



Sustainability Report 2011



Mission

Building relationships of value, seeking the prosperity of customers, the development of people and admirable profits with a balance between the environment and society.

Vision

To be the best and be among the three largest companies in Brazil in the Paper for Packaging and Corrugated Card for Packaging segments and among the best companies to work for.

Values

Integrity, Ethics, Courage, Transparency and Cordiality

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

Innovation and a Pioneering Spirit

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

Valuing people

We believe that people in permanent development, happy and working together makes all the difference.

Social and Environmental Responsibility

We are promoting agents and multipliers of financial, social, environmental, community and personal development.

Focus on the Results

We seek with determination superior and sustainable results. Objectivity, simplicity, austerity and performance in customer focus are our desire to achieve excellence.



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President's Message

The Sustainability Report is the document through which the Company terminates the set of information about its performance, sustained and sustainable, in the year 2011. Reading of the text provides an overview of the current global stage reached by its programs and actions, all relevant in the objectives and specificities.

I invite you to read the Report, be it in the printed version, which is leaner, or the digital version, which is more detailed.

The report also contains, in its sixth edition, the summary of the economic-financial statements, with their respective "links" to legal publications in the press, the CVM and BOVESPA systems and the IRANI Investor Relations site, which results in a document that is full of information and analysis on the impacts of operation of the Company, viewed from the angles of economic, social and environmental development, in synergistic and productive balance as an essential factor of competitiveness of the Company. Moreover, the references to the complete parts of documents, studies and allusive works, and the "on-line" version, are part of the mechanics of the Report, which allows stakeholders to make perfunctory inroads in the related subjects.

The highlights in 2011 are: (i) the "workshops" of the three year review of strategic planning for the five year period 2012/2016, when the essence of the strategies that have ensured the steady line and growth consistent in the management of the Company's projected expansions (ii) the objective verification of the results of the SuperAção Project (Overcoming Challenges Project) - the group of investments made between 2007 and 2008 to increase production capacity and productivity, with efficiency and quality gains in services and products - when they reach the limits of new capacity, exceeding all expectations of the investment, with an indicator summary the consistent increase in EBITDA margin, (iii) the consolidation of the corporate governance system and the economic-financial balance of the



Company, witnessed by performance indicators, Governance and balance that are able to sustain the new expansion project has already drawn. Note that the level of financial expenses is the result of the decision until now prevalent, to resort to credit and not risk capital for the investments and administrative expenses containing the investments programmed in the changes in Corporate Governance.

The year 2012, contrary to what was foretold, is heading towards favorable scenarios for new investments in organic growth, at the same times as a clear movement of consolidation in the pulp, paper and packaging sector in the country, both encouraged, by the increased competition in a market with extraordinary and rapid prospects of evolution . Emerging countries, with particular attention to Brazil, owing to the strong internal demands and positive macroeconomic factors, will lead the growth of paper consumption in the coming years.

Among the annual balance sheets of companies, there is one - not individually formatted, emerging from the body of work - which I always refer to with an emphasis on what I call the Balance of Perceived Value, which is made by numbers, the messages, the relevance of the strategic directions, by the actions and by the attitudes. This is the perceived value of the company - value in its broadest sense and comprehensive - by the market, this complex and multifaceted entity that validates the aspirations and drives growth, and moves all the "stakeholders", simultaneously.

It became solidified in 2011, the perception that Celulose Irani is strategically poised to, as part of its industrial segment, benefit from structural changes in

the Brazilian economy (that today attract, attention and investment of domestic and international capital), and in particular, strong growth in the consumer sector in the country, in the which the Company indirectly channeled 90% of its sales through the supply of packaging aimed at Brazilian production is not weakened by opportunistic flood of "subsidized" imports with the appreciation of the real. The market also perceives that the Company has the flexibility to adjust the business model, given possible new trends, although the growth of the Brazilian income, low unemployment rates and intensification of social migration have come to stay.

The IRANI operation is entirely vertical and according to immutable clauses of its strategy, quantifies the growth from the forest-based self-sufficiency, the production of softwood pulp and the self-generation of energy. Its forest assets guarantee the supply of raw material at costs that are structurally competitive. The same happens with the energy - small hydro and co-generation units - and the production of cellulose which ensure the stability of flows and prices and quality of essential raw materials.

These are the so called primary "hedges", from which comes the IRANI endogenous competitiveness, to mitigate the so-called Brazil cost, set up the deficiencies in the infrastructure and logistics, gluttonous taxes, by high interest rates and the inadequacies of the arbitrations of exchange rates, causes of evident and aggressive Deindustrialization of the Brazilian economy, which returned to the levels of the 1950s. In IRANI, as the report shows, the verticalization of the production chain and control over the costs of raw material and energy rationalize costs and the appropriate choice of the segments that mobilizes productivity, creates value and ensures competitive prices in the domestic and international markets.

The IRANI Balance of Perceived Value reveals its growth opportunities, in fact, enshrined in the 2012/2016 expansion plan. By adopting an attitude of business relationships with a customer focus that is, closer, more united and induces the development of mutual interests more than the traditional customer focus, in an unique direction, develop lasting relationships with a customer base that is solid and diversified, traditional firms, largely related to domestic consumption or viable exports that are operating with processed, industrialized, animal protein foods, "fast food", among other areas that benefit from the clear improvement of the purchasing power of all classes in developing countries where Brazil emerges.

The IRANI expansion project is organic and gradual, but monitors, through specialized professionals in Brazil and in some Latin American countries, the consolidation process that is under way, aware of the opportunities related to the established scope and the view of the evident fragmentation of the sector in

those markets. And to maintains the decision not to expose the Company to "commodity" or exchange market risks. With production structure geared to supply, mainly, the Southeast and South regions, plus a strong effort in developing new products, the occupation of spaces, by IRANI, in other regions of the country and in other niche markets, is a clear opportunity to pursue.

With more than the six annual Sustainability reports published, the day by day of IRANI and its teams, at all levels of the hierarchy, is the testimony of the incorporation of the provision of balancing social and environmental development of its ordinary operations, as a basic source - "sense alto" - of the permanent capacity of healthy economic competition. The awards, certifications and acknowledgments received during the recent history of the company reveal the long lasting practice of sustainability, community integration, and efficient environmental management, the appropriate management of people, social responsibility, ethics and innovation. The certifications as a Carbon Neutral Company and the Carbon Inventory carried out in accordance with ISO the 14064, by, among other things, the approval by the UN Clean Development Mechanism (CDM) of the Wastewater Treatment Plant and the regular sale of carbon credits issued under the Kyoto Protocol (the second company in the world and first in Brazil's pulp and paper segment to obtain this record), IRANI is accredited to deliver its products to customers and the world's toughest markets, besides accumulating pioneering initiatives. At this time, the Company is undertaking studies to add clean and renewable wind and solar energy to its energy mix.

Despite the European crisis, the moderate speed of the U.S. economy and a certain caution in China, the scenarios for Brazilian companies are promising and sustainable. I see IRANI as being especially ripe for a another quantitative and qualitative leap in its growth, this time with the objective of categorically occupying the space which is reserved for it in the top three companies in Brazil's pulp and paper packaging segment.



Péricles de Freitas Druck
Chairman of the Board of Directors
of Celulose Irani S.A.





About this Report

For the sixth consecutive year, the IRANI Sustainability Report is aligned with the guidelines of the Global Reporting Initiative (GRI) in its version G3.1.

IRANI always publishes this in the first half of each year. The data collection process occurred during 2011 and early in 2012.

About this Report

In 2011, the Company self-declared itself with an application level of A +, which is confirmed in the Warranty Statement given by BSD Consulting and disclosed at the end of this report.



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

The financial statements are consolidated in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in accordance with accounting practices adopted in Brazil.

Level of Application of this Report		C	C+	B	B+	A	A+
Report Content	G3 Profile		With external verification		With external verification	The following items were answered: 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 Management Approach					Management Approach disclosed for each indicator category	
	Indicadores de desempeño de la G3 & Indicadores de desempeño del Suplemento Sectorial					Each key indicator from G3 was answered with due regard to the Principle of Materiality, reporting on the indicator or explaining the reason for the omission	

For the preparation of the contents several discussions between the editorial team and the Board were carried out and as a result, it was decided to publish a single report that provided information on sustainability and financial performance. It is believed that a holistic approach promotes an objective report on the incorporation of sustainability into the strategy, the Company's performance and the creation of

shared value, reinforcing the commitment to transparency and accountability.

This addresses priority issues for the stakeholders and what is prioritized in the management of the Company. Others are complemented by online topics, to do this just access the indicated website. To define the content we used the same materiality matrix that supported the Sustainability Report 2010, due to the complexity of the issues and the handling of these during 2010 and 2011.



Materiality

In 2010, IRANI organized two structured events entitled Stakeholders Panel. The first took place in Campina da Alegria (SC), with the participation of 50 community, government and society representatives. The second, in Sao Paulo (SP), had the participation of more than 80 invited representatives of shareholders, customers, communities, suppliers, government, society and employees. The purpose of the event was to know and share the concerns of this public about sustainability and identify future challenges for the Company

At these two events the dialogue with stakeholders, recognized as major initiatives: the potential value of the Company with the presentation of superior results, the quality of products, the improvement in business management in the last 7 years, the search for sustainable partners, the concern for people and the environment, the inclusion of employees and their families in educational, cultural, sports and volunteering, environmental actions environmental education, and organizational climate, the balance between growth and forest reserves, the good relationship between debt and capital, the transparency of environmental issues, corporate governance, the reaction to new regulations.

The main points of attention that were raised, were: the low liquidity of the Company shares, the need to work harder in a network with social projects, the difficulty of access of the society to present their social projects; attention to Vila Campina da Alegria (SC); more interaction with the surrounding communities. There was a demand from

MATERIALS ISSUES

Topics with a maximum priority	1	Biodiversity
	2	Development of people
	3	Energy
	4	Generating value for shareholders
Relevant topics	5	Water and wastewater
	6	Air
	7	Supply chain
	8	Sustainable Consumption
	9	Relations with society
	10	Solid waste

shareholders to receive support in spreading the concept of sustainability and in meeting the set of metrics and results of IRANI's practical sustainability projects. From the customers and suppliers, there was interest that the knowledge about sustainability should be shared and to foster the sustainability of the value chain, as well as the need to maintain the relationship focused on managing the Company and not only on product quality, with the expectation of working together with IRANI. From the government and society and the surrounding communities, the desire to participate in initiatives of government institutions and civil society organizations, to improve the social conditions of the surrounding communities and to participate in the Municipal Board on Children's and Adolescents Rights (CODA).

The results of the stakeholders panel served to support, in 2011, to feed back the strategic planning, assisting in identifying the challenges and the incorporation of the sustainability strategy. They also were instrumental in guiding the content of this report in a more objective and transparent form reporting on the issues considered as more relevant. For the definition of materiality, a discussion was held between members of the Sustainability Committee on the issues brought by stakeholders, from which there was a definition of the relevant issues in sustainability. With this definition, stakeholders were consulted so that they priority issues might be listed. From this, the Board met to discuss how these issues are incorporated in the Company strategy and which of them will be prioritized.





IRANI 70 years

Commitment with the future

In 2011, after completing 70 years, Celulose Irani celebrated the date with a series of actions to honor those employees who have been or are part of its history. In the celebration IRANI invested on the creativity of employees and launched three cultural contests that resulted in the discovery of many talents.

Value in Focus Contest

Great moments are immortalized in beautiful photographs. Thinking about this, IRANI promoted the Valor me Foci (Value in Focus), a photography contest with the theme "What value means to you?" Rewarding the employees that had a more creative look. Family scenes, friends, nature, landscapes were shared and voted on. To achieve a perfect photo, employees participated in a workshop with a professional photographer. The photographs were evaluated by a technical jury, composed of four professionals and an on-line jury, through which employees have campaigned and asked for votes.



Paper and Art Contest

Fine sculptures in Kraft paper were created with various techniques and creativity by IRANI employees. The paper sculptures contest revealed some great artists, who transformed simple sheets of paper into amazing works of art. Employees relied on tips from an artisan in the Arts Workshop. In this contest, besides the technical jury, there was an online jury; the photographs of the sculptures were posted making it possible to vote in the hot site that was created especially for the contest.



Make it in 70 Contest

Great artists have been revealed in the Make it in 70. It took just 70 seconds of film to make them famous in the IRANI contest. Many sang out loud, made imitations and cracked jokes. All to impress the on-line jury that commented on the videos.



70 years of IRANI Party

In June 2011, IRANI, reached 70 years, and held a special party in Campina da Alegria, where it all began. The party was divided in two parts: the first there was integration activities exclusive to guests, employees and their families. This same group of people had the opportunity to hear the Board message and meet the winners of contests relating to the 70 years of the Company. At another time, open to surrounding communities, the Company promoted a large celebration in which there were games for children, a food court, sustainability workshops and the presentation of the play "IRANI 70 years - A look at Life", marking the debut of the Theatre Group Floor do Matos, made up of employees, their families and local community members.

festa
IRANI



Theater IRANI 70 years - A look at Life





Growing **integration** to reap sustainability

By adopting sustainability in the business means to perform in accordance with a management model that seeks to balance economic, social and environmental development. IRANI grasped this challenge and adopted this model because it wants to be more competitive and believes that the balance and synergy between these pillars produces lasting and admirable results.

Growing integration to reap sustainability



Along this route, the company has faced some challenges and uncertainties. The extension or not of the Kyoto Protocol is concerning, as there is no definition that the CDM projects will be revalidated. In the last climate conference, the COP-17, an agreement was approved that by 2017, there would be a mandatory reduction of GHG emissions in developed countries. In parallel, the countries decided that a process be entered into to develop a new protocol to be negotiated by 2015. This can create new opportunities for the sector, but is still incipient. In the chapter on the Environment, we discuss the initiatives that the Company has adopted to monitor and reduce emissions and minimize environmental impacts, such as the GHG inventory and the CDM projects.

In the context of labor practices and labor relations, the Ministry of Labor and Employment expressed interest in the primarization of some forestry activities, performing inspections accordingly. IRANI holds the position that regardless of the forms of employment, directly or outsourced, they must be in full agreement with the labor laws and ensure a work environment with dignified conditions for carrying out activities. Another challenge is the current scenario of employability in Brazil. The maintenance of economic activities, at a high level, generates very low unemployment rates, which increases the competition in the hiring of the most

qualified professionals. This fact stimulates the movement of professional in the labor market, always looking for more favorable conditions. As a result of this, companies need to find more effective ways to retain and keep employees motivated and satisfied in the workplace.

These are some of the challenges that reinforce the IRANI commitment to sustainability. This commitment permeates through the entire business chain, from forests to the activities with nearby communities, the integration between employees and other stakeholders, productive processes, efficient and rational use of natural resources, technology, economic investments and financial returns. In all operations, endeavor to promote a virtuous circle of environmental preservation and innovation.

Thinking about this integration, at the end of 2011, as a result of the Strategic Planning, the leadership defined in the participatory process the new Mission, the Vision and Values and Principles that guide the actions of IRANI for the 2012-2016 cycle.

Mission

Building relationships of value, seeking the prosperity of customers, the development of people and admirable profits with a balance between the environment and society.

Vision

To be the best and be among the three largest companies in Brazil in the Paper for Packaging and Corrugated Card for Packaging segments and among the best companies to work for.

Principles and values

Integrity, Ethics, Courage, Transparency and Cordiality
We are upright, ethical, courageous, friendly and transparent in all our attitudes and relationships.

Innovation and a Pioneering Spirit
We cultivate innovation and a pioneering spirit in business, processes, products and services.

Valuing People
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Social and Environmental Responsibility
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Focus on the Results
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View from the balcony - Campina da Alegria Farm (SC)

Evolution of commitments

In the 2010 Sustainability Report, the Company reported some future commitments that had been undertaken. The table below shows the status of each proposed goal.

WATER AND WASTEWATER

Commitments

In 2011, reduce to 25 m³/ton paper the quantity of water per raw ton produced.

Learn more

26.81 m³/t paper has been achieved.

Commitments

In 2011, increase the percentage of water reused in the Paper Mill to 75% paper.

Learn more

73% achieved.

Commitments

In 2011, reduce to 22.7 m³/tons paper the quantity of wastewater generated per raw ton produced.

Learn more

Obtained 22.76 m³/t raw paper.

AIR

Commitments

In 2011, reduce 165,000 tons of CO₂eq.

Learn more

Reached 217 000 tons tons of CO₂eq.

Commitments

In 2011, participate again in the MelhorAr award and perform at least 500 measurements.

Learn more

Reached 545 measurements.

BIODIVERSITY

Commitments

In 2011, continue the SHP Flor do Mato project and extend to the Sao Luiz e Cristo Rei SHP's.

SUPPLY CHAIN

Commitments

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

Learn more

Ongoing Commitments

Commitments

Maintain 60% of the suppliers with long-term contracts (IRANI Supplier Project) and maintain 80% of the suppliers of wooden chips with stable purchases (Urban Forest Project).

Learn more

In the IRANI Supplier Project 40.70% was achieved and 61.76% in the Urban Forest Project.

SUSTAINABLE CONSUMPTION

Commitments

In 2011, run two campaigns to encourage consumer awareness among employees.

DEVELOPMENT OF PEOPLE

Commitments

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

Learn more

We recorded 23 accidents in 2011. The target will be maintained in 2012.

Commitments

End 2011 with 70 disabled people on the workforce.

Learn more

At the end of 2011, we had 55 disabled people on the staff.

Commitments

Start in 2011, the Lean Manufacturing Program in the Paper mill.

ENERGY

Commitments

By 2014 generate 90% of the energy consumed.

Due to the ability to purchase renewable energy on the grid this goal no longer exists.

Commitments

In 2011 keep the specific energy consumption less than 0.78 MWh/raw ton produced.

Learn more

Reached 0.77 MWh/raw ton produced.

GENERATING VALUE FOR SHAREHOLDERS

Commitments

Write in 2011, the Corporate Governance Policy which aims to formalize the existing governance practices as well as present them in a transparent way in the organizational structure.

Learn more

Not finalized. This is being evaluated along with other adjustments in the Company governance structure and should be implemented during 2012.

RELATIONS WITH SOCIETY

Commitments

In 2011, build 15 new homes in the community around Campina da Alegria.

Learn more

In 2011 the building of 15 new houses was contracted. 8 were delivered in 2011 and seven in 2012.

SOLID WASTE

Commitments

In 2011, send to the landfill a percentage of waste less than 9.34%.

Learn more

A percentage of 9.63% was sent.

Commitments

Keep in 2011, the percentage of recycled material at 23%.

Learn more

24% was reached.

Certification and seals



The brand of
responsible forestry
management.



Obtenção de Créditos de Carbono Unidade Papel



Highlights and awards 2011

The 50 Best Businesses Award in Corporate Citizenship



Social Responsibility Award
Realized by the Legislative Assembly of SC



Exemplary Company Award in Latin America 2011
Realized by CEMEFI



MelhorAr Award
Realized by CNT Febrance SC



Febramec Award
Realized by Febramec and ABID



Roberto Hiraishi Award
Realized by Embanows



Banchmarking Award Brazilian Environment
Realized by Mais Projetos



Management for Excellence Award
Realized by Expressão Magazine



Champions of Innovation Award 2011 - Best company in Southern Brazil in innovation
Realized by Amanhã Magazine



Green Award for Enterprise
Realized by Época & PwC



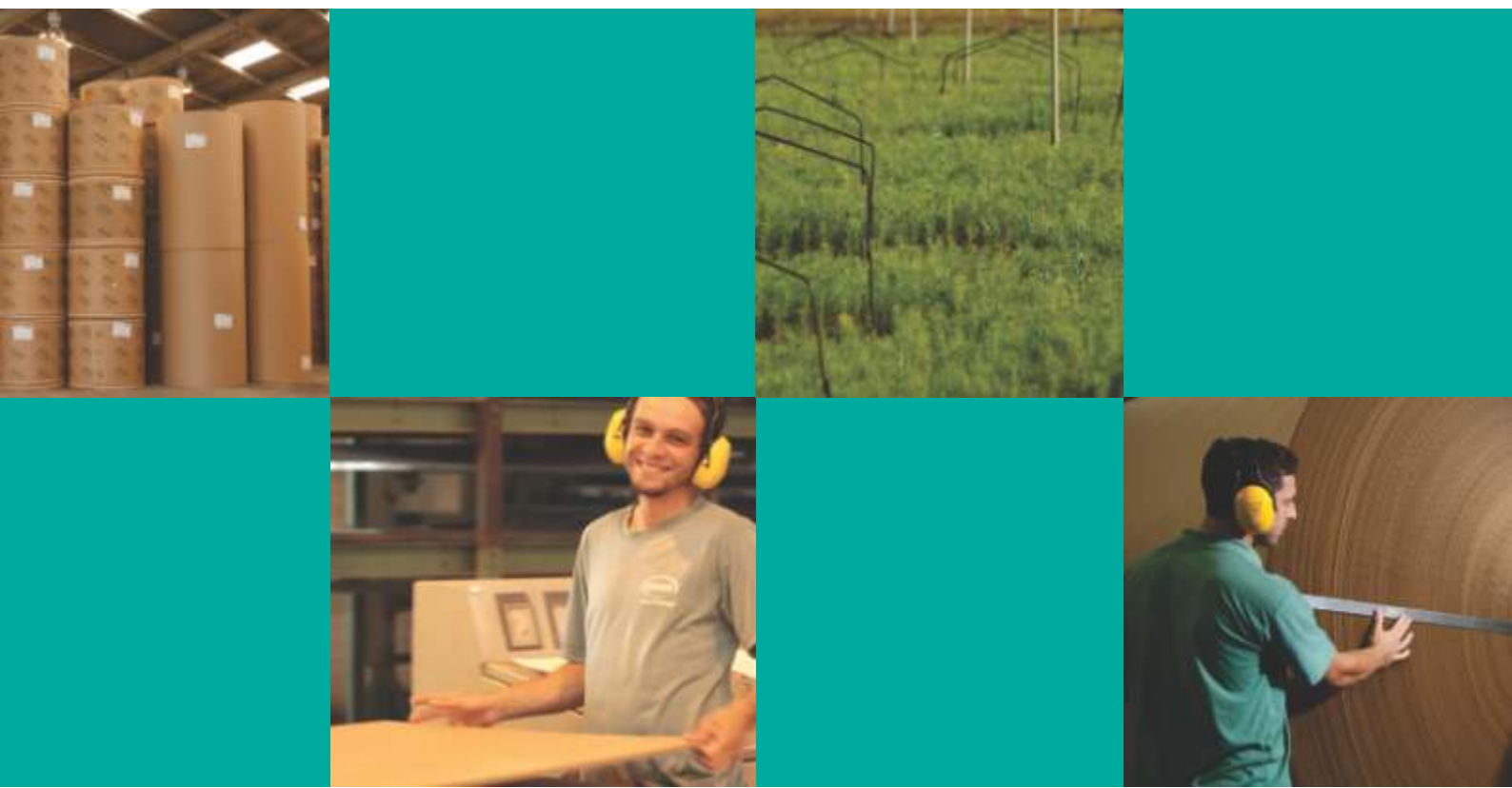
Exame Magazine - IRANI amongst the three publicly traded companies with the greatest appreciation of its shares on the Bovespa index



Melhores da Dinheiro 2011
2nd place in the Innovation and Quality category.







The Company

Founded in 1941, IRANI produces packaging paper, sheets and corrugated boxes and resins and sells wooden furniture. The company has 1,722 employees and 774 service providers. It has four manufacturing units: Paper and Packaging SC, Vargem Bonita (SC), Packaging SP in Indaiatuba (SP) and Resins in Balneario Pinhal (RS). Irani has offices in Sao Paulo (SP) and Joaçaba (SC) and the Head Office is located in Porto Alegre (RS). Companies controlled by IRANI: Meu Móvel de Madeira Comércio de Móveis e Decorações Ltda., in Rio Negrinho (SC), Irani Trading S.A., Habitasul Florestal S.A. & HGE – Geração de Energia Sustentável Ltda. , with Head offices in Porto Alegre (RS), and Iraflor Comércio de Madeiras Ltda, with its headquarters in Vargem Bonita (SC).

Corporative Governance

IRANI Corporate governance is guided by values that reflect the relationship with its shareholders and other stakeholders.



The commitment with the best practices in relationship with its shareholders and other stakeholders makes IRANI adopt a corporate governance guided by social and environmental responsibility, ethics, integrity and transparency, warmth and simplicity, innovation and pioneering spirit, culture of results, austerity, customer focus and a culture of excellence and valuing people.

The administration is conducted by the Board of Directors, who have deliberative functions, and the Executive Board, with executive and representative functions. For the companies Habitasul Forestry SA and Irani Trading SA, controlled by IRANI, there are separate boards of directors, each composed of three members who are also part of the Board of Directors of

Celulose Irani SA.

The Corporate Governance Policy was not completed in 2011 and is being evaluated along with other adjustments in the Company governance structure and should be implemented during 2012.

GOAL²⁰¹²

Create a Corporate Governance Policy and evolve in the governance structure.

	2009	2010	2011
Nº. of members of the Board of Directors	6	7	7
Non-executive IRANI Board Members	4	5	5

* A non-executive Board Member does not exercise a management role in the Company.



Information regarding executive remuneration and those responsible for the governance and how that compensation is related to performance in the short, medium and long term are disclosed in the Reference Form, available on the Investor Relations site (www.irani.com.br/pt/ri), at the link Financial Information/CVM Archives.

On December 31, 2011, the capital of the Company, subscribed and paid, 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.

For more information about the structure of governance, access the on-line version of this report is available on the site www.irani.com.br/pt/info/relatorio-de-sustentabilidade

On February 29, 2012, a capital increase through capitalization of the accounts of Legal Reserve and Retained Earnings was approved at the Special General Assembly, passing the capital of the Company to R\$ 103,976,491.19, without issuing of new shares.

At the Ordinary and Extraordinary General Assembly held on April 19, 2012, a split of all common and preferred shares issued by IRANI was approved, so that each ordinary share is split into 20 shares and each preferred share is split into 20 preferred shares, there is no change in the ratio between the two. Thus, the share capital shall be comprised of 162,090,000 shares, of which 92% (149,279,740) are common shares entitled to vote and 8% (12,810,260) preferred shares without voting rights.



In April 2012, the Company took another step towards better corporate governance practices. The Chairman of the Board will no longer be the Executive President and Managing Director, Mr. Pericles Pereira Druck, was elected CEO of Irani. The Chief Executive Officer shall advise the Executive Board reporting to the Board of Directors on issues of great importance.

The Board of Directors shall meet whenever necessary, by fixing attention on strategic issues of the Company such as: business risks, market relations, corporate policies, investments and monitoring the results reflected in the Financial Statements Report. All the powers of the Board of Directors are in Article 12 of the Bylaws of the Company. Among them, there is the management inspection of the

directors, allowing Board members to examine, at any time, books and papers of the Company, requesting information on contracts and any other acts. The members serve for two years and may be reelected.

The Executive Officers shall meet, ordinarily, in person every month, and by videoconference, when necessary, and it is in their competence the practice all acts necessary for the regular operation of the Company, that is not the competence of the General Assembly or Board of Directors, in accordance with the powers contained in Article 14 of the Bylaws of the Company. The term of office of directors is two years, reelection being permitted.

The current Board of Directors will complete the current management in 2013 and is composed as follows:

- Pericles de Freitas Druck - President;
- Eurito de Freitas Druck - Vice President;
- Paulo Sérgio Viana Mallmann - Director;
- Pericles Pereira Druck - Director;
- Paulo Rabello de Castro - Independent Director

The expenses with administration fees, less payroll taxes, totaled R\$ 4,746 thousand in 2011 (R\$ 5,003 thousand in 2010). The total remuneration of directors was approved by the Ordinary General Assembly dated April 29, 2011 in the maximum valor of R\$ 5,500 thousand.

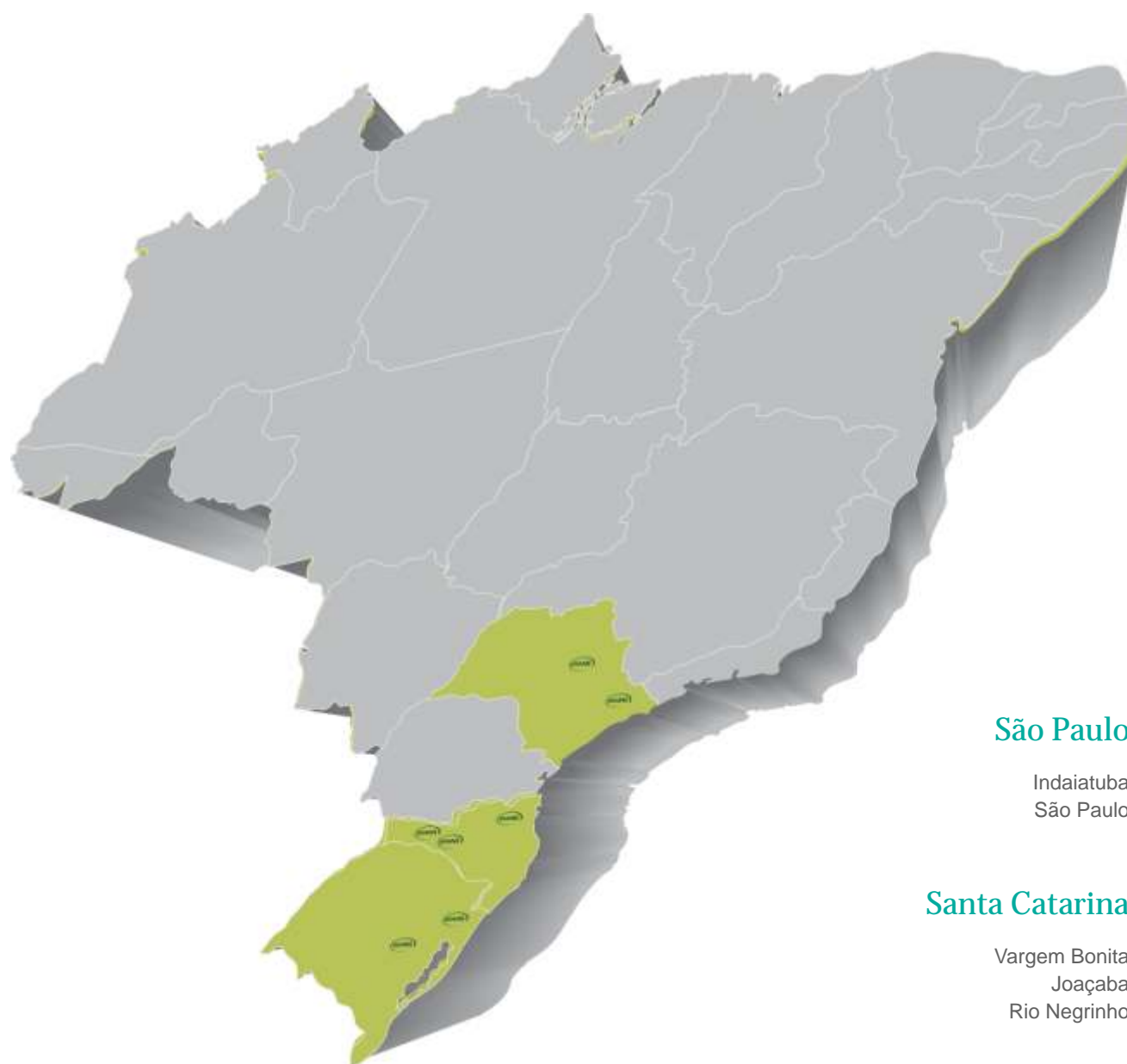
To check the consistency and integrity of its operations, the Company retains Independent Auditors who are responsible for issuing The Independent Auditors' Report, quarterly and annually.



To send suggestions, questions, recommendations, or request more information visit the Investor Relations site (www.irani.com.br/ri), link Contato > Fale Conosco. If you prefer to speak directly with the Director of Investor Relations his e-mail is available in the link > Investor Shareholder Services.



Location of Units



São Paulo

Indaiatuba
São Paulo

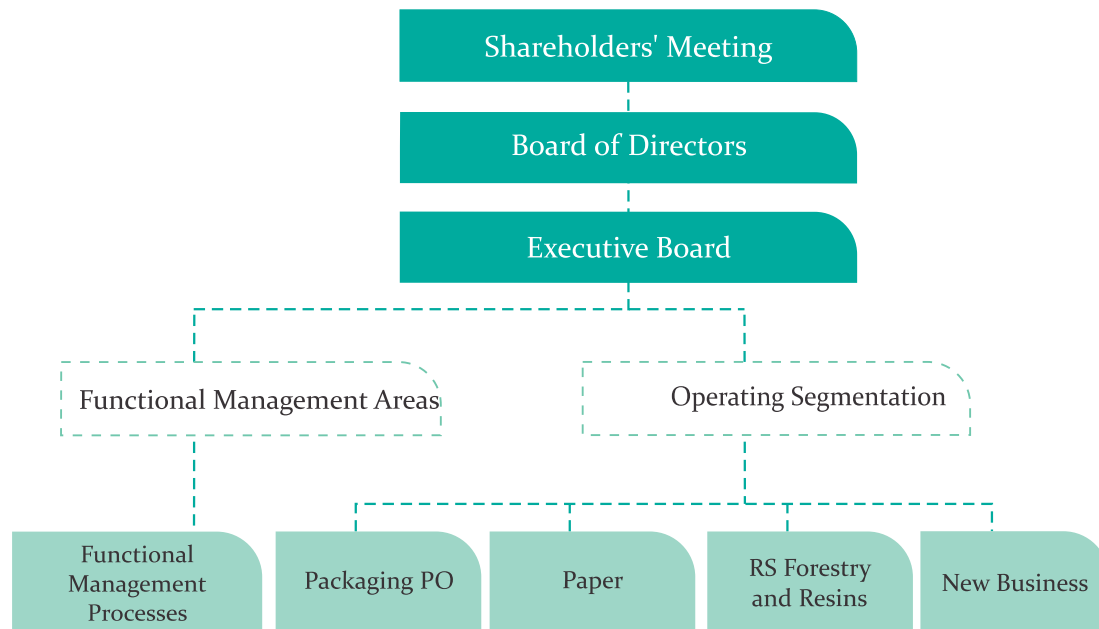
Santa Catarina

Vargem Bonita
Joaçaba
Rio Negrinho

Rio Grande do Sul

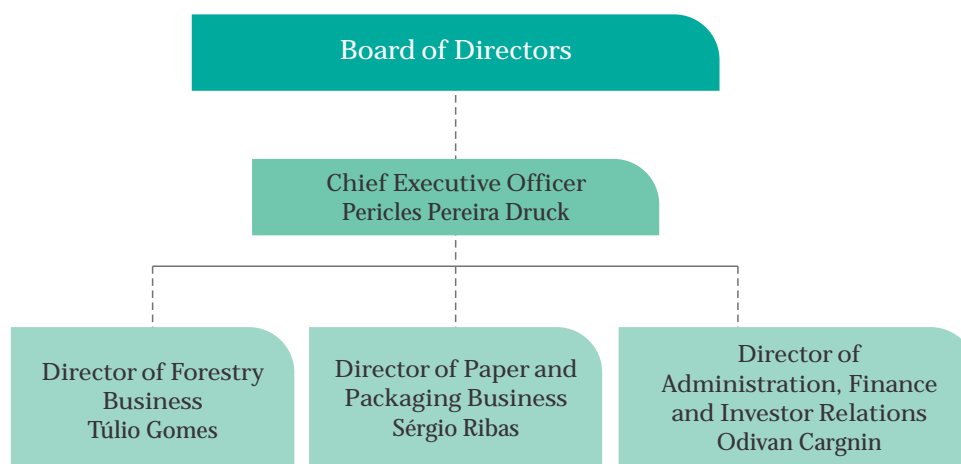
Balneário Pinhal
Porto Alegre

General Structure



* Finance, Accounting, IT, Procurement, Personnel Development, Marketing, Accounting, Market Intelligence, Innovation, Legal, Management for Excellence, Strategic Projects, EGP, Risk Management, Continuous Improvement.

Organizational Chart



Sustainability Committee

In 2011, the committee regularly carried out the actions that the Sustainability Committee had been planning since the beginning of its activities in 2008. The committee is made up of, currently, nine employees, representatives from various IRANI units. Following are the main projects that have been developed.

PROJECT THAT WAS DEVELOPED	STAKEHOLDERS INVOLVED	DESCRIPTION
Education Project for Sustainability	Employees and forestry service providers	<p>Pilot project developed in the Paper and Packaging SC units and the Corporate Office in Joaçaba (SC). From June to November, the project aimed to spread to the internal public the concept of sustainability.</p> <p>Results: Internalization of the sustainability culture and support in the training of employees as aware and committed citizens in the building of a sustainable society.</p>
Conscious Consumption Campaigns	Employees	<p>There were two campaigns carried out in order to encourage employees to find alternatives to reduce consumption. The first stimulated the reduction of water consumption in homes and the second prompted the reduction in the use of plastic bags in the supermarket with the use of a returnable box.</p> <p>Results: Awareness of employees, encouraging conscious consumption through the use of an IRANI product.</p>
Inclusion of Sustainability Requirements in the Selection of Suppliers	Suppliers	<p>Three requirements were included relating to sustainability requirements for the selection of suppliers, plan for training employees, volunteer social projects, and voluntary environmental initiatives. These requirements are verified through a survey coordinated by the Committee and sent to suppliers.</p> <p>Result: Involvement in the supply chain commitment with sustainability.</p>
Sustainability Training for the Sales Team	Customers	<p>The aim was to provide clarification about sustainability to the commercial areas. Classes were held in the Paper, Packaging SP and Packaging SC units.</p> <p>Results: Education for sustainability and incorporate the theme as a sales differential.</p>



EXCLUSIVE
ON-LINE
CONTENT

Commitment to external initiatives

Since 2007, IRANI has been a signatory of the Global Compact and the Business Pact for Integrity and Against Corruption. To adhere with these pacts represent a stimulus to socially responsible practices and to combat any form of corruption.

