less common are omnivores (18%), which feed on algae, invertebrates and fish.

It has been established by Karr (1981) that water samples with less than 20% of individual omnivorous are a good quality, while those with more than 45% of omnivores are severely degraded. In the Flor do Mato reservoir, only 18% of species are omnivorous. In accordance with the procedures established by Karr, one can infer that the sample is a good quality.

Based on the calculation of the Index of Integrated Quality (IQ), most of the sampling points of the reservoir showed a

good quality of water, and the mutagenicity test showed a low incidence of micronuclei, showing no mutagenic and the clastogenic effect of the substances in the water. Micronuclei are corpuscles formed by chromosomes that are scattered in the cytoplasm of the cell and this can be caused by the exposure of organisms to toxic substances in the environment.

In 2011, the monitoring of the new fish reservoir PCH Flor do Mato, which will enable new information, including the question of restocking of fish. The monitoring will also be extended to the Cristo Rei & São Luiz PCH's reservoirs.

Goal
2011

Continue the project in the PCH Flor do Mato and extend to the PCHs São Luiz and Cristo Rei.



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The main characteristics of fish species caught in River do Mato, in the area of influence of the reservoir of PCH Flor do Mato, municipality of Ponte Serrada, SC are:

Família Cyprinidae

Ctenopharyngodon idellus – Grass Carp



Tall Body, triangular head, covered with "small" scales, mouth has two pairs of barbels, one shorter than the other.

Cyprinus carpio – Mirror Carp



Tall body, triangular head, covered with large scales; mouth has two pairs of barbels, one shorter than the other.

Família Characidae

Astyanax jacuhiensis (= *A. bimaculatus*) – Astyanax jacuhiensis



Body covered with scales, a horizontal oval black humeral spot, a black diamond shaped stain on the peduncle at the ends of the middle caudal rays.

Astyanax sp.



Body with scales, two humeral spots, side band that extends to the median caudal rays, fins in shades of yellow, with slightly dark edges.

Oligosarcus brevioris – tambicu (saicanga)



Body covered with small scales, a dark humeral spot vertically elongated, short snout, mandible and pre-maxilla with strong teeth.

Oligosarcus sp. – tambicu (saicanga)



Body covered with large scales, two humeral spots, dark, short snout, mandible and pre-maxilla with strong teeth.

Familia Erythrinidae

Hoplias malabaricus - Wolf Fish



Conical and canine teeth, missing adipose, yellowish-brown color with irregular dark spots.

Família Loricariidae

Hypostomus commersoni - Giant Amazon Catfish



Body covered with bony plates, colored dark gray, 3 rows of side plates with fins, black spots on the body, low mouth.

Familia Loricariidae

Rineloricaria zaina – Armored catfish



Body-coated with plates, abdomen coated with small bony plates, stained brown-yellow mouth with rounded sucker shaped lips

Família Heptapteridae

Rhamdia quelen - Giant Amazon Catfish



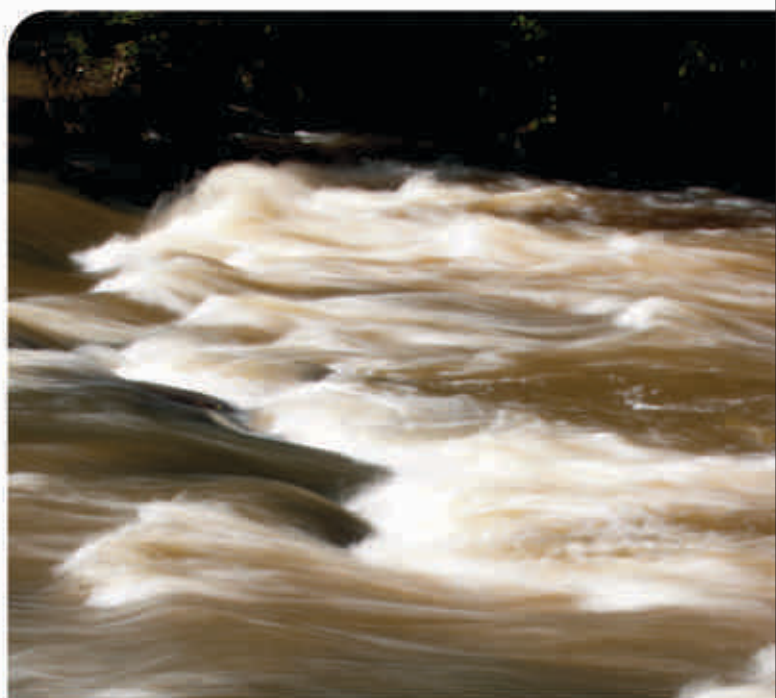
Leather body and elongated, very long adipose fin, long barbels, surpassing the pelvic origin, color yellowish-brown or grayish.

Familia Cichlidae

Geophagus brasiliensis – Angelfish



Body with scales, dorsal base without a preceding spine, tall body, and light brown with a dark band at the base of the dorsal to the lower region of the head.





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Some of the steps taken to mitigate environmental impacts.

Packaging Unit SC

- Implanting a corrugated cardboard packaging project, to replace plastic bags in supermarkets and packaging for transport of liquid ink, for the replacement of cans and plastic containers. These two activities will provide a reduction in the impact of waste due to the time of decomposition of the plastic in relation to the paper.

- Planning of scheduled technical visits, reducing fuel consumption therefore reducing the impact of atmospheric emissions.

Packaging Unit SP

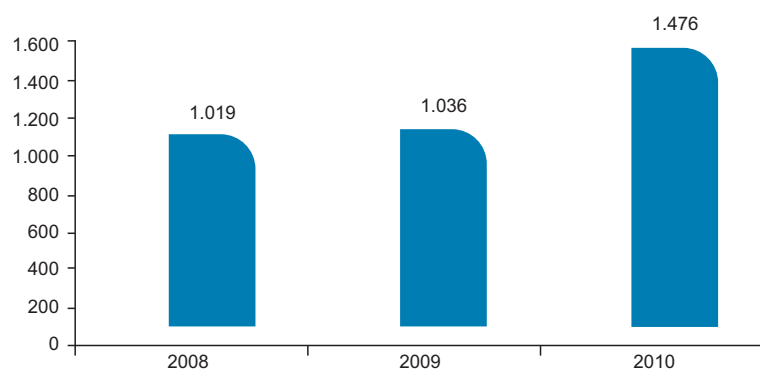
- Replacing the fastening tape made from PP (Polypropylene - Plastic Resin 100% pure) material for PET tapes (Polystyrene - recycled material). The main gain was to be able to reduce the extraction of raw materials from nature and, therefore, the possibility to reduce by 17% the cost of the fastening tape.

Environmental Education

The environmental education program is aimed at all interested parties, including employees, schools, universities, customers, suppliers and communities from the region, aiming to contribute to the advancement of environmental awareness.

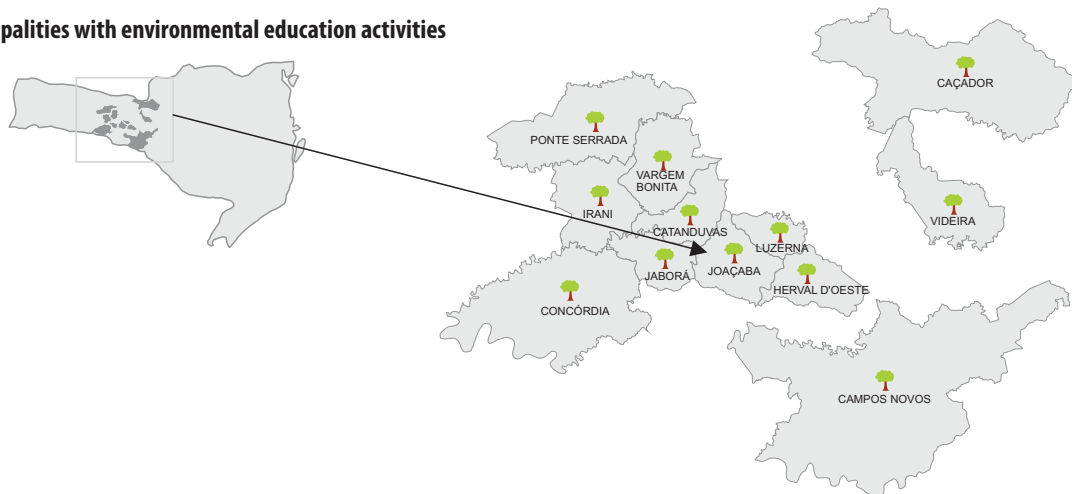
Between 2006 and 2010, 5,182 hours of environmental education for employees were provided, as described in the following table. During this period, approximately 14,072 people became involved (employees, students, suppliers, customers, community) in activities relating to environmental education.

Hours made available for environmental education



The schools and universities where environmental education activities were carried out are located in western Santa Catarina, comprising 12 municipalities.

Municipalities with environmental education activities



In 2010, the Environmental Education program received external recognition from the 8th Brazilian Environmental Benchmarking. This award recognizes Brazilian companies that aim to spread strengthen and encourage the adoption of appropriate social and environmental practices. It is a Brazilian initiative with international scope and recognition.



Summary of actions and events dedicated to Environmental Education

Event	Unit	Activity	Location	Target Audience
Water Day	Paper, Packaging SC and Forestry	Lecture	IRANI	Employees, residents of Vila Campina da Alegria
		Lecture and eco walks	IRANI Ecological trail	Students from São José, Herval d' Oeste (SC)
		Theatre and music	Campina da Alegria	Students from Galeazzo Paganelli School, Campina da Alegria
		Fishing Contest	Flor do Mato Reservoir	Employees, family, residents of the Village, guests.
		Waste collection	Flor do Mato Reservoir	Teams participating in the fishing contest
Environmental week	Paper, Packaging SC and Forestry	Lecture on the environment	São José, de Herval d' Oeste (SC) Galeazzo Paganelli School, Campina da Alegria	Students
		Land reclamation	IRANI	Collaborators
		Publicizing the oil recycling project	Vila Campina da Alegria	Residents from the community
		Disclosure of recycled PET bottles	Vila Campina da Alegria	Residents from the community
		Group effort to collect cigarette butts	IRANI	Employees
		Photo contest (voting)	IRANI	Employees
		Distribution of vehicular trash containers	IRANI	Employees
		Awareness among truck drivers	IRANI	Drivers
		Dynamics in the restaurant (guess the number of pine nuts)	IRANI	Employees
Day of the Tree	Paper, Packaging SC, Forestry and Indaiatuba	Donation of seedlings and pamphlets	IRANI	Employees and entities
		Ecological trophy Contest	IRANI	Employees
		Exposure of native plants and seeds	IRANI	Employees
		Talk on flora and fauna	IRANI	Employees
		Photo exhibition on the selective collection and blog IRANI	IRANI	Employees

Summary of actions and events dedicated to Environmental Education

Event	Unit	Activity	Location	Target Audience
Day of the River	Paper, Packaging SC and Forestry	Release of fish	Riacho da Anta	Employees
		Ecological Walk	Trilha ecológica	Students from Galeazzo Paganelli School, Campina da Alegria
		Lecture, ecological walks and visits to the nursery and forestry lookout	IRANI	Customers and suppliers
		Talk, walk and visit to the ecological forest nursery	IRANI	Students from São Francisco, Luzerna (SC)

Total investments in environmental protection

Year	Investment
2010	R\$ 1.323.584,70
2009	R\$ 1.503.325,17
2008	R\$ 3.463.683,02



ENVIRONMENTAL INVESTMENTS 2010

Type	Action/Project	Environmental Benefits	Unit	Investments
Costs of waste disposal, treatment of emissions and remediation costs	Maintaining the Permanent Preservation Area of Ribeirão da Anta	Restoration and restructuring the banks of the stream and reversing the fragmentation of native vegetation remnants.	Paper	R\$ 2.392,19
	Maintenance of the permanent conservation area	Restoration of the area around the lakes.	Packaging SP	R\$ 33.922,67
	Recovery and Enrichment of Forests	Environmental adaptation and improvement of environmental quality.	Forest SC	R\$ 870,00
	Waste Disposal	Correct disposal of waste generated in the process.	Paper	R\$ 771.349,70
	Research Project (to use ash and lime mud in reforestation)	Correct disposal of waste generated in the process.	Paper and Forest SC	R\$ 23.466,63
	Waste Disposal	Correct disposal of waste generated in the process.	Packaging SC	R\$ 48.879,95
	Waste Disposal	Correct disposal of waste generated in the process.	Packaging SP	R\$ 49.177,87
	External laboratory analysis	Periodic monitoring of wastewater and byproducts.	Paper	R\$ 11.815,72
	Internal Laboratory testing	Periodic monitoring of wastewater and byproducts.	Paper	R\$ 12.541,78
	External laboratory analysis	Monitoring of wastewater (nursery) and analysis of spring water (guardians).	Forest SC	R\$ 2.669,70
Costs of prevention and environmental management	External laboratory analysis	Monitoring and analysis of the wastewater water from wells and cleaning of reservoirs.	Packaging SP	R\$ 6.680,13
	Construction of new landfill for waste disposal class II-B	Correct disposal of waste generated in the process.	Paper	R\$ 4.049,53
	Channel ETE Construction	Avoid soil contamination.	Paper	R\$ 15.760,40

Costs of prevention and environmental management	Carbon inventory	Identification and quantification of GHG emissions and removals; chance to assess new CDM projects, greater transparency of information regarding the sustainability report.	Paper	R\$ 15.057,62
	Environmental education	Awareness and motivation of stakeholders to develop actions conscious and environment-friendly.	Paper	R\$ 2.977,54
	Ichthyofauna Project	Survey and evaluation of local biodiversity through bio-indicators.	Paper	R\$ 1.347,92
	Courtyard Sewage	Adequacy of the sewer system to prevent soil contamination.	Paper	R\$ 11.151,79
	Installation of the cooling tower at MP V	Reuse of water, reducing consumption.	Paper	R\$ 125.635,11
	Research Projects (Flora and Fauna)	Greater knowledge of the interaction flora x fauna x forestry for the improvement in management methods, survey of local biodiversity, identification and monitoring of management environmental indicators.	Forest SC	R\$ 69.447,41
	Maintenance of Ecological Trail	Environmental Education	Forest SC	R\$ 6.190,00
	Native Seedling Production	Environmental education and enrichment of forests.	Forest SC	R\$ 20.414,00
	Drainage Embankment	Reduced risk of soil contamination and Anta Creek by leaking chemicals or wastewater.	Packaging SC	R\$ 24.732,09
	Optimizing steam line OND 2	Reduction of steam consumption and consequently CO 2 emissions and consumption of biomass.	Packaging SC	R\$ 61.745,11
	Extension of paint house	Reduction of waste paint and wastewater generation.	Packaging SC	R\$ 1.309,84

R\$ 1.323.584,70

Relationships

IRANI has for some time, been devoting special attention to people who are part of its social network. They are shareholders, customers, employees, neighbors, suppliers, government and society that participate in their daily lives and their growth. With these groups, there is a commitment to establish, maintain and enhance relationships based on respect, transparency and ethics. Over the years, the Company has sought to build long-term partnerships, to establish channels of communication and build mutual trust in order to meet the demands. With this, one can contribute to your own growth, its partnerships and the communities where it operates.





