



INTEGRATED REPORT 2020

ESG



MESSAGE FROM **THE CEO**

(102-14)

Life, first. This, our fundamental corporate value, made even more sense and guided our actions throughout 2020. As a nimble response to the year's challenges, we set up a crisis committee to provide the necessary guidelines to combat Covid-19. Among the many initiatives, we monitored all suspected and confirmed cases of the disease among our employees, instituted health and safety measures in all business units, and supported external initiatives through investments totaling approximately R\$ 1 million.

We are part of an essential chain, as is a large part of our customer portfolio in the packaging paper and corrugated cartonboard packaging business. Added

to the growing demand for packaging for delivery, e-commerce and export sectors, our operations remained fully ramped up and strong. In a year of uncertainties, our teams amassed significant achievements. We recorded 75 productivity records throughout the year, our Net Revenue reached a mark of over R\$ 1 billion, representing growth of almost 15% compared to 2019, and net income vaulted to over 250% compared to 2019, reaching the mark of R\$ 92,761 thousand.

We conducted a successful public offering of common shares, raising R\$ 405 million. This operation was fundamental for the launch of the Gaia Platform, our robust expansion plan estimated at R\$ 1.2 billion,

which aims to boost production capacity and introduce improvements into the business units. Of the total investment, R\$ 714 million will be made in the plants in Santa Catarina and the remainder will be earmarked for the Company's Minas Gerais businesses.

This move also kicked off the Company's migration to the B3's Novo Mercado listing segment. We progressed the structuring of new practices for and the establishment of advisory committees to the Board of Directors, becoming the first company in the paper and packaging industry to join the select group of corporations on the Brazilian stock exchange with the highest level of corporate governance.

Emphasizing this virtuous cycle, we also refined our brand logo, imbuing it with more modern design elements, linked to the current moment in the evolution of both the company as well as society in general.

With the involvement of almost 70% of the staff, we began working internally to strengthen our organizational culture. Mapping the habits, beliefs, values and behaviors that we share in Irani, we scored an average of 77% on the general culture rating. This index considers eight dimensions identified as our cultural pillars, segmented per our strengths or opportunities for improvement. Among the strengths, we can highlight topics such as Development and Training, Communication, Culture and Climate,

Quality of Life, Leadership, Processes and Governance. Our opportunities for improvement, on the other hand, cover topics such as Strategy and Objectives, Career and Succession, Recruitment and Selection, and Recognition.

The appreciation of diversity and the enhancement of inclusion practices also represent important strategies to advance our organizational culture. Guided by the Diversity Committee's guidelines, we organized a series of roundtable discussions and awareness-raising sessions. Top management is making a special effort to increase the number of women in our workforce. This action even has become a management indicator. The Sustainability Committee's actions also continued over the period, as did the analysis of our practices in relation to the UN Sustainable

Development Goals (SDGs), aligned with the guidelines of the Global and Business Pact for Integrity and Against Corruption, of which we are signatories.

We are driven by the challenge to innovate daily. Not only in products and services, but also in the way we relate, produce and impact society and the environment. In 2020, we progressed our open innovation strategy, launching an initiative to connect with startups through the Irani Labs, which had five strategic fronts in the first edition: waste management, collection and management of paper scraps, forestry technologies, new products and services and new business models. In total, there were 87 registered startups, 10 selected and three finalists for the Proof-of-Concept development with Irani.



As of the creation of the IT Governance and Digital Optimization area, our digital transformation journey continues to progress. We also welcomed two new digital “workers”: IaraBot and Sofia. IaraBot was introduced in 2020, aiming to speed up five processes involving financial and tax routines. Its performance has proven to be four times faster and more efficient than executing the same tasks manually. Sofia is a virtual assistant that operates in the omnichannel concept to serve our in-house public, supplying IT and Legal services.

When we contribute to the prosperity of our stakeholders, we are fulfilling our mission to Build Value Relationships. In 2020, we added R\$ 585 million to society, of which R\$ 80 million was reinvested in our business, R\$ 200 million to society distributed in the form of municipal, state and federal taxes and contributions, R\$ 180 million to employees in the form of compensation, benefits and incentives, R\$ 25

million distributed in the form of dividends or interest on equity and R\$100 million to other groups, such as suppliers and service providers.