At the end of this report, in the GRI index, you can see the relationship between the GRI indicators and the Global Compact principles. This compact is an initiative of the United Nations (UN) in order to encourage the practice of Corporate Social Responsibility commitment from the ten key principles in the areas of human rights, labor rights, environmental protection and combating corruption.

The Business Pact is an initiative of the Ethos Institute with the aim of spreading good practice in business ethics that can eradicate corruption.

Another initiative is the Carbon Disclosure Project (CDP) in which IRANI has participated, on a voluntary basis, since

2010. The objective of the CDP is to know the actions taken by companies and incentives for reducing emissions of greenhouse gases (GHG) to the atmosphere. The management of these emissions enables the Company to establish solid management and contributes to the global issue of climate change.

Committed with the control of the GHG emissions and the transparency of information, it participates in the GHG Protocol Brazil. Among the different methodologies that exist for conducting GHG inventories, is the tool that is the most widely used worldwide by companies and governments to understand, quantify and manage emissions and is coordinated by the Getulio Vargas Foundation. The IRANI inventory is part of the Gold category, it is a complete inventory, with the external verification, based on the methodology of the IPCC in 2006.



* Clean Company



Sustainability and Innovation

IRANI cultivates the innovation and the pioneering spirit in business, products, processes and services by understanding that this is the path to differentiation. In 2011, the Innovation Center began a restructuring process creating a Research, Development and Innovation area in corporate activities and responsible for maintaining a strong synergy between the Product Development areas of the Business Units.



EXCLUSIVE
ON-LINE
CONTENT

The Innovation Center created the IRANI Inova program, that groups together all the organizer modules of Innovation, comprising:

- Ideas of Value: Responsible for the management of ideas inside and outside of the company
- IRANI Open Innovation: Responsible for managing strategic partnerships in areas of research
- Innovative Planet: Responsible for working with Competitive Intelligence and organizing information for the interested public interest through a monthly newsletter.
- Intellectual Property: Responsible for managing the company's intellectual property
- Portfolio Management and Innovation Projects: Responsible for managing the innovation funnel
- Culture of Innovation: responsible for implementing a culture of innovation, through training at all levels

The area of Research, Development and Corporate Innovation is structured for research and develop technologies independently or in partnership with the University, Scientific Technological Institutions, suppliers, customers and competitors. Always following strategic themes, it is focused on delivering results on medium and long term projects.

The Product Development area develops solutions for clients and aims to provide results with short-term projects. Together, the areas

operate in all stages of the process from the seed to the final product (paper and packaging).

Through technical visits, the Technical Service Department develops packaging solutions optimized for each specific need. They suggest alternatives aimed at increasing performance and reducing costs to the client. Performs technical visits to monitor the performance of the packaging and speedily complies with any corrective demands. Also carries out technical training sharing experiences and information with customers.

The management of innovation is accomplished by a team that is focused on the systematization of the management processes that facilitate open innovation. In a multi-functional character, the Innovation Center interacts with all business units and the market (universities, scientific-technological, business, government and independent inventors) through a systematized program of management partnerships. Continually pursues four types of innovation: the manufacturing process, product, business model and management model.

In 2011 two patent applications were filed: the cardboard pallet and the tamper-proof case , both recognized with the Roberto Hiraishi award, published in the Embanews Journal in 2012. The cardboard pallet is made from waste from products supplied by customers added to the residue from its own production process. The tamper-proof box is made only from cardboard, with anti-theft locks, used with products that have a high added value.

The II Technology Week, organized in 2011, brought together students, suppliers, partners, customers and employees, allowing the dissemination of knowledge and the exchange of experience focused on innovation and technology.

During the event which was attended by over 300 people, the I Technological Challenge was launched for university students at the University of West of Santa Catarina (UNOESC) with the objective of generating innovative ideas to the process, and new

technologies related to innovations in the production chain of pulp, paper and packaging. The suggestions will be evaluated by a multidisciplinary committee, those which stand out more, will guarantee the winner two grants: one as an intern in IRANI and the other is a research grant from UNOESC, a partner in this initiative.

The culture of innovation is also driven by the actions of training and developing people. These actions work with the innovation competence and aim to develop creative approaches and solutions with the Customer Focus.

Returnable Box for supermarkets

Produced from scraps of corrugated cardboard, the packaging was developed in partnership with a customer to provide a sustainable solution for the replacement of plastic bags. The recyclable, biodegradable packaging can be easily returned and assembled and disassembled several times, while maintaining its strength and replacing the use of up to five bags. This project was a highlight in the 2011 edition of the Guia Exame on Sustainability and honored, in the 2011 edition, with the Roberto Hiraishi Award, published in the Journal Embanews.



Certification of the *Forest Stewardship Council*[®] (FSC[®])

FSC certification ensures that timber produced or used by the Company comes from a forest that is managed in an environmentally responsible, socially beneficial and economically viable way, besides other controlled sources. A verification program of wood suppliers is applied and the Company only conducts business with those who have aligned with Corporate Policy of Wood Purchase which specifically handles this issue. Obtaining FSC certification also enables the continuity of the business in the long term.



Business

Throughout its history, IRANI consolidated, as an absolute value, respect for the environment and people. It incorporated into practice the concept of sustainability, ensuring high quality products. The raw materials used in products come from controlled sources certified by the FSC, which ensures the best forest management practices even to the production of cardboard packaging. Management is designed, managed and the result of attitudes and actions of people.

Its products are biodegradable and recyclable,

designed to provide customized and innovative solutions to market.

Acts in a different way, constantly seeking solutions of weight and reductions in the area in its projects, using less raw materials in manufacturing, without compromising the performance of the products. To do this, the Company maintains a group of researchers, designers and technical assistants focused on cost reductions and process optimization.

GOAL2012

Conduct a study on The Life Cycle Analysis of Paper and Packaging by 2012.



EXCLUSIVE
ON-LINE
CONTENT

The concern for customer safety is enhanced with the production of paper and packaging that is supplied to the food industry. The impact on the health and the safety of customers is assessed from the development of the concept to its disposal after use. When designing products and in the production processes, the guidelines of Ordinance no. 177/99 of ANVISA, ISEGA and RoHS, are considered and today comply through reports certifying that all tests are below the allowable limit.

Only products related to packaging are identified as bakery packaging that can interfere with food safety and all of them have their guarantees set by Good Manufacturing Practices, complying with the Ordinance no. 177/99 of ANVISA in the Fine Kraft; Flash Kraft; Flat Kraft; Flexi Kraft Pardons and White lines. In 2011, the reports were renovated to adapt to the ordinance regarding the contamination sensorial, the total and specific migration of metals, microbiological contamination, the migration of optical brighteners, the migration of dye, the content of polychlorinated biphenyls and the halophenol content. From the analysis of the life cycle of products, to be carried out in

2012, phases may be identified that may impact the health and safety, aimed at improving.

The production process starts in the Research and Development departments, with the development of projects according to the requests and customer needs, market trends, consumer or the Company's strategies, with support from the Innovation Center. Upon completion of this step, with the approval of the customer, the finished products are delivered always accompanied by technical reports containing information relevant to the product specification, closely following the technical specifications and procedures of NBR ISO 9001 (2008).

In the assumed management model, sustainability is the yardstick for the attitudes to result in ethical and transparent actions.



Since 2007, IRANI has had an Ethics Committee comprised of employees from all units that seek to spread the ethical commitment of the Company with its stakeholders, and ensure compliance with the Code of Ethics, available for public consultation within the Institutional area on the site www.irani.com.br

Since 2011, the new Code of Ethics booklet is given to the employees during the integration process. This year it has not been possible to disseminate the new booklet to the other employees, but the Committee intends to do so in 2012. It also reinforces the commitment made in 2007 by becoming a signatory to the Business Pact for Integrity and Against Corruption in which the Company is committed to prevent corrupt practices in their units and even outdoor environments. The IRANI Code of Ethics covers all

industrial units, offices and subsidiaries.

In order to maintain ethics and good conduct, developed through its business relationships with customers, partners and suppliers, IRANI condemns certain behavior on the part of their employees and administrators that may conflict with the values of the Company. Its Code of Ethics specifies the attitudes that characterize these conflicts of interest and are divided into: interests, information and intellectual property security, assets and resources of the Company, trading in the Company's shares, giveaways, gifts, favors and other amenities, donations and sponsorships and professional secrecy.



Paper

The Paper Mill, located in Vargem Bonita (SC) has the FSC Chain of Custody. This certification allows IRANI to manufacture of its products using the FSC seal, as the company uses certified and controlled raw materials in its manufacturing process.

It manufactures packaging paper from 30 to 200 g/m² in the following lines: FineKraft, FlatKraft, FlashKraft, FlexiKraft, and EnveloKraft and BagKfrat suitable for flexible packaging and Kraftliner, TestLiner, Cores and Recycled paper for rigid packaging.

Each line of IRANI paper is indicated for specific productions. The main customers are independent converters for the manufacturing of bags for the bakery, charcoal, sugar and seeds segments, and bags used by large retail chains. IRANI papers are also suitable for the market for envelopes, gummed tape and paper for special applications such as the plotter for the garment segments and for masking paint.

Suitable for the direct contact with food, the papers are produced with 100% virgin fiber and certified by CETEA and ISEGA. IRANI also produces recycled paper using wooden chips as a raw material.

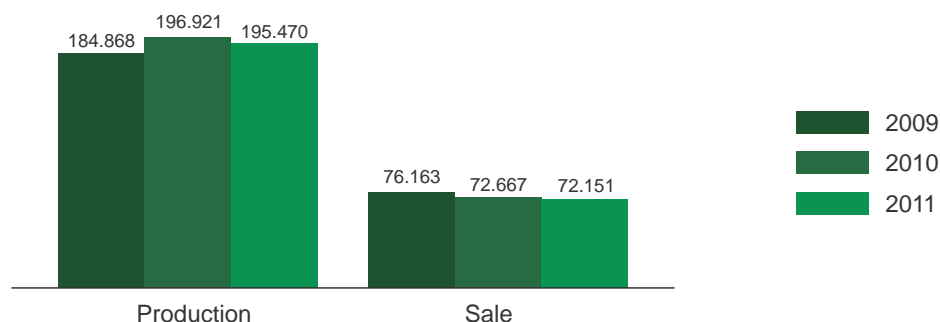


In 2011, the Unit Paper continued to produce paper for making bags, developing Bagkraft White. This development provides environmental benefits as the paper bags can be reused, and it decomposes quickly, it is not intended for recycling process.



Visit the site www.irani.com.br/pt/info/papel to learn about IRANI papers.

Total Production and Sales of paper (in tons)



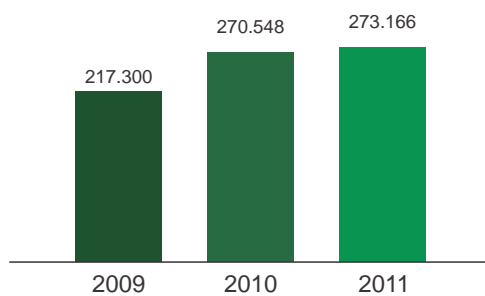
Note: Part of the paper production is responsible for the supply of industrial packaging plants to be transformed into sheets and cartons.

Packaging

In the production of sheets and corrugated cartons, various weights of paper are used. The Company also produces the HardSystem line that allows packaging of large size and offers a high mechanical strength. For the manufacture of corrugated board products, the Company has two plants in the cities of Bonita Vargem (SC) and Indaiatuba (SP).

These two units supply diverse industrial segments such as beverages, plastics and rubber, textiles, leather, footwear, clothing, pharmaceuticals, cosmetics, perfumes and chemicals. The packaging are aimed primarily at the food market, including meat, oils and fats, dairy products, fast food, pasta and biscuits. Independent converters also take part in the sheets market. The market share, measured in square meters, was 4.38%.

The growth of packaging sales (thousand m²)



Logistics management

In 2011, IRANI continued its actions to improve the logistics process, among them, was the Logistic Cockpit project, implemented in 2010 in the Packaging Business, with the support of a software package that performs the routing and arrangement of loads used in the packaging factories in order to optimize the occupancy of the vehicles. The implementation of this project contributes to reducing the number of trucks on the roads, reducing GGE emissions, besides expediting delivery, reduce freight costs and provide more security and improve the analytical process of the Dispatch.

In the Packaging Unit SC a reduction of 255 trips were reduced in the year, with an 2.78% increase in the average occupancy of vehicles. There was a reduction of 76.98 tons of CO₂eq in the year. The Packaging Unit SP showed an increase of 4% in the occupancy vehicles, saving 401 journey's.



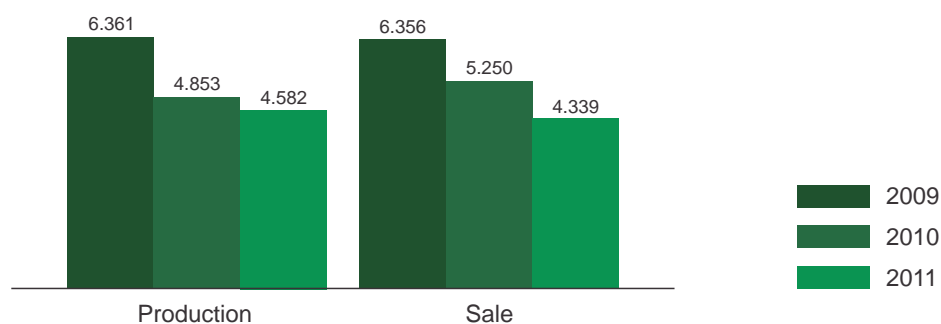
Resins

IRANI produces the resin extracted from pine, rosin and turpentine, products used in the preparation of varnishes, paints, soaps, glue, adhesives, insulating materials, explosives, chewing gums, waxes and others.

The unit is located in Balneário Pinhal in Rio Grande do Sul, with a daily production capacity of 50 tons of rosin and 15 tons of turpentine.



Total Production and sales of rosin and turpentine (in tons)



Resins Unit - Balneário Pinhal (RS)

Forest

The main objective of the Forestry business is to supply the demand for wood pulp production and energy in the paper mills and packaging plants in Santa Catarina, and the demand of resin for the production of rosin and turpentine in Rio Grande do Sul, in addition to wood market the regional market.

The management of the planted forests in IRANI, besides ensuring renewable raw material for manufacturing its products, contributes to the conservation of native forests

and the preservation of local biodiversity.

In Santa Catarina, the forestry operations are located in the west of the states and in Rio Grande do Sul, they are located on the coast. These are located in the Atlantic Forest biome, characterized as a Araucaria Forest, in Santa Catarina, and dunes and salt marshes formations, in Rio Grande do Sul.

Location of the Forest Areas



Forest areas in SC



- ▲ Celulose Irani Forest areas (SC)
- Araucaria National Park

Forest areas in RS



- ▲ Celulose Irani Forest areas (RS)
- Largo dos Peixes National Park



Santa Catarina Forest areas

These are spread across five municipalities and 14 properties, the Companies own forest areas in Santa Catarina comprise a total of 29,781 hectares. The production areas represent 47% of the total and are interspersed with of preservation areas, defined as Permanent Preservation Areas (APP); Legal Reserve, with an area of 25.7% which exceeds that required by law at 5% or 1,686 hectares ; other areas of native vegetation, totaling 43% of all properties, as shown in the following table of the general characterization of land use.

LAND USE IN SANTA CATARINA		AREA (ha)	%
Production areas	<i>Pinus spp.</i>	12.516	42,0
	<i>Eucalyptus spp.</i>	1.451	4,9
	Other Species	103	0,4
Preservation Areas	APP	3.349	11,2
	Legal Reserve	7.643	25,7
	Other conservation areas	2.196	7,4
	Araucaria National Park	102	0,3
Infrastructure		2.421	8,1
Total		29.781	100,0

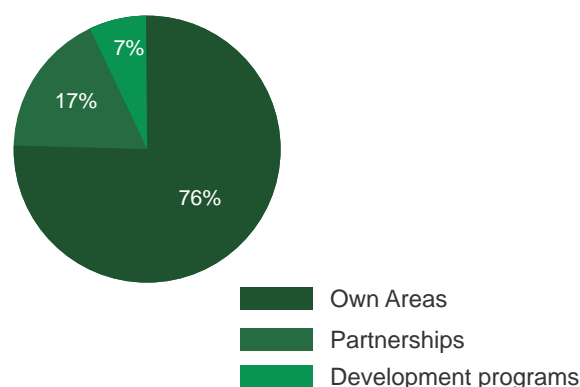
Since 2008, the forests or own management units in Santa Catarina have been FSC certified. The certification of the Company's own Forests ensures that approximately 60 to 70% of all wood used in pulp production is certified. The other timber sources that are used are considered controlled sources and undergo assessment regarding the compliance to the wood purchasing policy, origin and social and environmental requirements.

Some properties are adjacent to or partially within the Araucaria National Park - a Federal Conservation Unit established in 2005. After the creation of this unit, IRANI participated in several meetings to prepare its Management Plan and became a member of the Advisory Board established through Ordinance no. 6, January 25, 2010.

As an alternative way to enhance income generation in the surrounding communities, IRANI carried out the Development and Partnerships Program, maintaining reforestation areas in partnership with rural producers in the

region. In 2011 the Program included 67 partnership agreements in 20 municipalities in the region, with a total acreage of 3,230 hectares. All partners were visited, with the goal of having their forest management activities assessed.

Total Planted Area - SC



The Company has, since 2003, two processes underway in the Federal Court relating to events that occurred more than a decade ago: a civil action and a criminal action. Both examine the occurrence of alleged environmental damage that the public civil action is under investigation and the first degree sentence was not given by February 29, 2012. In the criminal case, judgment was rendered in the first degree that determined the Company has to pay monthly contributions of six minimum wages during a period of 4 years. The Company will appeal against this decision to obtain the revocation of the process without any penalty, as at that time, it obtained the necessary environmental permits to remove from its properties a few trees that had fallen due to storms, which are common in the region. The removal of trees that indeed was carried out by another company had no economic objective, as the amounts involved were not and are not representative in the company's sales. Importantly, recent studies have indicated that the area where the fallen trees were removed is an example of conservation, in a forest of high environmental richness.

In 2011, the companies Celulose Irani S.A. and Iraflor Comércio de Madeiras Ltda., signed with the Santa

Catarina Public Prosecutor (MPSC) and the Environmental Foundation (FATMA), a Conduct Adjustment Commitment to ensure the recovery, by 2019, of 285.35 ha of permanent preservation areas (APP) occupied by the planting of exotic trees. In the adjusted term, the companies pledged to carry out the cutting of exotic species located in an APP area, expedite the recovery of the area, provide the necessary assistance to the environmental regulation of the legal reserve (20%) of the areas owned by third parties in which works in partnership and provide a Private Reserve of the Natural Patrimony (PRNP) with an approximate area of 285 ha.

In the Link - Gestão e Manejo Florestal of the site www.irani.com.br/pt/info/florestal the Public Summary of Forest Management Plan is disclosed, for the activities in Santa Catarina. This document provides information about the history of the unit, the activities that were carried out, forest management, the plan of timber supply, among others.

Forest areas in Rio Grande do Sul

The forest areas of Rio Grande do Sul are spread across five municipalities and comprise a total of 13,914 hectares, 13,531 hectares are the Company's own areas and 383 are rented. The areas that are aimed as production areas represent 62% of the total and are interspersed with preservation areas, defined as Permanent Preservation Areas (APP) and are made up from native vegetation totaling an area of 33% of the properties, as shown in the following table of the general characterization of land use.

LAND USE RS		AREA (ha)	%
Production areas	<i>Pinus</i>	8.719	52,12
	<i>Eucalyptus</i>	22	0,13
Preservation Areas		7.332	43,83
Infrastructure		656	3,92
Total		16.729	100

The process of defining the areas of the Legal Reserve and the protocol in the environmental agency, that was expected to occur in 2011, did not happen. The areas are partially defined and, among other reasons, the approval of the Forest Code is hoped to be completed, to terminate this step this step, in 2012.

Iraflor

Founded in 2011, Iraflor Comércio de Madeiras Ltda. conducts operations management and the marketing of woods and forests for the parent Celulose Irani SA and also for the market.



Habitasul Florestal

Company controlled by the Celulose Irani SA engaged in the extraction, industrialization and marketing of wood in general, only in Rio Grande do Sul. In 2011 the strategic planning cycle 2012-2016 was carried out. We have defined a specific mission and vision for the Rio Grande do Sul Units, including the resins business.

Mission

Build valuable relationships, increasing the forest vocation and the generation of renewable energy in the region, turning it into a reference in sustainability, with social development and economic growth, in balance with nature.

Vision

Being a reference in profitability in the forest chain and renewable energy in Rio Grande do Sul and the best company to work for along the northern coast.



HGE – Geração de Energia Sustentável Ltda

HGF was established in 2010 due to the IRANI strategy of growth in new business, taking advantage of the wind power in the southern region of the country and the increasing tendency for energy from renewable sources. It is not yet in operation, but two projects are under development and together they have an installed capacity of 138.60 MW.

- The Cidreira Complex, located in the municipality of Cidreira (RS) has an installed capacity of 67.2 MW.

- The Cidreira-Pinhal Complex located in the municipalities of Cidreira and Balneario Pinhal (RS), has an installed capacity of 71.4 MW.

For 2012 it is expected that projects are well under way and the developments will come into operation in the coming years.

Irani Trading S.A.

This Company operates by exporting on its own account or others, goods, merchandise and products, and real estate, having IRANI as its main customer.



Meu Móvel de Madeira



Meu Móvel de Madeira was founded in 2006 in Rio Negrinho (SC). Since its founding, it has been constantly concerned with the environment. A guideline that can be clearly seen in the manufacture of furniture made with the wood from planted forests and follow international standards of environmental preservation. The marketing of furniture is done through the online store, with sales reaching all parts of Brazil. It stands out as a business model that integrates sustainability issues, especially in encouraging sustainable consumption.

This is an independent business, with specific mission, vision and values, defined in 2011 during the strategic planning and is an inducer of creativity and innovation for the Company as a whole.

Mission

To make your home the best place in the world.

Vision

To be the best shopping experience of the Brazilian Internet, recognized by accessibility, sustainability and innovative products that are produced domestically. And, by 2016, to sell R\$100 million annually forming a network of one million friends.

Values

1 - Always transmit the WOW factor

Search to positively surprise customers, partners and suppliers.

2 - Change the rules

Identify opportunities that others see as problems. See what everyone sees, but with another point of view.

3 - Be fair

Fair when negotiating with suppliers. Fair to the client when he is right. Fair with MMM when we are right. Have the courage to "fire" clients when necessary.

4 - Go up the escalator instead of the opposite

Never stop searching for more knowledge. Do not settle with the status quo. Get away from comfort zones.

5 - Do more with less

Optimize resources. Use creativity instead of financial resources.

6 - Enjoy the team

Be a proud part of it. Fly the flag. Build relationships with honesty, transparency and integrity.

7 - All for one

A team that is united by the same goal. Pooling efforts with customers.

8 - To it with guts

Be an entrepreneur. Be bold. Take on the commitment to do whatever it takes to achieve the common goals.

9 - Simplify

Search for the simplest way to accomplish each task. Keep it simple.

10 - Personalize

Each customer is and should be treated as being unique. Find a point of personal contact with the customer. Understand the real needs of the customer.

www.meumoveldemadeira.com.br

In 2011, the MMM furniture arrived in the state of Amapá, marking the achievement of Company's products throughout Brazil. MMM ended the year with sales in about 1,500 cities, representing 27% of Brazilian municipalities.

GOAL2012

Increase the offer of logistics solutions for customers so they have the opportunity to donate their used furniture, offering to at least 40% of customers the partnerships that already exists with the Salvation Army in the cities of São Paulo and Rio de Janeiro.



In 2011, the old installations of the Furniture Unit, which were deactivated in 2010, gave rise to the Industrial Condo Cimo. This was baptized with the name of the factory that drove the furniture development in Rio Negrinho (SC), condo occupies about 20,000 m² between companies in the apparel, textile, motors and rubber sectors, plus the MMM headquarters. The generation of employment and income, a large part came from the furniture sector, is also being driven by these other sectors. Another noticeable aspect is the meaningful promotion of the inclusion of women in the labor market. The opening of the condo marks a brand new development cycle in the municipality in which the diversity of activities is encouraged. In this condo, there is a partnership made with the city council, through the concessions, in the form of lending, of an area of approximately 500m² for the promotion of vocational courses in order to train the community to work in these new companies. Also in 2011, a furniture distribution



center was set up in Recife (PE), in order to serve customers in the Northeast with more agility. This is the MMM wager in the Northeastern market.

Social activities are also a focus of MMM that carries out national campaigns and encourages corporate volunteering through the MMM Day of the Volunteer. Among them are two campaigns were the highlight in 2011: the first was held with the NGO Novo Jeito (New Way) that linked the sale of furniture to the donation of wheelchairs. Throughout the year, we donated 36 wheelchairs. The campaign invited other bloggers to customize a line of products that were auctioned, the value of the funds raised by MMM were doubled and given to the NGO.

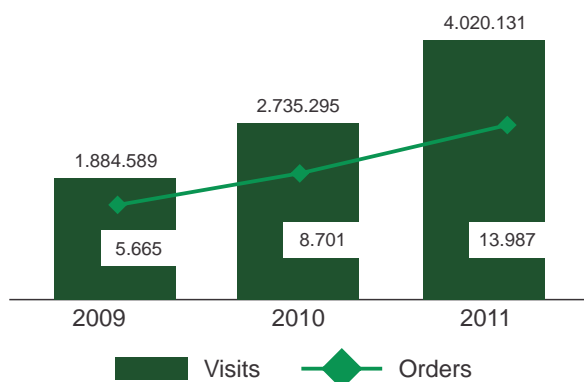


In 2011, the partnerships and social actions that were initiated in 2010 were continued. Customers of the cities of Rio de Janeiro and Sao Paulo took advantage of a service that is the result of partnership between MMM and the Salvation Army: when the new furniture is received, MMM mediates the donation of the used (old) furniture to the social institution. It therefore creates a cycle of reuse and generosity. Its participation in Extreme Social Makeover contributed to four Brazilian kindergartens being renovated and with new furniture. The presence of MMM in the Dream another Dream segment of Gugu's Program,

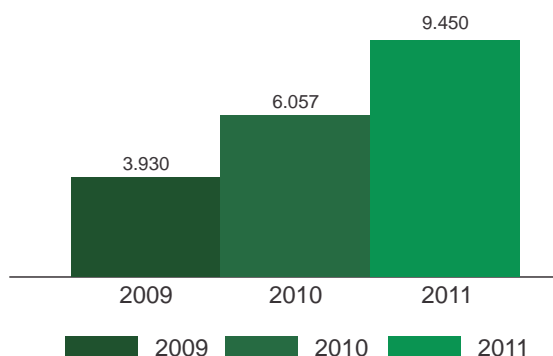
also ensured the decoration of the completely refurbished houses by the program.

The Company-University relationship narrowed through a partnership with the Catholic University of Parana (PUC-PR) which established the Design Challenge and created the channel "Tip from the University Students", in the MMM blog, in which architectural students from Univille and Sociesc and took turns on a weekly basis to address customer concerns in relation to the MMM design and decoration.

Total visits vs. Total orders

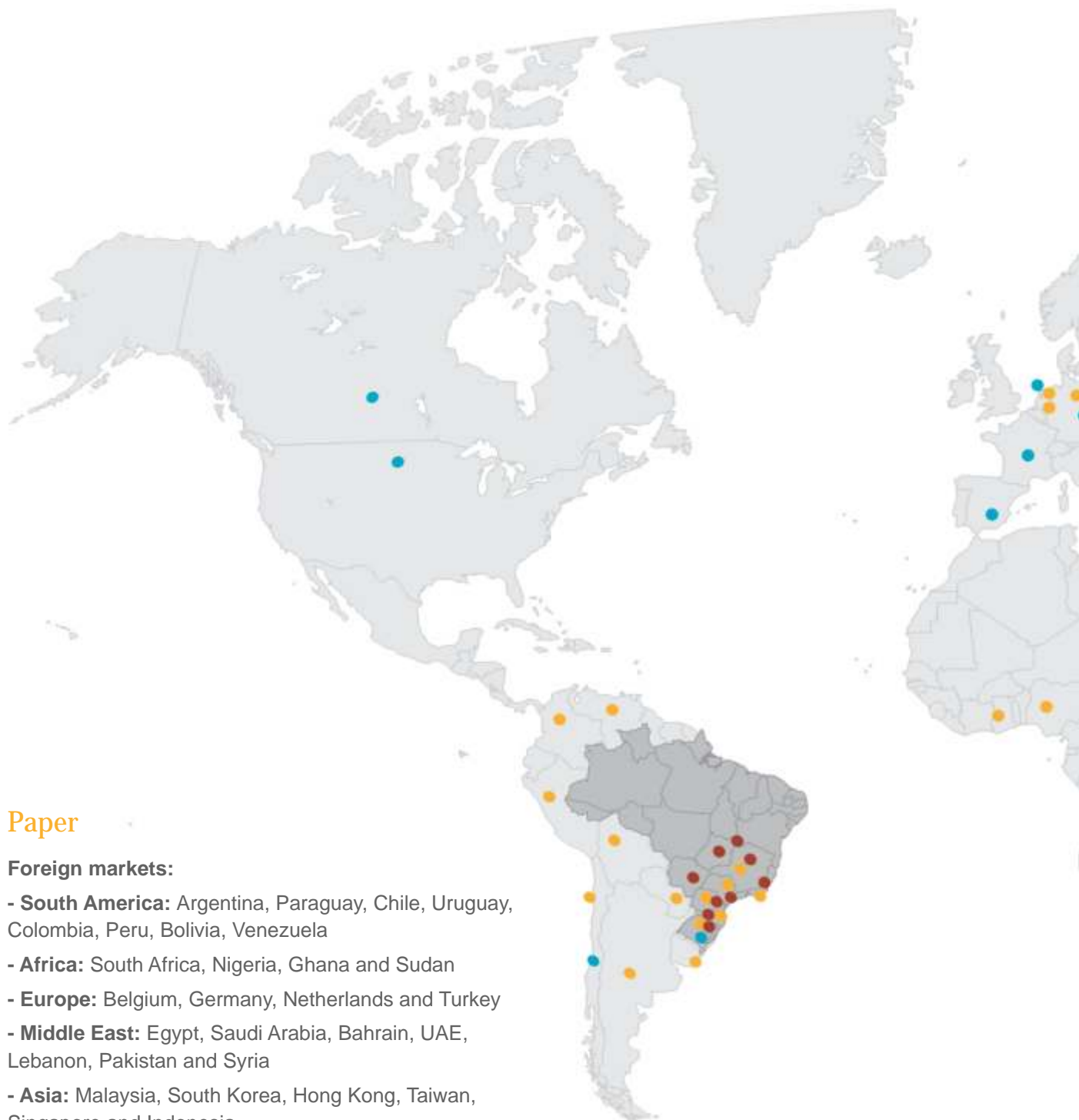


Cumulative Customers Year





Major markets served



● Paper

Foreign markets:

- **South America:** Argentina, Paraguay, Chile, Uruguay, Colombia, Peru, Bolivia, Venezuela
- **Africa:** South Africa, Nigeria, Ghana and Sudan
- **Europe:** Belgium, Germany, Netherlands and Turkey
- **Middle East:** Egypt, Saudi Arabia, Bahrain, UAE, Lebanon, Pakistan and Syria
- **Asia:** Malaysia, South Korea, Hong Kong, Taiwan, Singapore and Indonesia

Domestic markets:

Sao Paulo, Rio de Janeiro, Rio Grande do Sul, Santa Catarina, Parana and Minas Gerais.



● Resins

Foreign markets:

Chile, United States, Canada, Germany, Holland, Spain and France.

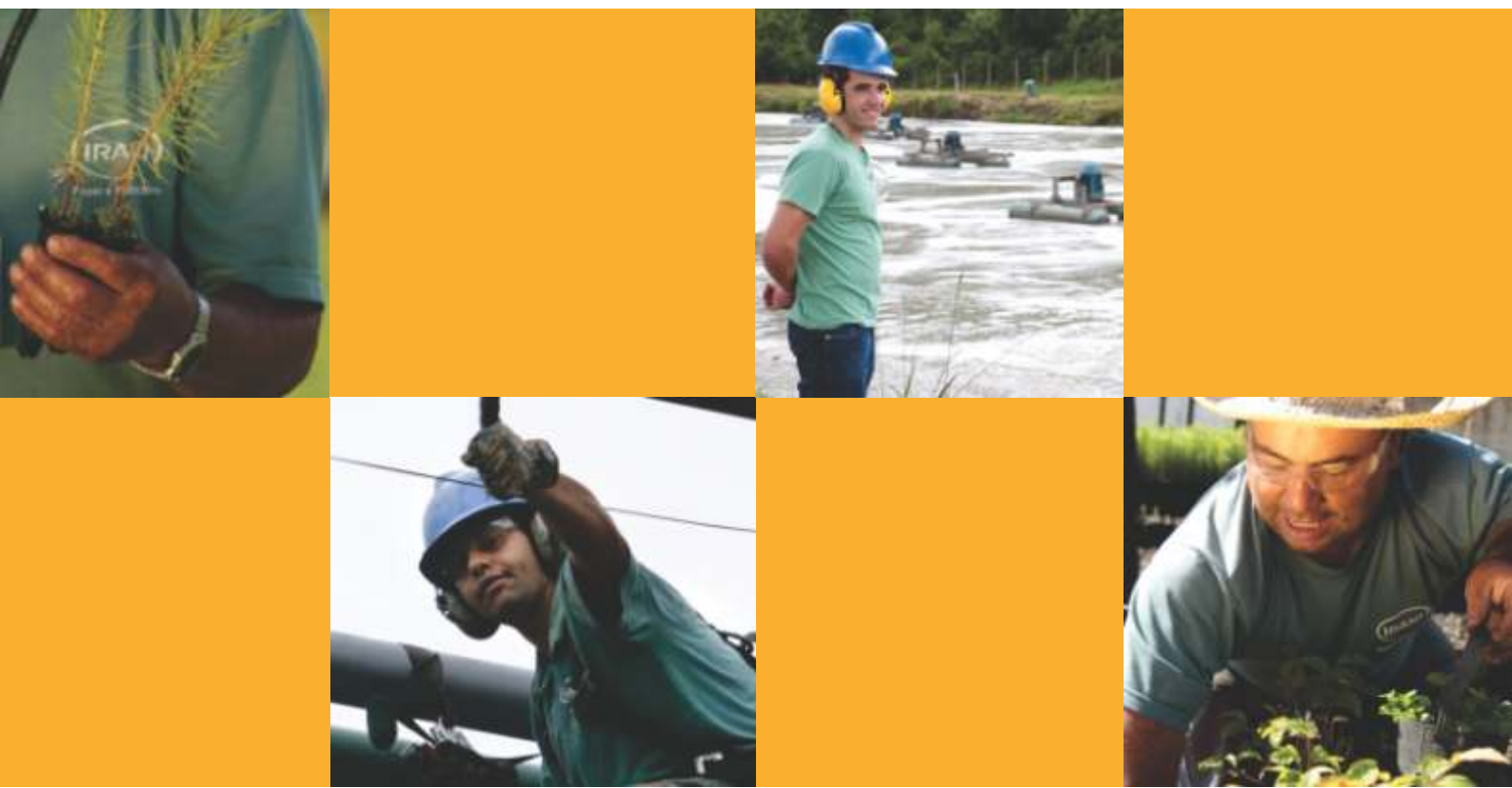
Domestic markets:

Rio Grande do Sul.

● Packaging

Rio Grande do Sul, Santa Catarina, Parana, Sao Paulo, Minas Gerais, Goias, Mato Grosso, Mato Grosso do Sul and the Federal District.





Form of Management

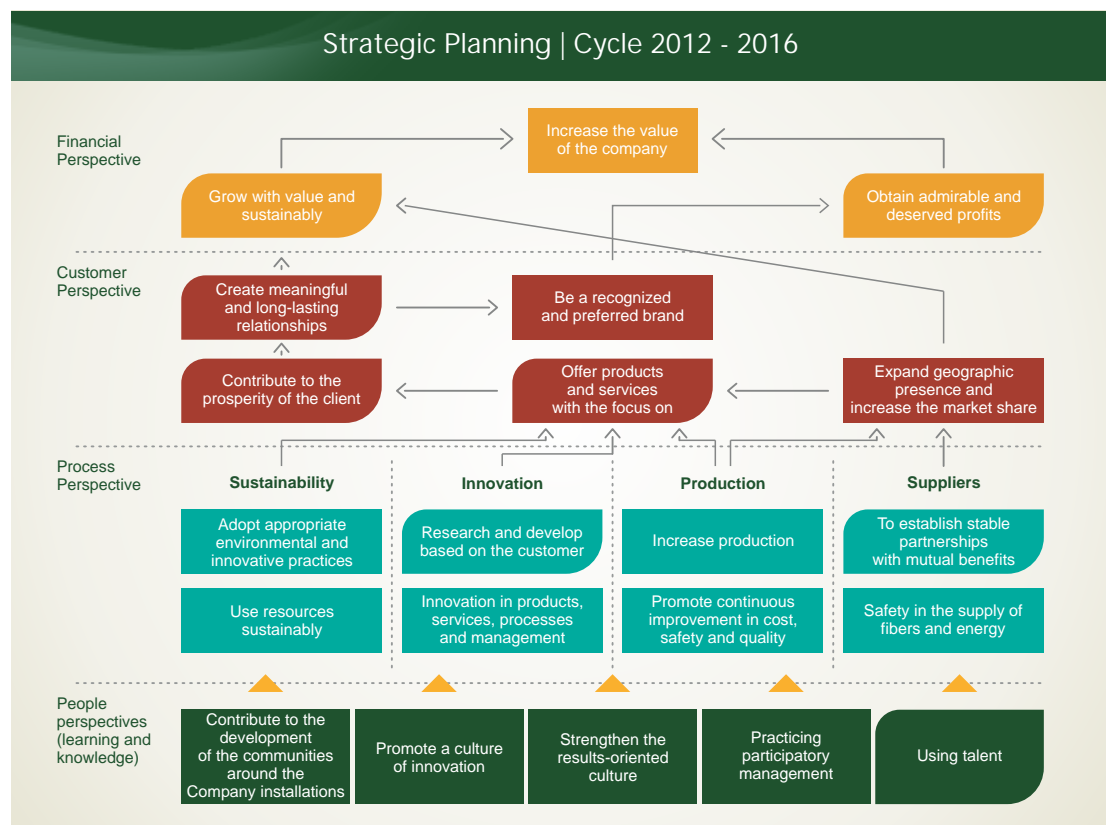
IRANI continued the deployment, in the Paper and Packaging Business, the Management Excellence Model (MEG), of the National Quality Foundation. With this work, new management practices were structured and implemented. For 2012, is expected to continue this work, which aims to strengthen the Company with a reference model for the continuous improvement in pursuit of best practice, best results and ensure commitment to sustainability.