Map of Stakeholders



Shareholders

Celulose Irani has been a public company since 1977, belonging to the traditional segment of the BM&FBOVESPA, with shares traded under the code RANI 3 (Common) and RANI 4 (Preferred). It endeavors to maintain with shareholders and potential investors, dialogue channels through which they are informed about the activities and results. The principal means of communication and relationship are: Investor Relations

website (www.irani.com.br/ri); direct channel to the Director of Investor Relations by e-mail ri@irani.com.br; a Contact Us tool in the IR site, e-mail alert; disclosure of Annual Financial Statements and Quarterly Information (ITR); the general meeting, ordinary and extraordinary, and the Annual Report.

In December 2010, the percentage of the outstanding capital stock (free float) was 11% and the drivers held 88% of its total capital.

Stock Ownership Breakdown- 12/31/2010

Shareholders	Total Shares	Percentage (%)	Ordinary Shares	Percentage (%)	Preferential Shares	Percentage (%)
Controllers	7.153.053	88,26	6.723.920	90,08	429.133	67,00
Treasury Stock	14.702	0,19	13.502	0,19	1.200	0,19
Administrators Shares	85.410	1,05	60.486	0,81	24.924	3,89
Share in circulation	851.335	10,50	666.079	8,92	185.256	28,92
Total Shares	8.104.500	100	7.463.987	100	640.513	100

“

Over the past four years, Celulose Irani SA has made investments that exceeded R\$ 200 million in expanding production capacity, in improving the sustainability of its operations and technological modernization of their plants, causing it to take on a relevant position in the sector where it operates. As a minority shareholder, I have the expectation and confidence that the company management obtain the due return on their investments and that is reflected in the growth of its value. This would encourage controlling shareholders to make use of the tools and resources from the stock market to the benefit of the company's continued expansion and increase the liquidity of its shares, a prerequisite to release its unequivocal valorization potential.

Paulo Fernando Gross, IRANI shareholder.

”

Distribution of dividends

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

The General Meeting of 29 April 2011 approved the

distribution of dividends for 2010 for the amount of R\$ 9,730,000, corresponding to R \$ 1.32 per preferred share and \$ 1.20 per common share. There is no incidence of Income Tax on these figures.

Clients



IRANI invests in deeds that enhance the partnership relationship with customers, as Sales Administrative, which welcomes criticisms and suggestions, Irani Online - portal for transparency with the client and the Preventive and Corrective Technical Assistance Service and the Development, which, through the concept of customer focus, in search of a glance, identifies opportunities and anticipated needs. There is also the cycle of technical talks, which aims to strengthen relationships and encourage the growth of clients.

The work that was carried out to strengthen relationships with customers includes technical visits, development of partnerships, as well as participation in events. On these occasions, programs and internal methodologies are made known to the client that impact directly on the delivered product. In 2010, IRANI again participated in the Brazil Foods Quality Week (BRF), in Capinzal (SC). In this event, which involved more than 5,000 employees and students from schools around the factories, the Management Excellence Model (MEG) and the Program MORE IRANI, lean manufacturing were addressed.

“

We live in a true alliance with Celulose Irani, which carried out investments to increase sales volume and consequently purchases in 2011. The Company provides reliability, which is also seen in the products through the excellent machinability, quality, consistency, zero errors and respect for the environment. We hope that the customer focus is always maintained by IRANI, because it makes all the difference! We hope that there will always be the spirit of the alliance because it is this that supports a real relationship!

Alexandre Gonçalves, Casa Sol.

”



IRANI carries out customer training in order to present a differentiated view of corrugated cardboard packaging and the correct forms of use and handling. Thus, it contributes to reduce customer costs and further solidifies the relationship between the parties. It also promotes internal events with the participation of its customers. The event held by IRANI depicts the Day of Quality, celebrated on November 12, with the participation of clients from the Paper Mill and Packaging Units - SC in a special program, aimed at raising awareness about the importance of quality and ISO 9001 certification using dynamics and lectures.

IRANI went on to produce BagKraft paper as a differential to 100% recycled paper. Its primary application is in the retail bags segment for major brands in Brazil. By having part of its composition in cellulose, the paper has a greater physical resistance for the bag, plus an excellent printing capability.

The assessment of satisfaction and dissatisfaction of customers is done through an annual survey. In 2010, there was an increase in the customer-sampling base of the Paper and Packaging business for issues such as deepening insights into commercial areas, production, pricing and sustainability as well as the Company's image.

“

Relationships become healthy when, in addition to the monetary and volume values, the ethical principles, values and corporate culture of sustainability are important. It was these pillars that concreted the relationship between FRIMESA and IRANI and boosted our business in 2011. We hope to grow in our relationship at least at the pace of FRIMESA.

”

Elias José Zydek, Executive Director of Frimesa.

In 2010, we assessed 115 clients from domestic and foreign markets. From the main results the favorability of IRANI customers to indicate the Company to other companies was calculated, the contribution to the growth of their business and the influence of the deeds relating to sustainability at the time of the purchase decision. Moreover, technical assistance made in a preventive way and the flexibility of the commercial area, the partnership in product development and training sessions on the customer's premises were highlighted as positive points.

Also in 2010, IRANI participated in the Sustainable Packaging Day, showing their success stories to the workforce and other suppliers of Sadia. IRANI conducts training for clients in order to present a differentiated view of corrugated cardboard packaging and the correct forms of use and handling. This way it contributes to reduce customer costs and further solidifies the relationship between the parties. It also promotes internal events with the participation of their clients. The event held by IRANI depicting the Quality Day, celebrated on November 12, with the participation of the Paper Mill and Packaging Units -SC customers in a special program, aimed at raising awareness about the importance of quality and ISO 9001 certification by dynamics and lectures.

IRANI started to produce the paper BagKraft as a differential to 100% recycled paper. Its primary application is in the retail bags segment for major brands in Brazil. By having part of its composition in cellulose, the paper provides a greater physical resistance for the bag, plus an excellent printing capability.

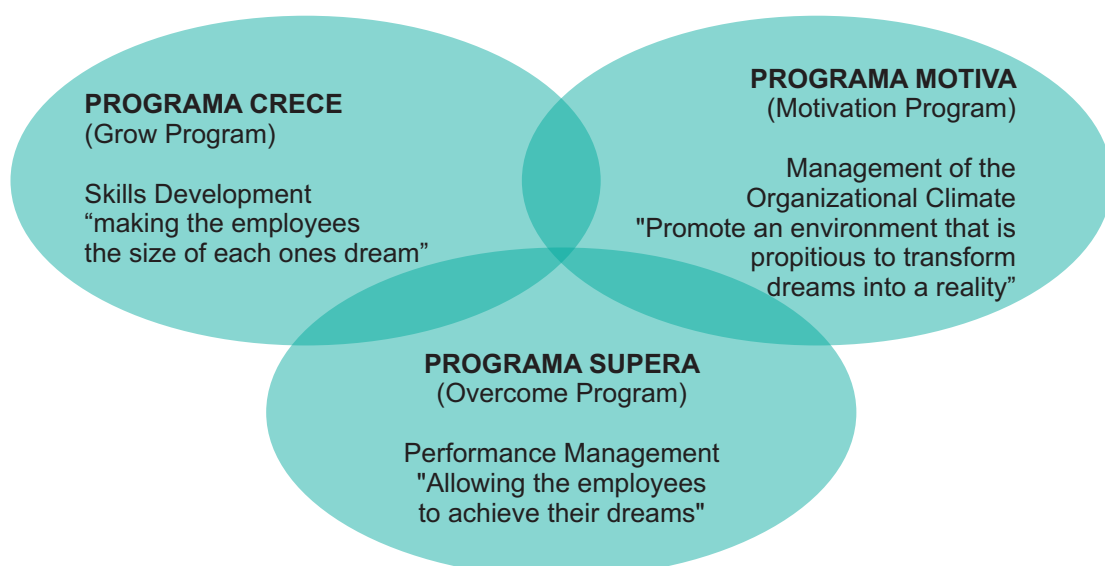
Aiming to create a distinctive image of its fleet in the delivery of products to customers, IRANI began to disclose its trademark on the tarp sides on delivery trucks. Today there are 34 trucks carrying the brand IRANI across its operational area.

Employees



With its focus on people, the change to the name of the area in 2010 to Personnel Development (DES) sought to exclude the idea of the human as being a resource and endeavored to get nearer to the idea of developing people, by encouraging self-knowledge and integral human development. Since then, the area took on three

commitments with the workforce, based on the premise that **there is no excellent company without excellent people**. Each commitment is linked to one of three structural Programs, which began in 2008 and were improved in 2010.



Program Cresce

This was the name chosen for renaming the IRANI Skills Development Program (PDCI), which aims to align the activities of training and personnel development strategies of the Company.

The CRECE (Grow) program works in the development of five basic skills (Communication; Culture of Quality; Focus on Results; Leadership and Planning; Organization and Control), and 5 differentiators (Relationship Building; Creativity and Innovation / Research and Development; Entrepreneurship; Customer Focus ; Technology) defined by the Board of the Company, which was inspired by the IRANI Strategic Planning.

The main activities performed by this program were - Cinema Popcorn; Leadership Development Program; IRANIDEIAS; IRANI Multiplying Agent; Interpersonal Development Program; Speak Now Program and the education Incentives Policy.

MAJOR ACTIVITIES



• **Cine Popcorn:** the strategic capacities defined by IRANI are discussed after a movie, popcorn and soda session, in a relaxed and participatory way.

• **Leadership Development:** a training program for current leaders so they can be prepared to undertake the management of people with a focus on results.

• **Interpersonal Development:** prepared for the employees to develop "Building Relationships" skills through experiential activities, focused on the themes of perception of one's self and the other, self-awareness, communication, feedback and teamwork.

• **Speak Now Program:** disseminates good practices applied to the workplace by employees and shares this expertise with other colleagues. In 2010, Speak Now Program showed competent communication.

• **IRANIDEIAS:** is a program designed to stimulate the integration and competence, creativity and innovation that honors to the ideas suggested by employees, so that they can be used for process improvements.

• **IRANI Multiplying Agent:** dissemination of the employee's knowledge carried out internally by employees to handle specific issues

Motivation Program

In 2010, the Organizational Climate Management Program was redesigned and renamed MOTIVA. This Program was conceived in the belief that an important part of the dreams of everyone is realized at work and that this should be a motivating and stimulating environment for people to feel satisfied and accomplished. With this project, it is expected that the employees create an identity for the company, feeling part of a project built together, developing and growing with the company.

Within this program, the Organizational Climate Survey is realized, and the results are worked out with the support of the Support Group of the Organizational Climate Management of the industrial units Paper Mill, Packaging - SC and Packaging - SP and action plans, aiming to improve the work environment.



We had many improvements since the creation of the Climate Management Group at the Packaging Unit - SP. Beginning with the creation of Breakfast with the Group until the agreements were signed and sporting events conducted in order to promote the integration between the areas. This shows us that IRANI cares about the employees inside and outside the workplace. I expect it to continue doing deeds that improve the organizational climate, which contributes to the growth of the Company.



José Carlos dos Santos is an employee in the of Shipping area of the Packaging Unit SP, he has been in IRANI for 3 years.



EXCLUSIVE
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CONTENT

Activities of the MOTIVA Program carried out in the Paper Mill

- Special Activities for selling products for Father's Day.
- Fellowship lunches at the end of the year.
- Special Lunch celebrating the results achieved and the delivery of T-shirts
- Support for the IRANIDEIAS Program.
- Acquisition of customized umbrellas.
- Special activities for Christmas.
- Benchmark in the 3M company.
- Breakfast with the Managing Director.
- Construction and renovation of bathrooms.
- FEMUFI - IRANI Employees Music Festival.
- Party Julina. (Typical country bumpkin party)
- Implementation of the Management Boards in sight.
- Awareness of the leaders for the theme Organizational Climate Management.

Activities of the MOTIVA Program carried out in the Packaging Unit - SC

- 1st Julina party and stall.
- 1st Cinema Popcorn for employees, families and residents of the Village.
- Presentation of internal talents.
- Presentation of Results and monthly lectures.
- Acquisition of umbrellas.
- Suggestion boxes for improving the work environment.
- Birthday Card for the Birthday boy/girl
- Celebration of Records with employees from all shifts.
- Activities depicting Christmas.
- Invitation to the employees to take part in the meetings that month.
- Integration of staff in all areas of Packaging - SC.
- Wall Notice and Communication Boards "Valuing your Performance."
- Partnership in the 1st Packaging Technology week.

- Support the IRANIdeias program.
- Special gift for all employees of the Packaging Unit - SC for the record production of 5 thousand tons.

Activities of the MOTIVA Program carried out in the Packaging Unit - SP

- 1st internal soccer championship.
- 1st Tournament Mixed Truco. (type of card game)
- Support the Family Project in the Company.
- Various activities depicting Christmas.
- Breakfast with the Climate Group Management.
- Breakfast with the Managing Director.
- Special agreement with cinema.
- Demonstration of cosmetics and beauty products to be bought in installments for Valentine's Day.
- Devolution of Breakfast with the Climate Group Management.
- Year-end fraternization party.
- Integration of staff during Brazil's World Cup games.
- Lecture on Income Tax for Individuals and Electronic Invoicing.
- Participation in the SESI. Industrial Society Soccer Championship
- Participation in the SESI. industry games
- Fishing in the Company.
- Motivational movie session.
- Mixed sand volleyball tournament.