Form of Management

In 2011, a new round of Strategic Planning from 2012 to 2016 was completed, which further discussed with all the leaders of the Company in accordance with the practice described in the management model.



In this context, the corporate strategy map was revised, as shown below. Strategic drivers were defined that guide current and future programs, projects and actions toward the vision of the future, including sustainability issues that are accompanied by management. The short-and long-term goals are defined, based in simulations of market scenarios and future investments in the Strategic Plan.



At the beginning of 2012 in the Accounting Management, the area of Risk Management and Internal Controls was established that prioritizes the mapping corporate, strategic and operational risks which may affect the IRANI business. In addition to making a diagnosis of business and processes risks, it has the possibility of reviewing the structure of internal controls that are fundamental to

mitigate risks. With this work, we hope to build a clear risk management strategy in order to reduce losses and maximize the values for the shareholders, efficient use of capital to maximize results and maintain a strategic competitive advantage.

Corporate Policies

To ensure compliance to conducts aligned with the IRANI culture and to improve management practices, there are Corporate policies that are composed of the Social Responsibility Policies, Environmental, Quality, Inclusion of People with Disabilities, Health and Safety, Corporate Volunteering and the Wood Purchasing policies.



Visit the site www.irani.com.br/pt/info/institucional, and see the Corporate Policies.



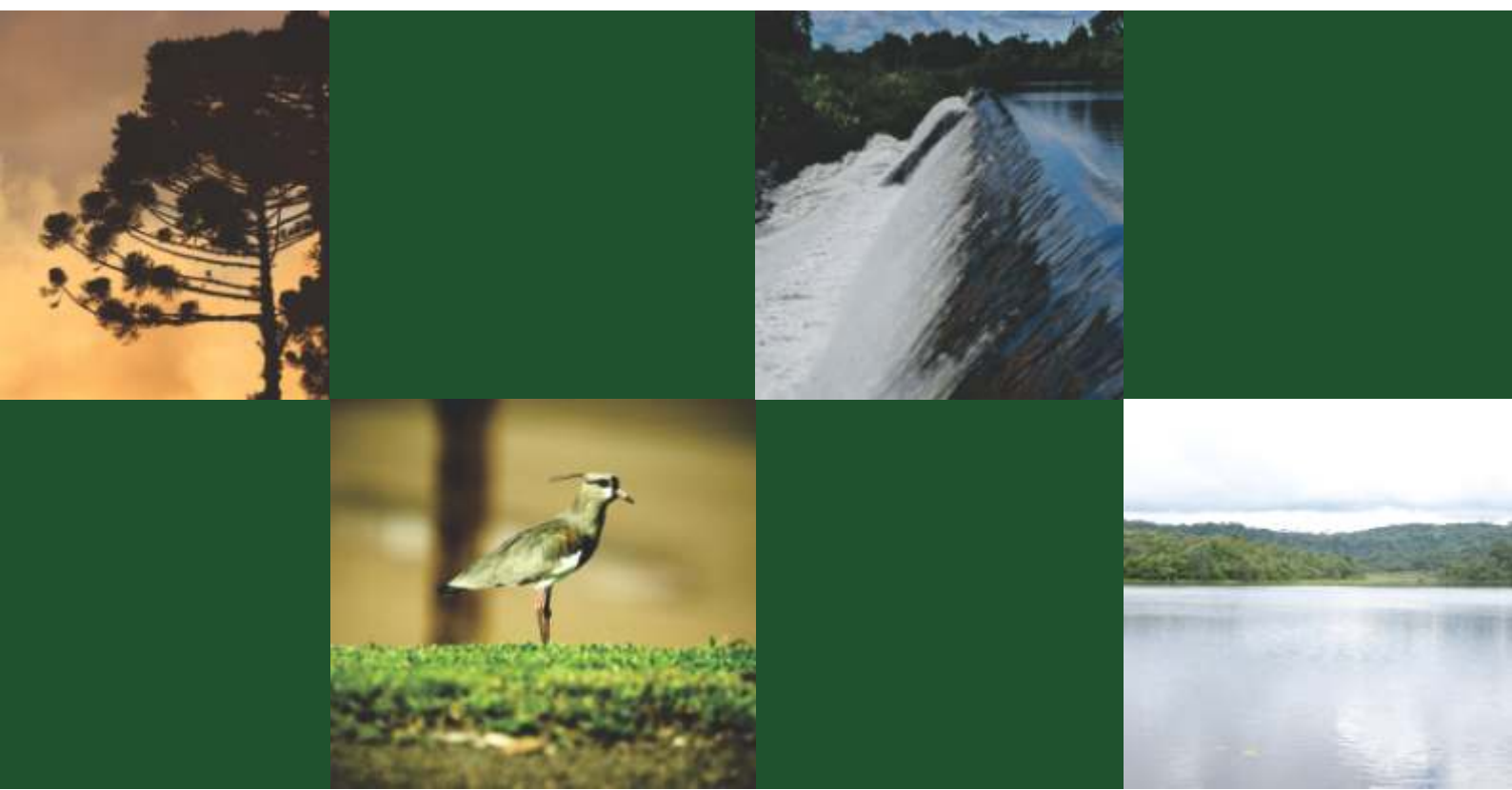
Accuracy of data

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



Packing Unit SC - Vargem Bonita (SC)





Environment

IRANI has a commitment to contribute to a healthy and balanced environment. Its activities are in line with environmental legislation reflecting a commitment to an environmentally responsible production.

Environment

Several steps are taken to minimize the environmental impacts of the activities.



Among the projects that were developed in 2011, the highlight was the introduction of a plastic recycling system that will enable a significant reduction of waste going to the landfill. Also in 2011, environmental indicators were established for all employees to increase the commitment in relation to the conservation of natural resources and reducing waste water. For the development of its suppliers, the Company operates charging and encouraging compliance with the environmental issues by means of clauses inserted in the contracts.

This group of actions aimed at sustainability has generated recognition of the Company's work and resulted in awards such as the FEBRAMEC Award, which aims to recognize initiatives by companies that stand out for their attention to the environment and encourage the formation of environmental awareness, with the case "Water use and wastewater generation"; Época Green Company Award, which selects companies with initiatives that help build an economy with less impact on the climate; The MelhorAr Award of the Environmental Quality of Transportation Award, which recognizes companies that achieve the highest score in the Environmental Clean Up Program and contribute to improving the air quality and reduce the fuel consumption of transport vehicles, and Benchmarking Award, which

identifies the best practices and innovative solutions developed to benefit the environment.

In 2011 the book BenchMais 2 was published where four Celulose Irani case studies were published. The book is a didactic work of management and technical reference and presents summaries of 113 cases studies selected by the Brazilian Environmental Benchmarking Program for the period 2003 to 2010.

In order to continuously improve the development and implementation of environmental initiatives, we conducted an external audit for ISO 14001, in the Paper Mills, Packaging SP and Packaging SC, to survey the opportunities for improvement that will be worked on for future certification.

Solid waste

The chips acquired for recycling contain impurities such as metal, sand and a lot of plastic. The separation of the waste contained in these chips occurs at the time of disaggregation and clearance. However, in this process, the segregated plastic contains lots of fiber, making it difficult to recycle. Another complicating factor is the diversity of the plastics (PET, PVC, HDPE, PS, PP and PA). Rather than send this waste to landfills, as was commonly done, in 2011 a plan was developed for the separation of waste plastic and fiber. In the Paper Mill, this plastic represented 90% of the waste that was shipped to landfills.

In early 2012 the solid waste management plan was described that is aligned with the National Solid Waste Policy.

For 2012, the Company is projecting the recovery of 5 tons of plastic and fiber per day, taking into consideration for this projection the quantity for the landfill will present a significant reduction.

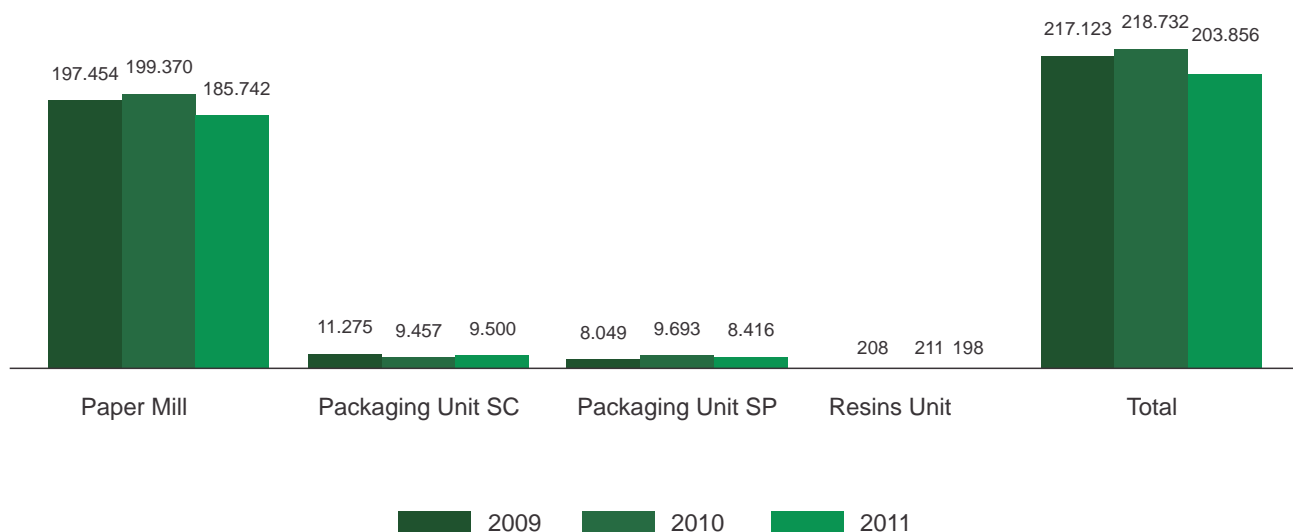
GOAL2012

Maintain a fiber loss less than or equal to 14.25 tons/day for the WWTP.



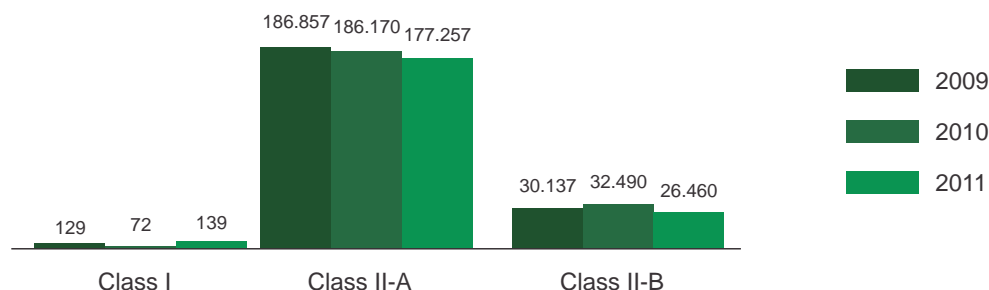
The process of the separation plant for the fiber and plastic waste consists of the input of plastic at the separation tank where the fiber is decanted and the plastic floats. The fiber returns to the paper production process and plastic passes through the chopping process, scrubber, centrifuge and pre-extruder, where it is pressed. After this process, the plastic is sent to a partner company that promotes reuse in various applications such as cable crossbeams for electricity transmission lines, pallets, railroad sleepers, plastic wood, among others. The practice helps to reduce the percentage of waste sent to landfill and reduce GHG emissions.

Total waste generated by Units (in tons)



* The increase in the amount of packaging waste from SC was the result of cleaning the glue and paint tanks.

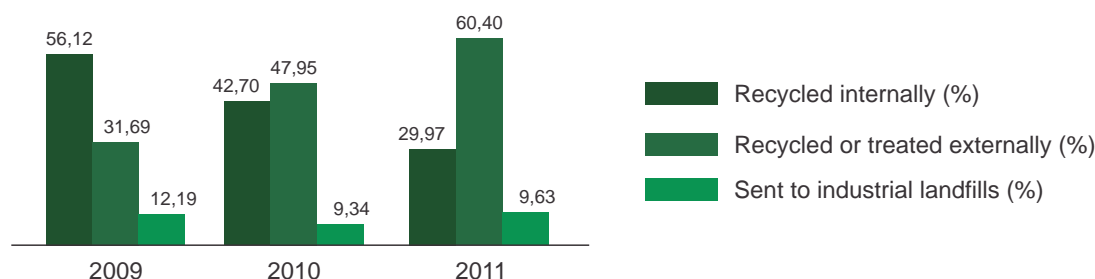
Total weight of waste generated by type (in tons)



We can cite as examples of Class I waste: oil lamps and ambulance room waste. In the class II-A waste are included: fiber recovered from the effluent treatment plant, coal from boiler, calcium carbonate and others. The residues of class II-B are part of waste plastics, glass, metals and others.



Percentage of waste by disposal method - Paper Mill



In 2011, there was a small increase in the percentage of waste sent to landfill due to the increase of plastic waste from the cleaning of chips.

The Solid Waste Management Program allows tight control of waste generated. The definition of specific procedures relating to the collection, storage and correct disposal. The storage of this material is carried out in appropriate locations according to the characteristics of each waste product in order to avoid contamination of the soil, groundwater and water resources. The recycling and recovery are the most appropriate forms of treatment and final disposal.

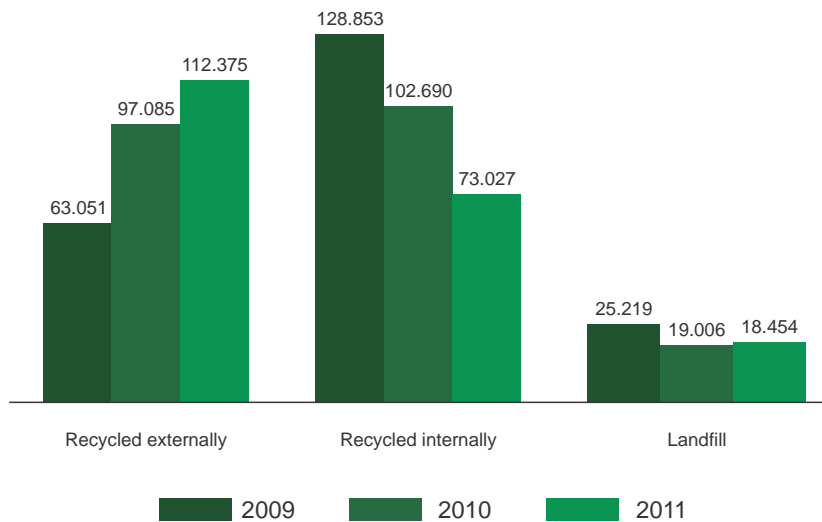
The management developed by the Company is increasingly rational, increasing the rates of reuse and recycling and reducing the volume of material disposed of in landfills. In 2011, only 9.63% of total the waste generated in the paper mill was sent to industrial landfills.

GOAL2012

Send to the landfill a percentage of waste less than 10%.



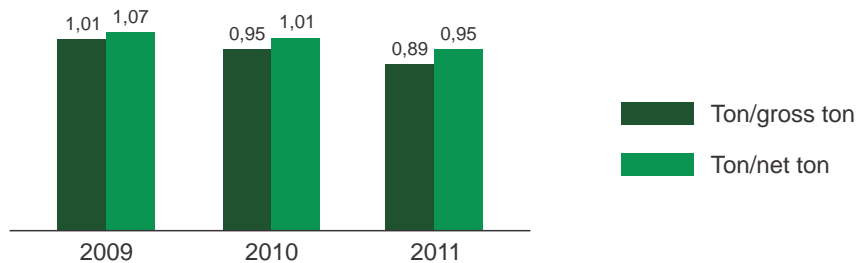
Total weight of waste by disposal method



> Specific waste per gross ton 6.73% less than in 2010.

> Specific waste per net ton 6.12% less than in 2010.

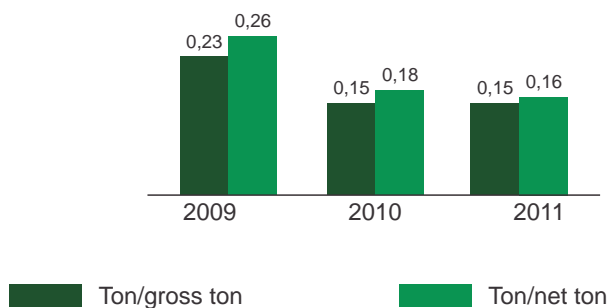
Specific generation of waste - Paper Mill



* Gross Production: Total production of the machines.

* Net Production: production of the yield of the process, less the losses from the gross production.

Specific generation of waste - Packaging Unit SC

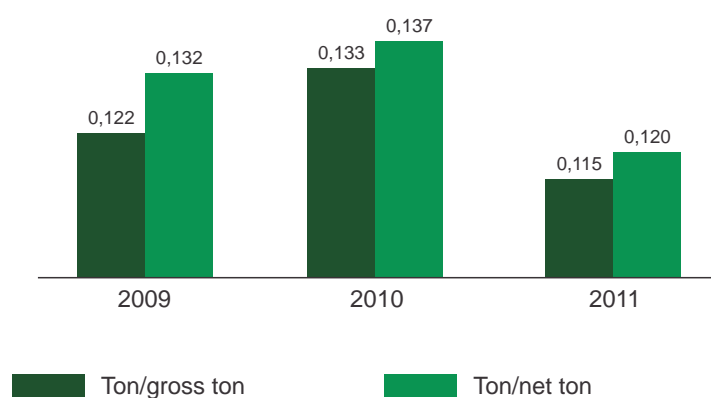


> Specific waste per gross ton 13.25% less than in 2010.

> Specific waste per net ton 12.69% less than in 2010.



Specific generation of waste - Packaging Unit SP



Hazardous waste generated during the year; ambulance room waste, used oil, batteries, grease and lamps receive special handling by specialized companies. The lamps are decontaminated and recycled, the oil is refined and reused, batteries and ambulance room waste are transported to a Class I landfill . The contractors have an environmental permit for transportation, as well as for the handling of the waste to meet the requirements of the environmental agency . All hazardous waste generated in the period, was collected, transported and handled by specialized firms, trained and environmentally appropriate.

HAZARDOUS WASTE (TONS)

UNIT	WASTE GENERATED AND TREATED		
	2009	2010	2011
Paper	26,35	8,41	17,43
Packaging SC	74,00	63,00	121,00
SP Packaging	0,23	0,57	1,00
Total	100,58	71,98	139,43

* The increase in the amount of packaging waste from SC was the result of cleaning the glue and paint tanks.

* The processes of the industrial resins unit does not generate hazardous waste.



Materials

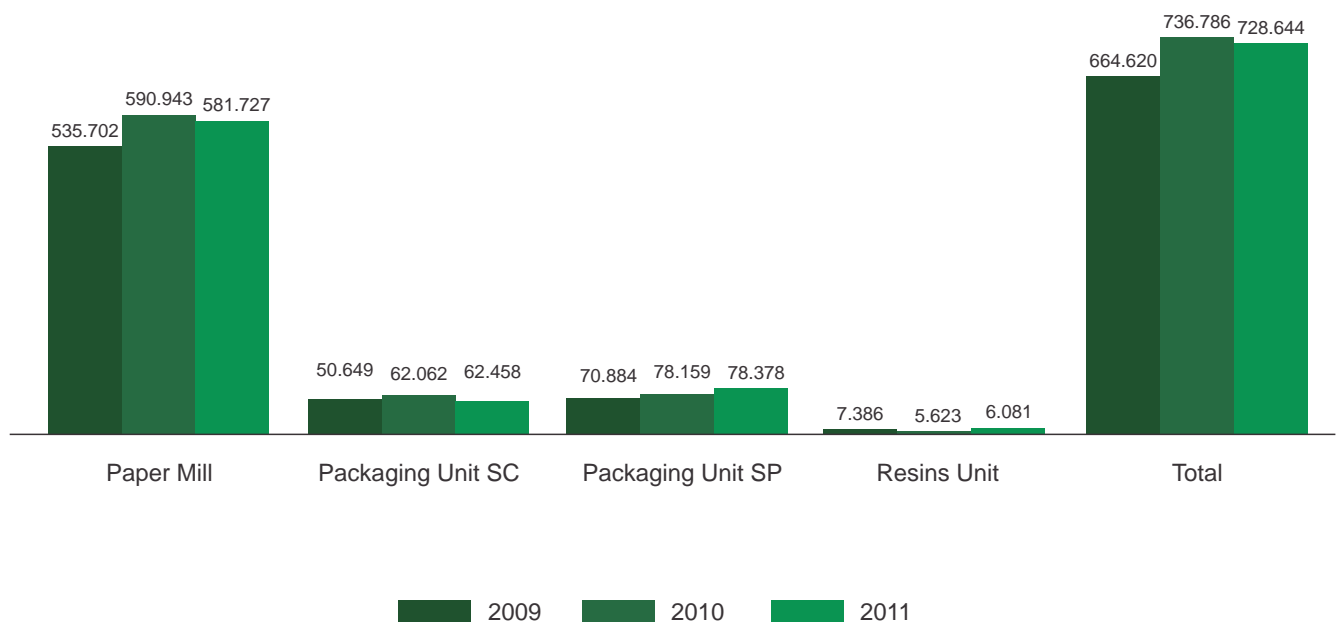
Large quantities of recycled paper (scrap) are used, providing the recovery of raw materials and replacing them in the consume cycle. This action provides a significant reduction in waste (paper) in landfills and allows for the generation of income for waste collectors and cooperatives.

Through recycling, the Company is aligned with the National Solid Waste Policy (Law 12305 dated 08/02/2010) which provides reverse logistics designed to

facilitate the collection and recovery of solid waste from the business sector, for reuse in its cycle or other environmentally sound disposal.

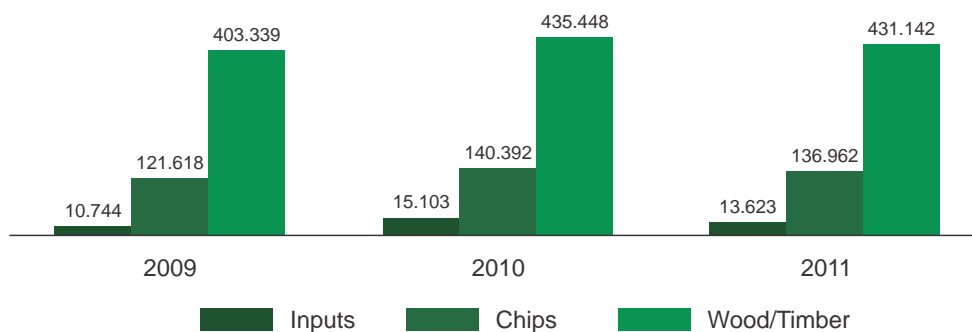
The consumption of material in 2011 was the equivalent to 728,644.10 tons, a value represented by the main inputs and raw materials. The materials that make up the following chart are: wood, chips and supplies at the Paper Mill, paper, ink, glue and resin, in the Packaging SC and Packaging SP units; and resin in the resin unit.

Material used in production (in tons)



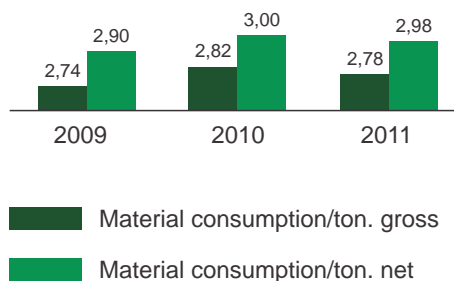


Materials - Paper Mill

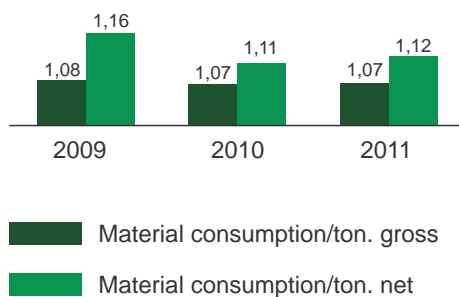


Specific quantities of materials

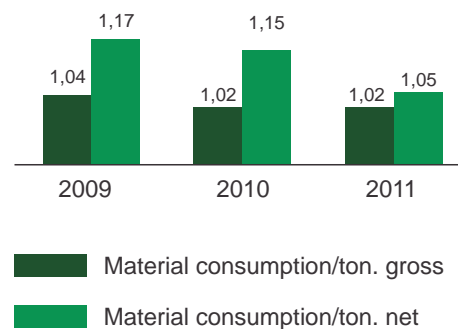
Paper Mill



Packing Unit SP

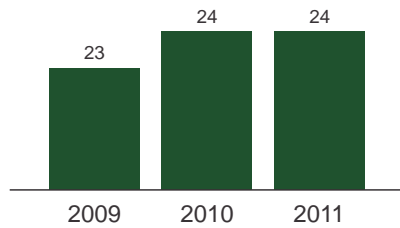


Packing Unit SC





Percentage of recycled materials - Paper Mill



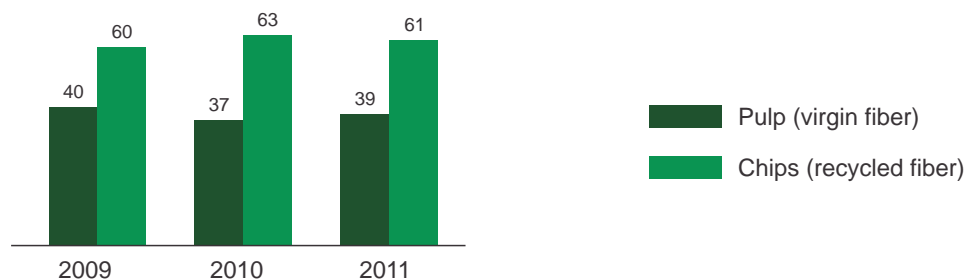
The result shown in the accompanying graph, is based on total raw materials and inputs used in relation to total chips used.

GOAL2012

Maintain the percentage of recycled material to at least 23%.

The machine V, at the Paper Mill, uses a large amount of recycled paper (scrap), allowing flexibility in the use of raw materials. Recycling produces economic, social and environmental benefits.

Percentage of recycled fiber - Paper Mill



The percentage of consumption of chips (recycled fiber) decreased to 61% because the mix of papers that increased the production of paper made from cellulose (virgin fiber).

In the Packing Unit SP, since 2010, the practice of buying used pallet has been adopted, avoiding the use of new pallets. From 2011, this practice was implemented in the Packaging SC Unit which recovered 24% of the volume of pallets purchased in the year, by reverse logistics. During 2011, 41,459 pallets were recovered, which contributed to

the reduction of use of natural resources and reducing waste. Also the work of return the customers pallets was begun and we intend to expand the scope of this practice in 2012.

PACKAGING SP

VALUE FOR IRANI	VALUE FOR THE ENVIRONMENT
Reduction of 5.6% of R\$/ton per Pallet purchased.	Reuse of 21.29% of used pallets.

PACKAGING SC

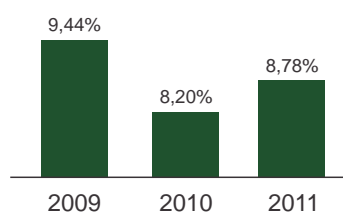
VALUE FOR IRANI	VALUE FOR THE ENVIRONMENT
Reduction of 15% of R\$/ton per Pallet purchased.	Reuse of 18.8% of used pallets.

Another project developed by the Packaging SC unit is to produce pallets made from cardboard from the waste from the production of sheets of corrugated cardboard, and from customers, used in the handling of products. This project was recognized in 2012 with the Roberto Hiraishi trophy, published in the Embanews Journal (main packaging award at a national level).



IRANI seeks to recover the goods sold and convert them into useful materials for new production processes. The Paper Mill recovers the paper chips from the sale of products made by the Packaging SC and Packaging SP Units, using them to produce new paper. The chips are acquired from the products supplied by the Paper Mill, enabling traceability. As for chips purchased in the market, there is evidence of its origin.

Percentage of chips recovered from the SC and SP Packaging Units by the Paper Mill.



Packaging Unit SC - Vargem Bonita (SC)

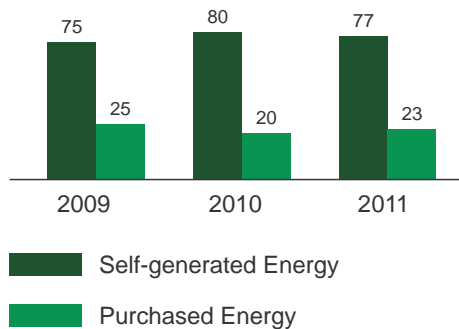
Energy

In 2011, 77% of the Paper Mills energy demand was supplied by self-production. The energy was generated by the Company's three hydroelectric power plants located around the manufacturing plant and a thermoelectric power plant that runs on biomass.

In 2011, a reducing power substation of 138 KV came into operation. The initiative to create the substation occurred with the construction of a 126 MW wind farm, installed by the Consortium IMPSA/SANTA RITA, the city of Agua Doce(SC), near to the Vargem Bonita (SC) industrial park.

This substation represents the improvement in the structure of energy supply for future investments and expansion of the units, as well as greater stability, quality and better management of electrical energy in the consumer units. This project is aligned with the IRANI initiative to use only clean energy from renewable sources.

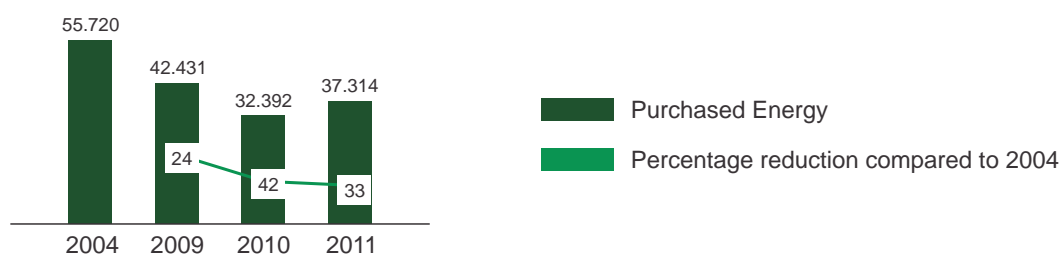
Percentage of self-generated and purchased energy at the Paper Mill



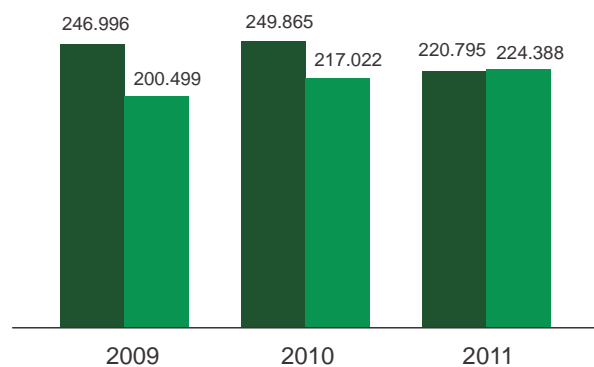
The increase in the percentage of purchased energy due to the reduction self-generation thermal energy.

As the graph below, the amount of energy acquired over the last six years, had an average reduction of 36% (average reduction between the years 2005 to 2011), considering the year 2004 as the base year.

Amount of purchased energy and the respective percentage reduction (Mwh)



Thermal power and hydropower generated in the Paper Mill



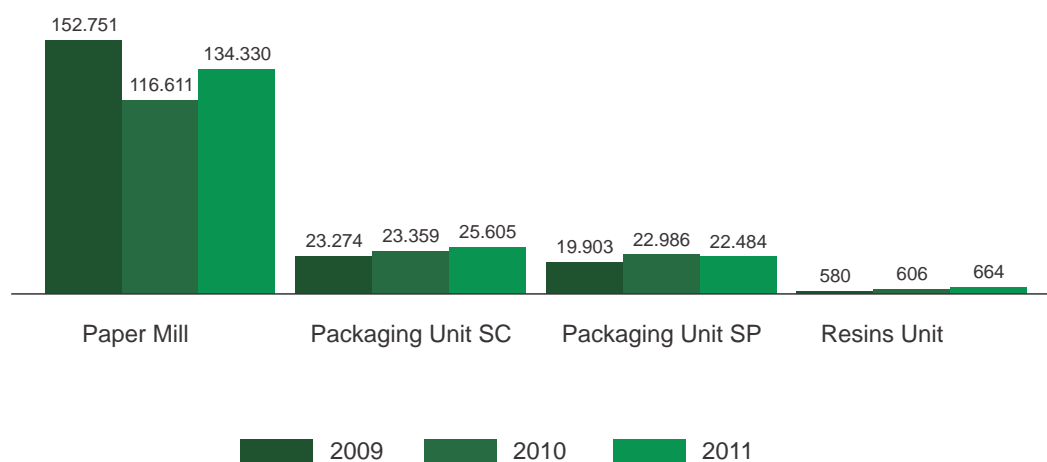
■ Thermal (GJ)
■ Hydric (GJ)

* Thermal and hydric energy is generated and used by the Paper Mill. Whereas, in the Packaging SC Unit steam from the Paper Mill thermoelectric Unit is used

➤ Largest water production in the last five years.

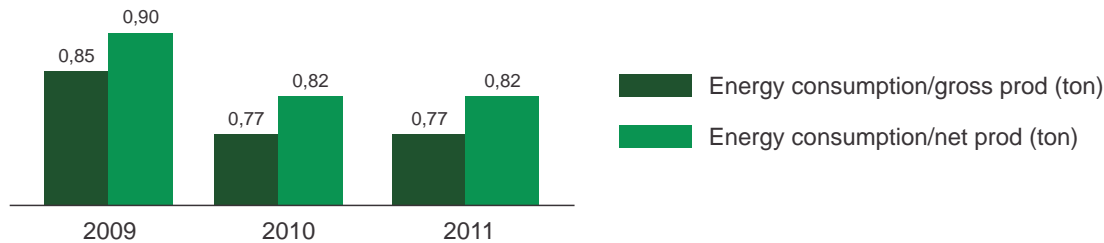


Energy purchased from 2009 to 2011 (Gigajoule)



Last year, in the Paper Mill, there was an increase in the purchase of energy due to reduced thermal self-generation.

Specific consumption of electric power in the Paper Mill



In 2011, Irani migrated to the system of energy purchasing** Consumer Freedom, which until then was the Captive Consumer mode *. The Paper Mill and Packaging SP migrated in early September 2011. The SC Packaging unit migrated in early October. The contracts were made for the purchase of energy from Encouraged Sources, energy from sources such as small hydropower (SHP), biomass-based power stations and wind farms. Thus, it can be said that 100% of the energy consumed by IRANI comes from clean energy sources. The greater use stems from self-production, through the three SHP's and two thermoelectric stations that run on biomass.

GOAL2012

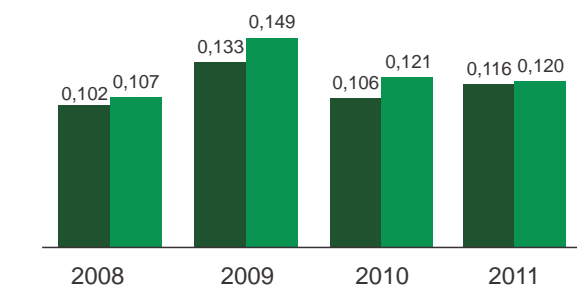
Keep the specific energy consumption at 0.77 MWh/net ton produced in the Paper Mill.

* A Captive Consumer is the consumer who has an exclusive contract from a utility and energy prices are regulated by ANEEL.

** Free Consumer is one who acquires electricity with bilateral contracts and can choose their electricity supplier according to their convenience, with the freedom to negotiate the price and contractual conditions, to meet their consumption and achieve the expected savings.

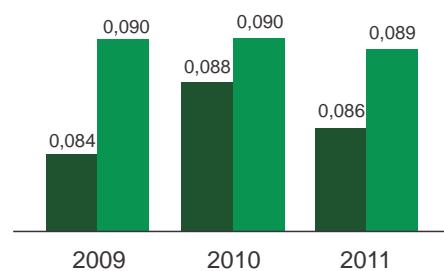


Specific consumption of electric energy Packaging Unit SC



Energy consumption/gross prod
energy consumption/net prod

Specific energy consumption SP Unit



Energy consumption/gross prod
energy consumption/net prod



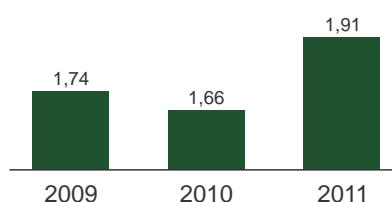
The biomass used as fuel for thermoelectric unit in the Paper Mill consists of forest residues generated by the Company, from lumber industries in the region and wood from forests planted with eucalyptus. The beginning of the operation of the CDM project of Cogeneration Plant (2005) and the consumption of biomass (renewable and cleaner) have provided less environmental impact. Next there is the consumption of biomass and its respected generated power output.

Consumption of biomass to generate energy - Paper Mill

Period	Consumption of biomass (T)	Energy generated from biomass (GJ)	Energy (GJ)/ton
2004 (base year)	319.072	51.354	6,21
2008	421.931	264.280	1,60
2009	429.464	246.996	1,74
2010	415.876	249.865	1,66
2011	422.207	220.795	1,91

In the Paper Mill, to start the boilers running on biomass, light BPF oil is used as an auxiliary fuel.

The specific consumption of biomass/energy generated (GJ)



The thermoelectric stations operated with a low energy generation of during a period of 2011, which caused a loss of efficiency, higher steam consumption and therefore more biomass.

In the Unit Packaging SC, BPF oil is used as a fuel in the boiler and it is only used when the boiler undergoes maintenance of the biomass boiler in the Paper Mill which generates steam for this unit. In the boiler of the Package SP Unit, we use only natural gas as fuel, according to the following table:

Non-renewable resources used to generate energy	2009		2010		2011	
	Quantity	GJ	Quantity	GJ	Quantity	GJ
Natural Gas (m³) - Packaging SP	1.266.911	49.422.190	1.463.183	57.078.756	1.481.761	57.803.479
BPF oil (tons) - Packaging SC	128	5.171	89	3.600	71,09	2.872

* Source of the calculation for converting tons into GJ (to BPF Oil): IPCC 2006

Over the years, it was possible to obtain savings in thermal and electrical energy at the Paper Mill by some actions taken, such as:

- Closing the circuit made of washing refined pulp enabling the reduction in consumption of 127 MW per year of energy due to the deactivation of a pump with a 20hp motor.

- An improvement was made to IV machine, with the installation of a steam box in order to obtain more availability of the machine with papers heavier than 35 g/m², production increase of 5% and a reduction of steam consumption. This adjustment enables a reduction in the specific steam consumption of the paper-making machine IV by approximately 7%.

In 2011, 661 video conferences were held, contributing to not raise the amount of travel of employees and minimizing the indirect energy consumption. In 2010 605 were held.



Water

Continuously seeking the rational use of natural resources, sustainable water management was defined as a priority, aiming to increase the reuse of this resource. To support this priority, the Process Support Group (GAP) was created called GRAE (Water and Waste Water Reduction Group), with the aim to develop projects aimed at the reuse of water, contributing to the reduction of effluent.



EXCLUSIVE
ON-LINE
CONTENT

In 2011, several initiatives have been implemented to reduce the water

consumption taken from the water resource and reuse of wastewater in the process.

- The reduction of fresh water due to the reuse of wastewater from the filtrate of the "Side Hill" equipment (thickening of recycled fiber) plant for cleaning of the chips.

- Closing the circuit of washing the purified pulp, where the residual water from the system is reused in the process enabling a reduction of 350 m³ per year.

- Reducing the main water pressure of the factory contributing to the overall reduction in water consumption.

- Reuse of residual wastewater from the cooling of equipment such as cooling elements for pumps, suction rolls, winding drums/ re-winders in the paper machine.

- Substitution of the points of consumption of fresh water for clarified water for the cleaning of certain areas.

- Five systems for sealing pumps used in the utilities area allow for the recirculating of cooling water and practically eliminate the continuous volume of clean water from the service.

- Reuse of cooling water from the ash extraction screw of the boiler furnace from the recovery in the cellulose washing, avoiding the use of clean water.

Considering the Paper Mills, Packaging SC and Packaging SP, there was the removal of 5,654,907 cubic meters of water according to the following table. 4.33% reduction in water draw-off. The water consumption is not measured in the Resins Unit.

WATER DRAW-OFF PER SOURCE (m³)

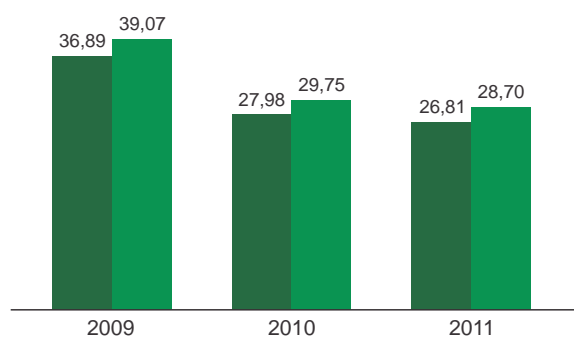
Unit	Source	Water consumption					
		2009		2010		2011	
		Total	%	Total	%	Total	%
Paper	Surface - Rio	7.197.103	99,64%	5.829.241	99,49%	5.597.552	99,77%
	Casan *	26.212	0,36%	29.636	0,51%	12.701	0,23%
Packaging SC	Surface - Rio	8.864	48%	8.675	55,53%	9.381	60,59%
	Casan *	9.452	52%	6.946	44,47%	6.101	39,41%
Packaging SP	Well	27.190	100%	35.817	100%	29.172	100%
Furniture***	Well	7.560	91%	-	-	-	-
	Samae **	783	9%	998	-	-	-
Total		7.277.163		5.911.312		5.654.907	

* Santa Catarina Water and Sanitation Company

** Blumenau Municipal Water and Sewer Autonomous Service

*** End of activities of the unit in 2010.

Specific water consumption - Paper Mill (in m³)



Water consumption/ton. gross

Water consumption/ton. net

➤ Specific water consumption per gross ton 4.15% less than in 2010.

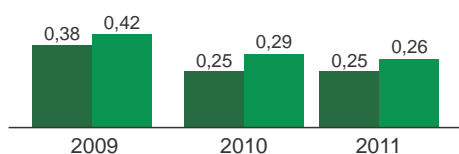
➤ Specific water consumption per net ton 3.52% less than in 2010.

GOAL2012

Reduce to 26 m³ the amount of water produced per raw ton.

According to information disclosed in the Sustainability Report of a company in the same industry, the specific water consumption in 2010 was 34.36 m³ per gross ton produced, which represents 21.97% more than the IRANI consumption.

Specific water consumption Packaging Unit SC



Water consumption/ton. gross

Water consumption/ton. net

➤ Specific water consumption per net ton 10.42% less than in 2010.

Specific water consumption Packaging Unit SP



Water consumption/ton. gross

Water consumption/ton. net

➤ Specific water consumption per gross ton 18.6% less than in 2010.

➤ Specific water consumption per net ton 18% less than in 2010.



Water sources that are significantly affected by water draw-off

Paper Mill	The uptake of water from surface sources comes from two locations, both located in the Rio Chapeco watershed, in Santa Catarina belonging to the Uruguay Basin. A draw off point corresponds to a 5.75 hectares reservoir located in Ribeirao da Anta, one of the tributaries of Rio do Mato, which is the most important draw off point.
Packaging Unit SC	The surface sources water uptake comes from the Riacho da Anta, belonging to the Uruguay Basin.
Packaging Unit SP	The water draw-off is done with wells located within the company website.
Resins	In the Resins unit the water draw off is done using wells

- For the Rio do Mato and Riacho da Anta (catchment water sources for the Paper Mill and Packaging SC) the Organization carried out the registration of the user account in the Department of Sustainable Development. The Chapeco River Basin Committee is being structured to assist in granting concessions. So far there are no restrictions on water draw-off.

- The Packaging Unit SP is undergoing a granting process in the DAEE.

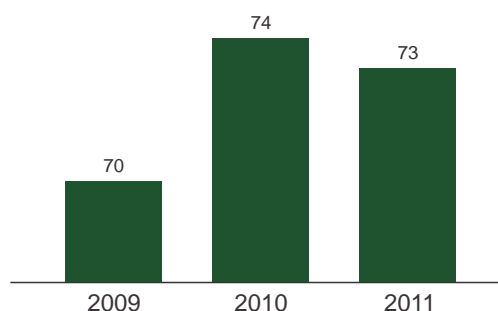
According to the Watershed Committee of the River IRANI and River Chapeco, water sources are not considered to be at risk.

The Company has implemented over the years, technologies in the Paper Mill that have allowed for the reuse of water in some processes. The water is in a closed circuit, according to the following table.

Equipment	Amount of water recycled in 2011		
	m ³ /h	m ³ /month	m ³ /year
ETE HPB	300	216.000	2.592.000
TG1	450	324.000	3.726.470
TG2	450	324.000	2.603.398
TG3	250	180.000	2.160.000
Torres	500	360.000	4.320.000
Total	1.950	1.404.000	15.401.868

➤ Because of the reused water, the Paper Mill does not draw off, on average, the equivalent of 15,401,868m³ per year.

Percentage of reused water - Paper Mill



GOAL²⁰¹²
Percentage of reused water, at least 70%.

Wastewater

In all units, the effluent is monitored according to the treatment quality effluent plan, where the frequency of analysis is set and parameters to be analyzed. Meetings are held periodically to critically analyze the results with the objective of verifying the data. The parameters are compared and comply with the environmental regulations.

The wastewater that is generated is treated to monitor and control the results obtained in the processes and activities of the treatment it is necessary to use of statistical techniques to the correct management.

Volume of effluent produced (m³/year)

Unit	2009	2010	2011
Paper	6.200.592	5.160.957	4.761.352
Packaging SC	4.675	4.505	4.628,50
Packaging SP	10.530	11.616	9.654,90
Resins	1.924	1.829	2.001,20
Móveis*	126	-	-
Total	6.217.847	5.178.908	4.777.637

* Cierre de las actividades de la unidad en 2010.

> **7.74% reduction in the volume of wastewater.**

VALUE FOR IRANI

Economy of R\$ 44,778.00, from 2010 to 2011, with initiative to reduce fiber.

VALUE FOR THE ENVIRONMENT

Reduction of 119 tons of fiber going to the WWTP, improving the efficiency of the equipment.



The disposal of water from the Paper and Packaging SC units go into the Rio the Mato (SC), complying with the parameters of the CONAMA Resolution 430/2011. The discharge of water from the Packaging Unit SP goes to the treatment plant effluent from the city of Indaiatuba (SP), according to the parameters of the Decree 8468/76. The wastewater from Resins Unit the goes into the arroio Rancho Velho in the municipality of Balneario Pinhal (RS), according to the parameters of Resolution CONAMA 128/2006 and CONAMA 129/2006.

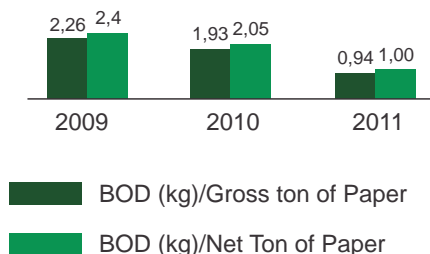
Through daily worksheets, the procedure is the monitoring of the parameters are analyzed for the monitoring of the treatment. Parameters such as are evaluated: flow, pH, temperature, dissolved oxygen, suspended solids,

decantable solids, Biochemical Oxygen Demand (BOD) and Chemical Oxygen Demand (COD). For the biological system the following factors are evaluated: such as age of the sludge, organic load, food in relation to microorganisms, suspended solids in the aeration tank, suspended solids recirculation of sludge, dissolved oxygen, nitrogen, phosphorus and sludge volume index. Every day the total recovered fiber is calculated and microscopic analyzes are performed for the evaluation of the protozoa in the aeration tank.

The BOD parameter (Biochemical Oxygen Demand) is used as an indicator of performance of the wastewater treatment plant in the Paper Mill.



BOD in the final effluent



> Specific BOD per gross ton
51.49% less than in 2010

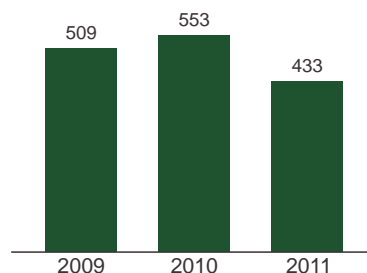
> Specific BOD per net ton
51.23% less than in 2010

* The BOD was considered in the Paper Mill to be more significant than the others.

The following parameters are analyzed and monitored of the wastewater and the water bodies, they are: dissolved oxygen, pH, total alkalinity, suspended solids, decantable solids, nitrogen, phosphorus, total coliforms and thermo tolerant coliforms and toxicity. Every six months, the report of the results of the parameters is analyzed and sent to the environmental agency.

Also the loss of fiber is monitored, because of initiatives taken in 2011, has a reduction of 119 tons.

Loss of fiber (monthly average)



In 2011, the cleaning process of the polishing ponds of the waste water treatment plant was terminated, with the use of Geotube, which is a geo-textile tube used in the drying of sludge from wastewater treatment processes. From the moment that the flocculated material is pumped into the Geotube, automatically the liquid part is drained and clarified by way of the geotextile pores and the solid part is retained and may subsequently be used for composting.

The cleaning of polishing ponds enables a greater efficiency in wastewater treatment by reducing the drag of solids by the water resources.

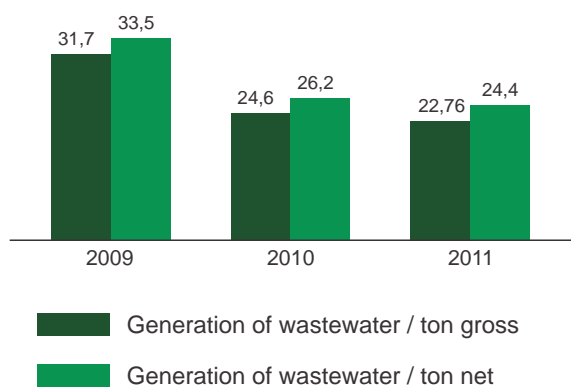
In 2011, there was also the unification of Wastewater Treatment Stations of the Paper

Mill and the Packaging SC. All wastewater generated in the Packaging SC unit, was destined for the Paper Mill WWTP seeking a more appropriate treatment once the wastewater underwent a physical, chemical and biological treatment. An improvement was also developed for the reuse of fibers that were destined to go to the effluent treatment plant. During the programmed shutdowns of machine V and during the production of the Kraft liner paper, the effluent generated by the machines I, II and IV was destined to the effluent treatment plant and contained large amounts of fiber. Currently, the draining of the fiber takes place that enables the reuse about 135 tons of fiber (dry basis), annually, which contributes to improving the efficiency of the wastewater treatment.

Through the installation of a piece of equipment called "Centrifugal separator KS250-6", in preparation of the mass for the machine V, it was possible to obtain a significant reduction of wastewater, approximately 28,900 cubic meters of wastewater per year are no longer sent to the Wastewater Treatment Plant (WWTP). Moreover, the improvement also made it possible to reuse the fiber that is no longer sent to the WWTP.

The set of initiative, carried out in 2011 for water reuse in the production process of the Paper Mill made it possible to reduce the amount of wastewater sent to the WWTP, also contributing to the reduction of fiber loss. Due to these initiatives, IRANI won the Febramec Environmental Award in 2011.

Specific volume of wastewater - Paper Mill



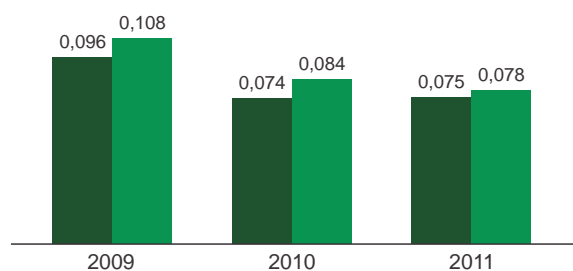
> The specific wastewater consumption per gross ton was 7.65% less than in 2010.

> The specific wastewater consumption per net ton was 7.04% less than in 2010.

GOAL²⁰¹²

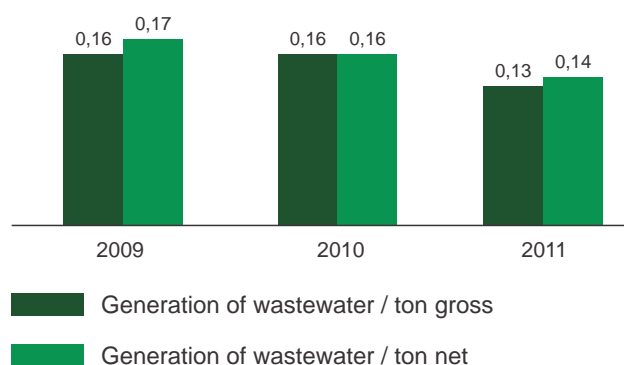
Reduce to 22.7 m³ the amount of water generated per raw ton produced.

Specific volume of wastewater - Packaging Unit SC (m³)



■ Generation of wastewater / ton gross
■ Generation of wastewater / ton net

Specific volume of wastewater - Packaging Unit SP



> The specific wastewater per gross ton was 16.95% less than in 2010.

> The specific wastewater per net ton was 16.42% less than in 2010.

VALUE FOR IRANI

A saving of R\$ 26,330.00 with the emission of the wastewater.

VALUE FOR THE ENVIRONMENT

Reduction of 2,190 m3 of wastewater and a reduction in water consumption.



Farm Campina da Alegria – Vargem Bonita (SC)

Air

Emissions

The emission points of the industrial units are periodically monitored. In 2011, the Atmospheric Air Emissions Monitoring program was designed that establishes a systematic frequency of analysis and parameters for monitoring emissions from stationary sources, air quality, for establishing the Greenhouse Gas inventory (GHG) for vehicle inspections and monitoring of odors.

This inventory is conducted annually to monitor information that enable a sustainable performance. Through it, we can assess the balance between emissions and removals and the possibility of neutralization.



The Celulose Irani GHG Inventory is available for inspection at the site www.irani.com.br/pt/info/carbono-neutro. Check it out!

Emissions by category

Categories of Emissions	Growth of the emissions - Mg CO ₂ eq						
	2006	2007	2008	2009	2010	2011	% 2006 - 2011
Direct Emissions	71.850	42.557	8.441	10.846	10.823	13.003	-81,90%
Indirect emissions - Energy	1.188	1.013	2.480	1.400	2.432	1.520	27,91%
Indirect emissions - Other sources	4.647	5.741	5.945	6.927	9.315	10.414	124,10%
Total	77.685	49.311	16.866	19.173	22.570	24.936	-67,90%

Direct Emissions Category: also includes emissions from its own fleet in accordance with the GHG inventory

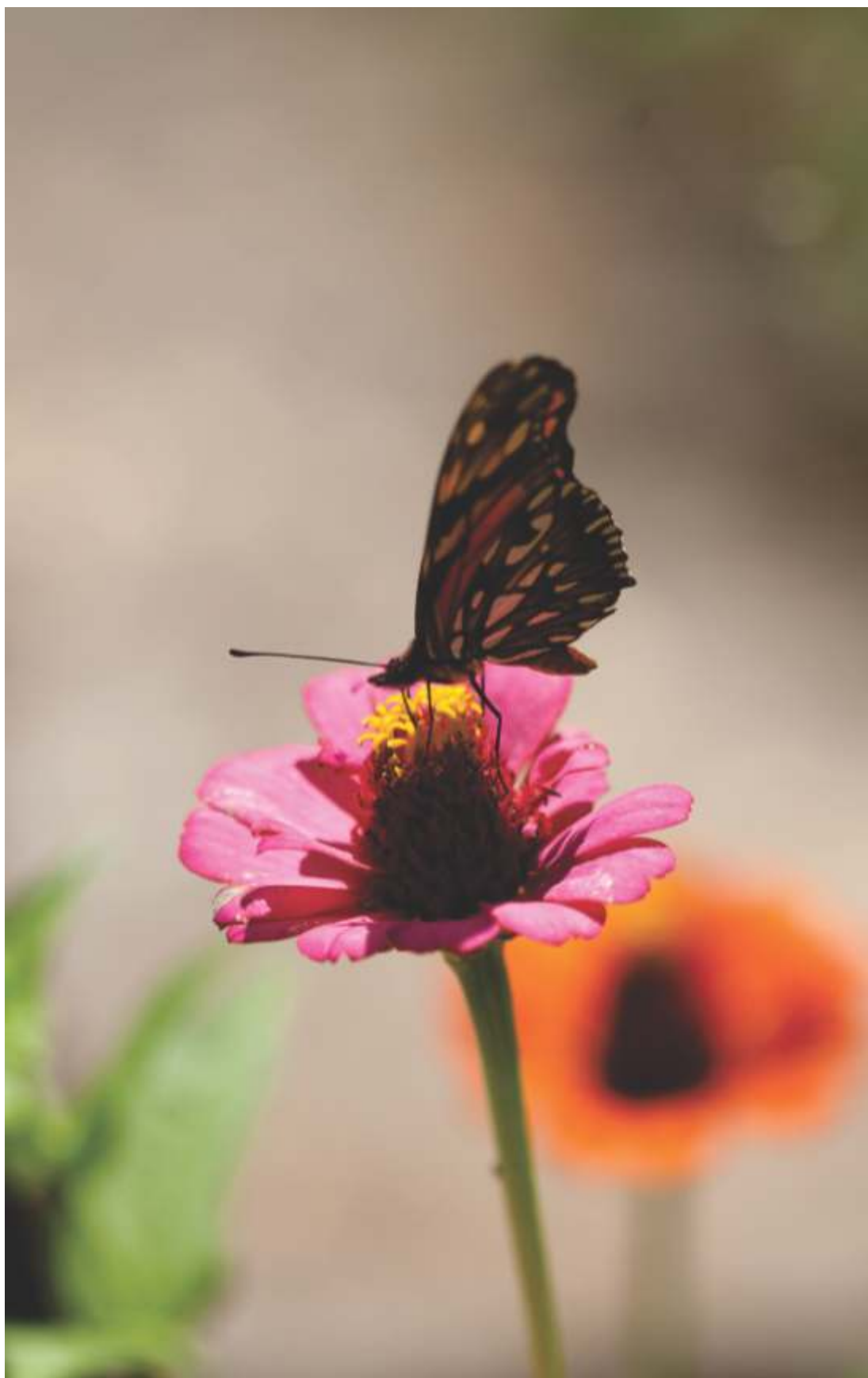
Indirect Emissions Category - Energy: includes only the energy purchased from the GRID *

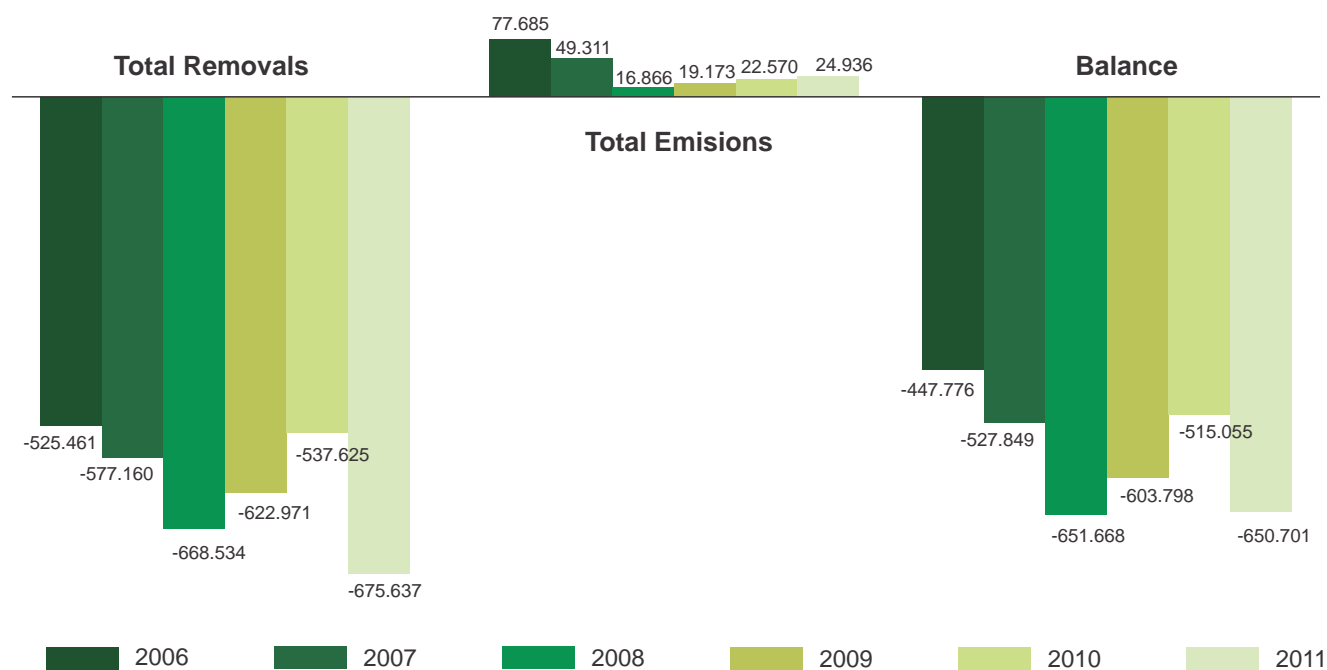
Indirect Emissions Category from other sources: includes emissions from outsourced fleets

* GRID: made up from various forms of energy generation e.g. wind, solar, hydro, thermonuclear, thermoelectric from coal, etc.

Summary per category of emission

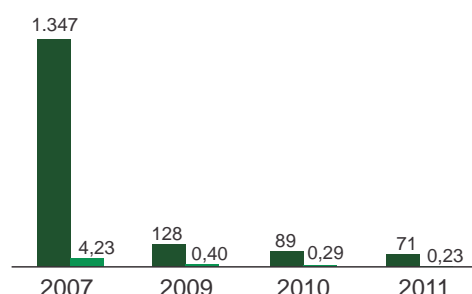
Categories	Base Year	Year					% Change from 2006 to 2011
	2006	2007	2008	2009	2010	2011	
Wastewater treatment (industrial + domestic)	58.761	28.966	222	187	509	1.383	-97,65%
Energy consumption	1.188	1.013	2.480	1.400	2.432	1.520	27,91%
Fuel Consumption	9.282	7.811	4.589	5.700	4.062	4.480	-51,73%
Outsourced Fleet	4.647	5.742	5.945	6.927	9.246	10.361	122,96%
Consumption of Reagents	2.289	3.275	174	199	453	857	-62,57%
Treatment Solid Waste (industrial landfills)	1.518	2.504	3.456	4.760	5.799	6.282	313,84%
Treatment Solid Waste (private landfill)	0	0	0	0	69	53	100,00%
Total	77.685	49.311	16.866	19.173	22.570	24.936	-67,90%



Emissions per ton produced (tons CO_{2eq})Total emissions (tons CO_{2eq})

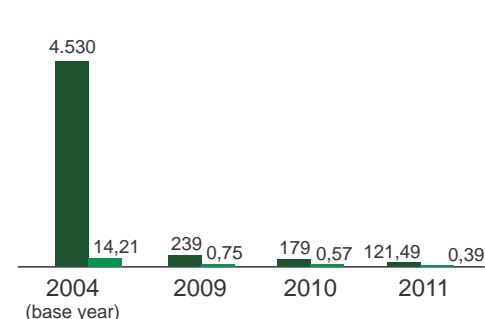


BPF oil consumption and emissions Packaging Unit SC



■ BPF oil (amount in tons)
■ BPF Oil (light oil) (emissions. CO₂eq tons)

BPF oil consumption and emissions Paper Mill



■ BPF oil (amount in tons)
■ BPF Oil (light oil) (emissions. CO₂eq tons)

The reduction in the use of BPF oil in the Paper mill, is due to the implementation of the Co-generation Plant, as the inputs that are used in this burning process are derived from forest-based waste (biomass). In the Packaging Unit SC, the reduction comes from the deployment of the steam line from the co-generation plant, which is going to the corrugators. With the construction of the steam line, the boiler the used BPF oil has been deactivated in the Packaging SC, which is used only in the case of maintenance of the thermoelectric power plant.

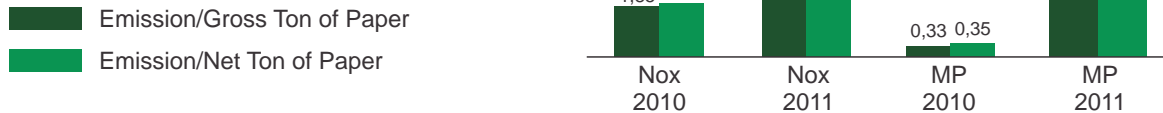
Indirect emissions - Other sources

	Activity	Substance	Mg CO ₂ eq
2011	1- Transport of inputs; Harvest; Forestry	Diesel	7.072
	2- Chain saws, chain trimmers	Gasoline	139
	3- Chain saws	Oil 2s	97
	4- EmployeeTransport (Paper)	Diesel	640
	5- Waste Transport	Diesel	238
	6- Transportation of inputs; Harvest, Forestry, Agricultural Machinery RS	Diesel	1.132
	7- Employee Transport (Emb_SP)	Diesel	116
	8- Travel Taxi - Admin/ Paper	Gasoline	86
	9- Support Transportation + Chain saw (RS Forestry)	Gasoline	123
	10- Chain saws (RS Forestry)	Oil 2s	19
	11- Support Vehicles	Ethanol	0
	12- Road Transport/Van (Bus Line)	Diesel	261
	13- Employee Transportation - Air Transport (National and International)	Kerosene	237
	14- Private Landfills	Waste	53
	15- Transport of employees - Forestry RS	Diesel	200
	TOTAL		10.414



The graph below shows the emissions of Nitrogen Oxides (NOx) and Particulate Matter (PM), from the Paper Mill boilers. Calculations are made based on the results of external analysis taking into account the flow of equipment.

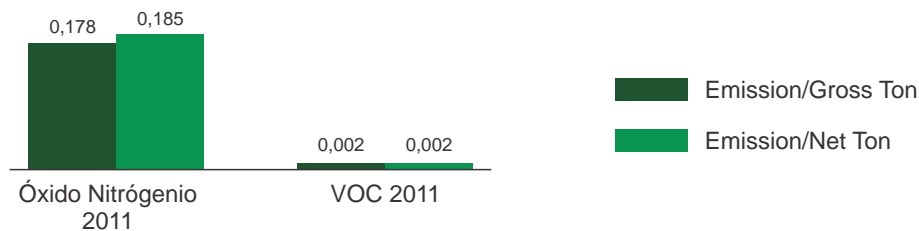
Atmospheric emissions from stationary sources - Paper Mill



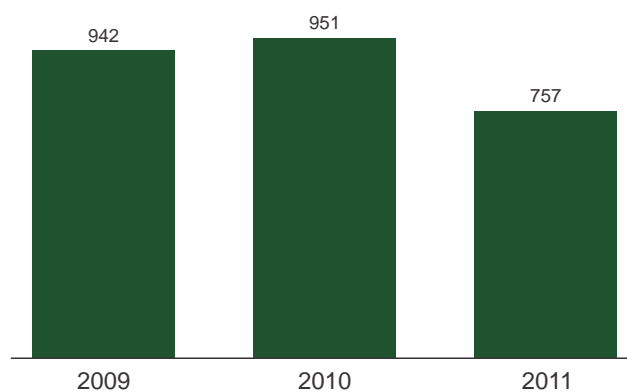
In 2011, analysis were made of the emissions of all boilers in the Paper Mill. That is why the result of particulate matter is greater than the result in 2010, during which the analysis was carried out on the BPH boiler.

The graph below shows the emissions of Nitrogen Oxides (NOx) and volatile organic compounds from the boiler in the Packaging unit SP. Calculations are made based on the results of external analysis taking into account the flow of equipment.

Atmospheric emissions from stationary sources - Packing Unit SP

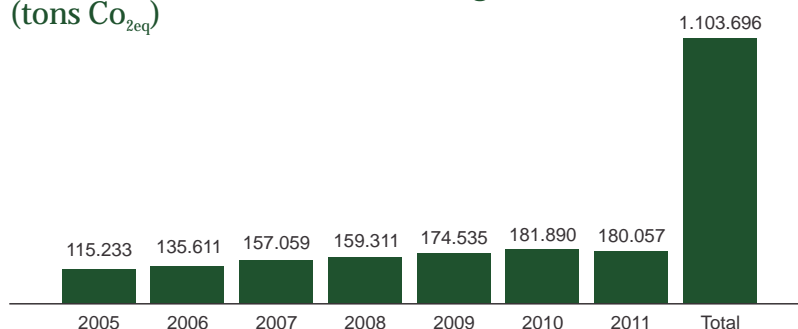


GHG emissions from employee transportation



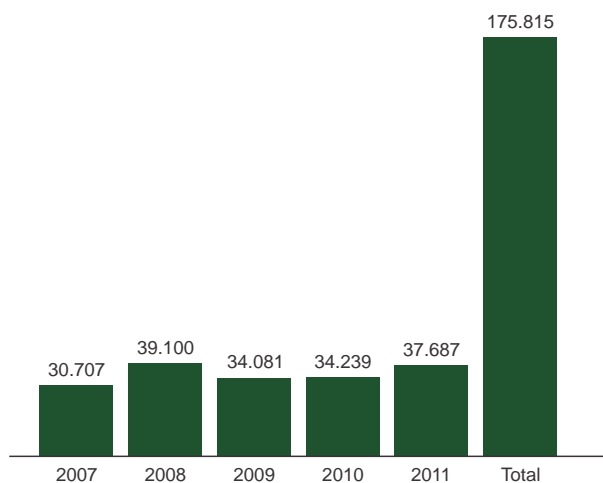
IRANI has implemented two projects, the Co-generation Plant and the Wastewater Treatment Plant, which contribute to minimizing global warming and reduce GHG emissions, both considered projects of Clean Development Mechanisms (CDM), enabling the sale of carbon credits.

Certified emission reductions Co-generation Plant (tons Co_{2eq})



* The amount of credits for the period of 2010 is different to what was published in the previous report because monitoring audits.

Certified reductions in WWTP emissions (tons Co_{2eq})



GOAL2012

Reducing 34,000 tons of Co_{2eq}.

The target comprises only the CDM project of the WWTP because the CDM project of the Cogeneration plant closed the first period of seven years and the viability of the revalidation must be assessed.

In 2011, these Clean Development Mechanism projects made it possible to reduce 217,744 tons of CO_{2eq} reaching the proposed goal (165,000 tons of CO_{2eq}) in the 2010 Report.



CDM - Cogeneration Plant

The project provides a reduction in GHG emissions, as the inputs used for the burning in the process are derived from forest-based waste (biomass), replacing the use of non-renewable natural resource. Between 2005 and 2011, the Certified Emission Reductions obtained totaled 1,103,696 tons of CO₂e.

The Cogeneration Plant project, Unit Paper, approved in 2006 and registered in the United Nations (UN) as "Irani Biomass Electricity Generation Project", available at <http://cdm.unfccc.int/Projects/DB/DNV-CUK1146170596.51/view>.

The project enabled a financial return from the sale of carbon credits of R\$ 7,325,161 between 2006 and 2009. Between the periods of 2010 and 2011 R\$ 3,807,334.54 was recognized; a value that was not actually received, but it was accounted for.



CDM - Modernization of the Wastewater Treatment Plant

The project permitted an improvement in the efficiency of the wastewater treatment and a reduction in GHG emissions. Between 2007 and 2011, the Certified Emission Reductions obtained amounted to 175,815 tons CO₂e.

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

The project enabled a financial return from the sale of carbon credits of R\$ 3,846,300 between 2006 and 2009. Between the periods of 2010 and 2011 R\$ 5,570,684.05 was recognized; a value that was not actually received, but it was accounted for.

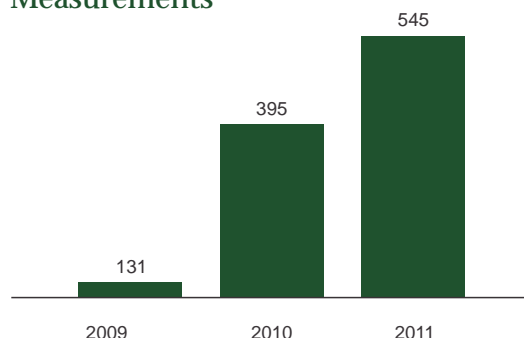
Environmental Clean-Up Program

Since 2009, IRANI has had a partnership with the National Transport Confederation (CNT), Federation of Transport Companies Freight and Logistics in the State of Santa Catarina (Fetranscsc), The Union of Cargo Transportation Companies of the West and Midwest Catarinense (Setcom) and the Union of Cargo Transportation Companies of Catanduvas and Region (Setccar) in the Clean-Up program, in the Vargem Bonita units. The goal is to reduce atmospheric pollutants emitted by vehicles, reducing the environmental impacts of product transport service, contributing to improving the air quality and the rational use of fuels. Promotes

environmental education for the transporters in order to make them vigilant and disseminators of good environmental practices.

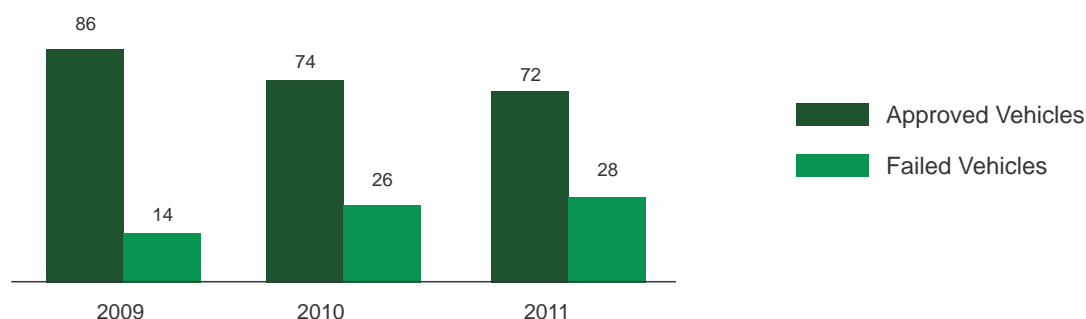
IRANI joined the program with all vehicles: internal and outsourced, the measurement of these is carried out monthly by a qualified technician. Vehicles within the parameters are given the green seal, "clean up seal", and if they are not approved, the technician advises the drivers on how to adapt.

Measurements



> Target reached in 2011:
Increase in the measurements
of 37% compared to 2010.

Vehicles approved in the vehicle inspection



In 2011, IRANI received the MelhorAr Trophy in the Silver category of the Transportation Environmental Quality Award. The award is part of the Clean-Up program that encourages the adoption of sustainability initiatives in transport.

GOAL2012

Take part again in the MelhorAr Award and
get 75% of approvals.