The Integration Sporting Competition event held in celebration of Labor Day, followed by donation of resources that were obtained (clothing, food and toys), was held by the Climate Management Support Group for the Paper and Packaging Units - SC and donated 300 toys in all, 400 kg of food and more than 11,000 pieces of clothing to six surrounding municipalities.

Supera Program

The goal of the SUPERA (Excell) program is to promote employee development, creating a culture of the management of individual performance, developing a feedback culture through appropriate assessment, boost productivity, and identify potential talents and recognize differentiated results.

The SUPERA program compares the competency assessments from the CRECE Program with the achievement of targets set in a participatory manner at the start of the annual cycle. The result of this verification is analyzed within a range in which the employee can meet

the critical areas of attention, care or excellence.

Employees receive a portion of variable pay based on their performance in the program, which can reach 150% of their nominal wage, at the end of each cycle. In addition, employees receive from the direct leadership, feedback on the performance and, when necessary, action plans are drawn up for the development of the employee. The leaders have undergone specific training for the creation of the feedback.

Communication

The mainstream methods of communication are: Intranet, Internet, Irani World Newsletter, Sustainability Report, notice boards, and mainly through the communication from the leadership. On the Intranet, there is a tool called Contact Us, through which any employee can send suggestions, register complaints, ask questions and provide recommendations. This tool is also available on the IRANI site.

Family Program in the Company

The Family Program in the Company has been ongoing since 2006 in the Paper and Packaging Units - SC, and in 2010, it was extended to the Packaging Unit - SP. The employees invite their families to learn about the entire production process and their work areas in visits monitored by safety professionals. Throughout the year, 99 people participated in the visits and were given an exclusive T-shirt and transport from the Program.

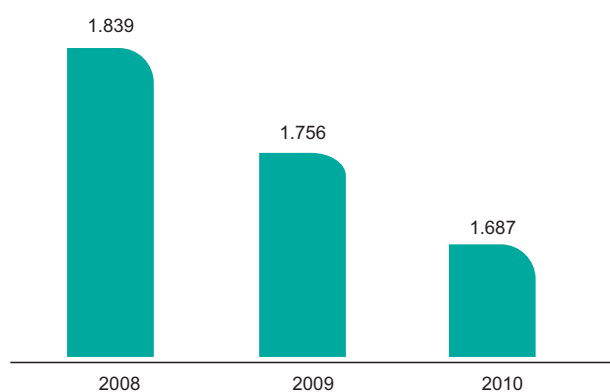
Labor practices and decent work

Through the Code of Ethics, the Social Responsibility Policy and Selection of People and the adherence to the Global Business Pact for Integrity and Against Corruption, the Company assumed a public commitment to respect the Labor Practices and stimulate Decent Work, respecting Privacy and diversity of its employees and not agreeing with any discriminatory attitudes that interfere with the freedom of association and collective bargaining agreement. In this sense, it operates as standards based on the Consolidation of Labour Laws (CLT), the International Labour Organisation (ILO) and the Universal Declaration of Human Rights.

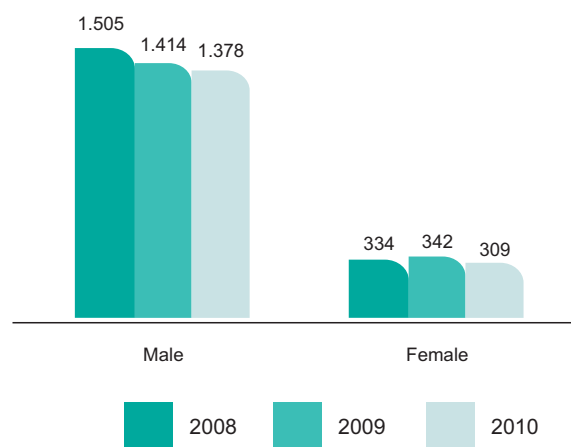
The Personnel Development area intends to formalize a standard procedure in cases of the closing of units or big changes in order to preserve the integrity of the human rights of the personnel.



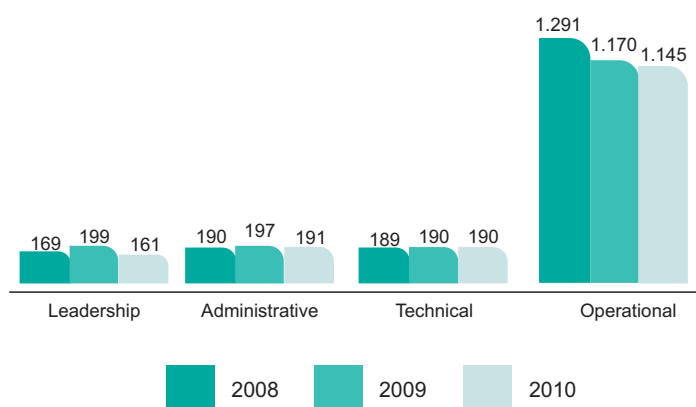
Number of employees



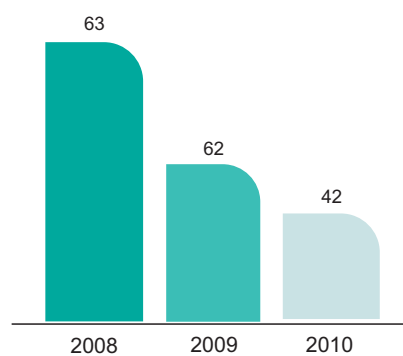
Number of employees (by gender)



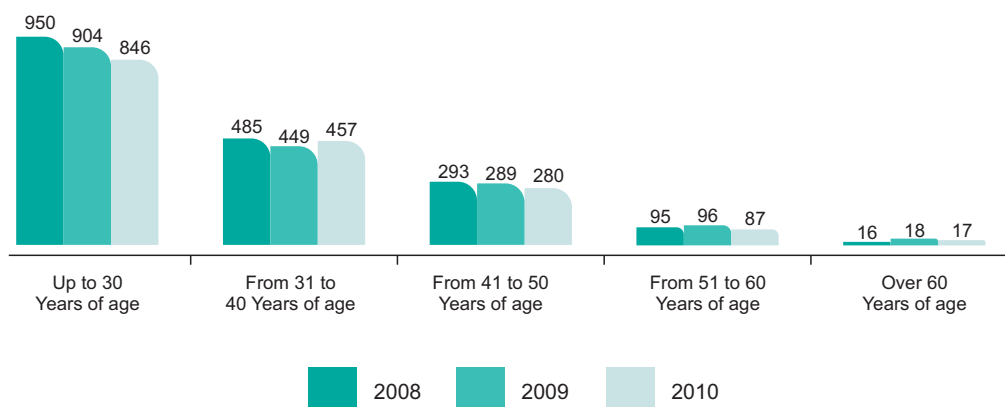
Number of employees (by employment category)



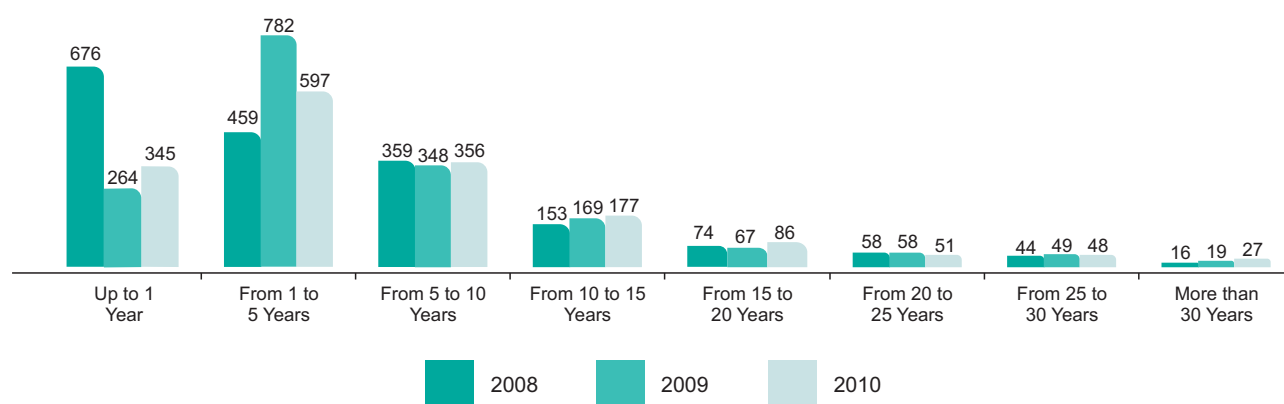
Number of Interns/Trainees (Consolidated)



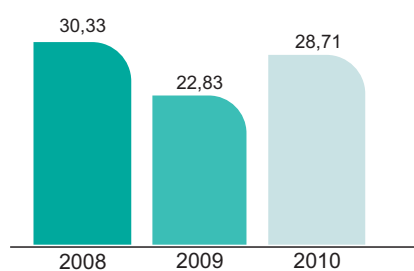
Age Range (consolidated)



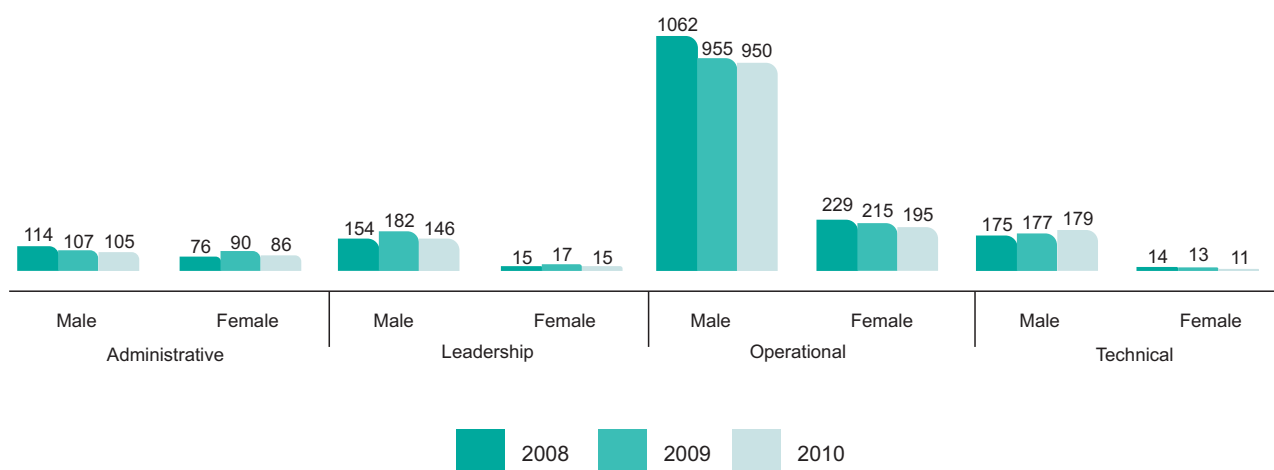
Time in the Company (consolidated)



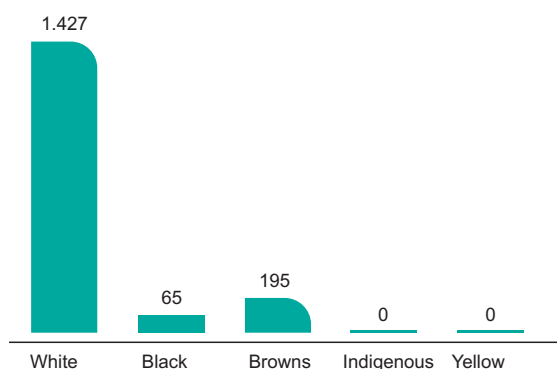
Labor Turnover (%)



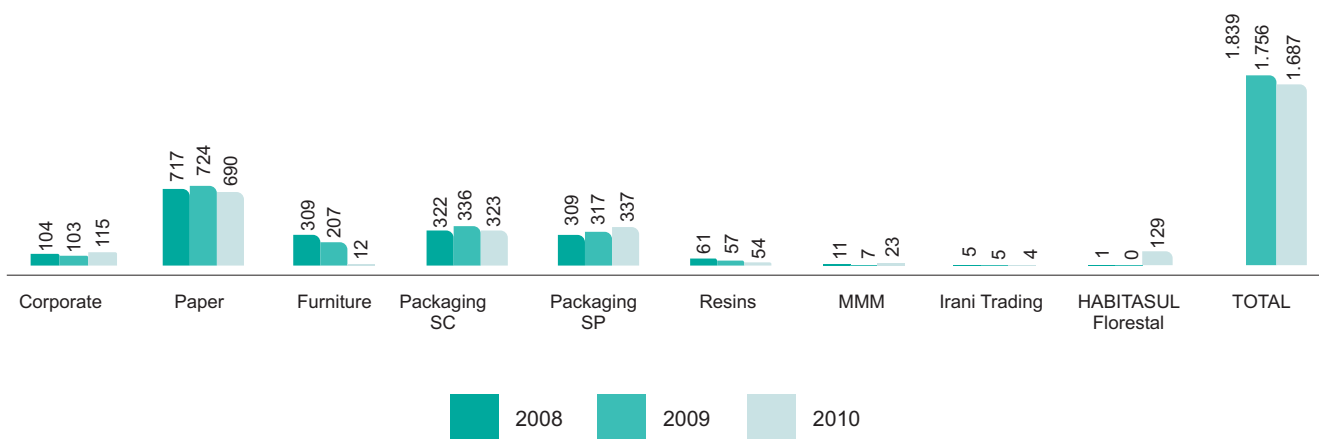
Proportion of Males and Females (by operational category)