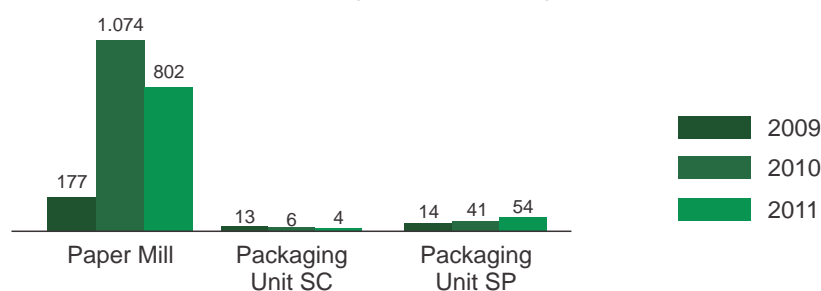


Consumption of substances that destroy the ozone layer

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

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

Emissions of substances that destroy the ozone layer



In the Package Unit SP new air conditioners were purchased in 2011, so there was an increase in the consumption of R-22.

Biodiversity

In 2011, approximately 900 seedlings were replanted in the Permanent Preservation Area (APP) of Riacho da Anta (close to industrial areas, in Campina da Alegria). With the recovery project, there is ongoing monitoring and maintenance in the area, licensed by the environmental agency. The Riacho da Anta APP enabled the revegetation of 15.22 hectares, made up of 7.28 hectares of the Riacho da Anta APP and 7.94 hectares in areas of compensation through the planting of 14,000 seedlings of 16 species native to the region. Because of this project, IRANI won the 2011 Environmental Benchmarking Award which recognizes Brazilian corporations that aims to spread, strengthening and encouraging the adoption of good social and environmental practices.

IRANI filed a project with the Environmental Foundation (FATMA) for the exploitation of timber that fell to the ground by the action of nature that occurred due to the tornado that knocked down trees in the Company's own areas in Santa Catarina, in 2009. 822 trees of the *Araucaria angustifolia* species were removed, in which IRANI undertook and carried out the planting of 10 seedlings for every tree removed, totaling 8,222 seedlings planted in the areas of

IRANI. This planting will be monitored over the years, and the seedlings that do not develop will be replanted.

In 2011, the monitoring of the Ichthyofauna was carried out in the area of influence of the Small Hydroelectric Power Stations in Sao Luiz, Cristo Rei & Flor do Mato, in Ponte Serrada (SC) in accordance with the authorization of the Brazilian Institute of the Environment (IBAMA). This monitoring program has contributed to increased knowledge on the biology, diversity and dynamics of fish. Based on the results of the monitoring, in the future it will be possible to define conservationist measures and the management of community Ichthyofauna in the reservoirs.

The Ichthyofauna project was selected for presentation at the 44th International Congress on Pulp and Paper, sponsored by the Brazilian Technical Association of Pulp and Paper (ABTCP).



Biodiversity in forest areas of IRANI



Results of the Collection of Fish from the Small Hydro Power (SHP) reservoirs.

SHP	Families	Species	Common Name	Number of Types
São Luiz	Characidae	<i>Astyanax gr. scabrinpinnis</i>	Astyanax	107
		<i>Astyanax gr. bimaculatus</i>	Astyanax	17
		<i>Oligosarcus brevioris</i>	Saicanga	26
	Erytrinae	<i>Hoplias malabaricus</i>	Trahira	2
	Heptapteridae	<i>Heptapterus mustelinus</i>	Catfish	2
		<i>Rhamdia quelen</i>	Jundia	15
	Loricariidae	<i>Hypostomus commersoni</i>	Loricariidae	9
		<i>Hypostomus isbrueckeri</i>	Loricariidae	7
	Cichlidae	<i>Geophagus brasiliensis</i>	Acara	17
	Total			202
Cristo Rei	Characidae	<i>Astyanax gr. scabrinpinnis</i>	Astyanax	38
		<i>Oligosarcus brevioris</i>	Saicanga	22
	Cichlidae	<i>Geophagus brasiliensis</i>	Acara	3
	Erytrinae	<i>Hoplias malabaricus</i>	Trahira	2
	Heptapteridae	<i>Heptapterus mustelinus</i>	Catfish	1
		<i>Rhamdia quelen</i>	Jundia	22
	Loricariidae	<i>Hypostomus commersoni</i>	Loricariidae	10
		<i>Hypostomus isbrueckeri</i>	Loricariidae	8
		<i>Hemipisilicithys sp.</i>	Loricariidae	1
	Total			107
Flor do Mato	Characidae	<i>Astyanax gr. scabrinpinnis</i>	Astyanax	14
		<i>Astyanax gr. bimaculatus</i>	Astyanax	80
		<i>Oligosarcus brevioris</i>	Saicanga	228
	Erytrinae	<i>Hoplias malabaricus</i>	Trahira	11
	Heptapteridae	<i>Heptapterus mustelinus</i>	Catfish	4
		<i>Rhamdia quelen</i>	Jundia	62
	Loricariidae	<i>Hypostomus commersoni</i>	Loricariidae	5
		<i>Loricariichtys anus</i>	Loricariidae	3
		<i>Loricariichtys sp</i>	Loricariidae	10
		<i>Hypostomus isbrueckeri</i>	Loricariidae	3
	Cichlidae	<i>Geophagus brasiliensis</i>	Acara	70
	Total			490
Grand total			799	

Since 2008, IRANI has developed, in partnership with the Federal University of Rio Grande do Sul (UFRGS), research on the environmental effects of the management of *Pinus elliottii* in Rio Grande do Sul. In this study, we evaluated aspects of the management of this species as a dispersal potential, allopathic potential, carbon sequestration in resined forests and a survey of the species associated with *Pinus* forests.

Also in Rio Grande do Sul, in 2012, it is scheduled to begin the project to assess new inductive pulp for the production

of *Pinus* resin, also developed by the UFRGS Biotechnology Center. We seek to achieve the full demonstration of the potential of resin producing forests already implemented by providing a new formulation, based on the selection of a competent adjuvant responsible for its widespread use. The idea is to abolish or minimize the use of active imported components that are expensive, by replacing them with cheaper adjuvants.



Monitoring of the fauna in Rio Grande do Sul

The monitoring activity in Rio Grande do Sul happens every quarter in each tree farm and the results are grouped according to the watershed. The objective of this monitoring is to gather and analyze information about the composition of the most representative groups of vertebrates, especially species that are considered sensitive, rare and endangered species, identifying the impacts of the tree farms in these communities, thus assisting the development of mitigation and compensation measures.

In 2011, data from the monitoring of the River Tramandaí watershed revealed the presence of 22 species of birds belonging to 15 families, with a predominance of species in the families of Accipitridae, Columbidae, Cucullidae and

Tyranidae. Also identified were three species of amphibians, 6 reptiles and three mammals.

The monitoring data from the Litoral Médio Watershed revealed the presence of 47 bird species belonging to 27 different families, 34 species of non-passerines and 13 passerines. The most representative families were Anatidae, Falconidae and Sternidae. In the group of amphibians 13 species were identified, and the family of frogs, Hylidae, was the most representative. Also identified were four species of reptiles and 4 mammals.

Monitoring of the fauna in Santa Catarina

- The Capuchin monkey-*Cebus nigratus*, Cebidae, Mammalia) and commercial plantations of *Pinus* spp.: The problem, its causes and management proposals - Embrapa Forestry & Dieter Liebsch;

- Ecology of the introduced wild boar (*Sus scrofa*) in Santa Catarina: interaction with native wild pigs and the Conservation of Araucaria Forest - Caipora Cooperative for the Conservation and Protection of Natural Resources & Federal University of Rio de Janeiro & Salvador Carlos;

In the studies of the fauna, the following have been identified in the field; 162 species of birds, and at least five of these have a significant interest from the conservation

standpoint: *Tinamus solitarius* (tinamou); *Pionopsitta pileata* (Cuiu-Cuiu); *Sporophila melanogaster* (caboclinho); *Sarcoramphus papa* (King Vulture) and *Hylopezus nattereri* (toromtorom), as these are key bio-indicators of the environmental quality or for having a declining population in part of their distributions, 45 mammal species were recorded, three are listed as vulnerable on the list on Brazilian fauna that is threatened with extinction, namely: *Puma concolor* (puma), *Leopardus pardalis* (ocelot) and *Leopardus* sp., and 33 amphibians.



Monitoring the flora in Santa Catarina

In order to improve management methods and enable the development of environmental management indicators, IRANI developed and supports research with potential to generate more knowledge about the interaction between the local flora and fauna and planted forests.

The survey data from Santa Catarina revealed the presence of 125 species of tree flora. Of these, 5 are on the list of endangered species of the Ministry of Environment (Norm. Instruction No. 6 of 24.09.2008). The species are *Araucaria angustifolia* (*Araucaria*), *Ocotea porosa* (*Imbuia*), *Dicksonia sellowiana* (*Xaxim*) *Butia eryspata* (*Butia*) and *Quilaja brasiliensis* (*Soap bark tree*).

In 2011, the research project at the University of Blumenau (FURB) was continued and the forecast for completion of the research is 2012. The objective of this research is to evaluate the potential for dispersion of *Pinus* in the areas surrounding reforestation, as well as a study and evaluation on the alternative methods for the chemical control in the combat of ants.

In 2012 a procedure for the control of exotic species will be applied in order to control the spread of *Pinus* spp in areas that are not commercial stands.

Production of native seedlings

In addition to producing *Pinus* spp and *Eucalyptus* spp. seedlings for commercial plantations aimed at producing wood, the Forest Nursery of Santa Catarina also produces native species that are in the region, which are intended for enrichment planting in conservation areas, the re-vegetation of degraded areas, distribution in events that are geared to education and environmental community grants and the public interest. In 2011, about 25,800 seedlings were produced of different species of these, 1392 were seedlings of endangered species (*Araucaria* and *Imbuia*). Also in 2011, 2,514 seedlings were donated to employees, environmental agencies, communities and municipalities, 5,864 seedlings were planted in projects or enhancement of conservation areas of the Company.



Impacts and mitigation measures on biodiversity

The basis of forest management conducted by IRANI is the use of planted forests of *Pinus* sp. and *Eucalyptus* sp. for the production of wood and resin, taking advantage of the potential growth of these species and respecting the laws in force in relation to protected areas. IRANI is committed to the conservation of biodiversity in the regions where it operates, and the Company performs preventive and mitigating initiatives on the potential impacts of their activities, as described in the following table.

Principal impacts on biodiversity

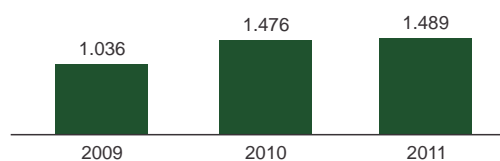
Mitigation measures

Extensive monoculture with exotic species	Preservation of native vegetation and existing natural areas (SC/RS); Reforestation Partnerships (SC/RS); Studies of flora and fauna in protected areas (SC); Restoration of degraded areas (SC); Protected areas forming corridors (SC); Production, distribution and planting of native seedlings (SC); Use of high productivity species (SC/RS);
Use of easily dispersible species (<i>Pinus spp.</i>)	Control of dispersion in non-commercial area (SC/RS);
Planting of <i>Pinus spp.</i> in APP	Signing of a TAC (Conduct Adjustment Declaration) in December 2011 - Recovery Project of Degraded Areas in Santa Catarina;

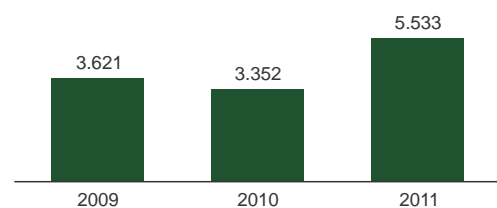
Environmental Education

The Environmental Education program is aimed at all stakeholders, including employees, schools, universities, customers, suppliers and communities in the region, in order to contribute to the advancement of environmental awareness.

Hours available for Environmental Education



People involved in environmental education

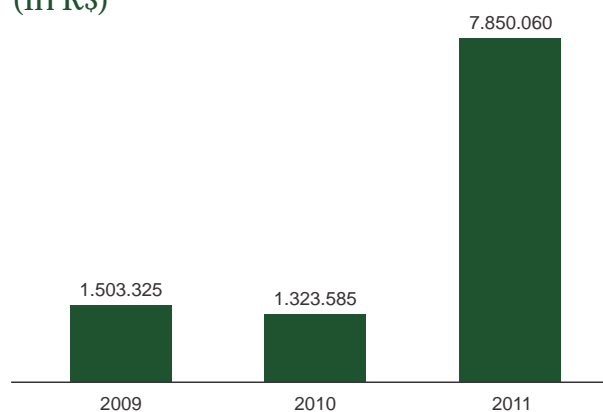


* In 2011, also included was information from the Packaging SP Corporate units, increasing the number of people involved in environmental education.

Total investments in environmental protection

In 2011, the initiative aimed towards the environment received a total investment of R\$7,850,060.39. The largest part of this investment - R\$ 3,717,202 - was applied in the construction of the energy stepping down substation-138 KV to 23.1 KV, which made it possible to buy energy on the open market and from encouraged and renewable sources.

Environmental Investments (in R\$)



EXCLUSIVE
ON-LINE
CONTENT

Municipalities of Santa Catarina with environmental education activities





Summary of actions and events for Environmental Education - 2011

Event	Unit	Activity	Location	Target
World Water Day	Vargem Bonita Units - SC	Fishing Contest	Alagado	Employees and the community
		EMS Lecture, nursery and ecological walk	Trail, nursery, CTG	Students and teachers from the Ruth Leborbedron School in Agua Doce
		Puppets	CTG	Employees, residents of the Vila and students of Galeazzo
		Ecological dynamics Board	Factory	Colaboradores
		Galeazzo School Activity	Galeazzo School (board), nursery and Lecture	Students
	Corporate Office in Joaçaba - SC	Ecological dynamics Board	Corporate	Employees
	Packaging Unit SP	Dynamics - I wanted to be ecological	Recreation Area	Employees and Third Parties
		Panels with information on water day	Recreation Area	Employees and Third Parties
Environment week	Vargem Bonita Units - SC	Pine Cone Dynamics III	Industrial Restaurant	Employees
		I Drawing Contest	Industrial Restaurant	Employees, third parties and their Families
		III Ice House	Near Restaurant Industry	Employees
		Lecture, nursery and ecological walk	Ecological trail, Auditorium, Nursery	Students and teachers from Santíssima Trindade School - Catanduvas SC and students from PAF in Irani, Ponte Serrada and Campina da Alegria
		Cine Popcorn	Forestry Auditorium	Community of Vila Campina da Alegria and Employees
		Ecological Dynamics	All sectors of the Company	Employees
	Packaging SP	Ecological dynamics	Recreation area	Employees
		Drawing Contest	Recreation area	Employees
		Pine Cone Dynamics II	Recreation area - near the restaurant	Employees
	Units in Porto Alegre RS	Cine Popcorn	Training Room and Offices	Employees
	Corporate Office in Joaçaba	Drawing Contest	Corporate Office	Employees and Third Parties
		Cine Popcorn	Corporate Office	Employees
		Pine Cone Dynamics	Corporate Office	Employees
Day of the Tree	Vargem Bonita Units - SC	Dynamics of Leaves	Near Industrial Restaurant	Employees
		Dynamics of the Tree	Near Industrial Restaurant	Employees
		IRANI Recycles Contest	Industrial Restaurant	Employees and Families
		Lecture, nursery and ecological walk	Ecological trail, Auditorium, Nursery	Students and teachers at the São Francisco & Isidoro Benjamin Moro de Lindóia do Sul schools

Event	Unit	Activity	Location	Target
Day of the Tree	Vargem Bonita Units - SC	Ecological Field Day II	Environment	Community of Vila Campina da Alegria, students and employees
		Delivery of Seedlings	Gate House	Employees
		Adopt a tree	APP	Employees, environmental police and environmental protectors
		Ecological dynamics	All sectors of the Company	Employees
	Packaging SP	Adopt a tree	Environment	Employees
		Dynamics of Leaves	Recreation Area	Employees
		Delivery of Seedlings	Gate House	Employees
		IRANI Recycles Contest	Recreation Area	Employees
		Dynamics of the Tree	Recreation Area	Employees
	Corporate Office in Joaçaba	Dynamics of the Tree	Corporate Office	Employees
		Delivery of Seedlings	Corporate Office	Employees
		IRANI Recycles Contest	Corporate Office	Employees
Day of the River	Vargem Bonita Units - SC	Jig Saw Puzzle	Industrial Restaurant	Employees
		Walk in the flooded area	Usina Flor do Mato Reservoir	Employees
		Release of Fish	Riacho da Anta	Employees, Environmental Protectors and Environmental Police
		Sustainable Fishing	Near Industrial Restaurant	Employees
	Packaging SP	Jig Saw Puzzle	Recreation Area	Employees
		Sustainable Fishing	Recreation Area	Employees
		Release of Fish	Environment	Employees
	Corporate Office in Joaçaba	Jig Saw Puzzle	Corporate Office	Employees
		Sustainable Fishing	Corporate Office	Employees









Value Relationships

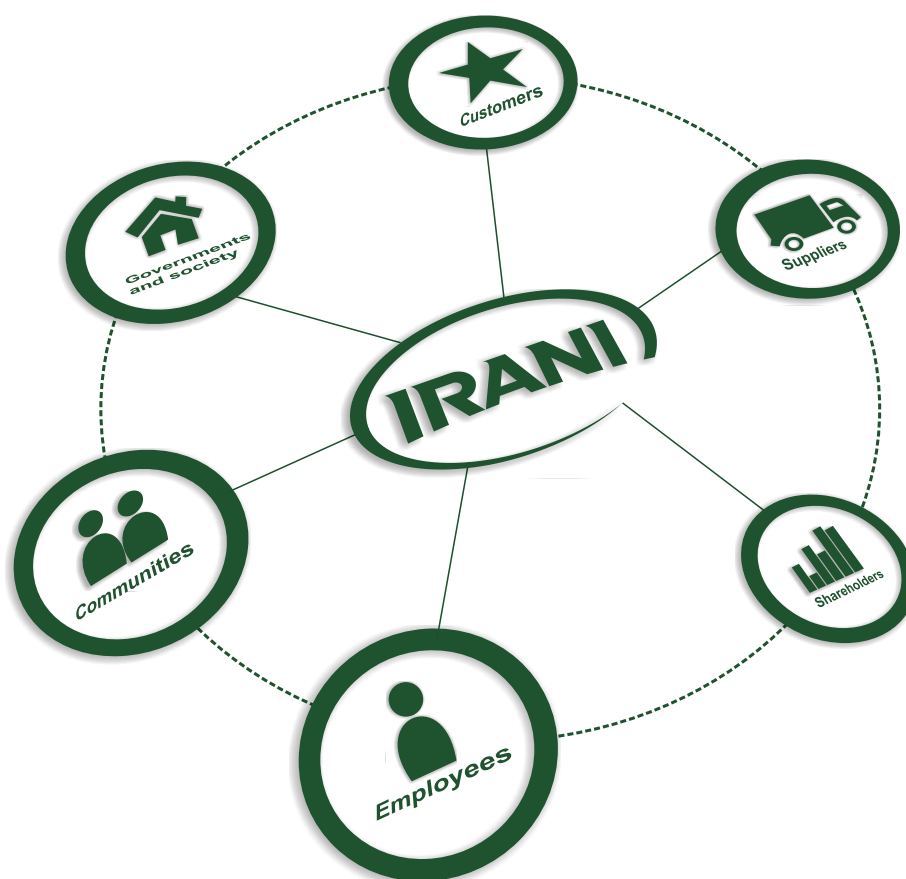
IRANI devotes special attention to people who are part of its social network. These are shareholders, customers, employees, surrounding communities, suppliers, government and society. With this audience, the company maintains a relationship based on values that cultivates ethics, integrity, openness, warmth, simplicity and valuing of people.

Value Relationships

IRANI contributes to its own growth, their partner's growth and the growth of the communities where it operates.



Map of stakeholders



Shareholders

Celulose Irani belongs to the traditional segment of the BM&FBOVESPA, with shares listed under codes RANI 3 (Common) and RANI 4 (Preferred). In December 2011, the percentage of the outstanding capital stock (free float) was 10% and Directors held 88% of total capital of the Company.

Shareholders - 12/31/2011

Shareholders	Total Shares	Percentage	Common Shares	Percentage	Preferential Shares	Percentage
Controllers	7.153.053	88,26%	6.723.920	90,08%	429.133	67,00%
Treasury shares	80.602	0,99%	66.902	0,90%	13.700	2,14%
Shares of directors	75.626	0,93%	51.702	0,69%	23.924	3,74%
Shares in Circulation	795.219	9,82%	621.463	8,33%	173.756	27,12%
Total shares	8.104.500	100%	7.463.987	100%	640.513	100%

IRANI has channels of communication and relationship with shareholders and potential investors through which it establishes contacts, and provides information on activities and results. Amongst these channels, what stand out is the: Investor Relations site (www.irani.com.br/ri); direct channel with the Director of Investor Relations by e-mail ri@irani.com.br; the tool in Contact Us on the IR site, e-mail alert; disclosure of Annual Financial Statements and Quarterly Information (ITR), the ordinary and extraordinary General Assembly, and the Sustainability Report.

Distribution of dividends

Celulose Irani shall, in accordance with law, make a minimum mandatory dividend payment of 25% of adjusted net income. In the case of preferential shares, distributed as dividends 10% higher than those referred to as common shares.

The Ordinary and Extraordinary General Meeting held on 19 April 2012 approved the distribution of the dividend for fiscal year of 2011 in the amount of R\$ 9,761,000, as well as the split of all common and preferential shares issued by the Company so each ordinary share is split into twenty ordinary shares and each preferential share is split into twenty preferential shares, maintaining as unchanged the proportions between the two shares. Whereas in 2011 there was a distribution of interest on equity to the amount

of R\$ 4,250 thousand (R \$ 0.53 per common and preferential share), remained for distribution the complementary additional dividends at the rate of R\$ 0.03387 per common share and R\$ 0.03990 per preferential share, this amount was calculated by the number of shares resulting from the split.

In the same General Assembly the amendment to the advantages of the preferential shares was approved, and from 2012, they will be entitled to profit sharing on equal terms with the common shares.

Customers

Following the concept of Customer Focus, IRANI developed activities that endeavor to intensify the partnership with customers, mainly through, the performance of the commercial area. To do this, long-term research has been carried out in partnership with universities, customers and suppliers to develop customized solutions. Comments and suggestions are welcomed via the IRANI on-line portal, and aims to identify opportunities and anticipate customer needs, organizing visits and direct sales as a form of business.

In July 2011, IRANI made the change to its marketing model, sales representatives for technical sales-personnel, aspiring to a better alignment with the Company's strategic planning and greater proximity to customers. The sales force was made up of 90% of the volume with direct sales and 10% with commercial representation.

In 2011, several activities were carried out with customers in the paper and packaging business. As a highlight, a workshop was conducted at Garibaldi (RS) in BRF Brazil Foods which had the participation of IRANI in conducting some lectures addressing issues related to sustainability, lean manufacturing and innovation. This meeting allowed for the discussion of important issues and strengthened the bonds of partnership. There are also the technical lectures cycles, which aim to strengthen relationships and encourage the development of the customers. In 2011, another highlight, was the training on the technologies focused on printing for box makers.

To disseminate the concept of sustainability among employees that relate directly to customers, the f Technical Assistance, Purchasing, Marketing, Sales and Research and Development Units of the Paper, Packaging SC and SP areas and the Corporate Office in Joaçaba participated in a training focused on the theme, coordinated by the sustainability committee.

The training makes up the action plan that aims to offer IRANI customers more information on sustainability and the development of

“ We have been an IRANI customer for a long time and have a very good and productive relationship. IRANI has supported us a lot during this time, with training for our sales staff, initiatives focused on our business and the commitment to provide paper and provide and a quality service. In relation to sustainability activities, I believe that IRANI is going in the right direction way and is up to date, distancing itself from its competitors in the paper sector and gaining more space and credibility in the market with its initiatives. The expectations regarding their future are the best. I think we are becoming true partners (customer/supplier), with great growth and commitment prospects. ”

RODOLFO CRIPPA AMARAL
DIRECTOR OF RA EMBALAGENS

sustainable projects with customers, thus enabling new business.

To confirm this objective of enabling new business from the commitment to sustainability, in 2011 an analyst was employed to work exclusively with these demands. The focus of the work is to present projects and sustainability initiatives that have been developed by IRANI, aiming to contribute to the growth of the customers through a sustainability consultant. In addition to mapping potential customers that can enhance sustainability practices, presenting the assumptions of the products included in the low carbon market.

“IRANI has been a supplier of ALCAST since 2008. Besides the quality of products, we value in this partnership, the ethics, the way of assisting the customer and after-sales and the availability for negotiations and the constant search for improvement and innovation. The Company's commitment to sustainability is recognized by Alcast and is reinforced in the packaging with the FSC seal.”

ANA PAULA GIACOMET

PURCHASING MANAGER OF ALCAST DO BRASIL LTDA

A Customer Satisfaction Survey is held annually. This survey contains a set of questions that provide a perception of the image, considering factors such as: customer identification of the Company values, the influence of sustainable initiatives in purchasing decisions, contribution to the business of the customer, quality of the products and services, is the client indicates IRANI to other companies and also the perception of the client from one word that summarizes in its conception, its relationship with IRANI. One result that is measured is the Satisfaction Index, comprising of the average of all questions in a questionnaire per unit (paper, divided into domestic and foreign market, Packaging SC and Packaging SP). Then, the indexes from 2010 and 2011 are presented:

Average Satisfaction Index

(Scores 1-5, from (1) "Strongly Disagree" to (5) "Strongly Agree")

	Paper	Packaging SP	Packaging SC
2010	4,3	4,2	3,9
2011	4,35	4,2	4,1



Packing Unit SP - Indaiatuba (SP)

The image of the Company with the market is identified from the questions listed in the Customer Satisfaction Survey, such as timeliness of delivery in relation to its competitors, if it provides differential services in relation to competitors and the cost-benefit of the purchases is higher than with the market. The following are the results:

Scores 1-5, from (1) "Strongly Disagree" to (5) "Strongly Agree»

	Paper		Packaging SP		Packaging SC	
	2010	2011	2010	2011	2010	2011
Influence of sustainable initiatives on the customer's buying decision	4,2	4,3	4	3,9	4	3,7
Contribution to customers business	4,35	4,3	4,2	4,1	4,4	4,1
Quality of products	4,6	4,6	4,4	4,4	4,3	4,2
Quality of services	4,15	4,35	4,1	4,2	3,9	4,1
If the client indicates IRANI to other companies	4,45	4,5	4,5	4,3	4,4	4,6
If the delivery time is better than that of its competitors	*	4,0	*	4,0	*	3,6
If the Company provides a differential service in relation to its competitors	*	4,1	*	4,0	*	3,8
If the cost-benefit of the purchases with IRANI is better in relation to the market	*	4,1	*	3,3	*	3,4

* Questions that were not included in the 2010 survey.



Employees



The change of focus in the work area for Personnel Development led to the creation of the structural programs CRESCE (GROW), and MOTIVA(MOTIVATE) SUPERA (OVERCOME). Self-knowledge In 2011, two new programs were launched: the GERA (CREATE) Program and the CUIDA (CARE) Program, both are aligned with the purposes of fully developing the human being and stimulating Self-knowledge.



CRESCE Program

The CRESCE program concentrates on carrying out initiatives to improve the technical and behavioral activities of people by developing 10 competencies needed to achieve IRANI's strategic intent. This group of competences can be broken down into five basic competences (Culture of Quality, Leadership, Communication, Planning, Organization and Control, and Focus on results) and 5 differential competences

(Customer Focus; Entrepreneurship, Creativity and Innovation - R &D; Technology; and Building Relationships).

The initiatives of this program are developed by the area of Training and Development in order to qualify and prepare employees for the challenges of the Company, promoting or assisting with training, external or in company courses and work-related events.

Investment in Training and Development (R\$)

2009	2010	2011
720.828,51	761.144,73	1.786.599,55

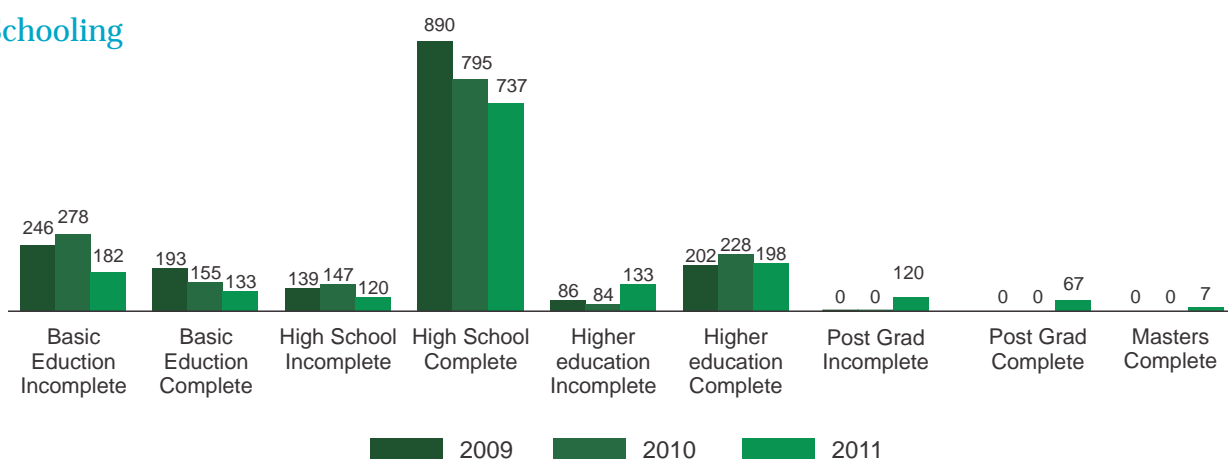
Investments in Educational Incentives through subsidies (in R\$)

2010	2011
303.433,27	646.305,37

Average hours of training per employee category

Category	Total hours			Number of employees			Average hours of training			
	2009	2010	2011	2009	2010	2011	2009	2010	2011	
Leadership	Executive Board	62	473	612	6	6	6	10	79	102
	Management	389	1.602	2.112	21	21	27	19	76	78
	Supervisors	3.047	4.758	5.000	172	134	141	18	36	35
	Administrative	6.223	5.964	5.607	197	191	212	32	31	26
	Technical	4.807	3.483	4.286	190	190	198	25	18	22
	Operational	21.541	25.728	26.845	1.170	1.145	1.138	18	22	24
Total		36.069	42.008	44.462	1.756	1.687	1.722	22	25	26

Schooling



* From 2011 the levels of post-graduate and Masters began to be monitoring



The comparative analysis of the performance of Companies allied to the Brazilian Association of Pulp and Paper (BRACELPA) compared to the average hours of training is presented below.

Average training

Functional category	2009			2010		
	Total Hours	Total number of employees	Hours per employee	Total Hours	Total number of employees	Hours per employee
Executive Board	2.013,2	101	19,9	3.352,4	106	31,6
Management	41.140,3	773	53,2	38.940,9	823	47,3
Leadership/coordination	36.839,2	1.499	24,6	51.608,7	1.540	33,5
Technical/supervision	119.341,1	3.364	35,5	146.183,4	3.687	39,7
Administrative	342.386,8	7.584	45,1	379.666,0	7.967	47,7
Operational	1.240.285,0	25.128	49,4	976.324,6	26.181	37,3
Apprentices	19.425,0	351	55,3	19.063,4	438	43,5
Trainees	404,3	30	13,5	0,0	7	-
Trainees	10.670,3	526	20,3	10.301,8	719	14,3
Total	1.812.505,2	39.356	46,1	1.625.441,2	41.468	39,2

The number of employees receiving incentives for education and languages.

Unit	MBA/Postgraduate			Graduation			Technical			Languages		
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Corporate	29	31	27	16	19	17	1	0	1	16	18	22
Paper	8	9	54	36	35	50	28	27	93	6	7	4
Packaging SC	4	1	19	18	16	19	1	1	68	4	4	3
Packaging SP	5	23	15	12	11	34	0	0	3	1	1	10
Resins	0	1	0	3	5	2	3	3	1	0	0	0
Furniture	8	0	0	10	0	0	2	0	0	9	0	0
IRANI Trading	0	0	0	3	3	4	0	0	0	2	2	3
MMM	0	0	2	1	1	4	0	0	0	2	2	1
Total	54	65	117	99	90	130	35	31	166	40	34	43

No employee asked for educational incentives for the levels of masters, doctorate and post doctorate.



**EXCLUSIVE
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The partnership with Senai in the towns of Caçador and Luzerna (SC) to conduct technical courses in Pulp and Paper, Mechanical, Electrical and a Qualification course in Industrial Maintenance was continued in 2011 and continues until the end of 2012. The courses are held at the Galeazzo Paganelli School of Basic Education, in Vila Campina da Alegria (SC), in order to enhance the personal and professional growth of employees and residents of the Vila, totaling 141 participants. The program includes theoretical and practical lessons, followed by on the job training under professional guidance until the end of the course.

Another important initiative was the development of post-graduate studies in Pulp and Paper in company through an agreement signed with the Federal University of Viçosa (MG). The course will end in July 2012 and has 25 participants.

Complementing the technical qualification of the employees, investments are made in the achievement of behavioral training conducted internally. Through experiential work, the training promotes the emotional intelligence of the participants' and develop knowledge, skills and attitudes related to behavioral skills that are operated in the Company. In 2011, the courses "Self-Development and Self-Confidence," "Introduction to Leadership," "Communication," "Teamwork" and "The Value of Work" involved 32 classes and 311 employees. This practice also helped with the development of skills of the employees who had a need for improvement recorded in 2010 in the Individual Development Plan of the Supera Program.

Other initiatives were continued throughout 2011. The IRANI Multiplier involved 13 trained employees to share knowledge, applying internal courses to topics such as forklift, crane and chainsaw operator, work at height, human health, emergency brigade and training of internal auditors for ISO 9001 (2008.)

In 2011, Cine Popcorn sessions were held in several units and subsidiaries in order to discuss the competencies defined in the CRESCE Program. This consists of a movie, together with popcorn and soda and several skills are discusses and it promotes the integration of employees. Altogether,

seventeen sessions were held, with a reference to the first anniversary of the library located in Vargem Bonita (SC) with the participation of children from the community of Campina da Alegria.

The development of current and potential leaders is also a focus of investment of IRANI. The Leadership Academy was established in 2010 and throughout 2011 it promoted various initiatives aimed at improving the skills needed for the conscious exercise of leadership aligned with the strategies set by the Board. 12% of employees have participated in the Academy.

Still on the subject of personal development and the relationship of the leadership, IRANI performs work in partnership with a psychologist, consultant for the monitoring of the leaders in regular, and individual meetings, in order to foster the development of the full leadership exercise. Therefore, a methodological approach is used that is based on the principles to overcome and reflected actions from a cultural change.

Also in 2011, an educational initiative, developed through theatrical art workshops was initiated through a partnership with specialized professionals. The cast brought together 42 employees, their families and members from the surrounding community to produce a scenic-musical spectacle that told the story of IRANI. The premiere of the theatrical group called "Flor do Mato" was held at a big party celebrating the 70th anniversary of the Company and brought together employees, former employees, relatives and the people from the surrounding communities. In the second half of the year, IRANI started the choir workshops for employees, under the leadership of a conductor from the local community.

Elida de Freitas e Castro Druck Library

The Elida de Freitas e Castro Druck Library, installed in the Vargem Bonita (SC) plant, was inaugurated in 2010 as a result of a partnership with SESI/SC with the program SESI - Knowledge Industry . This Library facilitates access to information and knowledge, besides stimulating the quality of life of employees and the Campina da Alegria (SC) community through the habit of reading. The Library has a collection of approximately 4000 titles and a multimedia center. The encouragement of reading, conducted by the Library, resulted in the loan of 2284 titles in 2011. The name is a tribute to the Gaucho teacher, writer and poet, whose work contributed to the process of social and cultural development of Rio Grande do Sul

MOTIVA Program

The Motiva Program aims to provide a stimulating and motivating organizational climate for employees to establish an identity with the company and feel part of a project that was built together, collaborating with the growth of IRANI.

The main tool used in this program is the Organizational Climate Survey conducted every two years. The diagnosis of research provides support for creating an action plan for improvements in the organizational environment with the support of the Climate Management Support Group from the Paper, Packaging SC and Packaging SP Units .



EXCLUSIVE
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CONTENT

Initiatives in the MOTIVA Program held in the Paper Mill

- Easter Gift Raffle
- Dinner with the Director of the Unit
- Celebration of mothers and father's day with the presentation of gifts
- Field day for Labor Day with a special lunch and giveaways in a raffle
- Festa Junina (Typical North Eastern Party held in June)
- Celebration of Friends Day with games and giveaways.
- Music Festival
- Commemoration of the Paper Makers Day
- Year-end gatherings with Christmas gifts

Initiatives in the MOTIVA Program held in the Packaging SC Unit

- Special activities on commemorative dates



- Christmas Cultural Contest with the awarding of Christmas Gift Basket
- Celebrations of records

Initiatives in the MOTIVA Program held in the Packaging SP Unit

- Video Game Tournament
- Table Soccer Tournament
- Futsal Tournament and participation in JOIS
- 2nd truco (card game) tournament
- Support in carrying out the Family visit to the Company
- Celebration of Women's Day and Valentine's Day
- Breakfast with the supervisors
- 1st IRANI Marathon
- 2011 Confraternity
- Reporter for a Day Project

SUPERA Program

The focus of the Supera program is to promote the development of people. Structured to create a culture of performance management and individual feedback, it has other goals such as the stimulus to productivity, identification of talent and the recognition of differentiated performance.

Based on management skills and results, the Program provides for the payment of a portion of up to 150% of the nominal wage of the employees as a result of the individual assessment at the end of each cycle.

The leaders were trained to perform, after the verification of the results of this program, the feedback on the performance of individual employees and trace the action plans for their development. Since 2010, all employees receive performance reviews from the results from the Supera Program.



GERA Program

The GERA Program was developed from the need to align and update policies and procedures for hiring, integration, monitoring and severance of people, with the aim of increasing the longevity of the teams, reduce turnover and enhance the actions of the leaders in the management and development of people, expanding and strengthening the participation of the area of People Development for support.

This program was first developed in 2011 and will be fully implemented in 2012. The current policies provide the opportunity for monitoring employees, to confirm the prognosis at the time of hiring, identify their training and development needs in the Company and to avoid difficulties that may arise in their professional careers.

The GERA Program, together with the CRESCE, MOTIVA and SUPERA Programs, seeks to internally strengthen the company, ensuring that all employed personnel are



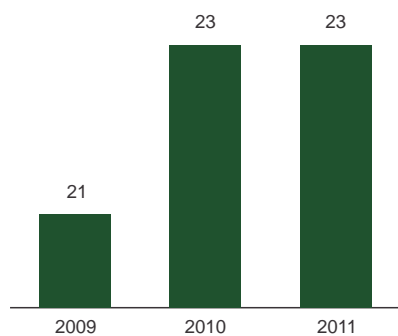
suitable and integrated to the organizational culture, so that they can be followed in their development, and at the end of the professional agreement, there is evidence of growth of the recognized results.

CUIDA Program

The CUIDA program consists of a set of practical and applicable procedures within a model of integrated health and safety management, aligned to OHSAS 18001, and must integrate with the ISO 9001 and 14001 system. This has the objective of improving the existing culture, encourage behavioral changes in relation to health and safety issues and improves the physical conditions of the workplace, making it safer. From 2011, the number of lost time accidents at Habitasul Florestal subsidiary became incorporated into the monitoring. The goal of reducing to eighteen the number of accidents with lost time was not reached in 2011, therefore it continues in 2012.

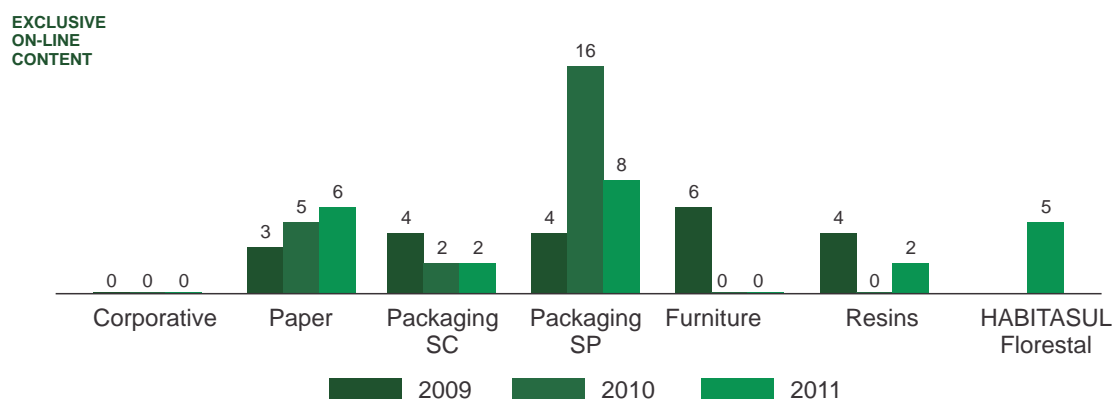


Number of lost time accidents (Consolidated)



GOAL2012

Reduce to 18 the total number of lost time accidents .



In 2011, there was one lost time occupational accident in an IRANI service provider.

Percentage of the total workforce represented in formal health and safety committees and commissions.

Committee/Commission	Number of participating employees				Percentage of employees represented
	Papel	Emb. SC	Emb. SP	Resinas	
Internal Commission for the Prevention of Accidents - CIPA	22	8	8	6	100%
Noise Control Committee	1	1	0	0*	50%
Emergency Brigade	62	21	31	10	100%
Safety and Excellence Dialogs (DSE)	690	360	45	80	100%

* There are no committees or commissions in these units.

The Specialized Safety Engineering and Medicine Service (SESMT) works in conjunction with the Internal Commission for Accident Prevention (CIPA). It is structured to spread the culture of excellence of health and safety in the workplace for employees and service providers, conduct campaigns, awareness projects and programs for prevention, and address issues related to the enhancement of the quality of life.

The PPRA and the PCMSO are mandatory programs implemented by IRANI that address the identification of needs for continuous improvement of health and safety.



Blood Donation Campaign

In 2011, 39 employees made blood donations. The Company encourages this voluntary act, and aligned with the Volunteer Policy, allows the employees to donate blood during working hours, regardless of the number of donations throughout the year. Two initiatives are highlighted in 2011. The first, held in partnership with the Concordia Blood Bank (SC), mobilized a group of donor employees who support one of two football clubs: Gremio and Internacional. The group to carry out the greatest number of donations is the winner. The second, aimed to meet the demand of the Hematology Center of Santa Catarina (Hemosc) - Joaçaba Unit, by mobilizing a new group of donors.

Vaccination Campaign Against Influenza

The vaccination campaign conducted in 2011 was again extended to all units, promoting the immunization of 1,018 employees, free of charge, against the common flu and H1N1.

Training of the Emergency Fire Brigade

The Internal Fire Brigade is an organized group of volunteers, or not, trained and empowered to act to prevent and fight fires from the onset, and provide first aid in a predetermined area. Among the initiatives carried out in 2011, is the definition of the brigade leaders, carrying out competitions and training with simulations of real emergencies. Some firefighters are also trained to rescue at a height. Also included in the training, is work with themes such as human rights.

Internal Commission for the Prevention of Accidents - CIPA

CIPA works in accordance with the Health and Safety Policy at Work and strives for excellence in this area, constantly improving the quality of work life of employees and those who provide services on their premises. In partnership with SESMT, it continuously develops activities aimed at promoting health and the well-being of people who are part of the Company. Some of the components of this group are elected by the employees of each unit and another part is indicated by the Company. The Internal Week for the Prevention of Accidents (SIPAT) was carried out in 2011, integrating the Paper and Packaging Units. During this week, the activities that stood out were lectures, gymkhana, theaters, promotions and campaigns focused on the issue of human behavior in Health and Safety. In Packaging Unit SP, the 2nd Symposium on Occupational Health and Safety was performed, with the aim of clarifying to managers the issues of Health and Safety at Work, and thus establish fortifying initiatives of the subject.

Safety and Excellence Dialogs (DSE's)

The SDRs are small training exercises carried out in the in work areas in order to raise awareness and prevent accidents at work, promote a healthy lifestyle, and disseminate information about human rights.

Ergonomics

This program has been held since 2008, the Programa Conhecer para Prevenir (Know to Prevent Program) has undergone significant changes in 2011. From this year, work began to be carried out, not by a service provider company, but by a physiotherapist/ergonomist hired to coordinate the program and make up the group of professionals for the SESMT. In all units, the ergonomics in the workplace are analyzed, using specific tools and methods, evaluating physical, cognitive and organizational loads. The activities consist of systematic observations in the workplace, carried out visits to these areas and evaluations of musculoskeletal complaints from the employees. The program is a job of continuous improvement that allows the reduction of the number of medical certificates.

Gymnastics in the Company

IRANI offers workplace exercises to employees and

service providers at the Paper, Packaging SP and SC units and the Corporate Office in Joaçaba as a way to stimulate the quality of life in the workplace. The activity is carried out by a service provider company and includes, in its programming, different activities from massages to playing on special dates. In 2011 a pilot and innovative project was started in the packaging SC Unit. It is kinesiotherapy, a new methodology applied by physical therapists, with an emphasis on prevention of musculoskeletal disorders related to work and postural correction. This methodology uses iso stretching techniques and other physical therapy approaches in the pursuit of a comprehensive preventive work, with the employees.

Worker Hearing Quality Program (PQAT)

The PQAT is offered to all employees in industrial areas and consists in carrying out regular hearing tests by the Company therapist, in accordance with the criteria of the regulatory standard No.7 (NR7). These evaluations are important tools to control employees' hearing and improving the quality of life. Additionally, it offers support for the adoption of programs aimed at the prevention of hearing loss induced by high pressure levels of sound and the conservation of auditive health. In 2011, a corporate campaign was designed for hearing health in order to improve the quality of life of employees inside and outside the workplace. There was also the standardization of hearing protectors in industrial plants and various adaptations for acoustic improvements in work environments, carried out through the work of the Integrated Noise and Ergonomics Committee (CIRE).

Integrated Noise and Ergonomics Committee (CIRE)

The former Committee on Noise Control, from 2011, was called the Integrated Noise and Ergonomics Committee (CIRE), coordinated by a speech therapist and a physiotherapist/ergonomist. The new committee seeks the continuous improvement of working conditions in the Paper Mill for the well-being of the employee and the optimization of production considering the physical, ergonomic and noise hazards. This aims to develop initiative, campaigns and training within a management system that aims to study and the application of improvements in work environments. This year, we conducted the first campaign of Good Ergonomics and Noise Reduction with the completion of training and the collection of 204 ideas from employees for improvements in the workplace. In 2012, this will be evaluated by the leaders of the unit that will define its applicability.



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Anti-smoking Plan

In 2011, the Corporate Plan for the Approach and Treatment of Smoking was continued, with the aim of making the work environment free of pollution caused by smoking and stimulate the quality of life of the employees through medical and psychological support. The Plan, that began in 2010 in the Paper and Packaging Units SC was extended to other units in 2011 and presented the following consolidated results:

Total number of employees that smoke	183
Number of participants in the Anti-smoking Plan training	165
No. of employees who adhered to treatment	106
No. of employees who ceased smoking	27
Percent Efficacy	25,47%
Total amount invested in 2011	R\$ 66.242,24

From January 2012, a regulation came into force that prohibits smoking on the Company premises. The failure to adhere to the measure, which aims to contribute to the improvement of health and quality of life of employees, shall be liable to disciplinary punishment, according to internal rules.

In addition to structural programs, the People Development area promotes other initiative focusing on IRANI employees, check them out:

Family in the Company

In 2011, the Packaging SP Unit received employee's family members for them to get to know the premises of Unit in an activity called the Family in the Company. Approximately 60 people, divided into two groups, one in the morning and the other in the afternoon, took part in the program which covered all areas of the Unit in visits monitored by security professionals.

“ Bring the family to the workplace is to pass on the satisfaction and pride in flying the flag and also convey the tranquility of being part of a large company. ”

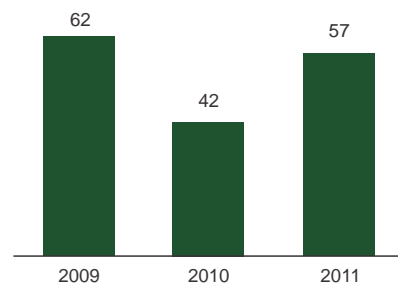
RODINEI DOMINGUES DE MORAES

INSPECTOR IN THE AREA OF QUALITY AT THE PACKAGING SP UNIT

IRANI Internship Program

The internship is part of an ongoing program of retaining talents. It favors the practical training of future professionals, preparing them for productive work, adding value and development for IRANI and educational institutions, with consequences in the region in which the Company operates.

Number of Interns
(Consolidated)



Rediscovering Values Project

In 2011, Irani initiated the Rediscovering Values Project, with the aim of guiding employees in the pre-retirement phase. This is an initiative of the Department of Personnel Development, through the area of Social Services with the support of the hiring and severance, occupational medicine and legal areas. This was divided into five meetings, the project addressed issues such as bio-psychosocial aspects of retirement, rules of current pension schemes, family income, physical activity and healthy eating, self-realization and self-esteem and new professional possibilities. In total, 25 people participated in the activities.

“ I like the meetings because I can reflect on some important points and some decisions. Because of this, I started thinking more about my life inside and outside the Company, because I intend to continue working even after retiring. The project helped a lot, of course, besides valuing people who have a lot to give and teach about experience and knowledge. I think at the moment I'm living I feel full of my knowledge and with the ability to pass them on to others. ”

MARIA SALETE CARVALHO

PRODUCTION TECHNICIAN



Communication

Some communication channels are maintained with the employees such as the Intranet, Internet, Sustainability Report, murals in the work areas and through the leadership. In 2011, the Intranet was redesigned and renamed IRANI WORLD. The objective of this project was to democratize access to internal information and make browsing easier for users. In the IRANI WORLD, employees can locate a tool called Contact Us from which they can send criticisms, suggestions and/or questions. This tool is also available on the IRANI site. There is also the IRANI Blog, which is exclusively for the use of employees to post content related to innovation and sustainability and it also has fields for comments and discussions.



Mundo IRANI - Internal Communication Channel

Labor practices and Decent work

IRANI keeps its operations based on solid standards such as the Consolidation of Labor Laws (CLT), the International Labor Organization (ILO) and the Universal Declaration of Human Rights. Also, through the Code of Ethics, of the Social Responsibility Policy for adherence to the Global and Business Compacts for Integrity and Against Corruption, the Company adopted the public commitment relating to Labor Practices and the stimulation for decent work, respecting the privacy and diversity of employees and not contributing to any discriminatory attitudes or

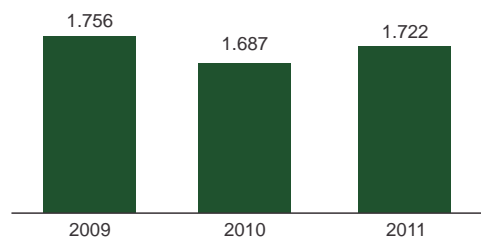
interfere with freedom of association and collective bargaining agreement.

In 2011, the People Development area began developing a standard procedure to be used in cases of the closing of the units or large changes, in order to preserve human rights and personal integrity. It aims to finalize this work in 2012.

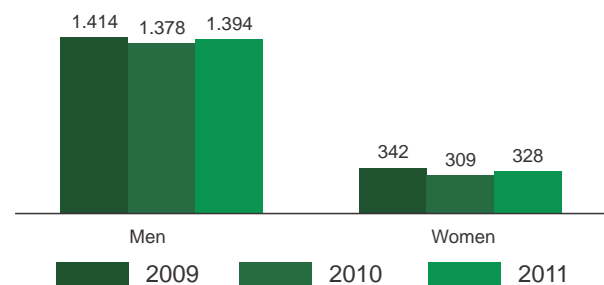
Eradication of Child and forced labor or compulsory labor

IRANI fully respects the Consolidation of Labor Laws (CLT), especially with regard to the issue of child labor and forced or compulsory labor. It has a clause in its Social Responsibility Policy in relation to these aspects and monitors in all the service units the compliance to the requirement of a minimum age of 18 years, except as an apprentice.

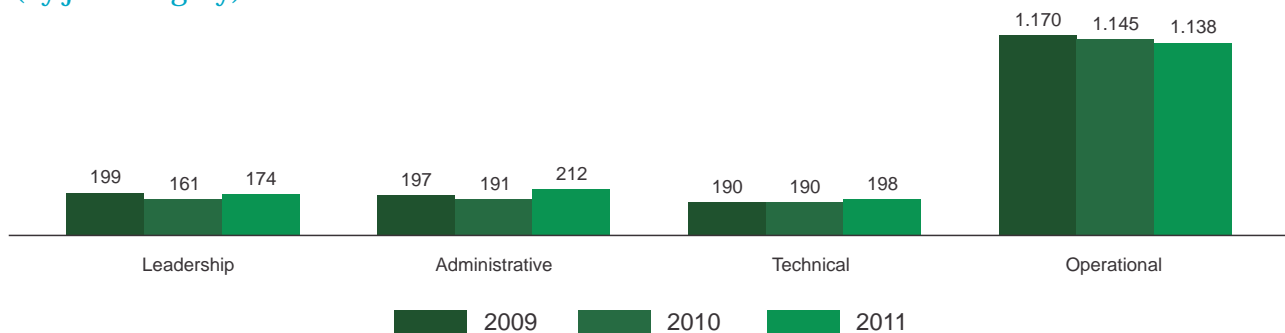
Number of employees (consolidated)



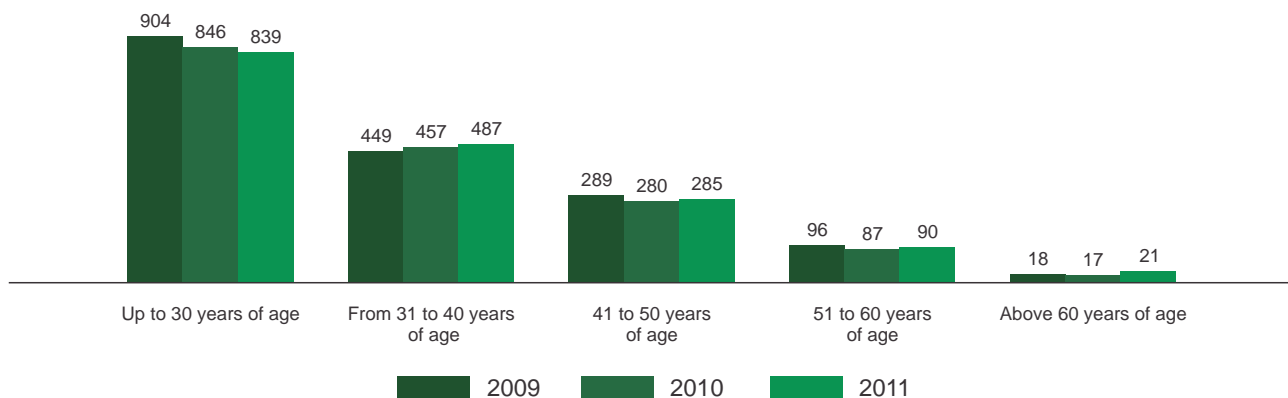
Number of employees (by gender)



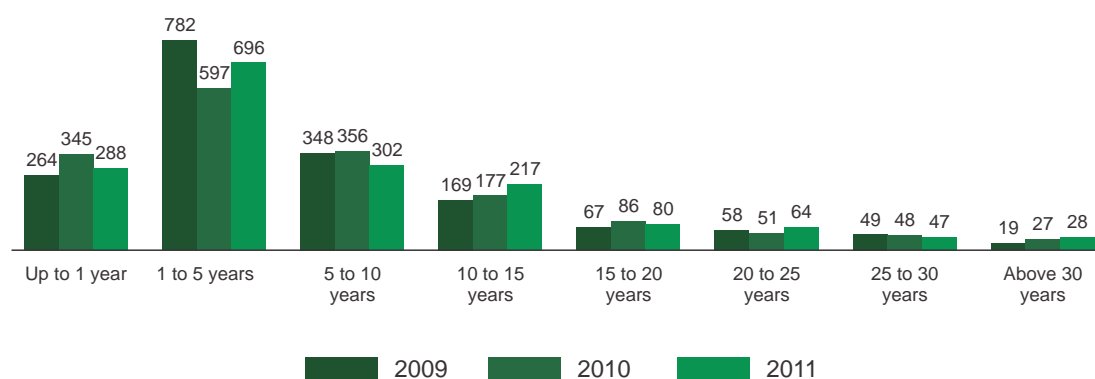
Number of employees (by job category)



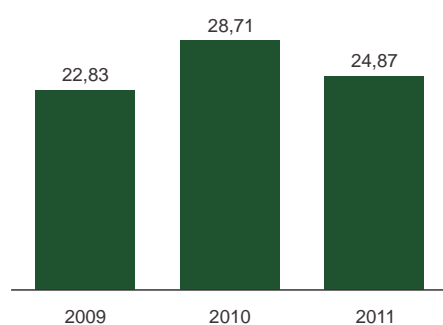
Age group (consolidated)



Time in the Company (Consolidated)



Turnover (in %)



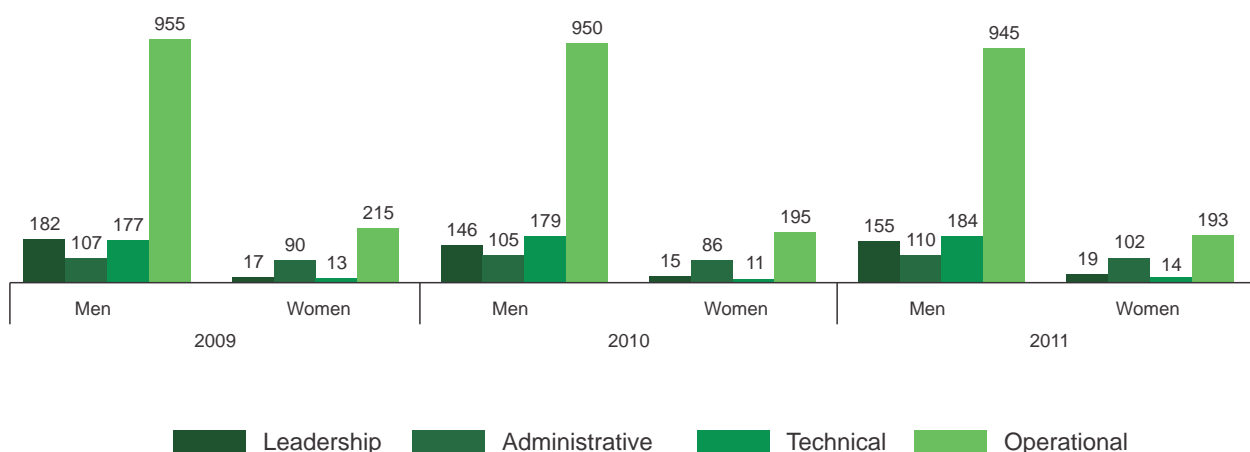
GOAL2012

To obtain a maximum turnover of 22% per year.



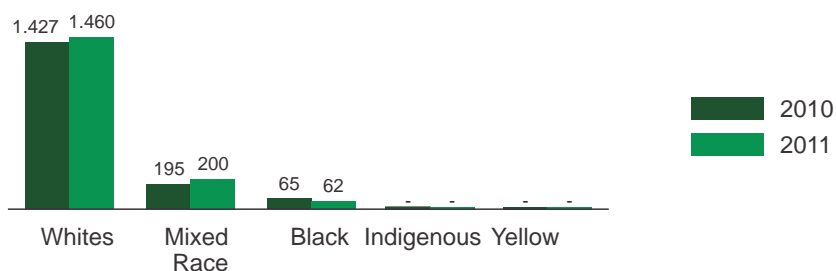
Office of Management and Finance - Joaçaba (SC)

Proportion of men and women (per employment category)

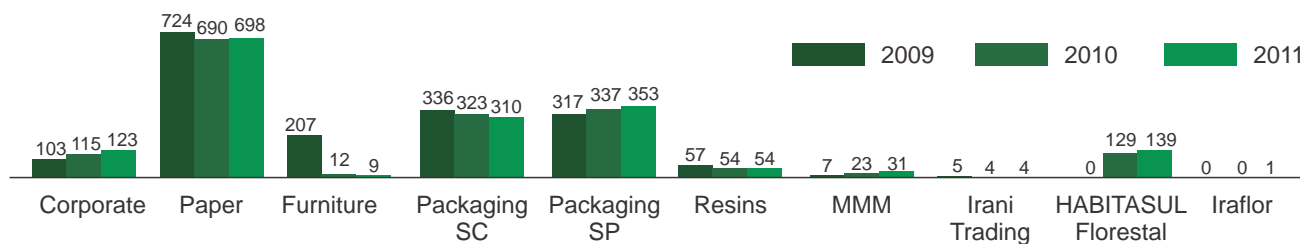


EXCLUSIVE
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CONTENT

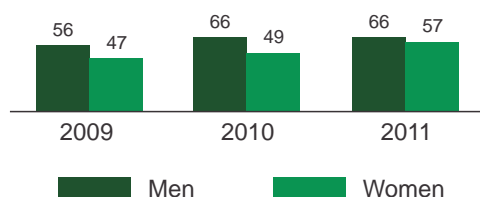
Number of employees by race (Consolidated)



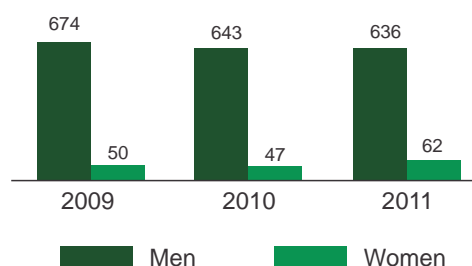
Number of employees (by business unit)



Corporate Unit

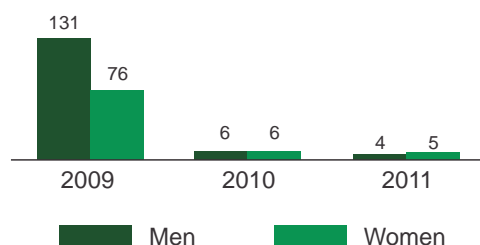


Paper Mill

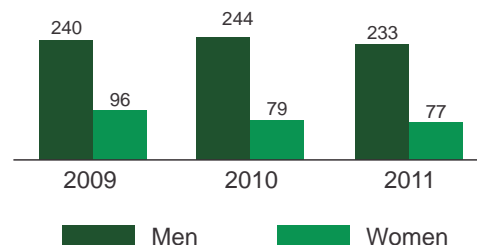




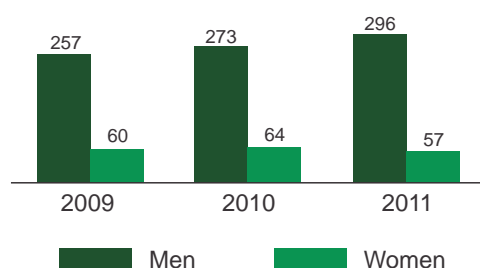
Furniture Unit



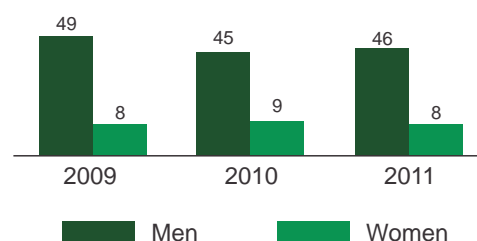
Packaging Unit SC



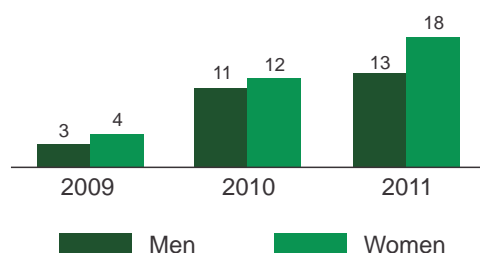
Packaging Unit SP



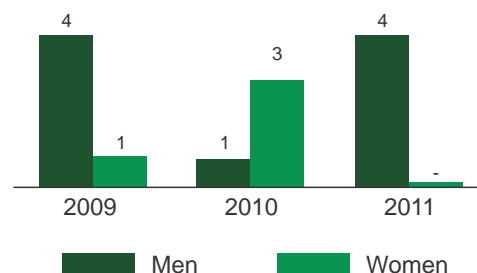
Resins Unit



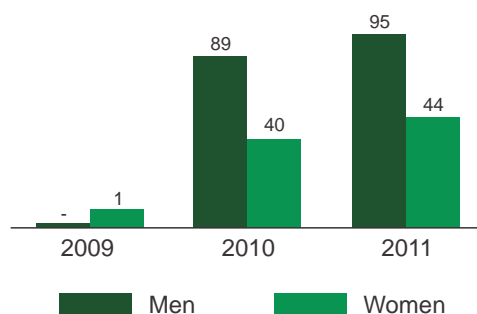
MMM



IRANI Trading

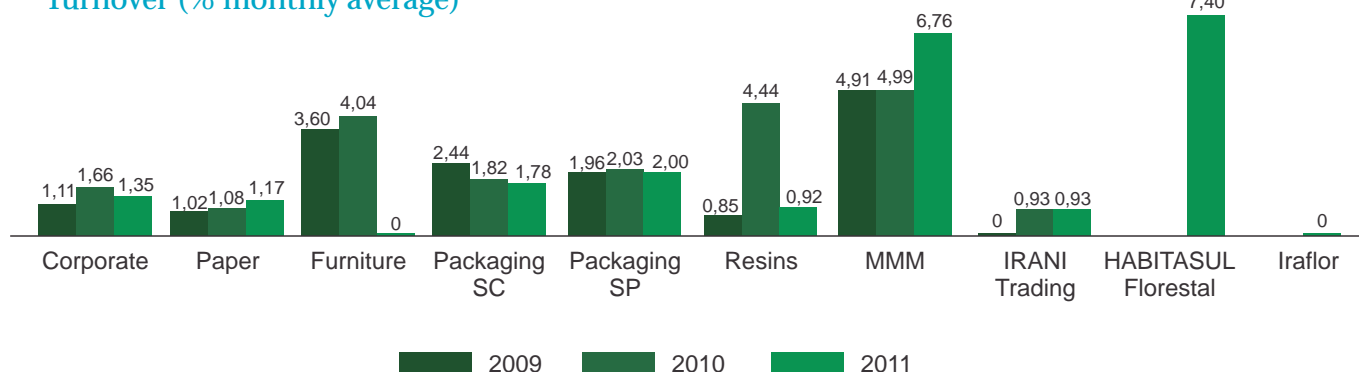


HABITASUL Florestal

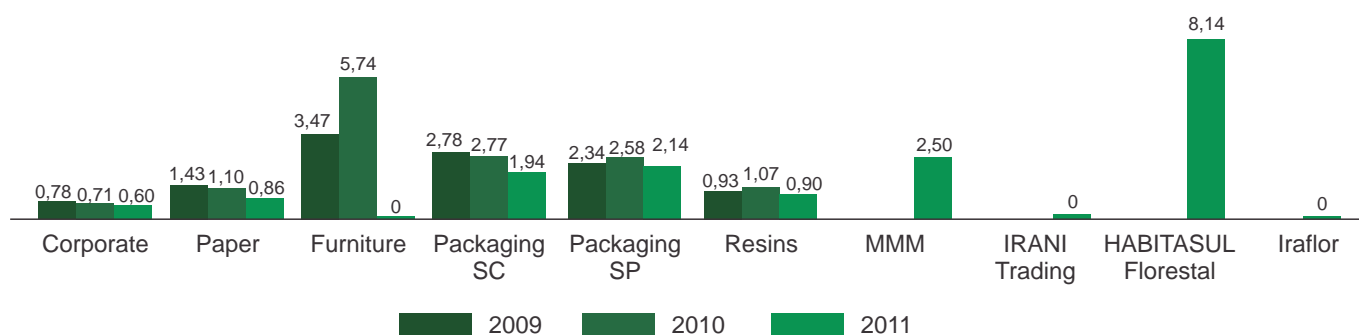




Turnover (% monthly average)

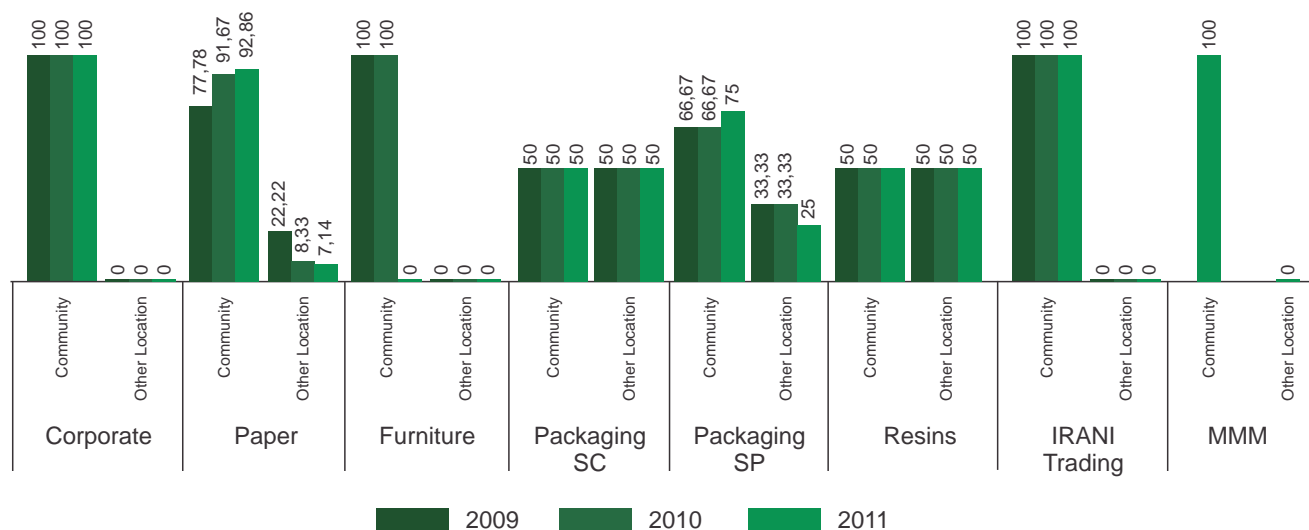


Absenteeism (per business unit)



Although there is a written procedure that gives priority to hiring locals, this prioritization is observed in practice.

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



Remuneration

Valuing people has become one of the values that permeate the IRANI culture and is based on salary structures and benefits offered to all employees. The practices are also based on a sense of justice, motivation and commitment, and compliance with standards and current legislation.

In order to keep the salaries offered by IRANI, always competitive, the area of Personnel Development, carried out in 2011, a new cycle of research and salary adjustments.



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The following table refers to the proportion of average wages paid to men and women are divided by functional category.

	2009		2010		2011	
	Men	Women	Men	Women	Men	Women
Leadership (Board, Management, Supervision and Coordination)	1	0.77	1	0,59	1	0,75
Administrative	1	0.72	1	0,80	1	0,82
Technicians	1	1.03	1	0,86	1	0,92
Operational positions	1	0.73	1	0,76	1	0,79

The average lowest remuneration practiced in IRANI was equivalent to 1.27 of the minimum wage in Brazil on December 31, 2011. In Unit Mill, 7.65% of employees fall into this remuneration category in relation to the total number of employees in this unit, Packaging SC Unit, is 39.48%; Packaging SP, is 36.47% and the Resins unit 42.59%. Only apprentices have their remuneration calculated based on the minimum wage.

All employees receive a benefits package. Investments are presented in the table below on a consolidated basis, including companies controlled by IRANI.

Benefit	Values (thousand reais)		
	2009	2010	2011
Food	3.744	4.130	4.647
Transport	1.950	2.229	2.649
Life insurance	137	158	160
Variable remuneration (Profit Sharing - PPR)	670	2.651*	3.229
Variable Remuneration (Supera Program)		2.204**	2.155
Health plan	2.285	2.335	3.034
Total	8.786	13.707	15.874

* Amount paid in January 2011, corresponding to the program for 2010.

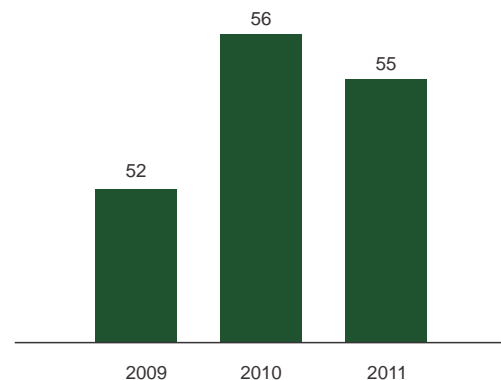
** The value was considered in the Company result in 2011.

Diversity and equal opportunities

Efficient Diversity Program

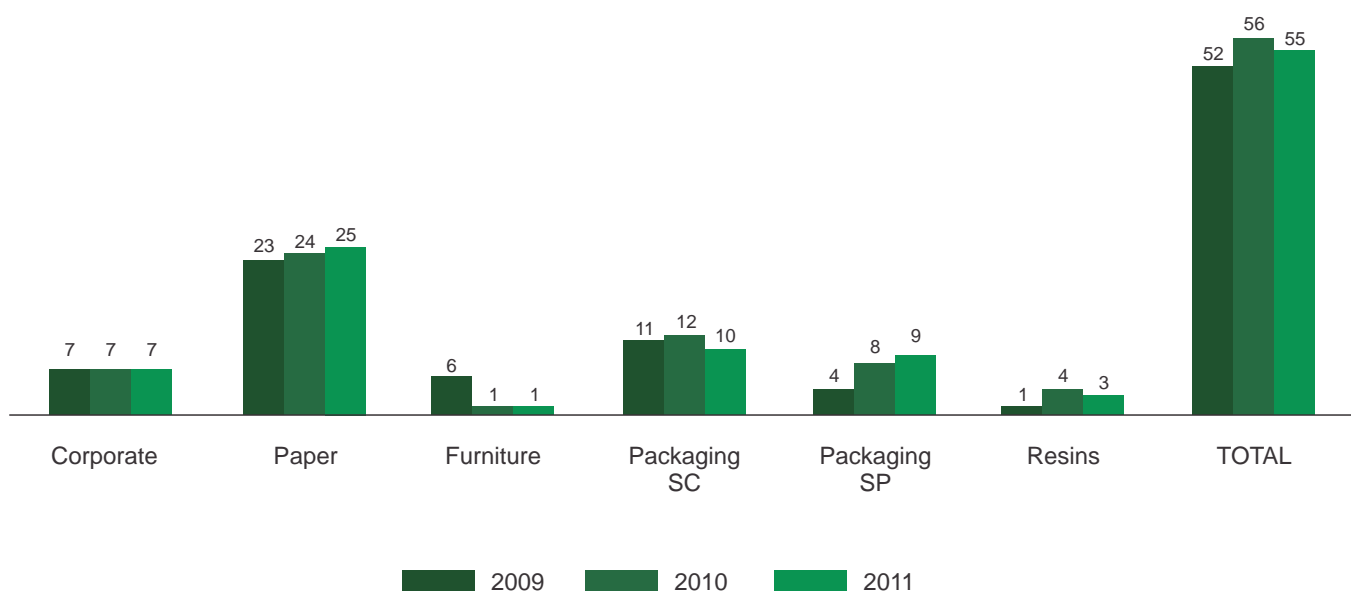
The dignity of the human is to have the opportunity to work. With this understanding, IRANI has developed, since 2004, the Efficient Diversity Program in all its units, with a commitment to promote quality of life at work. The program facilitates the accessibility and adaptation to living in a suitable environment, encourages individual responsibility, vocational skills, commitment and performance through integration, monitoring, and training for all employees. The program also aims to meet Article 93 of Law no. 8.213/91 in relation to the legal reservation of jobs for Persons with Disabilities. IRANI has not yet complied with the quota established by the Law because of the reality of the labor market around its units, but has worked to create conditions to facilitate the adaptation of employees to the workplace.