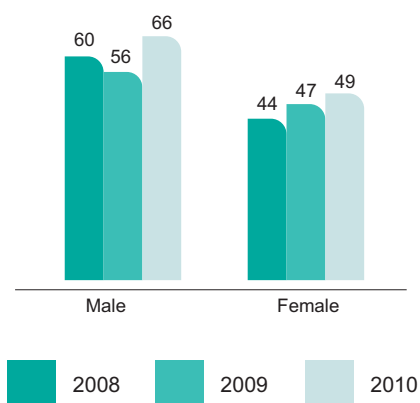
Number of employees by race. (consolidated in 2010)



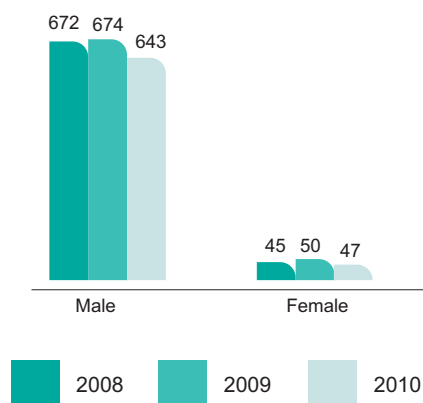
Number of employees (per business unit)



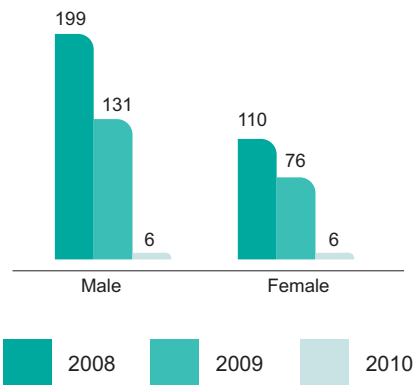
Corporate Unit



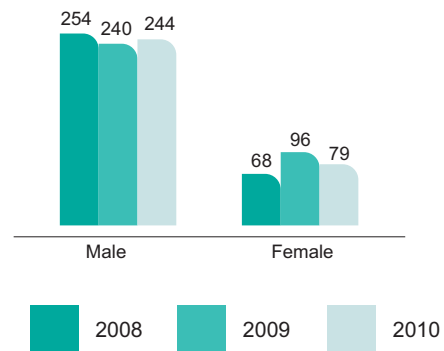
Paper Mill



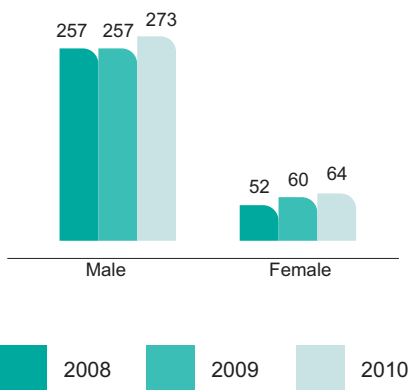
Furniture Unit



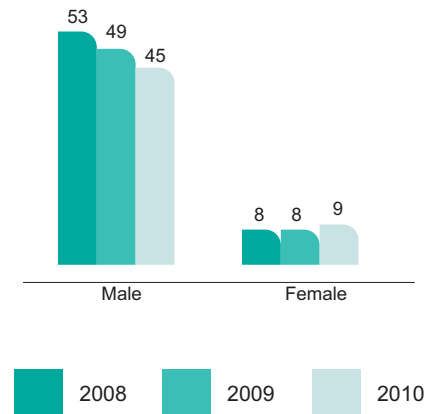
Packaging Unit SC



Packaging Unit SP



Resins Unit



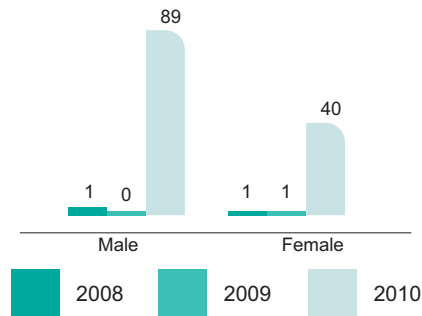
MMM



Irani Trading



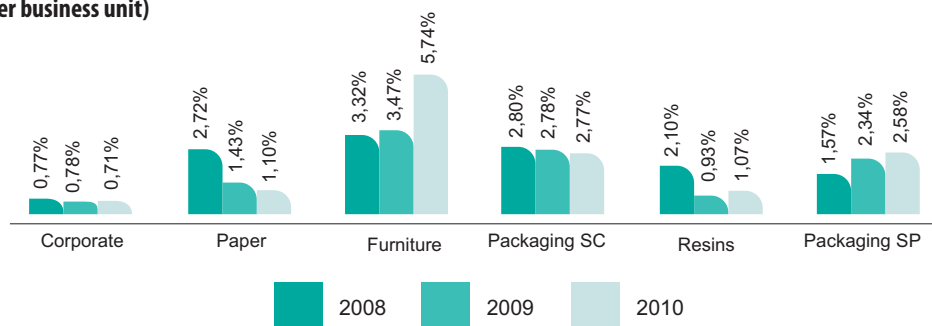
HABITASUL Florestal



Labor Turnover (% monthly average)



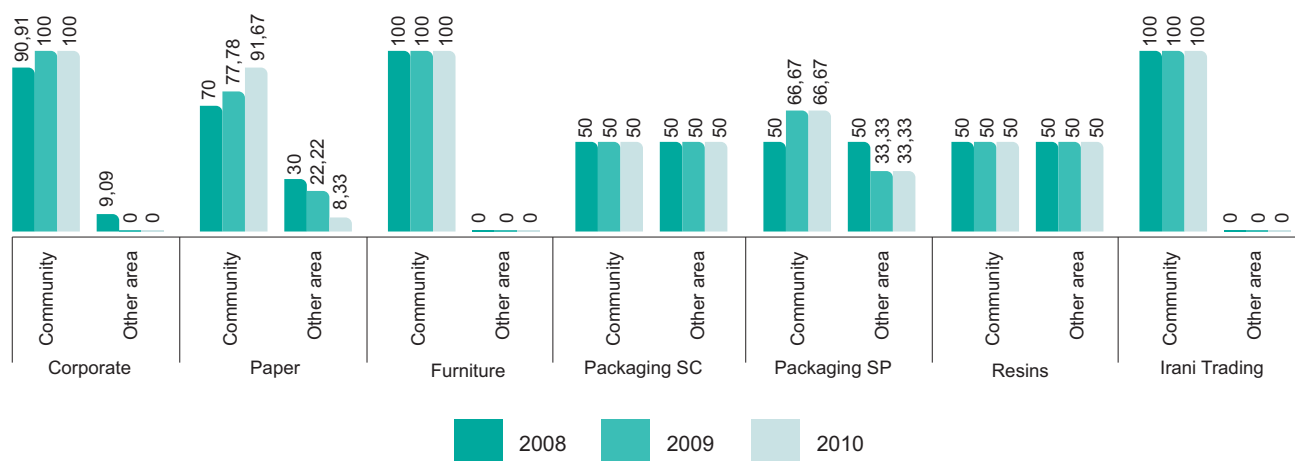
Absenteeism (per business unit)



Although there is no written procedure that gives priority to hiring local residents, this prioritization is observed in practice.



Members of senior management from the local community (in %)



Child labor and forced labor or analogous to slavery

Monitoring is carried out in all units in order to strengthen the commitment with the combating of child labor and forced labor or slavery. Furthermore, there is a clause in the Social Responsibility Policy, which addresses the topic

and addresses the question of hiring minors only under the contractual conditions as participants in the Young Apprentice Program that has been developed by IRANI.

Remuneration

Wage structures and equitable benefits are practiced with all employees. Meeting the standards and existing laws, such practices are guided by the sense of justice and

valorization for promoting the well-being, motivation and commitment of personnel.

The following table refers to the proportion of average wages paid to men and women in the same employment category.

	2008		2009		2010	
	Male	Female	Male	Female	Male	Female
Leadership (Board, Management, Supervision and Coordination)	1	1,06	1	0,77	1	0,59
Administrative	1	0,76	1	0,72	1	0,80
Technical	1	1,03	1	1,03	1	0,86
Operational positions	1	0,70	1	0,73	1	0,76

The average lowest wages practices by IRANI equals 1.37 of the minimum wage in Brazil on December 31, 2010. Only the apprentice jobs have the remuneration calculated as the basic minimum wage. In the Paper Mill, 8.49% of employees fall into this salary range in relation the total

number of employees in that unit; in the Packaging Unit - SC, there are 43.83%, Packaging Unit - SP, there are 40.74% and the unit Resins, 35.22%.

Irani offers a benefits package to all employees. From the publication of this document, the Company considers this information in a consolidated manner, including the subsidiaries Meu Móvel de Madeira Comércio de Móveis e Decorações Ltda., Irani Trading S.A., Habitasul Florestal S.A. e HGE – Geração de Energia Sustentável Ltda..

Benefit	Description	Values (Thousands of R\$)		
		2008	2009	2010
Food	Restaurants in industrial plants. In localities where the offices are there are agreements with restaurants or Restaurant tickets. Monthly, food hampers or food vouchers as provides, according to employees preference.	3.588	3.744	4.130
Transportation	Free for all employees who reside in the surrounding localities.	2.120	1.950	2.229
Life Insurance	The Group Life Insurance Plan benefits employees and their families.	148	137	158
Variable Salary	Profit Participation Program (RPP): implemented in 2002, reflects the exercise of participatory management practices and strengthens the commitment of employees with the results.	593*	670	2.651**
	Supera program, implemented in 2010, is a performance management program.	-	-	2.204***
Health Insurance	This is offered to employees and their dependents. A dental plan is also provided since August 2010.	2.089	2.285	2.335
Total		8.538	8.786	11.503

The amount previously disclosed for the year 2008 included amounts of PPR in 2007 that were paid in 2008. From this report the amount disclosed relates only to the PPR in 2008.

** The amount paid in January 2011, corresponds to the 2010 program.

*** The value will be considered in the company results in 2011.

Health and Safety

The Health and Safety area promotes activities, campaigns, projects and programs that address different issues related to promoting quality of life of the employees. It also carries out, internal and functional training, mobilizing employees and service providers.



**EXCLUSIVE
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CONTENT**

Blood Donation Campaign

IRANI encourages its employees to offer regular blood donations and, in line with the Volunteer policy, the Company allows them to do so within the work hours, regardless of the number of donations throughout the year. In 2010, 49 employees were donors.

In 2010, during the Internal Week for the Prevention of Accidents (SIPAT) at the Paper and Packaging Units -SC, there was a major mobilization for blood donations. The Company took to its units a framework for collecting blood, in partnership with the Center for Hematology and the Santa Catarina Hemotherapy Unit (HEMOSC) – from Joaçaba, involving employees, contractors and the community of Campina da Alegria (SC).



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Campaign for the Vaccination against Influenza

In 2010, the campaign of the vaccination against flu was extended to all units and offices, promoting the immunization of approximately 80% of its workforce. Immunization for influenza H1N1 was also performed.

Emergency Brigade Training

The Emergency Brigade is voluntary and involves employees and service providers that are encouraged to participate in various training programs. In 2010, as a way of improving the skills of members and to promote the integration, sports competitions and simulated emergencies we held. Also human rights issues were discussed.

CIPA

Each manufacturing plant has an Internal Commission for Accident Prevention (CIPA). Part of the components of this group are elected by the employees of each unit and a part is indicated by the Company. CIPAs have the objective of working in the prevention of accidents and occupational diseases.

The CIPAs in the Paper and Packaging Units -SC were responsible for organizing the Integrated SIPAT, which in 2010 adopted a new format, with lectures, contests, promotions and a giveaway raffle. In the Packaging Unit - SP the 1st Symposium on Occupational Health and Safety, was held with the aim of clarifying the issues to health and safety at work managers, and thus establish deeds to strengthen the subject. On that occasion, issues were discussed relating to civil and criminal liability, and regulatory standards.

Safety and Excellence Dialogues (SEDs)

The SEDs are the times when SESMT professionals go into the areas to address issues related to health and safety, with the aim of preventing accidents and promoting healthy lifestyles. In 2010, topics such as Abandonment Plans, Escape Routes and Preventive Task Analysis were included in SEDs.

Ergonomics

The Know to Prevent Program (Conhecer para Prevenir), held since 2008, received new coordination in 2010. From this year, it became the responsibility of a service providing company, which carried out systematic observations in the workplace through visits to these areas and the assessment of employee's musculoskeletal complaints in the Paper and Packaging Units - SC. This is a continuous improvement project that causes the reduction of medical certificates. In all units, the work environment is analyzed ergonomically, using tools and methods, evaluating charges of physical, cognitive and organizational loads.

In Company Exercises

As a way of encouraging employees to maintain a healthy lifestyle, IRANI offers gymnastics in the Paper and Packaging Units - SP and SC and the Corporate Office in Joaçaba. Throughout the year, different activities such as massages, playing that games that depicts commemorative dates are also carried out.

Quality of Worker's Hearing Program (PQAT)

This program is intended for all employees that work in industrial areas. These employees are periodically evaluated by speech therapist, according to the criteria described in standard regulatory n.7 (NR7). These assessments facilitate the control of the employees hearing, improving the quality of life and provide information for the adoption of programs aimed at the prevention of hearing losses induced by high sound pressure levels and the preservation of audible health.

In 2010, we made significant investments to improve the hearing quality of the employees at the Paper Mill, using mufflers and shock absorbers on equipment, adaptations in the infrastructure and standardization of personal protective equipment (PPE).



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TOBACCO CONTROL PLAN

In order to create a tobacco free smoke workplace and reduce the number employees that smoke with the use of medical and psychological support, IRANI began in 2010, the Corporate Plan and Approach for the Treatment of Tobacco Control. The Plan was initiated in the Paper and

Packaging Units SC, and involved a range of educational, regulatory and organizational activities such as the medical history, depression and anxiety tests and medical assessment and the degree of dependence of each participant. Company subsidized 80% of drug treatment of all employees that enrolled.

Total number of smokers in the Paper and Packaging Units - SC	118
Total number of participants in the Plan	80
Total number of meetings held	10
Total number of people who stopped smoking	50
Total amount spent to purchase medicines	R\$ 41.397,50

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

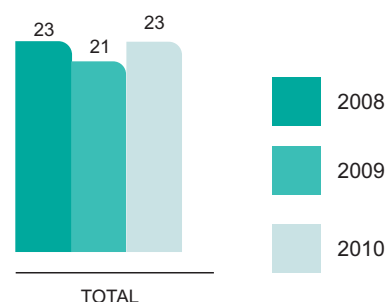
Committee/Commission	Number of participating employees					Percentage of employees represented
	Paper	Emb. SC	Emb. SP	Furniture	Resins	
Internal Commission for Accident Prevention (CIPA)	22	8	8	0**	6	100%
Noise Control Committee	1	1	0*	0**	0*	50%
Emergency Brigade	65	25	31	0**	10	100%
Safety and Excellence Dialogues (DSE)	742	425	45	0**	25	100%

* There are no committees or commissions on these units.

** Business Group company closed in 2010.

Number of workplace accidents with lost time (Consolidated)

Compared to the previous year, the number of workplace accidents with lost time in 2010 increased, as shown in the following chart. The goal of reducing the number of workplace accidents with lost time to 18 was not reached. The Health and Safety area, which is working on this indicator, went through a restructure and will continue with the same target throughout 2011.



Training and development

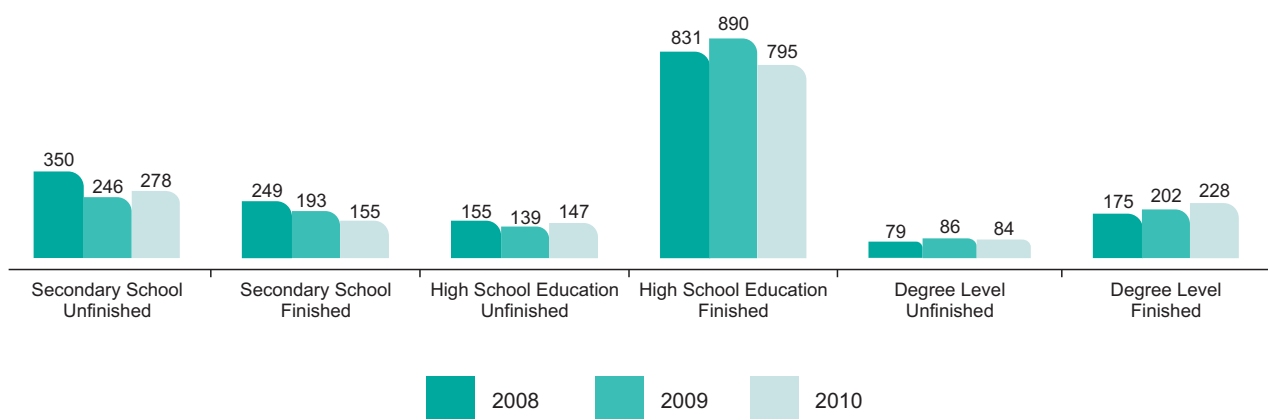
IRANI encourages continued education for its employees, promoting or subsidizing training, external or in company courses and events related to the employees work areas, in order to qualify them and prepare them to cope with the Company challenges, in addition to promoting personal

development. In 2010, we invested R\$ 761,144.73 in Training and Development. In 2009 this investment was R \$ 720,828.51.

Média de horas de treinamento por categoria funcional

Category		Total Course Duration (Hours)			Number of Employees			Average number of hours per course		
		2008	2009	2010	2008	2009	2010	2008	2009	2010
Leadership	Directors	59	62	473	6	6	6	10	10	79
	Management	347	389	1.602	23	21	21	15	19	76
	Supervisor/Coordinators	3.746	3.047	4.758	140	172	134	27	18	36
Administrative		3.586	6.223	5.964	190	197	191	19	32	31
Technical		2.521	4.807	3.483	189	190	190	13	25	18
Operational		16.837	21.541	25.728	1.291	1.170	1.145	13	18	22
TOTAL		27.096	38.077	42.008	1.839	1.756	1.687	15	22	25

Educational Levels



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Number of employees receiving incentives for Education and Languages

Unit	Master			MBA/Postgraduate			Graduation			Technical			Languages		
	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010
Corporate	1	0	0	31	29	31	22	16	19	0	1	0	26	16	18
Paper	0	0	0	7	8	9	43	36	35	3	28	27	2	6	7
Packaging SC	0	0	0	2	4	1	19	18	16	1	1	1	1	4	4
Packaging SP	0	0	0	4	5	23	26	12	11	0	0	0	0	1	1
Resins	0	0	0	1	0	1	3	3	5	2	3	3	1	0	0
Furniture	0	0	0	4	8	0	4	10	0	1	2	0	11	9	0
Trading	0	0	0	2	0	0	0	3	3	0	0	0	2	2	2
MMM	0	0	0	0	0	0	0	1	1	0	0	0	0	2	2
TOTAL	1	0	0	51	54	65	117	99	90	7	35	31	43	40	34

In 2010, in the Unit Resins, the incentive program for the completion of primary education was continued, covering 10 employees. They were offered transportation and school supplies for employees to attend the State School Arthur da Costa e Silva, the city of Capivari do Sul, located near factory in Balneário Pinhal (RS). The program was extended until July, so the participants could complete their studies, and this did not happen until the end of the year due to abandonment by the participants.

Customer Focus Program

The group of multiplier agents continued to disseminate the concept of customer focus to the employees. This means that the Company's activities are being conducted in a manner that positions it at the side of their customers, seeking to meet and view the scenario and the market where they are operating. Furthermore, it aims to

To potentize the personal and professional growth of employees at the Vargem Bonita units and the residents of Campina da Alegria, an agreement with Senai in Caçador and Luzerna/SC was signed. The partnership includes the completion of technical courses in Pulp and Paper, in Mechanics, Electrics, and a Qualification course in Industrial Maintenance, which will be held at the Galeazzo Paganelli School of Basic Education in Campina da Alegria (SC) from February 2011.

anticipate ones needs and make sure the customer is differentiated in the market where it operates. The participation in training was intense, despite not meeting the goal assumed in 2010, registering 94% of employees present.



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IRANIDEIAS Program

The objective of this program is to implant the culture of Intrapreneurship at all levels and contribute to improving the organizational climate. In 2010, the program was implemented in the Paper and Packaging units as a test and it showed significant results for the Company. One of the ideas resulted in savings of R\$ 16,250.00 after 9 months of implementation.

This value represents more than twice the total amount invested in the pilot program. Another idea included in the program served as one of the inspirations for the development of new returnable corrugated packaging for use while shopping in supermarkets.. This packaging won the 1st place award in the Embanews sustainability category.

IRANIDEIAS 2010

03 weeks of registration

69 ideas listed

41 ideas considered as applicable

5 highlights

02 significant results in less than one year



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The Elida de Freitas e Castro Druck Library

To provide access to information and knowledge, Celulose Irani opened the Elida de Freitas e Castro Druck Library in the Vargem Bonita (SC) Industrial park. The project was materialized through the Program Sesi - Knowledge Industry, and aims to improve the quality of life of employees through the habit of reading. The space is sufficient to provide a multimedia center with computers, a large starting collection of academic books and general literature, newspapers, periodicals, CDs,

DVDs and comic books, in addition to works from the public domain that are available online. The name library is a tribute to a teacher, writer and poet who left her name in literature from Rio Grande do Sul, writing stories for children. Elida left a legacy of work and values that contributed significantly to the process of social and cultural development of the state of Rio Grande do Sul.

Diversity and equal opportunities

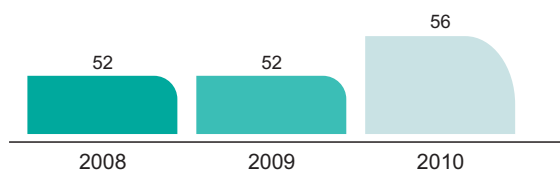
Inclusion Program for People with Disabilities

Promoting diversity in the workplace is one of IRANI's commitments, and it believes in investing in the inclusion of disabled people in its workforce in the most diverse areas and jobs, and the technical, administrative and leadership posts.

The program began in 2004 and it is carried out in all units to meet the Article 93 of Law No 8213/91 in relation to the legal reserve of posts for People with Disabilities (PWD).

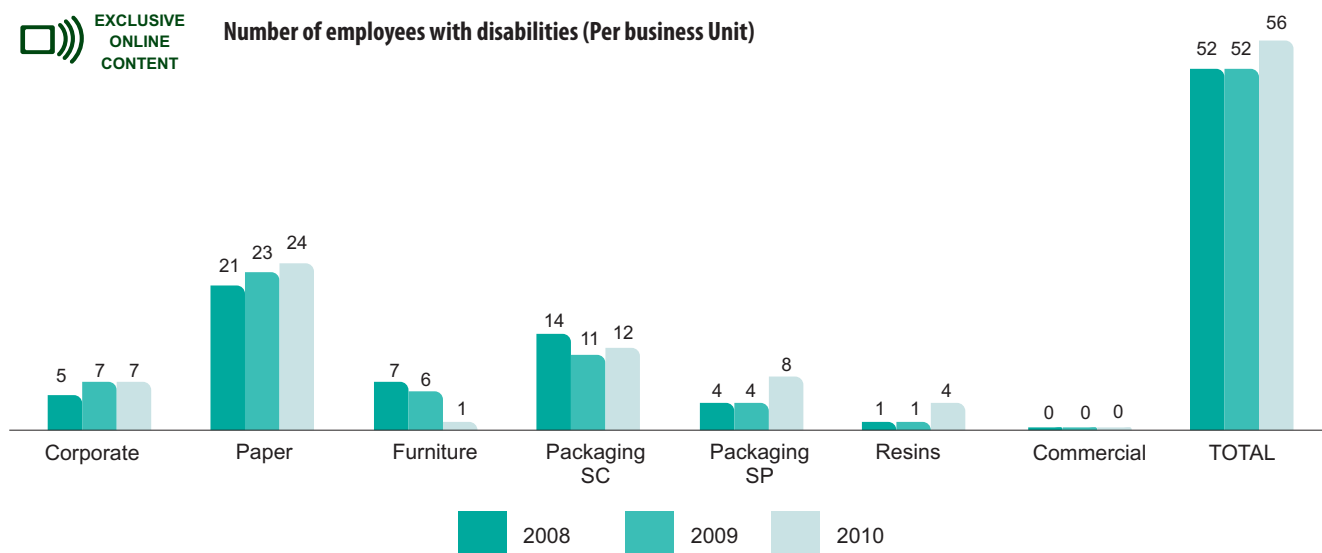
Irani still does not meet the quota set by the Act because of the reality of the job market around its industrial plants. In 2010, with the aim of making the workplace welcoming and facilitating the communication of employees with hearing disabilities, IRANI trained its first class of interpreters in the Brazilian Sign Language (Libras).

Number of employees with disabilities (Consolidated)



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Number of employees with disabilities (Per business Unit)



If you know someone who wants to show his potential to grow, ask to send a detailed CV to curriculo@irani.com.br, with the subject as; PCD.

Surrounding Communities



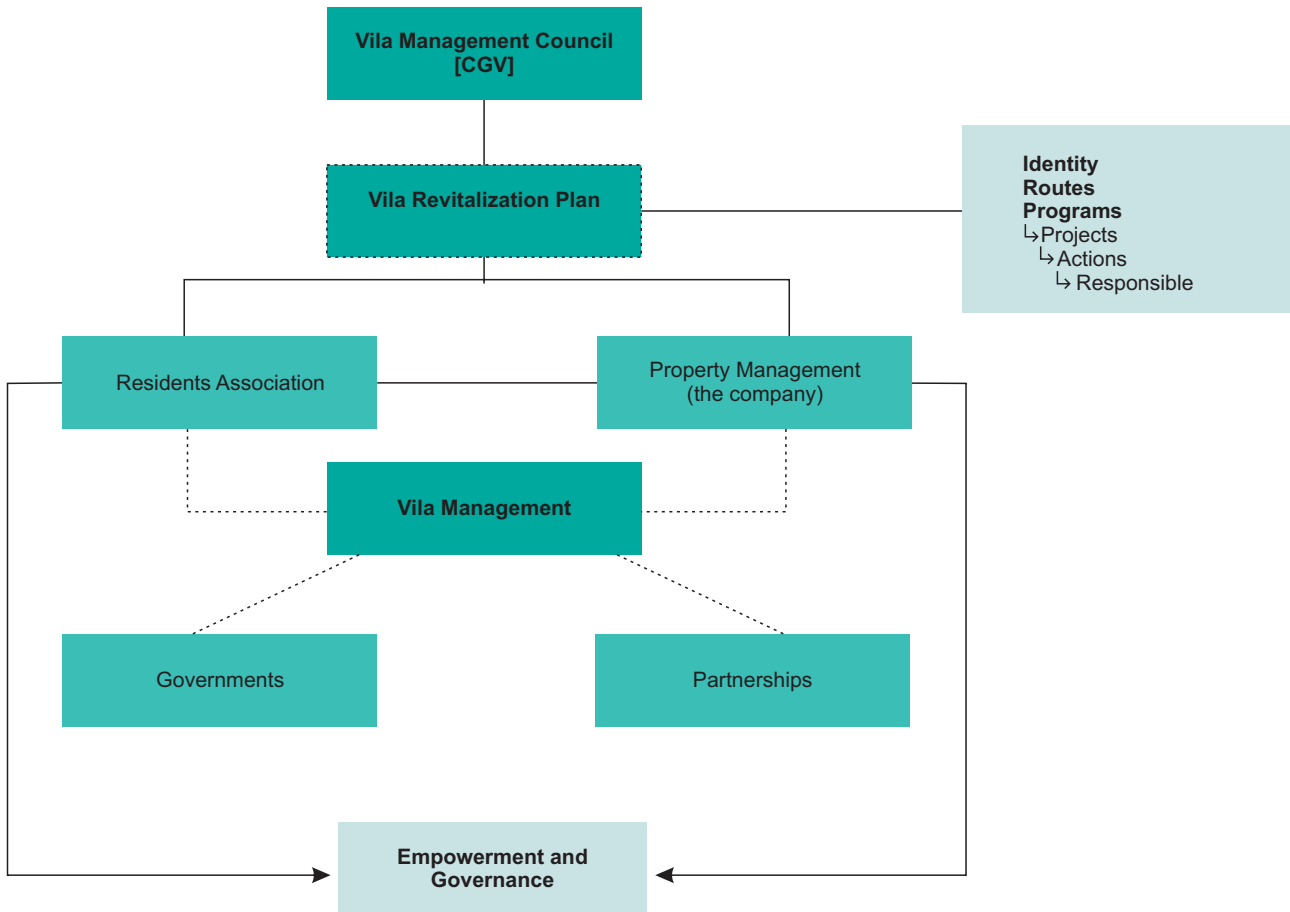
Vila Campina da Alegria - Vargem Bonita (SC)

IRANI's social investment is focused on addressing the surrounding communities. It finances social projects to benefit these communities, and encourage employees to exercise their citizenship, working as volunteers on various projects. The Company has contributed to reducing social inequalities in the country by supporting and sponsoring educational, cultural and sporting activities that prioritize the development of children and adolescents; performs deeds directed to the environment,

as it operates in the communities where it has its operations.