Number of employees with disabilities (Consolidated)



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Number of employees with disabilities (per unit)

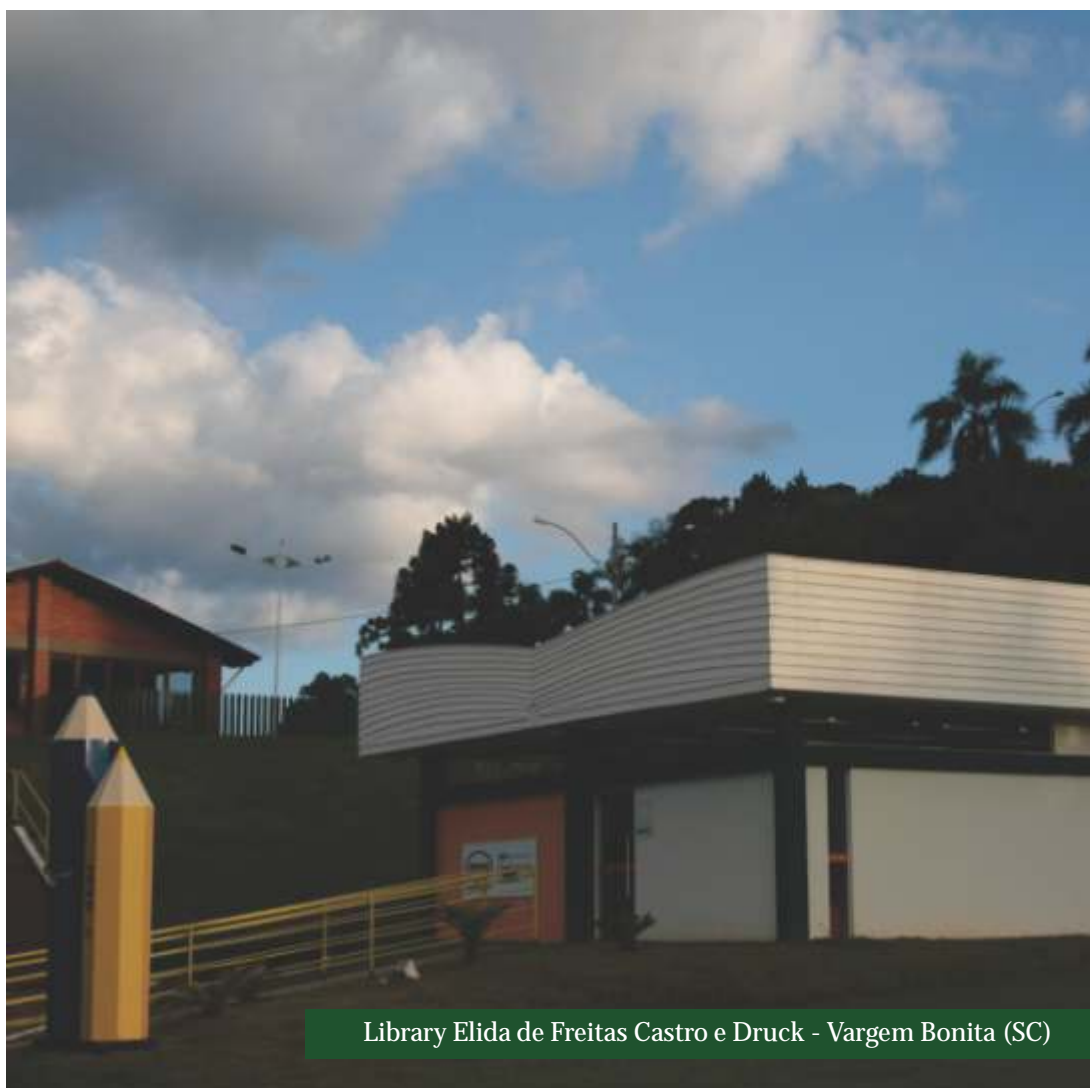


Paper In 2011, the course held internally to train interpreters of the Brazilian Sign Language (Libras) continued with an advanced class for the second and third stages of training, qualifying twelve employees enabling them to interact with people with hearing impairments. Packaging SP Resins TOTAL

If you know someone who wants to fulfill their potential to grow, ask them to forward the detailed curriculum to curriculo@irani.com.br, with the subject PCD.

In 2011, the Company received two labor legal notifications. The first, for failing to hire a substitute for a similar post, when the dismissal of the rehabilitated worker or the skilled disabled person in the event of dismissal without cause, in the amount of R \$ 18,282.84. The second, due to not filling the quota of

employee's beneficiaries of Social Security, rehabilitated or entitled disabled person, in the amount of R \$ 47,992.46. The Company appealed against these decisions issued by the Ministry of Labor and Employment (DRT-RS), and the fines were not paid.

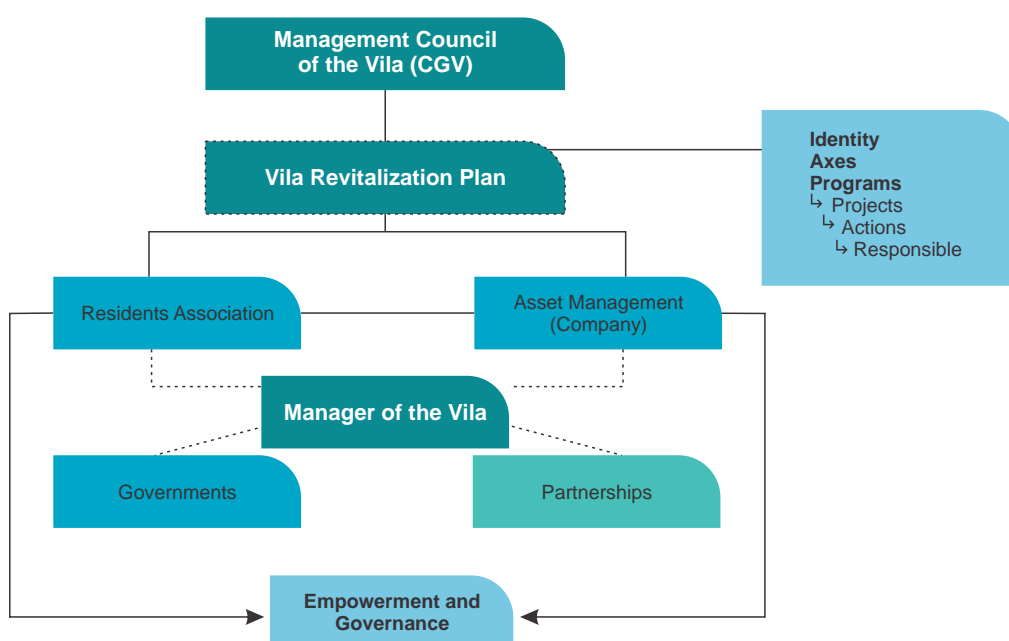


Library Elida de Freitas Castro e Druck - Vargem Bonita (SC)

Surrounding Communities

The surrounding communities are the focus of social investments by IRANI. The contribution in the reduction of social inequalities happens through funding of projects developed in the areas of citizenship, sport, culture, education and environmental preservation.

A survey by the University of West of Santa Catarina (Unoesc) in 2010, was the basis for the implementation of the Vila Campina da Alegria Management System throughout 2011. The Management Council of the Vila was created with community representatives, and IRANI and the government and set up the Residents Association of Campina da Alegria (AMOCA) to address issues relating to the community with regard to encouraging the well-being and quality of life, as well as the needs for investment in infrastructure and services, with the help of a professional hired to act as manager of the Vila. The asset management became the responsibility of IRANI.



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Comprised of properties owned by Irani Trading SA, a company controlled by IRANI, Vila Campina da Alegria is located in the vicinity of industrial plants in Vargem Bonita (SC). In addition to the residential and commercial properties, there is the State School Galeazzo Paganelli, the Service Post of the Municipal Prefecture of Bonita Vargem, the Military Police Post, the water treatment structure of Casan, the Sports Gymnasium, the IRANI Club, the CTG Club, the CTG Countryside Headquarters and the Catholic and Assembly of God Churches. All the buildings where these services are provided belong to the entities that are mentioned.

In late 2010 and early 2011, a survey to identify and assess social and environmental impacts generated by the Company and its operations in the surroundings communities was carried out by SESI/SC Corporate Responsibility Consulting. This is the second round of research that aims to have dialogue and engagement with stakeholders, besides serving as support for system management and community consultation.

Altogether, 240 people were consulted, among neighboring landowners and partners, residents of the settlements, from the Vila Campina da Alegria, in urban areas adjacent to forest areas and residents of the municipality of Indaiatuba (SP), owners of service providers businesses and employees of these companies, representatives of social and environmental organizations, mayors of the municipalities of Santa Catarina Vargem Bonita, Ponte Serrada, Irani, Catanduvas, Agua Doce, Joaçaba and city officials from Indaiatuba (SP), young high school students living in the Campina da Alegria and representatives of the Company.

The survey results showed that in Santa Catarina, IRANI is perceived as a competent company and concerned with the preservation of the environment, besides contributing to local development by generating employment and income directly or indirectly to the government and the community in general. There is an opportunity for improvement with regard to communication with the public that was surveyed in order to strengthen the relationship.

In Indaiatuba (SP), the IRANI activities date from about four years ago and yet there is a close relationship with the community and other stakeholders that were surveyed. Among the opportunities identified by the study is the degree of maturity and independence of social organizations in the municipality, which enables work in partnership to be carried out, as well as attention to social issues in the areas adjacent to the IRANI plant in the municipality. In 2012, the Athlete of the Future Project will be implemented, in partnership with Sesi/SP.

“The most important thing is that this represents a degree of maturity of the management of Corporate Responsibility and sustainability of IRANI, who dares to listen and insert in its management, the demands of the public who live around it and have some type of interface. We emphasize the openness, acceptance and recognition of all public that were consulted in relation to IRANI and its importance to the region.”

Declaration of Sesi/SC consultants in a research report submitted to the Company

In 2011, social investments totaled R \$ 199,601.49. The social programs and projects are developed in partnership with strong institutions and among them are: Sesi Athlete of the Future Program, in partnership with Sesi/SC and the Municipal Prefecture of Vargem Bonita (SC) The Broto do Galho Project in partnership with Sebrae/SC and again the Municipal Prefecture of Vargem Bonita (SC) and the Protector of the Environment Project, developed in partnership with the same municipality, the Environmental Police of Concordia (SC) and the Galeazzo Paganelli Basic School.

Investments in social projects

2009	R\$ 213.711,82
2010	R\$ 223.603,88
2011	R\$ 199.601,49



SESI Athlete of the Future Program (PAF)

The program has been carried out in partnership with the leisure area of SESI/SC, since 2010, and serves children and adolescents of 6-15 years of age in Campina da Alegria (SC) in order to develop citizenship through sports, encouraging an active and healthy lifestyle and cross-cutting values, such as respect and teamwork. In 2011, the partnership was extended to the municipalities of Irani (SC) and Ponte Serrada (SC) with the support of the municipal authorities of the municipalities, serving over 300 children in three nuclei of PAF. Among the activities that were carried out, young people could participate in civic initiatives such as walks, nature trails, festivals, sports, movies and a statewide Olympiad of (OLIMPAF) held in Blumenau (SC). In 2012, the program will be implemented in the Packaging SP unit.



“ I strongly believe in this program and I hope that IRANI continue to promote opportunities for the residents of our Vila. ”

SANDRA FILIPINI

MOTHER OF A STUDENT AT THE PAF
CENTER IN CAMPINA DA ALEGRIA



Broto do Galho Project

The Broto do Galho project began in 2009, held in partnership with the Sebrae/SC and the Municipality of Vargem Bonita (SC). The essence of this initiative is the transformation of industrial waste from pulp and paper tubes into craftsmanship objects, generating productive jobs and income for the participants. Involving ten craftsmen, the Broto do Galho, headquartered in Campina da Alegria (SC), developed, with the help of specialized consultants, two collections of products: Nursery Passions and Bud in Cardboard. Throughout 2011, it participated in trade shows and sectorial events in order to promote products and increase its financial return. It also established a partnership with MMM that resells Broto do Galho products in its digital store (www.meumoveldemadeira.com.br) and an interior design shop in Joaçaba (SC). In 2011, it was shortlisted for the Editora Abril, Planeta Casa Prize, with one of the pieces in the collection Nursery Passions and highlight the Eco editorship of the Bons Fluidos Magazine, from this same publisher.



Get to know the Broto do Galho by the site www.brotodogalho.com.br and Facebook@brotodogalho.



Production at the headquarters of Broto do Galho, in Campina da Alegria (SC)

Environmental Protector Project

Conducted in partnership with the Bonita Vargem (SC) Prefecture, Basic School Galeazzo Paganelli and the Environmental Police from Concordia (SC), the project trained 27 youth peer educators and environmental protectors. Through proprietary methodology created by the PM Ambiental, participants received weekly instruction on topics related to the environment in theoretical and practical activities. The project culminated with a graduation ceremony and student travel. The young people will be involved in initiatives relating to the environment and promoted by IRANI and the Campina da Alegria community.



Environmental Protectors Group



PROJECT	DESCRIPTION	AMOUNT INVESTED IN 2011 (in reais)												
Abriço do Coração (Shelter of the Heart)	Monthly financial support for the maintenance of the activities in the shelter that receives hospitalized people and their families in Joaçaba (SC)	6.000,00												
ÁGUIAS (EAGLES) - Association of Physically Disabled Persons - Águias of Concordia ARAD - Regional Association of Disabled Athletes in the Midwest Region of Santa Catarina	Both teams carry out work on social inclusion through the practice of adapted sports. The activities undertaken by these associations encourage independence and the overcoming of difficulties by the participants.	12.000,00												
Broto do Galho	With the goal of generating productive jobs and income for the participants, the Project has the essence of recycling IRANI industrial waste and its transformation into decorative and useful items.	6.378,95												
Open Conversation Journal	A monthly communication channel from the Company to the community featuring exclusive news about the vila residents and their events.	7.870,80												
Junior Achievement	Encourages corporate volunteering and the dissemination of issues related to sustainability through partnership with the Junior Achievement Association of the states of Santa Catarina, Sao Paulo and Rio Grande do Sul <table> <tr> <td>Number of volunteers:</td><td>Number of volunteer hours</td><td>Number of participating students</td></tr> <tr> <td>2009: 11</td><td>2009: 152</td><td>2009: 112</td></tr> <tr> <td>2010: 18</td><td>2010: 183</td><td>2010: 366</td></tr> <tr> <td>2011: 17</td><td>2011: 230</td><td>2011: 435</td></tr> </table>	Number of volunteers:	Number of volunteer hours	Number of participating students	2009: 11	2009: 152	2009: 112	2010: 18	2010: 183	2010: 366	2011: 17	2011: 230	2011: 435	36.000,00
Number of volunteers:	Number of volunteer hours	Number of participating students												
2009: 11	2009: 152	2009: 112												
2010: 18	2010: 183	2010: 366												
2011: 17	2011: 230	2011: 435												
LARAMARA	Donation of sheets of corrugated cardboard that are transformed into adapted furniture in a specialized workshop, built within the institution to help children and young people with visual and multiple disabilities.	1.780,00												
SESI Athlete of the Future Program (FAP)	A partnership between the Company, Sesi and Municipal Prefectures develop citizenship through sport, serving children from 6 to 15 years	49.884,04												
Young Apprentice Program	The main goal of the IRANI Young Apprentice Program is to offer knowledge and technical information through the initiation and professional development within the Company. The initiative is aimed at young people between 16 and 18 y.o. who are attending high school. The priority for filling the vacancies is for children or relatives of employees. In 2011, over 25 young people joined the program in the manufacturing units of Vargem Bonita (SC) and Indaiatuba (SP)	66.697,05												
Young Environmental Protectors	Training of trainers and environmental advocates. Held in Campina da Alegria (SC) with the participation of 32 young people.	2.640,65												
TOTAL		189.251,49												



Specific initiatives supported by IRANI

Support APAE of Joaçaba (SC)

6 years ago, the Association of Parents and Friends of Exceptional Children (APAE) of Joaçaba held a Spit Roasted Pig Party. The event aims to raise funds for the maintenance of the institution's operations, once again counted with the support of IRANI for the donation of material and financial resources. APAE also had four employees who provided approximately 32 hours of volunteer work for the event. The party was held in August, and obtained a profit of R\$ 25,477.44.

Beija-Flor Group

Composed of residents from Campina da Alegria, the Beija-Flor Group was responsible in 2011 for holding the movies sessions for the community with the support of the management of the Vila. Four sessions were performed with films on different subjects, but with one goal: the integration of the community.

Christmas Campaigns

IRANI encouraged its employees to participate in the Post

Office National Santa Claus Campaign. To do this, it made available at its facilities letters from 83 children, public education students in situations of social vulnerability. 100% of the letters were sponsored by the employees, attending children from the districts of Joaçaba (SC) and Concordia (SC).

Donations in general

In 2011, IRANI made donations to several institutions in their surrounding communities, bringing the total support to R\$ 10,350.00. All requests are evaluated based on the Social Responsibility Policy, prioritizing investments in activities related to culture, sport, environmental preservation, education and citizenship in the surrounding communities, through direct support or the amount approved in the budget program for use of the local Marketing Committee, which uses the same criteria for selecting projects. Of the projects supported in 2011, those that stand out are community events, support to schools and cultural institutions and incentives to sports activities. In 2010, the amount allocated for donations was R\$ 48,108.00.

Campina da Alegria Revitalization Project

This project aims to promote improvements in the infrastructure of Vila Campina da Alegria and the welfare of residents. In 2011, there were thirty-two improvements carried out and fifteen new properties were built, some with an expected delivery in 2012. (EC1) This work required an investment of R\$ 1,746,713.00 by IRANI. The planning of the works is the result of a partnership between areas of IRANI and the performance of the work is on account of service providers.

Among the highlights of the year includes the creation of

the management area of the village, focused exclusively on community service and the creation of the Management Council. Former IRANI (AFI) Employees Association was closed down and the Association of Residents of Campina da Alegria (AMOCA) was created, formed by representatives of the community that makes the interface between the inhabitants of the Vila, the government, enterprise and Management Council, and is responsible for encouraging and promoting social, sports and cultural activities.

“ I believe that today IRANI works with a management model with a focus on community support and social mobilization, so that all are aware of the importance of living in harmony in the environment where it operates, using the premise that any formula for success is enduring only if it is built in a healthy way with the society and the environment.”

ENEDIR VIEIRA

PRESIDENT OF THE CAMPINA DA ALEGRIA RESIDENTS ASSOCIATION (AMOCA)

The community of Campina da Alegria has a pharmaceutical unit of SESI, a military police station and a new bank branch, installed with the support of IRANI and partners who provide the security and satisfaction to the residents. The initiatives that were carried out for the well-being and quality of life, involved task forces for the cleaning and renovation of public spaces, such as playground and installation of furniture in the local nursery donated by MMM. The renovation of the Community Center was done with the support of IRANI and mobilization community to promote events to raise funds for carrying out the work. The gaucho culture, very present in Campina da Alegria, remains alive through the initiatives in partnership with the Center of Gaucho Traditions (CTG) Silver Spur, which promotes rodeos and traditionalist events for the community, such as the Farrukhabad week, held in September 2011. Encouraging healthy eating in the community was done with an agro-ecological garden course promotion.

The challenge for 2012 is new constructions and renovation of buildings, in addition to using software in the Property Rental Management System and the resident's registry. For the period from 2013 to 2016, we intend to prepare projects for the implementation of a shopping center, Basic Sanitation and a Cemetery.

Communication with the community is done through the Vila Management area, AMOCA, Campina da Alegria Blog (campinadaalegria.blogspot.com) Open Conversation Journal, circulation monthly, and occasional meetings with the community. In the other surrounding communities, the company has a communication channel through employee representatives of these communities.

In 2011, the agreement with the Irani (SC) Fire Department was maintained, ensuring support of this partner in the occurrence of firefighting training and lectures for fire brigade and support in environmental education events. As a means of exchange for these confirmed commitments, IRANI transferred R\$11,400.00 to the Fire Department.

As indirect contributions to the development of the surrounding communities, what stand out is, besides generating employment and income by hiring employees from these locations, the establishment of commercial areas installed due to the concentration of people and giving priority to hiring local suppliers. Throughout 2011, various training opportunities offered to the Broto do Galho craftsmen was also extended to traders from Vila Campina da Alegria (SC), disseminating best practices in topics such as customer service, pricing and sales.

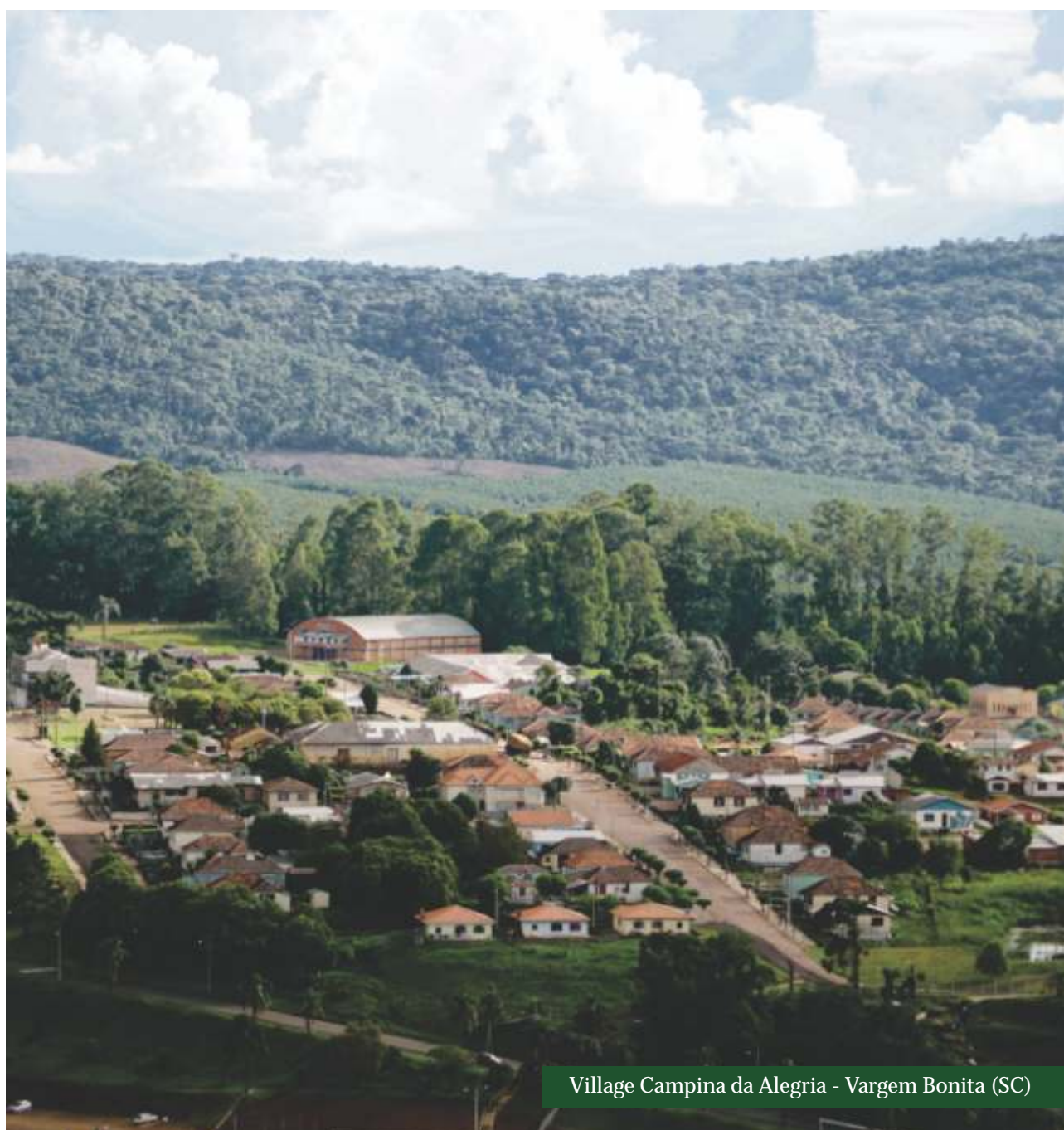
In 2011 the value of R \$ 399,424.28 relating to Tax on Services (ISS) was transferred to the City of Bonita Vargem (SC) This value represented 2.35% of the total collected by the municipality.

In 2002 a complementary law was passed in the municipality of Vargem Bonita (SC) in which the responsibility was transferred to IRANI to withhold the payment of 3% from payments to its providers in cases of ISS payments. Of this percentage, 2.5% is transferred to the municipality of Vargem Bonita and 0.5% is retained by IRANI as compensation for services rendered. The percentage for IRANI is passed on to AMOCA, as a contribution to local development.

In 2011, this contribution was R\$ 67,126 and was used mainly for improvements in the infrastructure of the vila and in the promotion of educational activities and social events in the community.

In 2011, IRANI destined some of their taxes for social, cultural and sports projects through the Laws of Incentives, that totaled R\$ 180,900.00.

LAW OF INCENTIVE	LOCAL	VALUE
Municipal Funds of the Rights of Children and Adolescents (FIA)	Joaçaba (SC), Vargem Bonita (SC), Indaiatuba (SP) and Balneario Pinhal (RS)	R\$ 5.900,00
Rouanet Law	Joaçaba (SC) and Porto Alegre (RS)	R\$ 170.000,00
Sports Incentive Act	Joaçaba (SC)	R\$ 5.000,00



Village Campina da Alegria - Vargem Bonita (SC)

Suppliers

Sustainability inserted in the supply chain

In 2011, the Supply area restructured its procurement process, creating new procedures aligned to the practices of identification, qualification, selection and evaluation of contracted vendors. Besides the technical, labor and financial issues, the identification of suppliers who have sustainability initiatives such as employee education plan, social projects volunteers and voluntary was incorporated at the time of selection.

In the corporate purchasing procedure the

development of local partnerships to increase the percentage of purchases in the region in which they operate their business units is defined as a function of the Supply area to promote local commercial activities. In this way, strengthen links with local communities and enhance the economic and social benefits of their work on regional growth. In 2011, these purchases accounted for 15.49% of total purchases, with a total of R\$ 54,063,036.32. In 2010, this represented 14.51%, with a total of R\$ 53,481,139.28.

“ The relationship between Braskem and IRANI has been built over 15 years, through the supply of caustic soda for the pulp production process. Our philosophy is based on serving, to live the dream of the Customer. Just like IRANI! We share values such as the absolute respect for the environment, community and people; a solid foundation towards sustainable growth and perpetuity of our businesses. ”

ANDRÉA REIS LAURIANO

COMMERCIAL MANAGER AT BRASKEM



Purchases from suppliers in the surrounding communities in 2009, 2010 and 2011

Municipality	2009	2010	2011
Balneário Pinhal (RS)	434.706,50	691.565,73	821.307,23
Catanduvas (SC)	2.213.651,56	2.452.227,44	2.877.177,98
Concórdia (SC)	4.101.358,03	3.176.348,08	4.209.350,00
Indaiatuba (SP)	916.356,36	1.991.281,19	1.538.743,75
Irani (SC)	15.267.223,45	17.052.084,37	17.768.630,69
Joaçaba (SC)	6.165.803,97	6.766.643,77	7.402.221,60
Ponte Serrada (SC)	6.701.256,41	7.032.331,48	10.148.331,65
Rio Negrinho (SC)	10.690.871,10	1.437.831,48	139.824,87
Santana do Parnaíba (SP)	3.169.900,14	1.874.401,87	1.179.420,78
São Bento do Sul (SC)	16.140.786,21	4.152.223,04	540.265,30
Vargem Bonita (SC)	7.381.870,08	6.854.200,83	7.437.762,47
TOTAL	73.183.783,81	53.481.139,28	54.063.036,32



Spending on purchases from local suppliers by companies in the Pulp and Paper (BRACELPA) are presented below.

Spent with suppliers (R\$ thousand)

	2009	2010
Local Spending	8.977.743,62	9.215.813,38
Total expenditure	13.715.356,13	12.359.691,77
%	65,50%	74,60%

Fonte: Bracelpa

The principal means of communication with suppliers, is the Sustainability Report, the institutional site and the tool that is available "Contact Us", the IRANI portal for On-line quotes and direct contact with negotiators.

In 2011, several training events were organized for service providers. An initiative in the SC Packaging SC Unit that involved 70% of the drivers between the months of November and December, to relay information about loading, unloading at the customer's premises, attitude, merchandise canvassing, tie-up, safety, among others. For the Forestry Service providers courses were held for operators of tractors and forestry machines, training for operators of chainsaws and first aid courses were held. In the integration process, information about safety, environment and program 6S are passed on.

To show the technological advances in the production of pulp, paper and packaging, the II Technology Week was held in 2011 which was attended various stakeholders, including suppliers. Focused on the theme of sustainability and innovation, the event took the opportunity to disseminate the exchange of knowledge and experience.

All outsourced workers are paid according to the law and receive benefits such as food, transportation and life insurance. All forms of child exploitation and slave labor have been abolished. Preventive measures are also taken

by the company by making periodic inspections of all forestry operations and demands, from all outsourced sources, proof of their legal obligations. A risk assessment of wood, paper and chips suppliers is done to conform to the FSC. The supplies also go through a verification program in which audits are conducted to demonstrate that the supplier meets the IRANI Wood Policy and complies with the principles of the FSC.

From 2012, the practice of consulting the "dirty list" of the Ministry of Labor and Employment of all suppliers at the time of registration will be extended, thus avoiding the contacting of a supplier involved in forced or compulsory labor. This practice is already carried out with the suppliers of wood and cellulose.

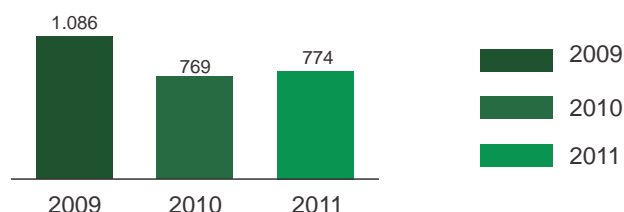
The IRANI Forestry area conducts regular meetings with contractors in order to provide feedback on the performance of these service providers in the Company's own areas, disseminate results and issues of common interest, signal improvements in the development of activities and disseminate information on environmental laws and those related to health and safety at work.

Since 2009, the contracts signed with suppliers and service providers include a clause on human rights, quality of services and the environment.

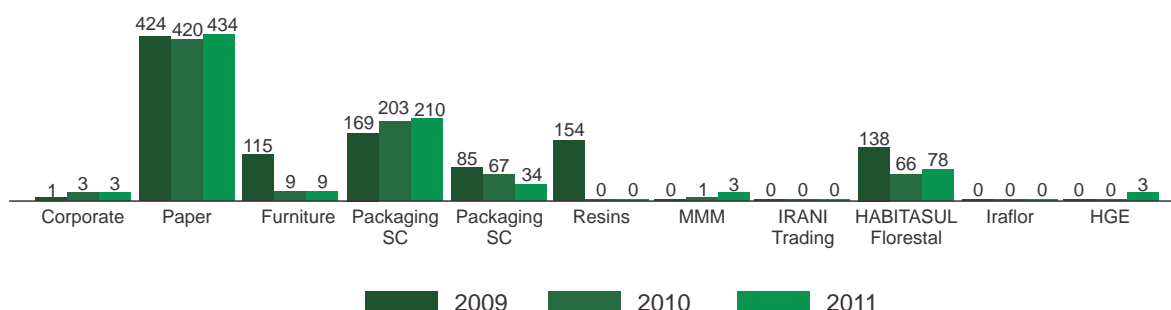




Number of service providers



Number of employees (by business unit)



For 2012, IRANI aims to improve the practice of integrating suppliers who participate directly in its processes, in order to involve them and engage them with the values and principles of the Company, including aspects relating to environmental responsibility and health and safety.

GOAL2012

Maintain 60% of the suppliers with long-term contracts (IRANI Supplier Project) and maintain 80% of the suppliers of wooden chips with stable purchases (Urban Forest Project).



Governments and Society

IRANI seeks to contribute to the development and growth of the regions where it operates, benefiting them indirectly through the generation of employment and income. The relationship with the local governments, state governments and representatives of the federal government is led by the leadership of the Company with the aim of encouraging the use of public resources in infrastructure and welfare in the regions where it operates.

In 2011, IRANI promoted, with support from the Municipal Teaching Secretariat in Joaçaba (SC), the training of public school teachers to develop, in public schools, the program Our Planet, Our Home, of the Junior Achievement of Santa Catarina. This action increased the scope of the program and the partnership will continue in 2012.

The three cores of the Sesi Athlete of the Future Program, maintained by the partnership between Sesi / SC and IRANI, received support from municipal authorities where the cores are located. This partnership is essential, as it ensures the availability of the location where the activities are carried out.

The creation of the Village Management Board, the highest body in the community of Campina da Alegria (SC), was a catalyst for changes in the way of community management and assets of the Company. This Board had the participation of a representative from the Prefecture of the Municipality of Vargem Bonita (SC). Through the Management Board the Plan for the Revitalization of Campina da Alegria is applied, defining projects in order of priority and in an integrated and participatory way.

Through its leadership, it participates in business entities and class associations that it considers as strategic to its business, and it operates and contributes to the suggestions of Brazilian public policy. The main bodies and associations involved are Brazilian Association of Pulp and Paper (Bracelpa), Brazilian Association of Corrugated Board (ABPO), Gaucho Association of Forestry Companies (AGEFLOR), Santa Catarina Association of Reforestation (ACR), Junior Achievement Association, Association of Pulp and Paper Industries in Santa Catarina (Sinpesc) Cardboard Industry Union in Sao Paulo (Sinpesp), Union of Manufacturers of Pulp, Paper, Cardboard and Cork in Rio Grande do Sul (Sinpasul) and the Commercial Association of Porto Alegre and Commercial and Industrial Association of Western Santa Catarina (ACIOC).



Also, it participates in discussions of regional concern regarding the environment and business environment, such as Forestry dialogs, Watershed Committee of the Rio Irani/Chapeco, Advisory Board of the Araucaria National Park, Chip (Wooden Scraps) and the Industrial Waste Committee coordinated by Sinpesc, which is a group of pulp and paper companies which discussed the proposal for the creation of the new Conama Law relating to atmospheric emissions in the industry for existing sources, approved in December 2011.

“ Celulose Irani has been an example within the municipality for its concern about issues related to the environment, society, education and management. I can say, without being wrong, that Indaiatuba is proud to have a company like Celulose Irani within its industrial park. We hope that this relationship will last, and that the City, through its Departments offer the possibilities for Celulose Irani grow further in our municipality. ”

EDMUNDO DUARTE

SECRETARY OF MUNICIPAL DEVELOPMENT
IN INDAIATUBA (SP)









Economic Performance

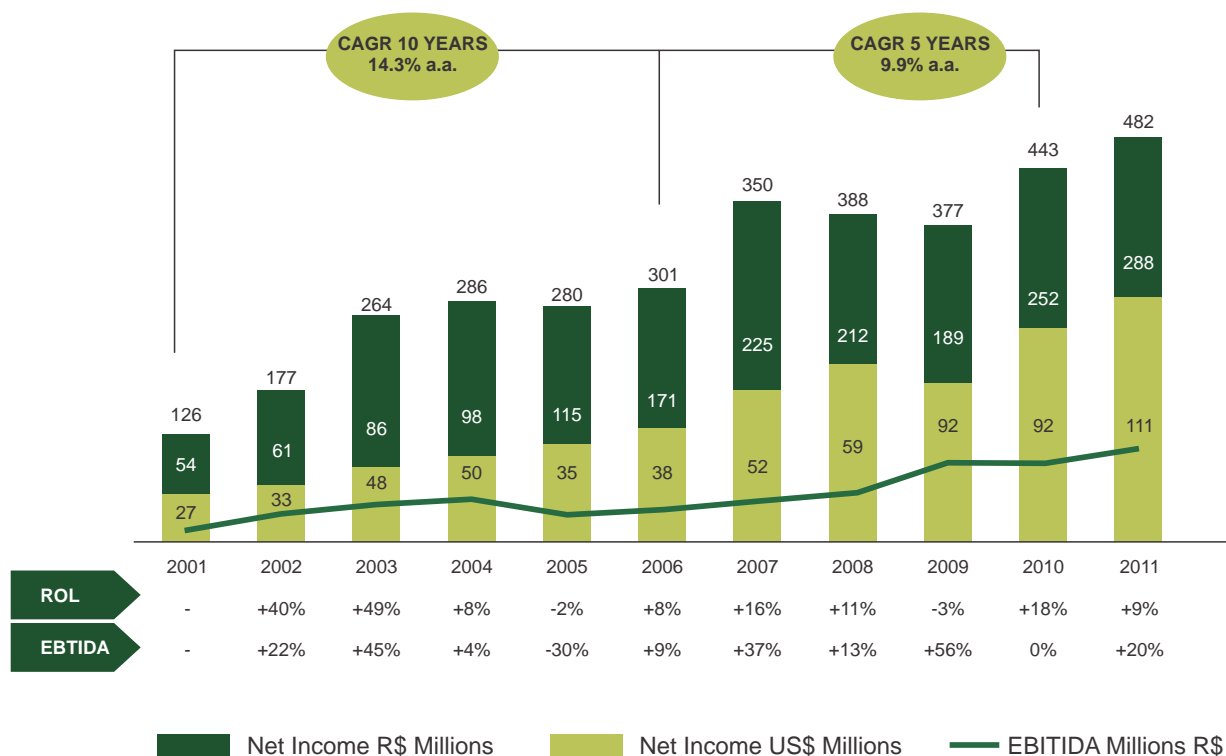
The essence of the IRANI business is the production and marketing of packaging paper and corrugated boxes. The main raw materials are the Pinus (softwood) planted forests owned by the Company and recycled long fiber (chips/scrap) papers. The main market is domestic, which accounted in 2011 for 88% of IRANI sales.