In 2010, the Universidade do Oeste de Santa Catarina (Unoesc) was contracted to conduct a survey that would provide a basis for interventions in Campina da Alegria, in 2011. Based on the surveyed diagnostic, a structured plan for the revitalization of the Village was organized building on the management system shown in the next page.

Management system of the Vila Campina da Alegria



In this revitalization plan, the statutory amendment to the Association of IRANI Staff (AFI), was also included which became known as, from 2011, as the Residents Association of Vila Campina da Alegria. To be a member one needs to be a resident in the location and there is no need to be employed by IRANI, as was the case with the AFI. Membership is voluntary. The focus of this new

association will be leisure, culture and social of the community, while community management and property management will be the responsibility of IRANI. With this alteration, it also intended to meet the requirements of the Law 9790/99 and to characterize it as a Civil Society Organization of Public Interest (Organização da Sociedade Civil de Interesse Público - OSCIP).

“

The support of all residents is essential at this stage of transition of the village, contributing ideas and engagement in activities. The Residents Association will promote and coordinate the participation of residents in the deeds of the Management Plan, proposing and managing projects for the community.

”

Márcio Roque Neri da Silva, community manager of Campina da Alegria.

In late 2010 and early 2011, another survey was conducted, this time with the Sesi / SC Social Responsibility Consultancy to assess the environmental impacts generated in the surrounding communities, not only in Campina da Alegria. 245 people were consulted, including neighboring landowners and partners, residents of the settlements, from the Vila Campina da Alegria, urban areas neighbors of the forests, and residents from Indaiatuba (SP), owners of service providing companies and employees in these companies, representatives from social and environmental organizations, mayors of the municipalities of Vargem Bonita, Ponte Serrada, Irani, Catanduvas, Água Doce, Joaçaba and city officials from the Indaiatuba (SP) prefecture, young high school students who are also residents of Campina da Alegria and representatives from the Company. The goal is to identify and assess environmental impacts in order to dialogue,

the engaging of stakeholders and the development of a management system and a standard to consult the community. The results are still being evaluated and feedback has not yet been provided to the interested parties, so we opted not to disclose information in this report. After the analysis of the results, it will be possible to redirect social investments.

In 2010, the total direct investment carried out with social projects was R\$ 223,603.88, 17% more than in 2009, which was R\$ 213,711.82. Among the projects that were carried out, we highlight the Athlete of the Future Project (FAP), in partnership with Sesi / SC and Broto do Galho, in partnership with Sebrae / SC and the Municipality of Vargem Bonita (SC).

Investments in social projects

Year	Investment
2010	R\$ 223.603,88
2009	R\$ 213.711,82
2008	R\$ 544.107,52



Athlete of the Future Program

Comprising of motor initiation courses, pre-sporting initiation, learning and improvement in different sports modalities, this program was launched in 2010 with the aim of developing children and youths from 7 to 15 years of age in sports through Social Pedagogy activities. Throughout the year, 79 young people participated in the project and various activities were done, such as meetings with

parents of the participants and activities depicting the World Cup and Children's Day, besides the participation of 10 young people in the Sesi State Mini-Marathon, in Sao Jose (SC). In 2011, IRANI and Sesi will take the project to the municipalities of Irani (SC) and Ponte Serrada (SC).

Broto do Galho (Bud of the Branch) Project

The Bud of the Branch project began in 2009 and is the transformation of industrial waste (pulp and cardboard drums) into decorative and utility pieces, using traditional techniques as a form of occupation and income generation for the participants. The work done in association with others and in a network, mobilized 13 artisans from Vila Campina da Alegria (SC) and the launched into the market in December 2010, the pieces of cardboard in the Bud and Nursery Passions collections. This project was recognized in 2010 by the Corporate Citizenship Award, organized by the ADVB / SC in the Community Participation category. Go to www.brotodogalho.com.br to learn about the project and the products that are made by the Association.



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The Campina da Alegria community is a village consisting of properties owned by Irani Trading SA, a subsidiary of Celulose Irani and is located in the municipality of Vargem Bonita (SC), near the Paper and Packaging units - SC.

In addition to the housing and commercial properties owned by Irani Trading in the Village Galeazzo Paganelli

State School there is a Health Care Service Unit of the Municipal Prefecture of Vargem Bonita, the water treatment structure of Casan and a Catholic Church, it is emphasized that the buildings where these services are provided belong to the referred entities.



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Next, we provide the details of the projects that are supported by IRANI.

PROJECT	DESCRIPTION	AMOUNT INVESTED IN 2010 (in R\$)												
ÁGUIAS - Association with Physically Disabled Eagles Concordia	Irani established a partnership with two wheelchair basketball teams in order to promote social inclusion of disabled people through sport.													
ARAD - Regional Association of Disabled Athletes in the Midwest Region of Santa Catarina	In 2010, the Celulose Irani Wheelchair Basketball Cup was held in Joaçaba (SC), strengthening the support given to mobilizing teams and associations that carry out such initiatives in the state of Santa Catarina.	R\$ 10.000,00												
Bud of the Branch	Craft project with the objective of generating income and employment for the residents of Campina da Alegria, and develop handicrafts and utilities through the reuse of IRANI industrial waste.	R\$ 10.715,65												
Jornal Conversa Aberta	Monthly communication channel with the community with exclusive news about the village, residents and events.	R\$ 3.185,00												
Junior Achievement	<p>Partnership with this association, with the objective of enabling volunteer employees to address issues related to sustainable development in public and private schools in the states of Santa Catarina, Sao Paulo and Rio Grande do Sul.</p> <table> <tr> <th>No. of volunteers</th><th>Number of volunteer hours</th><th>Number of participating students</th></tr> <tr> <td>2008: 37</td><td>2008: 759</td><td>2008: 679</td></tr> <tr> <td>2009: 11</td><td>2009: 162</td><td>2009: 112</td></tr> <tr> <td>2010: 18</td><td>2010: 183</td><td>2010: 366</td></tr> </table>	No. of volunteers	Number of volunteer hours	Number of participating students	2008: 37	2008: 759	2008: 679	2009: 11	2009: 162	2009: 112	2010: 18	2010: 183	2010: 366	R\$ 20.500,00
No. of volunteers	Number of volunteer hours	Number of participating students												
2008: 37	2008: 759	2008: 679												
2009: 11	2009: 162	2009: 112												
2010: 18	2010: 183	2010: 366												
LARAMARA	Donation of corrugated cardboard sheets that are turned into furniture adapted by a specialized workshop, built within the institution to serve children and youth with visual impediments.	R\$ 1.145,00												
Athlete of the Future Program (FAP)	Partnership with Sesi/SC, with the aim of encouraging children and youths to cultivate healthy habits, working concurrently, values and respect and citizenship. Throughout the project, activities were carried out depicting special holidays, recreational activities and participation in the events of integration with other nuclei of the Project. In addition, we performed a landmark study titled Dermatoglyphics, which performs the detection of talent for the sport through the analysis of fingerprints.	There was no financial expenditure.												
Young Apprentice Program	Irani aims to contribute to the development of young people in their first professional experience by providing an environment for learning and growing challenges to practice that at the end of the program, youths are suitable to enter into the job market. The program gives priority to fill vacancies for young people who have ties to the company's employees and have a creative profile, interested, disciplined and with good interpersonal skills. In 2010, the Program was carried out in the Paper, Packaging units and Packaging in SP and SC at the corporate office in Joaçaba (SC) and had 11 young participants.	R\$ 134.984,00												

PROJECT	DESCRIPTION	AMOUNT INVESTED IN 2010 (in R\$)
Young Environmental Guards	Training of young multiplying agents and environmental advocates. The 24 participants in this project had theoretical and practical lessons about the importance of natural resources.	R\$ 3.000,00*
TOTAL		R\$ 183.529,65

* The value refers to the portion of the project completed in 2009.



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Specific initiatives supported by IRANI

Support for APAE of Joaçaba (SC)

Over the past five years, APAE has carried out the Spit Roasted pig party, with the aim of raising funds for the institution. IRANI was a partner of the event, donating material and financial resources and with eight employees who provided, in total, more than 96 hours of volunteering. The party was held in August, and returned a profit of R\$ 20,256.14.

GRUPO BEIJA-FLOR (Humming Bird Group)

This is a community group formed by residents of Campina da Alegria, which discusses various issues related to quality of life and welfare of the villagers. The group was restructured in 2010 and gained new members. Throughout the year, held special deeds such as, Oil Recycling Project, Cinema Session in the Village and Christmas decoration were carried out. In 2011, R\$ 650.00 was transferred to the Group.

SCHOOL FOR PARENTS

In partnership with IRANI, the School for Parents - Seccional de Joaçaba and Herval d'Oeste (SC) has promoted, in Campina da Alegria, four rounds of talks to promote the mission of the initiative to help parent's prospective parents and educational agents to make true citizens. The rounds of talks had 28 participants and worked with family issues and the education of children and youths, in order to share basic knowledge of psychology and pedagogical techniques. IRANI, in order to support the School for Parents, published an advertisement in the Seccional magazine of the local branch, which cost R\$ 2,000.00.

CHRISTMAS CAMPAIGN

For the third consecutive year, IRANI stimulated its employees to join the National Santa Claus Post Office Campaign. We sponsored the 69 Christmas cards, and the gifts delivered to post offices in the municipalities of Joaçaba (SC), Catanduvas (SC) and Concordia (SC), were responsible for delivery to schools.



Taking part in the Santa Claus Post Office Campaign is very gratifying. This is a way to bring joy to Christmas to the children in our society. Besides this, we answer the letters from children, encouraging them to continue their studies, respect their elders and have good manners. It is a small deed on our behalf, but it certainly stimulates creativity and awakens these children to the dream and believe in life.



Camila Franco, IRANI employee and a collaborator in the Campaign.



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Donations

In 2010, IRANI carried out donations totaling R\$ 48,108.00 to institutions around the work places where IRANI has its facilities as an incentive for culture, sports, environmental preservation, education and citizenship.

Project for the Revitalization of Campina da Alegria

The revitalization of Campina da Alegria provides for the construction of new homes and finishing the renovation of existing homes, a deed that began after the tornado on September 7, 2009. In 2010, Irani invested R\$ 159,000.00 in the refurbishment of homes. In addition, the paving of

streets and other items infrastructure are also need to be carried out. In the social activities, it is planned to support recreation, culture and sports. These initiatives in Campina da Alegria followed the 70 years celebration of IRANI, which will occur in June 2011, involving improvement works to the village. With this community, communication is carried out through the IRANI Employees Association (AFI), the newspaper Open Chat, that circulates monthly, and through meetings. In the other communities that surround the Company, the Company maintains a channel of communications through some employees who are representatives of these communities. In 2011, the Village received a manager who deals specifically with social and patrimonial issues of the community.

Besides the investments made in social projects, there has been a partnership agreement with the Fire Department in Irani (SC), since 2007. The main activities that occur with this partnership are: support for firefighting, training and lectures for the fire brigade, and support for the environmental education events. A monthly financial transfer is paid by the Company. In 2010, this transfer amounted to R\$ 8,400.00.

In addition, the Company contributes to several initiatives of institutions in the surrounding communities through the Marketing Committee, which has a monthly allowance approved in the budget. In 2010, the Committee supported the realization of a social integration event at Campina da Alegria, it contributed to the maintenance and realization of social gatherings in municipal and state schools, supported social and environmental events in the region, supported the construction of a place to locate a computer lab in the November 29 settlement in Água Doce (SC), among others. The total of the investment from the Marketing Committee was R\$ 6,370.00.

As an indirect contribution IRANI states: the new businesses that settle because of the concentration of workers residing in the surrounding municipalities, generating employment and income by hiring employees; prioritization the contracting of local suppliers, among others.

In 2010, R\$ 401,582.37 thousand was transferred to the Prefecture of Vargem Bonita (SC) the amount of related only to the Service Tax (ISS) of Any Type. This represents 2.14% of the annual revenue of the municipality.

In 2010, part of the taxes for social, cultural and sports projects, through the Incentives Law totaled R\$ 16,400.00 for the Municipal Funds for the Children's and Adolescents Rights (FIA) in the municipalities of Joaçaba & Herval d'Oeste (SC) and Balneário Pinhal (RS), R\$ 65,000.00 for Lei Rouanet projects, and R \$ 16,000.00 for a project approved by the Law for the Encouragement of Sport.



Suppliers

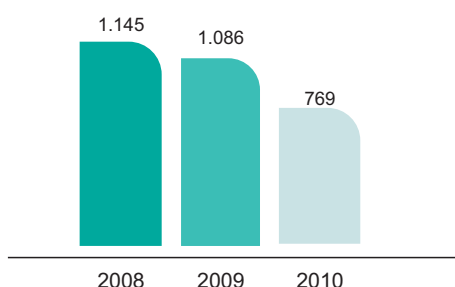
All outsourced workers are paid according to the legal requirements and receive benefits such as food, transportation and life insurance. Preventative measures are taken by the Company, which carries out periodic inspections on all forest operations and demands that all third parties provide the proof of their legal obligations. The Company also carried out the risk assessment of wood and paper and chips suppliers for compliance with the FSC. Suppliers also go through a verification program, in which audits are carried out to demonstrate that the supplier meets the IRANI Wood Policy and complies with the principles of the FSC. Suppliers also go through a verification program, in which audits are done to

demonstrate that the supplier complies with the IRANI Timber Procurement Policy and complies with the principles of the FSC.