Economic Performance

IRANI evolved consistently in its economic indicators over the years.



In the graph below we can observe the growth in the IRANI economic indicators. Net revenue has evolved to an annual average of 14.3% over the last ten years. In this same period, the EBITDA (adjusted) showed an average annual growth of 15.1%, from R\$ 27 million in 2001 to R\$ 111 million in 2011.



Balance Sheets (in R\$ thousand)

ASSETS	CONSOLIDATED		LIABILITIES AND NET WORTH	CONSOLIDATED	
	12/31/2011	12/31/2010		12/31/2011	12/31/2010
CURRENT			CURRENT		
Cash and cash equivalents	74,722	40,362	Funding	89,020	101,654
Accounts receivable from Customers	92,231	78,900	Debentures	26,000	12,788
Inventories	38,356	39,007	Real Estate Credit Certificate	13,258	13,258
Recoverable taxes	8,687	8,650	Suppliers	37,713	39,632
Banks linked account	5,143	6,419	Payroll and social security	19,021	9,889
Other assets	12,350	8,445	Tax liabilities	7,900	7,432
Assets held for sale	195	530	Tax installments	4,682	4,113
Total current assets	231,684	182,313	Advances from customers	1,159	1,941
			Dividends payable	5,607	9,775
NON CURRENT			Other accounts payable	9,333	9,214
Recoverable taxes	2,162	2,401	Total liabilities	213,693	209,696
Income tax and					
differed social contribution	16,632	14,252	NON CURRENT		
Judicial Deposits	1,258	7,513	Funding	171,144	93,283
Banks linked account	3,531	4,065	Debentures	60,480	88,124
Other assets	1,422	5,118	Real Estate Credit Certificate	8,839	22,097
Assets held for sale	657	6,560	Provision for civil, labor risks		
Investment property	4,997	-	and tax	41,717	39,928
Fixed Assets	679,414	684,323	Tax installments	10,839	14,624
Biological Assets	239,997	238,215	Tax liabilities	11,062	6,230
Total non-current assets	950,070	962,447	Other accounts payable	219	621
			Income tax and		
			differed social contribution	199,511	203,027
			Total non-current liabilities	503,811	467,934
			EQUITY		
			Capital	63,381	63,381
			Treasury shares	(2,038)	(309)
			Revaluation reserve	9,688	10,044
			Legal reserve	3,331	2,863
			Reserve for unrealized profits	-	79,770
			Reserve for biological assets	74,743	-
			Adjustments for equity valuation	248,859	273,631
			Retained profits	66,266	37,736
			Equity attributable to		
			controlling shareholders	464,230	467,116
			Participation of non-controlling	20	14
			Total shareholders' equity	464,250	467,130
TOTAL ASSETS	1,181,754	1,144,760	TOTAL LIABILITIES AND EQUITY	1,181,754	1,144,760

Statements of Income

(in R\$ thousand)

	CONSOLIDATED	
	12/31/2011	12/31/2010
Continued operations		
NET SALES	481,513	442,686
Change in fair value of biological assets	14,327	50,738
Cost of goods sold	(353,393)	(320,090)
GROSS PROFIT	142,447	173,334
(EXPENSES) INCOME		
With sales	(42,353)	(37,661)
General and administrative	(41,172)	(48,458)
Income (expense), financial, net	(52,515)	(41,619)
Other operating income	6,900	4,226
Other operating expenses	(2,466)	(4,102)
Participation of managers	(5,251)	(3,818)
Equity equivalence result	-	-
OPERATING PROFIT BEFORE TAX EFFECTS	5,590	41,902
Income Tax and Social Contribution	(2,127)	(3,831)
Income tax and differed social contribution	5,986	218
NET INCOME OF CONTINUING OPERATIONS	9,359	38,289
Discontinued operation	-	(3,928)
NET LOSS OF DISCONTINUED OPERATIONS		
EARNINGS IN THE PERIOD	9,359	34,361
Profit attributable to:		
Controlling shareholders	5	1
Non-controlling shareholders	9,359	34,361
BASIC AND DILUTED EARNINGS PER SHARE ON - R\$	1.1539	4.6909
BASIC AND DILUTED EARNINGS PER SHARE PN - R\$	1.2693	5.1601

Economic context and main results

2011 was marked by financial and economic stability in Brazil, which provided the country's moderate growth of 2.7%, lower than the GDP growth for 2010 which was 7.5%. According to data from ABPO - Brazilian Association of Corrugated Board, the dispatch, in square meters of corrugated cardboard in 2011 was 1.0% higher than 2010, the same growth made by the Company in its corrugated cardboard segment, which represented 60% of its revenues.

Net operating revenue of IRANI consolidated had an increase of 7.6% in 2011 compared to 2010. This performance is mainly due to good operational performance of the plants that had efficiency gains, and also by price increases that offset cost increases recorded in the period.

The dollar closed 12.6% higher in 2011 compared to 2010, which contributed to increase in Reais of the debt denominated in foreign currency. Due to the Company's policy of maintaining for a long time levels of commitments

in foreign currency equivalent to or lower than receipts in those currencies, there is a natural protection of its cash flow, resulting in no additional or unexpected disbursements due to abrupt changes in the quotation of foreign currencies.

Net income for 2011 was R\$ 9,354 thousand. The adjusted EBITDA was R\$ 110,536 thousand showing an increase of 19.9% in 2011 compared to R\$ 92,216 thousand in 2010. With this the EBITDA margin was 23.0% in 2011 as opposed to 20.6% in 2010. The net debt/EBITDA was 3.04 times that in 2010, rose to 2.58 times in 2011.

Principal Financial Highlights (including discontinued operations)

Consolidated (R\$ thousand)	2011	2010
Net Operating Income	481,513	447,472
Domestic Market	424,611	397,902
Foreign Market	56,902	49,570
Gross profit	142,447	170,615
Gross Margin	29.6%	38.1%
Operating profit before taxes and shares	10,841	39,765
Operating Margin	2.3%	8.9%
Net Result	9,354	34,360
Net Margin	1.9%	7.7%



EBITDA(*) - Earnings before interest, taxes, depreciation and amortization

Consolidated (R\$ thousand)	2011	2010
Income Before Taxes	10,841	39,765
Change in fair value of biological assets	(14,327)	(50,738)
Depletion	17,401	16,212
Depreciation and Amortization	38,125	34,801
Financial Results	52,515	42,744
EBITDA	104,555	82,784
Provisions	5,981	9,432
Adjusted EBITDA	110,536	92,216
Margin EBITDA	23.0%	20.6%

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

Net Operating Income

In 2011, the Net Operating Revenues totaled R\$ 481,513 thousand, an increase of 7.6% over the previous year.

Gross profit

Gross profit in 2011 totaled R\$ 142,447 thousand, compared to R\$ 170,615 thousand in 2010, a reduction of 16.5%. Gross margin in 2011 was 29.6%, 8.5 percentage points lower than 2010 primarily due to lower variation in the fair value of biological assets.

Operating Income Before Taxes and Interests/Stakes

Operating income before taxes and interest in 2011 was R\$ 10,841 thousand, 72% lower compared to 2010 which registered R\$ 39,765 thousand.

EBITDA

The absolute value of adjusted EBITDA was calculated at R \$ 110,536 thousand in 2011, 19.9% higher than the previous year. The adjusted EBITDA margin increased from 20.6% in 2010 to 23.0% in 2011.

Financial Results

In 2011, the financial result was negative by R \$ 52,515 thousand, compared to R \$ 42.744 thousand negative in 2010. Of the R\$ 52,515 thousand negatives in 2011, R\$ 7,007 thousand represented a net negative exchange variation, R\$ 7,396 thousand of financial income (income from investments, interest received and discounts obtained) and R\$ 52,904 thousand correspond to financial expenses (interest on loans and financing, bank charges and discounts).

The bottom line is distributed as follows:

R\$ thousand	2011	2010
Financial Income	30,588	35,409
Expenses	(83,103)	(78,153)
Financial Results	(52,515)	(42,744)

Revenues and financial expenses are presented including the foreign exchange active and passive, as follows:

R\$ thousand	2011	2010
Active exchange variation	23,188	30,830
Passive exchange variation	(30,195)	(31,190)
Net exchange variation	(7,007)	(360)

The financial result without exchange rate variation is shown as follows:

R\$ thousand	2011	2010
Financial Result without exchange rate variation	(45,508)	(42,384)

The financial result is influenced by the variation of the Dollar and the Euro, which are based on the update of Company certain loans and financing.



Rating of the Fair Value of Biological Assets (planted forests)

From 2010 the Company started to measure the fair value of biological assets (planted forests) periodically, as determined by CPC 29. The variation in the fair value of its biological assets produced effects on the Company's results of 2011, as shown below:

R\$ thousand	2011	2010
Change in fair value of biological assets	14,327	50,738
Depletion in fair value of biological assets	(13,535)	(13,453)

The increase in market value of the Company forests in 2011 was primarily due to the increase in the volume of wood from the forests (forests in stock), depending on their growth (natural increase) in the year.

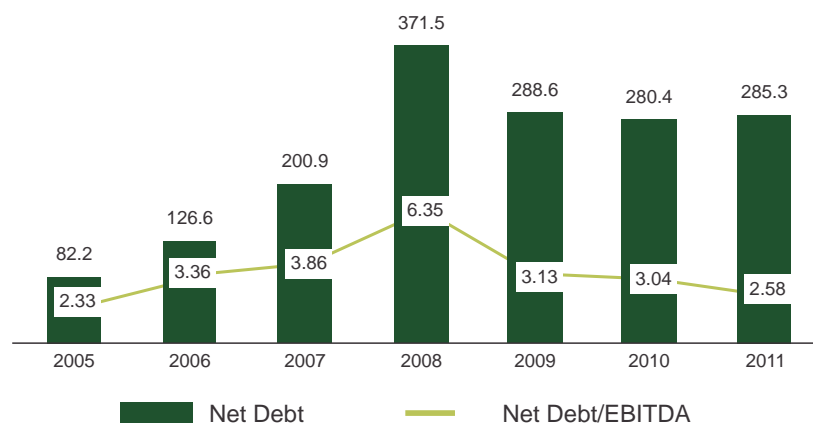
The change in fair value of biological assets, as well as its depletion, are being recognized in Cost of Goods Sold - COGS. This new accounting determination allows to more accurately assess the market value of the Company's forests, providing greater accuracy and adequacy of its financial statements.

Net Result

Net income in 2011 was R\$ 9,354 thousand positive, a decrease of 72.8% compared to 2010, when R\$ 34,360 thousand was recorded. Net income for 2011 was impacted to a lesser degree by the change in fair value of biological assets (forests) compared to 2010 which impacted its absolute reduction.

Net Debt

The evolution of the Net Debt/EBITDA had its leverage point at its highest in December 2008 due to loading of the debt related for the financing of investments in the Superação Project (R\$ 160.8 million). From 2009 the benefits began to be obtained from the project and debt settlement, and the Net Debt/EBITDA decreased from 6.35x in 2008 to 3.04x in 2010. In 2011, the index ended the year at 2.58x.

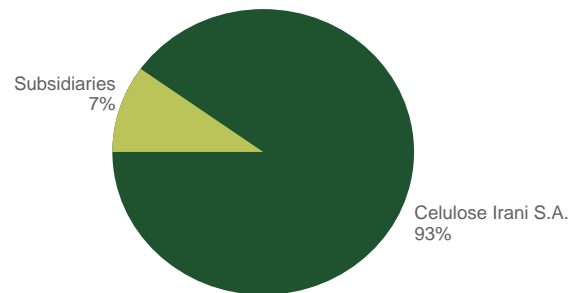


Expressed in R\$ million

Operating Performance

The distribution of the Consolidated Net Operating Revenue in 2011 were as follows:

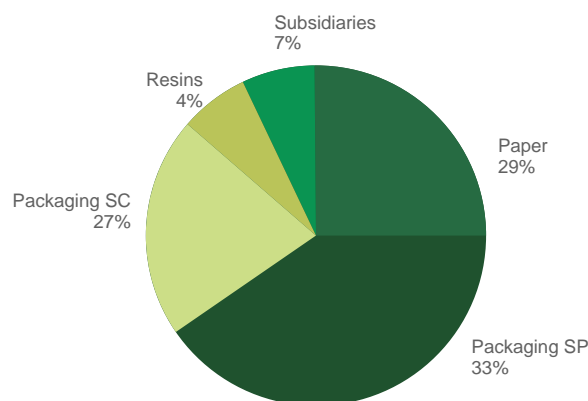
Distribution of Revenue Net Operating Income per Company



Sales

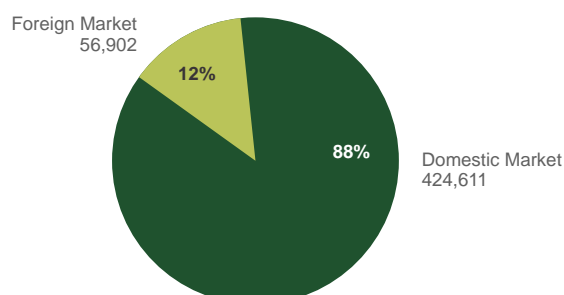
Distribution of Net Operating Revenue per business unit had the following participation in 2011:

Share of sales by business unit



The composition of Net Operating Revenue per market was distributed as follows in 2011:

Composition of Net Revenue per market (in thousand of R\$ and %)



Direct Economic Generated and Distributed Value (in R\$ thousand)

The statement of added value (DVA) shows the figures for the wealth generated by the Company and its distribution between the parties that contributed to the generation of this wealth, such as employees, government, financial institutions and shareholders. In 2011, the total added value, 27% was distributed to employees, 25% distributed to government, 42% distributed as return on capital from third parties (financial institutions) and 5% distributed as remuneration of equity (shareholders).

	CONSOLIDATED			
	2011	%	2010	%
1. REVENUE	621,667		579,618	
1.1) Sales of goods, products and services	615,178		575,493	
1.2) Other revenues	6,900		4,748	
1.3) Revenues for the construction of own assets	-		-	
1.4) Provision for doubtful accounts - constitution	(411)		(623)	
2. SUPPLIES PURCHASED FROM THIRD PARTIES	342,405		358,123	
2.1) Cost of goods and services sold	311,183		277,629	
2.2) Materials, energy, outsourced services and others	31,222		80,494	
3. GROSS VALUE ADDED (1-2)	279,262		221,495	
4. DEPRECIATION, DEPLETION AND AMORTIZATION	55,526		50,992	
5. VARIATION IN THE FAIR VALUE OF ORGANIC ASSETS	(14,327)		(50,738)	
6. NET VALUE ADDED PRODUCED BY THE UNIT (3-4-5)	238,063		221,241	
7. ADDED VALUE RECEIVED IN TRANSFER	39,971		36,763	
7.1) Equity accounting result	-		-	
7.2) Financial income	39,971		36,763	
8. TOTAL VALUE ADDED TO DISTRIBUTE (6 +7)	278,034		258,004	
9. DISTRIBUTION OF ADDED VALUE	278,034	100.00%	258,004	100.00%
9.1) Staff	76,193	27.40%	66,597	25.81%
9.1.1 - Direct Remuneration	62,038		54,306	
9.1.2 - Benefits	10,552		9,033	
9.1.3 - F.G.T.S.	3,603		3,258	
9.2) Taxes and contributions	69,413	24.97%	50,361	19.52%
9.2.1 - Federal	43,145		28,556	
9.2.2 - State	25,737		21,411	
9.2.3 - Municipal	531		394	
9.3) Remuneration of third party capital	117,823	42.38%	102,868	39.87%
9.3.1 - Interest	92,487		79,506	
9.3.2 - Rentals	25,336		23,362	
9.4) Renumeration on equity	14,605	5.25%	38,178	14.80%
9.4.1 - Interest on equity	5,000		-	
9.4.2 - Dividends	5,511		9,730	
9.4.3 - Retained Income (losses) for the year	(1,152)		24,631	
9.4.4 - Participation of non-controllers in retained earnings	(5)		(1)	
9.4.5 - Directors Participation	5,251		3,818	

Disclosure of Annual Financial Statements

The full text of the Annual Financial Statements for 2011 is available on the Investor Relations IRANI site via the link: www.irani.com.br/ri. The full report covers the Financial Statements, the Explanatory Notes, the opinion of the Independent Auditors and the Management Report, prepared in accordance with the Brazilian Corporate Law and its amendments, and with the standards established by the Securities Commission (CVM). The release of the report took place on March 7, 2012, in newspapers of general circulation where the Company announces its corporate actions, as well as the websites of the Securities Commission and BOVESPA. In the Investor Relations site you can also access the Reference Form, which contains other information about the economic performance and governance aspects. All this information is also available on the CVM - Securities and Exchange Commission website : www.cvm.gov.br.



The Sustainability Report 2011 is available at www.irani.com.br/pt/info/relatorio-de-sustentabilidade in English, Portuguese and Spanish. To apply for the 2011 Sustainability Report, send an email to faleconosco@irani.com.br.

Take part in the next report

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

GRI index and correlation with the principles of the Global Compact

Human Rights Principles

GC1. Businesses should support and respect the protection of internationally proclaimed human rights; and
GC2. make sure that they are not complicit in human rights abuses.

Principles of Labor Rights

GC3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
GC4. the elimination of all forms of forced and compulsory labour;
GC5. the effective abolition of child labour; and
GC6. the elimination of discrimination in respect of employment and occupation.

Principles of Environmental Protection

GC6. the elimination of discrimination in respect of employment and occupation.
GC8. undertake initiatives to promote greater environmental responsibility; and
GC9. encourage the development and diffusion of environmentally friendly technologies.

Principle against corruption

GC10. Businesses should work against corruption in all its forms, including extortion and bribery.

Key:



Essential Indicators



Additional Indicators

GRI Indicator	Global Compact	Description	Pages/Details
Strategy and analysis			
1.1		Statement by the President	4
1.2	PG7	Main impacts, risks and opportunities	16, 96, 126
Organizational Profile			
2.1		Name of the organization	23
2.2		Principal brands, products and/or services	34
2.3		Operational structure	27
2.4		Location of headquarters	23
2.5		Countries in which the organization operates	23
2.6		Type and legal nature	23
2.7		Markets served	46
2.8		Size of organization	23
2.9		Significant changes during the reporting period	24, 27
2.10		Awards received	21

GRI Indicator	Global Compact	Description	Pages/Details
Parameters for the report			
3.1		Period Covered in the reporting period	07
3.2		Date of the previous most recent report	07
3.3		Issuing frequency of the reports	07
3.4		Contact data in the case of questions	145
3.5		Process for defining contents of the report	09
3.6		Limit of the report	08
3.7		Limitations on the scope or limit of the report	08
3.8		Joint ventures, subsidiaries, leased facilities, outsourced operations and other organizations	23
3.9		Measurement techniques of data and bases for calculations	51
3.10		Consequences of the restatements of information provided in earlier reports	There were no restatements of information provided previously.
3.11		Significant changes in the scope, limits or measurement methods	There were no significant changes.
3.12		Table identifying the location of information in the report	146
3.13		Policy and current practice with regard to seeking external assurance for the report	155
Governance, commitments and engagement			
4.1		Governance Structure	24
4.2		Indicate whether the Chair of the highest governance body is also an executive officer	From 2012, the Board Chairman does not exercise executive functions in the Company
4.3		Number of independent or non-executive directors of the highest governance body	24
4.4		Mechanisms for shareholders and employees to provide recommendations or guidance to the highest governance body	25
4.5		Relationship between compensation for members of the highest governance body and the organization's performance (including social and environmental performance)	A subjective evaluation of these aspects of performance is performed and is tied to the value of the variable remuneration.
4.6		Processes in place in the highest governance body to ensure conflicts of interest are avoided	29

GRI Indicator	Global Compact	Description	Pages/Details
Governance, commitments and engagement			
4.7		Process for determining the qualifications of members of the highest governance body to define the organization's strategy for issues related to economic , environmental and social issues	There is no structured process for determining qualification in sustainability for the highest governance body.
4.8		Statements of mission or values, codes of conduct and internal principles	17, 33
4.9		Procedures of the highest governance body to oversee the identification and management of economic, environmental and social performance.	24
4.10		The self-assessment of the performance of the highest governance body	The Company has no structured process of self-assessment of governance.
Commitments to external initiatives			
4.11	PG7	Explanation of how the organization applies the precautionary principle	51, 119
4.12		Charters, principles or other initiatives which the organization subscribes or endorses	29
4.13		Participation in associations and/or national/international defense organizations	96
Engagement with stakeholders			
4.14		Relationship with groups of stakeholders engaged by the organization	94
4.15		Basis for identification and selection of stakeholders with whom to engage	93
4.16		Approaches to stakeholder engagement	09
4.17		Key topics and concerns raised through stakeholder engagement	09
Financial performance indicators;			
Relationships with Shareholders			
E EC1		Direct economic value generated and distributed	144
E EC2	PG7 & PG8	Financial implications and other risks and opportunities for the organization's activities due to climate changes	16, 81
E EC3		Coverage of the obligations of the pension plan of benefits defined that the organization offers	Although not offering a pension plan for employees, there were several preparatory actions to retirement.

GRI Indicator	Global Compact	Description	Pages/Details
E EC4		Significant financial assistance received from government	In 2011, no financial assistance was received from the government.
A EC5	PG6	Variation and proportion of the lowest wage compared to the minimum wage	116
E EC6		Policies, practices and the proportion of spending with local suppliers	128
E EC7	PG6	Procedures for local hiring and proportion of senior management hired from the local community	115
E EC8		Development and impact of investments in the infrastructure and services provided primarily for public benefit	43, 119, 126
A EC9		Identification and description of significant indirect economic impacts	43, 126

Environmental Performance Indicators

Management of materials

E EN1		Materials used by weight or volume	59
E EN2	PG8 & PG9	Percentage of materials used that are recycled	61

Energy Management

E EN3		Direct energy consumption broken down by primary energy source	63, 64, 66
E EN4		Indirect energy consumption by primary source	63, 64
A EN5	PG8 & PG9	Energy saved due to conservation and efficiency improvements	67
A EN6	PG8 & PG9	Initiatives to provide products and services with low power consumption	78
A EN7	PG8 & PG9	Initiatives to reduce indirect energy consumption and the reductions achieved	35, 67

Management of water and wastewater

E EN8		Total water drawn off at source	68
A EN9		Water sources that are significantly affected by water draw-off	70
A EN10	PG8 & PG9	Percentage and total volume of recycled and reused water	70
E EN11	PG8	Location and size of land owned, leased, managed in protected areas, or adjacent to them	37

GRI Indicator	Global Compact	Description	Pages/Details
Biodiversity Management			
E EN12	PG7 & PG8	Description of significant impacts on biodiversity	38
A EN13	PG8	<i>Habitats protected or restored</i>	37, 83
A EN14	PG7 & PG8	Strategies, current actions and future plans for managing the impacts on biodiversity	83
A EN15	PG8	Number of species in the IUCN and national conservation list with habitats in areas affected by operations, by level of extinction risk	85, 86
Air Management			
E EN16		Total direct and indirect emissions of greenhouse gases, by weight	75
E EN17		Other relevant indirect emissions of greenhouse gases, by weight	75, 78
A EN18	PG8 & PG9	Initiatives to reduce emission of greenhouse gases and reductions achieved	80
E EN19		Emission of substances that destroy the ozone layer, by weight	82
E EN20		Nox, COx and other significant atmospheric emissions by type and weight	79
E EN21	PG8	Total water discharge by quality and destination	71, 73
Solid Waste Management			
E EN22	PG8	Total weight of waste by type and disposal method	55
E EN23		Total number and volume of significant spills	There was no occurrence of a spill of products or substances that might impair the quality of the soil, surface water and/or groundwater on the company's production sites.
A EN24		Weight of waste transported, imported, exported or treated that are deemed as hazardous under the Basel Convention.	58
A EN25		Identity, size, status of protection and biodiversity index of water bodies and habitats	71
E EN26	PG8 & PG9	Initiatives to mitigate environmental impacts of products and services and extent of this impact mitigation	34, 61, 62

GRI Indicator	Global Compact	Description	Pages/Details
E EN27	PG8 & PG9	Percentage of products and their packaging recovered in relation to total sales per product category	62
E EN28		Monetary value of significant fines and total number of non-monetary sanctions resulting from non-compliance with environmental laws and regulations	There was no significant fines resulting from the non-compliance with environmental laws and regulations
A EN29		Significant environmental impacts from transporting products and other goods and materials, and the transport of workers	35, 79
A EN30	PG8	Total investments and environmental protection expenditures by type	88

Social Indicators relating to labor practices and decent work

Management of people			
E LA1		Total workforce by employment type, employment contract and region	111
E LA2	PG6	Total number and rate of employee turnover by age group, gender and region	112
A LA3		Benefits offered to full-time employees	116
E LA4	PG3	Percentage of employees covered by collective bargaining agreements	100% of employees in collective bargaining agreements with the unions in the category.
E LA5	PG3	Minimum advance notice regarding operational changes	There is no formalized period, but there is a communication to stakeholders whenever necessary.
A LA6		Percentage of workforce represented in formal joint health and safety committees	106
E LA7		Rates of injury, occupational diseases, lost days, absenteeism and work-related deaths by region	115
E LA8	PG6	Programs of education, training, counseling, prevention and risk control in place to assist employees, their family or community members regarding serious diseases	106
A LA9		Topics related to health and safety covered in formal agreements with trade unions	In agreements with trade unions, specific issues are not addressed relating to health and safety beyond what is laid down in the legislation.

GRI Indicator	Global Compact	Description	Pages/Details
Management of people			
E LA10	PG6	Average hours of training per year per employee broken down by functional category	100
A LA11	PG6	Programs for skills management and continuous learning that support the continued employability of employees and to manage the end of their careers	100, 102, 104, 109
A LA12		Percentage of employees receiving regular performance and career development analysis	102, 104
E LA13	PG1 & PG6	Composition of governance bodies and breakdown of employees per category according to gender, age, and other indicators of diversity	111, 113, 114
E LA14	PG1 & PG6	Proportion of basic salary of men to women per functional category	116
Social Indicators relating to human rights			
Management of suppliers			
E HR1		Significant investment agreements that include human rights clauses or that underwent human rights screening	There is no acquisition process in the year, but the Company undertakes to evaluate human rights aspects in contracts for future investments.
E HR2	PG1, PG2, PG4 & PG6	Suppliers and contractors that have undergone screening on human rights and the measures taken	129
A HR3	PG1	Total hours of employee training on policies and procedures concerning aspects of human rights relevant to operations, including the percentage of employees that were trained	Training was not carried out in 2011
E HR4	PG1 & PG6	Total number of incidents of discrimination and actions taken	There was no record of this in 2011
E HR5	PG1 & PG3	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk and actions taken to support these rights	There is no verification process in the production chain relating to the risk of a ban on collective bargaining or union membership.
E HR6	PG1 & PG5	Operations identified as a significant risk for the occurrence of child labor and measures taken to contribute to the abolition of child labor	111
E HR7	PG1 & PG4	Operations identified as a significant risk for the occurrence of forced or compulsory labor and measures taken to contribute to the eradication of forced labor, child or slave labor	111

GRI Indicator	Global Compact	Description	Pages/Details
A HR8	PG1 & PG2	Percentage of security personnel trained in policies or procedures of the organization concerning aspects of human rights that are relevant to the operations	Training was not carried out.
A HR9	PG1	Total number of incidents of violations involving rights of indigenous people and actions taken	There is no record of indigenous lands in the areas surrounding the Company. Also, there was no record of violations of their rights.

Social Indicators related to society

Relationship with surrounding communities

E SO1	PG1 & PG7	Programs and practices that assess and manage the impacts of operations in the communities, including entering, operating, and exiting.	119
E SO2	PG10	Business units analyzed for risks analysis related to corruption	33
E SO3	PG10	Employees trained in anti-corruption policies and procedures of the organization	33
E SO4	PG10	Actions taken in response to incidents of corruption	No case of corruption has been identified during the period.

Relationship with Governments and Society

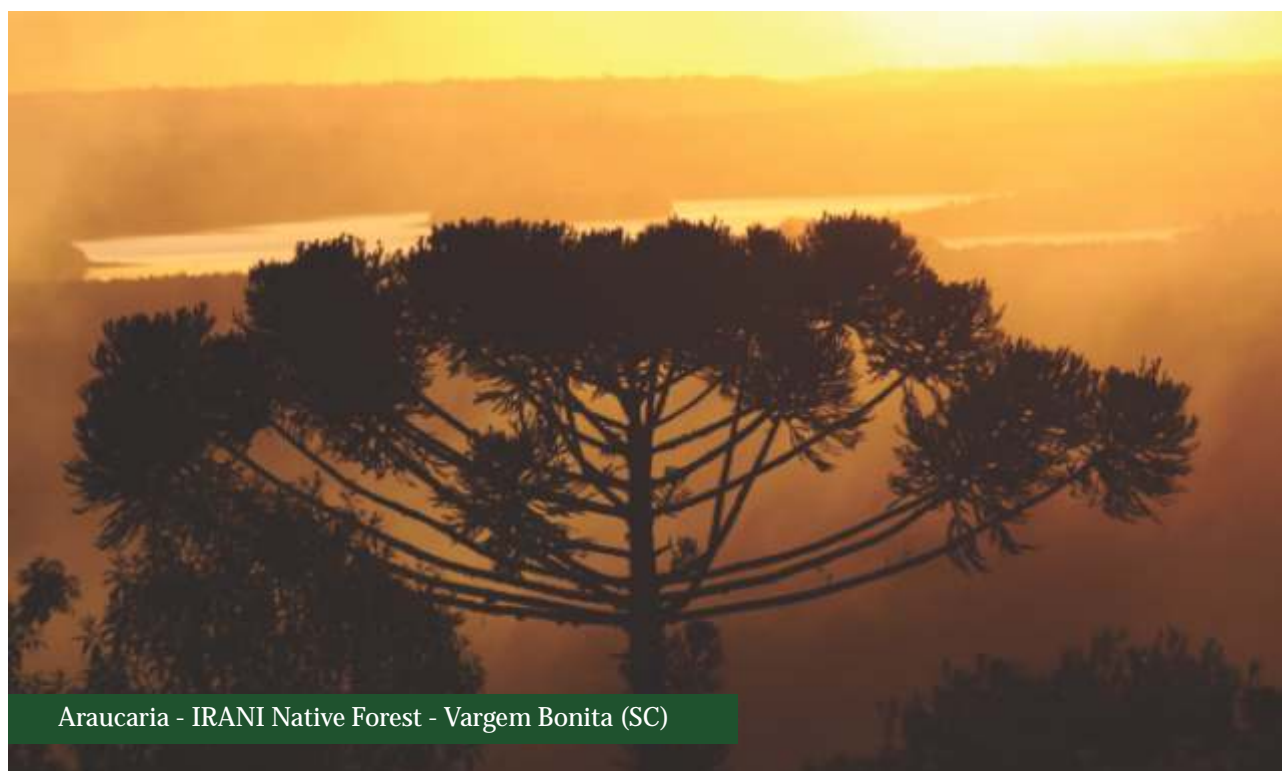
E SO5		Positions relating to public policies and participation in the preparation of public policies and lobbying	131
A SO6	PG10	Financial contributions and in kind to political parties, politicians and related institutions, discriminated per country	In 2011, there were no financial contributions made to candidates and political parties.
A SO7		Total number of lawsuits for unfair competition, anti-trust and monopoly practices and their results	There was no lawsuits for unfair competition, anti-trust and monopoly in the period.
E SO8		Monetary value of significant fines and total number of non-monetary sanctions resulting from non-compliance with environmental laws and regulations	118

Performance indicators relating to product liability

Customer Relations

E PR1		Phases of the life cycle of products and services	32
A PR2		Cases of non-compliance with regulations and voluntary codes related to the 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.

GRI Indicator	Global Compact	Description	Pages/Details
E PR3	PG8	Type of information about products and services required by procedures and the percentage of products and services subject to such requirements	31, 32
A PR4		Cases of non-compliance with regulations and voluntary codes related to the 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.
A PR5		Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	97
E PR6		Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	IRANI has not adhered to any such program.
A PR7		Cases of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes	There were no reported cases of this type of occurrence in the period.
A PR8		Complaints regarding breaches of privacy and loss of customer data	There were no reported cases of this type of occurrence in the period.
E PR9		Monetary value of fines (significant) for non-compliance with laws and regulations concerning the provision and use of products and services	There were no reported cases of this type of occurrence in the period, no fines were levied.



Araucaria - IRANI Native Forest - Vargem Bonita (SC)

Independent Assurance Report

BSD Consulting carried out the independent verification process of the preparation of the IRANI 2011 Sustainability Report, which was developed in accordance with the guidelines of the GRI (Global Reporting Initiative). The verification process is intended to provide interested stakeholders of IRANI an independent opinion on: the quality of the report, the processes of stakeholder engagement, adherence to the principles of AA1000AS 2008, and the continuing process of sustainability management.

Independence

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

Our Expertise

BSD Consulting is a company specializing in sustainability. The work was carried out by an experienced team trained in procedures for external verification.

The responsibilities of IRANI and BSD

All contents of the Sustainability Report and engagement processes and definition of materiality are the responsibility of IRANI. The appraisal of the contents of the report and the conference of the level of GRI application level were the object of the BSD work.

Scope and Limitations

The scope of our work includes the information in the printed version of the IRANI 2011 Sustainability Report, for the reporting period. The independent verification process was conducted in accordance with the standard AA1000AS 2008 (AA1000 Assurance Standard 2008), Type 1, providing a moderate level of assurance. The process includes the assessment of the adherence to three principles: Inclusion, Materiality and Responsiveness.

Methodology

The approach to the verification of AA1000 process consisted of:

- Evaluation of the content of the 2011 Sustainability Report ;
- Understanding the process of generating information for the Sustainability Report, considering the engagement process and definition of materiality;
- Review of the information of the media in general, sites and legal bases;
- Interviews with executives, managers and employees in key areas in relation to the relevance and context of information for the report and management;
- Where relevant, confirmation of information on sustainability performance with the understanding of the governing body of the company;
- Based on sample testing, confirmation of details of the Sustainability Report with support documentation, internal management reports and official correspondence;
- Analysis of the relevance of the information in the Sustainability Report from the standpoint of external audiences.
- The activities of this assurance process were performed at the corporate offices in Sao Paulo - SP and Joaçaba - SC, the packaging unit at Indaiatuba - SP and the paper and packaging unit of Campina da Alegria - SC.

Key Findings - AA1000AS Principles

In the assessment of BSD Consulting, Irani has been expanding its internal sustainability practices, with an emphasis in 2011 on the Supply and Commercial areas. It is important to develop with the presentation of the identification process of the demands or opportunities of the implementation these new practices. The processes of engagement and definition of materiality should serve as a basis for the improvement of sustainability management.

Key Findings on the adherence to the AA1000AS 2008 Principles

Inclusion - deal with the participation of stakeholders in the development of a sustainability management process that is transparent and strategic .

- In 2011, there was no consultation process with stakeholders specific to the report. IRANI used the results of the previous process. As in previous years, we emphasize the importance of establishing clear criteria for the selection and prioritization of stakeholders, facilitating greater public involvement who may contribute to a more critical view in order to balance the discussions on the reported issues.

- In 2011 a review of the Strategic Plan was carried out, which involved senior management and directors. In the process, a new mission and vision of IRANI was defined, making it clear that sustainability is a value for the company. Inputs and the results of external opinions were considered through the analysis and diagnostics performed internally by Market Intelligence management. In the process of interviews with leaders, it was possible to confirm the recognition of the relevance of sustainability practices to the success and growth of the various IRANI activities.

- The Sustainability Committee has shown greater power of action and influence in IRANI, contributing to the integration of sustainability into the business processes, such as the creation of a post of sustainability analyst with the commercial area and sustainability criteria of the questionnaire for suppliers with the Supply's area.

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

- Materials were considered on the issues identified in the stakeholder consultation process conducted for the 2010 sustainability report . A new cycle of defining material themes should be performed in order to identify more specific topics relevant to the IRANI sustainability strategy. In this process it is important to establish a methodology for the prioritization of the critical issues that were identified, to be presented more extensively and contextualized in the next report. The actual content is more focused on the description of processes and reporting performance data.

- The creation of the area of Risk Management and Internal Controls was approved, and is expected to include social and environmental risks within the scope of their analysis. It is important that the company broadens its understanding of social and environmental risks related to the business. For example, the company treats the issue of climatic change from a point of view of the opportunity of doing CDM projects (Clean Development Mechanism), which may evolve in the analysis and reporting of potential regulatory and physical risks related to the topic.

2. Responsiveness - addresses the actions taken by the organization due to the specific demands of stakeholders.

- The creation of the post of a sustainability analyst, with the commercial area, seeks to increase engagement with customers and provide benefits to IRANI such as new business partnerships and provide support for new projects in the Research and Development area.

- The procurement process now includes consultations with the Dirty List of the Ministry of Employment, but still does not include suppliers of the Resins and MMM units . To demonstrate progress in these processes, IRANI should establish the social and environmental monitoring of vendors that are considered as critical. The creation of a manual of good practices or a specific code of conduct for suppliers can contribute to a better management of these aspects.

- Investments in qualification and the training for the workforce has increased considerably in relation to 2010 contribution to the motivation and the expansion of the technical knowledge of the workforce.

- The Cuida Program is being developed based on the OHSAS18001 and aims to establish an integrated management model for health and safety in the workplace. To demonstrate progress, the program should include clear definitions and corporate standards on the subject. This is a recurring point in the cycles of evaluation and should be a point of attention for the growth in the coming years.

Application Level GRI-G3

Following the guidelines of the GRI-G3, BSD states that the Celulose Irani SA 2011 Sustainability Report is classified as an A + Application Level . The report provides answers to items related to the company profile and provides a broad description of management processes and approaches to sustainability. Information is provided related to all categories of performance indicators: economic, environmental, human rights, labor practices, society and product responsibility.

Sao Paulo, March 21, 2012.
BSD Consulting - Brazil



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