For other vendors, when research is not carried out to prevent risks related to the value chain, but all forms of child exploitation and slave labor are abolished.

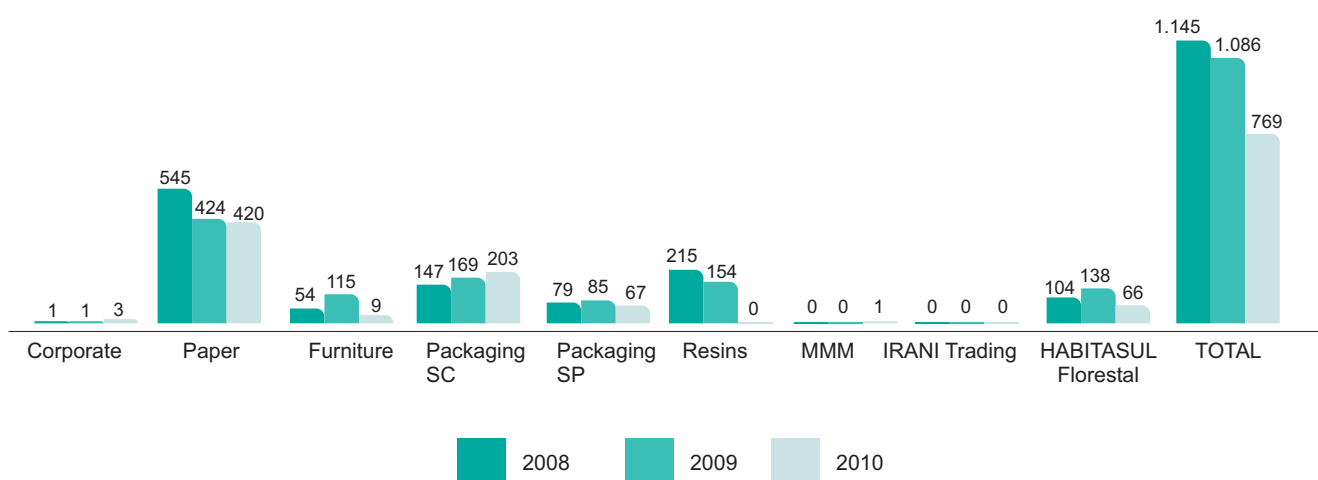
The principal means of communication with suppliers are the Sustainability Report, the IRANI site, the online portal of IRANI quotes, contacts by phone, email and in person, either with the user of the product / service, with the engineering and maintenance staff, either with the negotiators in the business relationship.

Number of services providers



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Number of service providers (by business unit)



“

Three years ago a large company believed in the work proposal of professionals who started a solo flight as a service provider. During this opportunity, they could participate in a large project where not only they complied with the expectations as they discovered the freedom of working with quality and honesty, being part of the reality of the client – flying the flag. This was the beginning of ADB Service, having a great partner, Celulose Irani as an example.

Jarbas Bueno, ADB Service

”

In 2010, various training courses were organized for service providers. For employees of the Industrial Restaurant in the Paper and Packaging units - SC, training was given in fire fighting; In the Packaging Unit - SP, the second meeting of drivers was held in order to improve the logistics service, besides instilling in the motorists the greater care with their health and safety. In addition, suppliers were involved in the First Technology Meeting carried out by the Packaging Unit - SC, in order to demonstrate the technological advances in the market and empower employees. The participation of suppliers was done through lectures given by them to the employees, among other events.

With the application of MEG, the supply department restructured its purchasing procedures, creating new procedures that are specifically directed at different buying groups in the company. In 2010, a workshop was held that involved all stakeholders in the process of aligning the purchasing practices of identification, qualification, selection and evaluation of contracted suppliers in order to ensure the effectiveness of the procedure. In this workshop the existence of the IRANI code of ethics was reinforced, that deals with many aspects related to human rights, and it was mentioned that the company has signed the Business Pact for Integrity and Against Corruption and thereby prioritizes various ethical principles that must be followed by its employees.

Suppliers are identified in the Brazilian and international markets, and their details must meet the technical, labor,

social and financial issues, to ensure that the business relationship is maintained. The selection of suitable suppliers is carried out by presenting the best cost (product + shipping) and benefit, taking into account aspects such as the reliability of supply, quality of the proposal, product quality, operational safety, lower cost, servicing, and suppliers located in communities near the plants.

From the selected suppliers, priority is given to those that have highlighted sustainable practices, such as plans to offer schooling to employees, social projects and voluntary initiatives. The evaluations of the suppliers have periodicity and different criteria according to the purchasing group expressed by the Supplier Performance Index (IDF). The IDF is the result of the evaluation of each supplier and indicates the score obtained over a given period, used to highlight improvement opportunities, ensure the quality and improve communication with suppliers. Since 2009, the contracts signed with suppliers and service companies include a clause on human rights and environmental quality.

“

Cargill sees IRANI as a great partner and one of its major customers with a high development potential. We realize that we were chosen by cost-benefit analysis. After participating in the Stakeholder Panel, it was clear that the policies of both companies are very similar. Our expectation is to consolidate the business relationship with the Company effecting new added value projects.

Fabio Aguiar, Cargill Commercial Manager.

”

It is the function of the supply department to seek the development of local partnerships in order to increase the percentage of purchases made in the region where the Company is located. Therefore, this strengthens the ties with local communities, expanding economic and social benefits of its work on regional growth. In 2010, these purchases represented 14.51% of total purchases, with a total of R\$ 53,481,139.28. In 2009, this represented 22.92%, reaching a total of R\$ 73,183,783.81. The important reduction in the 2010 values when compared to previous years was mainly caused by the reduction of the activities of the Furniture Unit in the first half and its closure in the second half of 2010, this activity bought nearly all of its supplies from the community around the factory.

However, if one disregards the purchase of this unit in relation to the previous year, there is an increase of 3.3%. Besides this, in 2008, there was a large number of investments that contributed to a larger effort in the neighboring areas.

Goal 2011

Maintain 60% of suppliers with a long-term contract (IRANI Supplier Project) and keep 80% of suppliers of chips with stable purchases (Urban Forest Project).



EXCLUSIVE
ONLINE
CONTENT

Purchases from suppliers in the surrounding communities in 2008, 2009 and 2010

MUNICIPALITIES	2008	2009	2010
Balneário Pinhal (RS)	71.592,70	434.706,50	691.565,73
Catanduvas (SC)	6.961.478,57	2.213.651,56	2.452.227,44
Concórdia (SC)	9.081.336,19	4.101.358,03	3.176.348,08
Indaiatuba (SP)	5.388.450,28	916.356,36	1.991.281,19
Irani (SC)	15.520.535,18	15.267.223,45	17.052.084,37
Joaçaba (SC)	5.984.730,96	6.165.803,97	6.766.643,77
Ponte Serrada (SC)	7.124.461,86	6.701.256,41	7.032.331,48
Rio Negrinho (SC)	13.695.539,55	10.690.871,10	1.437.831,48
Santana de Parnaíba (SP)	3.279.787,47	3.169.900,14	1.874.401,87
São Bento do Sul (SC)	33.970.971,22	16.140.786,21	4.152.223,04
Vargem Bonita (SC)	7.354.770,65	7.381.870,08	6.854.200,83
TOTAL	108.433.654,63	73.183.783,81	53.481.139,28

Government and Society



Packaging Unit - SP - Indaiatuba (SP)

Irani is big driving force in the growth and development of the regions where it has its production processes, which benefits the whole society and directly impacts on the employability of the residents of towns surrounding its industrial parks. It maintains relationships with local municipalities, with state governments and Federal Government representatives, seeking to encourage use of public resources in the infrastructure in its operational areas.

IRANI takes part in the corporate entities and, because of them, works and contributes to the Brazilian public policy suggestions. It also participates, through its leadership in various professional class associations which are considered strategic to its business, such as the Brazilian Association of Pulp and Paper (Bracelpa), Brazilian Association of Corrugated Cardboard (ABPO), Federation of Trade Associations and Services of Rio Grande do Sul (Federasul) Gaucho Forestry Association (AGEFLOR), Santa Catarina Association of Reforestation (ACR), The Junior Achievement Association, Association of the Pulp and Paper Industries of Santa Catarina (Sinpesc) Union of Cardboard Industries in Sao Paulo (Sinpesp), Union of Pulp, Paper, Cardboard and Cork Industries of Rio Grande do Sul (Sinpasul) and Commercial and Industrial Association of Western Santa Catarina (ACIOC).

Also, it participates in discussions relating to regional interest regarding the environment and business environment, such as Forestry Dialogues, The Advisory Council of the National Park of Araucaria, The Chips Committee and the Industrial Waste Committee coordinated by Sinpesc the Group consists of pulp and

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The Company Celulose Irani is important for the municipality of Irani, because it generates jobs and indirect taxes, through the acquisition of raw materials from the municipality and companies that are service providers. For 2011, the expectations are high, as are ongoing social projects for Company employee's children and the donation of land for housing and the installation of new businesses.”

Adelaide Salvador, mayor of the municipality of Irani (SC).

paper companies, which are discussing a proposal for the creation of a new Conama Law for atmospheric emissions from the sector to existing sources, among others.

Take Part In The Next Report

The channel faleconosco@irani.com.br is available for those who have questions or want to give suggestions for future reports.

The Sustainability Report 2010 is available at www.irani.com.br. Versions in English, Portuguese and Spanish. To order the 2010 Sustainability Report, send an email to faleconosco@irani.com.br.



GRI Index and Correlation with the Principles of the Global Compact

Human Rights Principles

PG1. Respect and protect human rights.
PG2. Prevent human rights violations.

Environmental Protection Principles

PG7. Support a preventive approach to environmental challenges.
PG8. Promote environmental responsibility.
PG9. Encourage technologies that do not harm the environment.

Principles of Environmental Protection

PG3. Support freedom of work association
PG4. Abolish forced labor.
PG5. Abolish child labor.
PG6. Eliminate all forms of discrimination in the workplace.


Principles against Corruption

PG10. Fight corruption in all its forms, including extortion and bribery.

Legendas:

ND (not available) * Essential Indicators + Additional Indicators

Indicator	Description	Page
Strategy & Analysis		
1.1	Chairman's Statement	04
1.2 PG7	Key impacts, risks and opportunities	10
Organizational Profile		
2.1	Name of Organization	16
2.2	Major brands, products or services	24
2.3	Operational Structure	19
2.4	Location of headquarters	16
2.5	Countries in which the organization operates	16
2.6	Type and legal	16
2.7	Markets served	30
2.8	Size of organization	16
2.9	Significant changes during the reporting period	10
2.10	Awards Received	Extension of Cover

Parameter for the report		
3.1	Reporting period	06
3.2	Date of most recent previous report	06
3.3	Reporting cycle	06
3.4	Contact details for questions	95
3.5	Process for defining report content	06
3.6	Limit the report	06
3.7	Limitations on the scope or boundary of the report	06
3.8	Joint ventures, subsidiaries, leased facilities, outsourced operations and other organizations	16
3.9	Measurement techniques and data bases of the calculations	32
3.10	Consequences of restatements of information provided in earlier reports	There were no restatements of previously provided information.
3.11	Significant changes in scope, boundary or measurement methods	There were no significant changes.
3.12	Table identifying the location of information in the report	97
3.13	Policy and current practice with regard to seeking external assurance for the report	105
Governance, commitments and engagement		
4.1	PG7 Governance structure	20
4.2	Indicate whether the Chair of the highest governance body is also an executive director.	 20
4.3	Number of independent or non-executive directors of the highest governance body.	20
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	20
4.5	Linkage between compensation for members of the highest governance body and the organization (including social and environmental performance).	A subjective evaluation of these aspects of performance is carried out and is linked to the value of variable compensation.
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	23
4.7	Process for determining the qualifications of members of the highest governance body to define the organization's strategy on issues related to economic, environmental and social issues.	There is a structured process to determine the qualification in sustainability to the highest governance body.
4.8	Mission statements and values, codes of conduct and principles.	Extension of Cover

4.9	Procedures of the highest governance body to oversee the identification and management of economic, environmental and social.	20
4.10	Assesses the performance of the highest governance body.	The Company has no structured process of self-assessment of governance.
Commitments to external initiatives		
4.11	Explanation of how the organization applies the precautionary principle.	☐ 47 e 91
4.12	Charters, principles or other initiatives that the organization subscribes to or endorses.	23
4.13	Participation in associations and / or Brazilian Organs/ International defense.	95
Engagement with stakeholders		
4.14	Value of stakeholder groups engaged by the organization.	76
4.15	Basis for identification and selection of stakeholders with whom to engage.	74
4.16	Approaches to stakeholder engagement.	08
4.17	Key topics and concerns that were raised through stakeholder engagement.	08

Economic Performance Indicators

Indicator	Description	Page
Relationship with Shareholders		
* EC1	Direct economic value generated and distributed.	45
* EC2 PG7 e PG8	Financial implications and other risks and opportunities for the organization's activities due to climate change.	46 e 65
* EC3	Coverage of the pension plan defined benefit offered by the organization.	A retirement plan is not offered to the employees. The Company is preparing management for this it.
* EC4	Significant financial assistance received from government.	In 2010, no financial assistance was received from the government.
+ EC5 PG6	Variation and proportion of wage compared to the minimum wage.	85
* EC6	Policies, practices and proportion of spending on local suppliers.	☐ 94 e 121
* EC7 PG6	Procedures for local hiring and proportion of senior management hired from the local community.	☐ 105
* EC8	Development and impact of investments in infrastructure and services provided primarily for public benefit.	89 e 92

+	EC9	Identification and description of significant indirect economic impacts.	92 and 95
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Environmental Performance Indicators

Indicator		Description	Page
Materials Management			
*	EN1	Materials used by weight or volume	51
*	EN2	Pg8 and PG9 Percentage of materials used that are recycled	51
Energy Management			
*	EN3	PG8 Direct energy consumption by primary energy source.	54
*	EN4	Indirect energy consumption by primary source.	55
+	EN5	PG8 and PG9 Energy saved due to improvements in conservation and efficiency.	56
+	EN6	PG8 and PG9 Initiatives to provide products and services with low power consumption.	☐ 61 and 71
+	EN7	PG8 and PG9 Initiatives to reduce indirect energy consumption and reductions achieved.	In 2010, there were 605 meetings held by videoconference, to not increase the amount of travel of employees and minimize indirect power consumption. In 2009, there were 439. Further information see page 27.
Indicator		Description	Page
Management of Water and Wastewater			
*	EN8	PG8 Total water withdrawn by source.	57
+	EN9	Pg8 Water sources significantly affected by withdrawal of water.	☐ 65
+	EN10	PG8 and PG9 Percentage and total volume of water recycled and reused.	59
*	EN11	PG8 Location and size of land that is owned, leased, managed in protected areas, or adjacent to them.	67
Management of Biodiversity			
*	EN12	PG7 and PG8 Description of significant impacts on biodiversity.	69 and 70
+	EN13	PG8 Protected or restored Habitats.	67
+	EN14	PG7 and PG8 Strategies, current actions and future plans for managing impacts on biodiversity.	69
+	EN15	PG8 Number of species on the IUCN and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	69 and 71

Management of the Air				
* EN16	PG8	Total direct and indirect emissions of greenhouse gases, by weight.		62
* EN17	PG8	Other relevant indirect emissions of greenhouse gases, by weight.	☐☐☐	72
+ EN18	PG8 and PG9	Initiatives to reduce emissions of greenhouse gas emissions and reductions achieved.		64 and 66
* EN19	PG8	Emissions of substances that destroy the ozone layer, by weight.	☐☐☐	74
* EN20	PG8	NO _x , CO _x and other significant air emissions by type and weight.		64
* EN21	PG8	Total water discharge by quality and destination.		60
Solid Waste Management				
* EN22	PG8	Total weight of waste by type and disposal method.		48 e 53
* EN23	PG8	Total number and volume of significant spills.		There was no occurrence of spillage of products or substances that might impair the soil quality and surface water and / or groundwater at the site's production company.
+ EN24	PG8	Weight of transported, imported, exported or treated waste deemed hazardous under the Basel Convention.	☐☐☐	54
+ EN25		Identity, size, protected status and biodiversity value of water bodies and habitats.		71
* EN26	PG8 and PG9	Initiatives to mitigate environmental impacts of products and services and the extent of impact mitigation.	☐☐☐	24 and 84
* EN27	PG8 and PG9	Percentage of products and their packaging materials in relation to all products sold by product category.	☐☐☐	57 and 59
* EN28		Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.		There was no significant fines resulting from non-compliance with environmental laws and regulations.
+ EN29	PG8	Significant environmental impacts of transporting products and other goods and materials, and transporting workers.		27, 64 and 66
+ EN30	PG8	Total investments and environmental protection expenditures by type.		72

Social Indicators relating to labor practices and decent work

Indicator	Description	Page
Personnel Management		
* LA1	Total workforce by employment type, employment contract and region.	83

*	LA2	PG6	Total number and rate of employee turnover by age group, gender and region.	84
+	LA3		Benefits offered to full-time employees.	86
*	LA4	PG3	Percentage of employees covered by collective bargaining agreements.	100% of employees are covered in collective bargaining agreements with unions in the category.
*	LA5	PG3	Minimum advance notice for operational changes.	There is no formalized period, but there is a communication if those involved require.
+	LA6		Percentage of total workforce represented in formal joint health and safety.	108
*	LA7		Rates of injury, occupational diseases, lost days, absenteeism and work-related fatalities by region.	104
*	LA8	PG6	Education programs, training, counseling, prevention and risk control in place to assist employees, their family or community members regarding serious diseases.	86
+	LA9		Topics related to health and safety covered by agreements with trade unions.	In agreements with trade unions, are not treated specific themes relating to safety and health beyond what is provided in legislation.
*	LA10	PG6	Average hours of training per year per employee broken down by functional category.	87
+	LA11	PG6	Programs for skills management and lifelong learning that support the continued employability of employees and to manage career endings.	81
+	LA12		Percentage of employees receiving regular performance and career development.	81
*	LA13	PG1 & PG6	Composition of the groups responsible for corporate governance and breakdown of employees per category according to gender, age, and other indicators of diversity.	83
*	LA14	PG1 & PG6	Proportion of basic salary between men and women by employee category.	85

Social Indicators relating to human rights

Indicator	Description	Page
Management of Suppliers		
*	HR1	Significant investment agreements that include human rights clauses or that have undergone screening on human rights.
		There was no acquisition process in the year, but the Company undertakes to assess aspects of human rights in contracts for future investments.

* HR2	PG1, PG2 PG4 & PG6	Suppliers and contractors that have undergone screening on human rights and the measures taken.	94
+ HR3	PG1	Total hours of employee training on policies and procedures concerning aspects of human rights relevant to operations, including the percentage of employees trained.	93
* HR4	PG1 & PG6	Total number of incidents of discrimination and actions taken.	There was no record in 2010.
* HR5	PG1 & PG3	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk and measures taken to support these rights.	There is no verification process in the production chain on the risk of ban on 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.	85 & 93
* HR7	PG1 & PG4	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the eradication of forced labor by child or slave labor.	85 & 93
+ HR8	PG1 & PG2	Percentage of security personnel trained in policies or procedures concerning aspects of human rights that are relevant to operations.	107
+ HR9	PG1	Total number of cases of violation of rights of indigenous people and actions taken.	There is no record of indigenous lands in the surrounding areas of the Company. Also, there was no record of violations of their rights.

Social Indicators relating to the company

Indicator	Description	Page
Relationship with surrounding communities		
* SO1 PG1 & PG7	Programs and practices to assess and manage the impacts of operations on communities, including entering, operating and exiting.	89 & 91
* SO2 PG10	Business units analyzed for risks related to corruption.	23
* SO3 PG10	Employees trained in anti-corruption policies and procedures of the organization.	23
* SO4 PG10	Actions taken in response to incidents of corruption.	No case of corruption was identified in the period.

Relationship with Governments and Society

* SO5		Public policy positions and participation in public policy development and lobbying.	95
+ SO6	PG10	Financial contributions and in kind to political parties, politicians and related institutions by country.	In 2010, Celulose Irani and controlled companies allocated R \$ 625,000.00 allocated to candidates and political parties.
+ SO7		Total number of lawsuits for unfair competition, anti-trust and monopoly practices and their results.	There was no lawsuit for unfair competition, anti-trust and monopoly in the period.
* SO8		Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	There were no significant fines resulting from noncompliance with laws and regulations.

Performance indicators relating to product liability

Indicator		Description	Page
Customer Relations			
* PR1		Phases of the life cycle of products and services.	24
+ PR2		Cases of non-compliance with regulations and voluntary codes related to impacts of products and services on health and safety during the life cycle, by type of result.	There were no reported cases of this type of occurrence in the period.
* PR3	PG8	Type of information about products and services required by procedures and percentage of products and services subject to such requirements.	24 & 25
+ PR4		Cases of non-compliance with regulations and voluntary codes related to information and labeling of products and services, by type of result.	There were no reported cases of this type of occurrence in the period.
+ PR5		Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	79
* 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 such program.
+ PR7		Cases of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of result.	There were no reported cases of this type of occurrence in the period.
+ PR8		Complaints regarding breaches of privacy and loss of customer data.	There were no reported cases of this type of occurrence in the period.
+ PR9		Monetary value of fines (significant) for non-compliance with laws and regulations concerning the provision and use of products and services.	As there were no reported cases of this type of occurrence, no fines were levied.

Declaração de Garantia

BSD Consulting performed the independent verification process of the preparation of the Sustainability Report 2010 by IRANI, prepared in accordance with the GRI guidelines (Global Reporting Initiative). The verification process is intended to provide interested stakeholders in IRANI an independent opinion about: the quality of the report, the processes of engagement with stakeholders; adherence to the principles of AA1000AS 2008; and the continuity of processes for the management sustainability.

Independence

We work independently and ensure that no member of the BSD has consulting contracts or other commercial ties with IRANI. BSD Consulting is licensed by AccountAbility as the Assurance Provider (AA1000 Licensed Assurance Provider) under the registration 000-33.

Our Responsibilities

BSD Consulting is a company specializing in sustainability. A team of professionals that are experienced and trained in external verification procedures carried out the work.

Responsibilities of Irani and BSD

All the contents of the Sustainability Report and engagement processes and the definition of materiality are the responsibility of IRANI. The evaluation of the contents of the report and the verification of the GRI application level were the subject of the BSD work.

Scope and Limitations

The scope of our work includes information from the printed version of the IRANI Sustainability Report 2010, for the period covered by the report. The process of independent verification was conducted in accordance with the AA1000AS 2008 (AA1000 Assurance Standard 2008), Type 1 standard, providing a moderate level of assurance. The process includes the assessment of adherence to three principles: Inclusion, Materiality and Responsiveness.

Methodology

The approach to the verification to the AA1000 process consisted of:

- The evaluation of the contents of the Sustainability Report 2010;

- Understanding the process of generating information for the Sustainability Report, considering the engagement process and definition of materiality;

- Review of information from the media in general, sites and legal grounds;

- Interviews with executives, managers and employees in key areas in relation to the relevance and context of the information for the report and management

- When relevant, confirmation of the information on sustainability performance with the understanding of the governing body of the company;

- Based on sample testing, confirmation of the information in the Sustainability Report, with supporting documentation, internal management reports and official correspondence;

Analysis of the relevance of the information in the Sustainability Report from the point of view of external audiences.

Key Findings - AA1000AS Principles

In the assessment of BSD Consulting, IRANI endeavored to consolidate the management of sustainability through the implementation of specific practices. The evolution of the engagement process with stakeholders is essential so that the strategic commitments with sustainability are integrated into the organization's processes. The following are the summarized conclusions in the three principles of the AA1000AS.

Major Findings on Adherence to the AA1000AS 2008 Principles

1. Inclusion - discusses the participation of stakeholders in the development of the management of a transparent and strategic sustainability process.

- An engagement panel was held with stakeholders in 2010, as previously recommended. It is important to improve the engagement process through the involvement of other stakeholders that could contribute to a more critical view in order to balance the discussion. The panel addressed the issues of sustainability in a generic and inconclusive way. As in previous years, we emphasize the importance of establishing clear selection criteria for the prioritization of stakeholders.

- During the interview process, senior management demonstrated that they had a sense of the importance of the sustainability issue for the success of the business, incorporating in 2010 the subjects of high materiality (internal and external vision) in the company strategy. However, it has been observed that the issues are very comprehensive (e.g., the topic "Air").

It is recommended that the issues be addressed more specifically, with specific goals and plans for these critical issues.

- In 2008, the Sustainability Committee was created with the aim of contributing to the education and management of sustainability across the board in IRANI. However, it should further expand its role in processes related to strategic issues. Such as, for example,

the new management model for suppliers who will have to consider social and environmental deeds of companies in the selection and evaluation process. The Sustainability Committee could have a greater involvement in setting criteria for the assessment of suppliers in this new model.

- Evaluations of the impacts on surrounding communities are being improved. The results of this process will contribute to the evolving relationship with the consulted communities.

2. Materiality (or Relevance) - matters necessary for the stakeholders to arrive at conclusions on the economic, social and environmental performance of the organization.

- The material issues of the company have been identified by senior management from the results of consultations panels with stakeholders that were held in 2010. For the evaluation of relevant topics for IRANI to be more consistent is important to improve the identification and prioritization of the consulted stakeholders by setting clear criteria and the involvement of key areas of the company.
- The report does not delve into critical issues and impacts on activities. It is important that the report provides a critical analysis and contextualization of the information. The current content is more focused on the description of processes and the reporting of performance data.
- The Furniture Unit in Rio Negrinho was closed in October 2010. The employee severance process had specialized psychological support. IRANI established contact with local businesses to seek new opportunities for these employees
- There are procedures for the management and analysis of economic-financial risks. Social and environmental aspects are monitored, however, they are not yet considered in a preventive way. The implanting of the Corporate Risk Management area in 2011, should address more efficiently the risk assessment from critical issues for IRANI.

3. Response Capacity - addresses the actions taken by the organization due to the specific demands of stakeholders.

- All recommendations made by the Ministry of Labor - MTE in the TAC that was agreed with the Resins Unit were properly fulfilled by IRANI. The resin extraction activity was insourced by its subsidiary, Habitasul Florestal. We stress the importance of establishing a structured process for evaluating and analyzing social and environmental risks in the supply chain in all units of IRANI.
- The Supera Program, initiated in 2010, defines goals for employees that are related to sustainability, particularly in the industrial area, such as water and natural resources consumption. The goals have been defined with the involvement of the sustainability area and these results influence the variable remuneration of employees. It is recommended to report the achieved target and the average complementary salary after the first year of the program (2011).
- The process of customer satisfaction surveys has been evolving over the years. However, the search continues superficially

addressing the sustainability issue, demonstrating that IRANI can evolve in ways of engaging this audience. Topics such as communication and education for sustainability are of utmost importance to strengthen the image of IRANI in the market. Examples of topics that can be explored with clients are: social and environmental risks in the value chain, business ethics, process efficiencies and cost reductions, new challenges such as the National Policy on Solid Waste, and others.

- It was found, as in 2009, that there is no alignment of definitions and standards in corporate health and safety issue within the group. The definition of standards contributes to the improvement of management processes and the monitoring of these aspects, especially with outsourced workers.
- It highlights the evolution in the management and monitoring process of indicators for the environmental area. The monitoring indicators and environmental targets throughout the year enabled the improvement in internal controls and the management processes involved.
- As in the sustainability reports from previous years, we recommend the inclusion in the management processes and in the Sustainability Report, of accident indicators of outsourced workers.

Level of Application GRI-G3

Following the guidelines of the GRI-G3, BSD states that the Celulose Irani SA Sustainability Report 2010 is classified as Application Level A +. The report offers answers to the items related to the company profile, provides a broad description of management processes, and approaches sustainability. We provide information related to all categories of performance indicators: economic, environmental, human rights, labor, society and product responsibility.

Sao Paulo, April 7, 2011.
BSD Consulting - Brazil



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