In the year in which we celebrate our 80th anniversary, we look back with pride at all we have done so far, and we remain even stronger and more committed to the plans we are drawing up for the future, which have materialized in the revision of the Strategic Plan for the 2021-2030 cycle. Through this publication, we celebrate Environment Day - and the launch of this, our first Integrated Report. Adopting the basic principles and content elements of the International Integrated Reporting Council (IIRC) framework, we are giving our stakeholders a window into how we generate value over time and how the business responds to topics such as governance, economic performance and social and environmental initiatives.

Enjoy your reading!



Sérgio Luiz Cotrim Ribas
Chief Executive Officer

TABLE OF CONTENTS



1 OUR
BUSINESS MODEL

2 SOCIAL AND
RELATIONSHIP
CAPITAL

3 FINANCIAL
CAPITAL

4 HUMAN
CAPITAL

5 INTELLECTUAL
CAPITAL

6 MANUFACTURING
CAPITAL

7 NATURAL
CAPITAL

8 ABOUT THIS
REPORT



The presence of
this icon on a page
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in the elements.



1

OUR BUSINESS MODEL

ABOUT IRANI

7

BUSINESS PROFILE

8

OUR STRATEGIC INTENT

11

CAPITAL: MAIN RESULTS (2020 RESULTS)

18



ABOUT IRANI

(102-1) Our pleasure, we are Irani.

(102-2) Committed to sustainability, we produce Kraft paper, resins, and are notable as one of the main Brazilian industries for corrugated cartonboard boxes and sheets. We operate with full control of the production chain and complementary relationship interfaces, designed to integrate our experience with the reality of those with whom we do business. Thus, we create ever closer relationships with all our stakeholders.

(102-10) Irani brand logo renewal

In 2020, in line with the successful follow-on (re-IPO), we introduced our renewed brand logo, further bolstering our essence of building prosperous relationships. Far beyond a change in our image, the new brand represented the beginning of a new era of growth and continuous evolution. The new design is modern, strong, friendly and represents a

virtuous circle. Inspired by the movement of a paper roll, the new brand symbolizes expansion, growth and prosperity, not only ours, but all stakeholders and society as a whole. In the new creative concept, our name remains in green, strengthening our responsibility as a sustainable company; however, now it appears in lower case, introducing a more human tone and reinforcing closer relations with our public.

A moment that consolidated our evolution and the renewal of our commitment to the country, with our customers, employees, suppliers, shareholders and business partners, with the communities where we operate, sustainably and with the firm purpose of continuing to lead a process of innovation and strengthening of the production chain.



Watch the brand logo renewal launch video

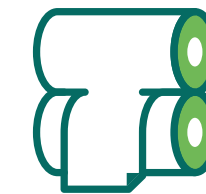


BUSINESS PROFILE

(102-2 and 102-3) Irani Papel e Embalagem S.A.'s businesses are composed of three segments, independent in their operations and harmoniously integrated, seeking to optimize the use of planted pine forests, through the multipurpose, paper recycling and verticalization of the organization.



- **Packaging segment CC (corrugated cartonboard)** produces light and heavy corrugated cartonboard boxes and sheets and has two industrial units: Packaging SC – Campina da Alegria and Packaging SP – Indaiatuba.



- **The Packaging Paper Segment** is intended for the production of low- and high-weight Kraft papers and recycled papers destined for the overseas and domestic markets and most of them are transferred for conversion to the CC Packaging Segment units. It has a factory with four paper machines, located in Vargem Bonita – SC (Paper SC – Campina da Alegria) and a factory with a paper machine in Santa Luzia – MG (Paper MG – Santa Luzia).



- **Forest segment RS and Resins** sells wood, pitch and turpentine. Manufactures forest-based products in the state of Rio Grande do Sul, from the forest asset owned by the Company located in the region and also purchased from third parties. Using natural resin from the pine forest, the Resin RS – Balneário Pinhal business unit, with an industrial plant located in Balneário Pinhal – RS, produces pitch and turpentine, which are used to manufacture varnishes, paints, soaps, glues and adhesives, among others. Pitch and turpentine are mainly destined for the foreign market.

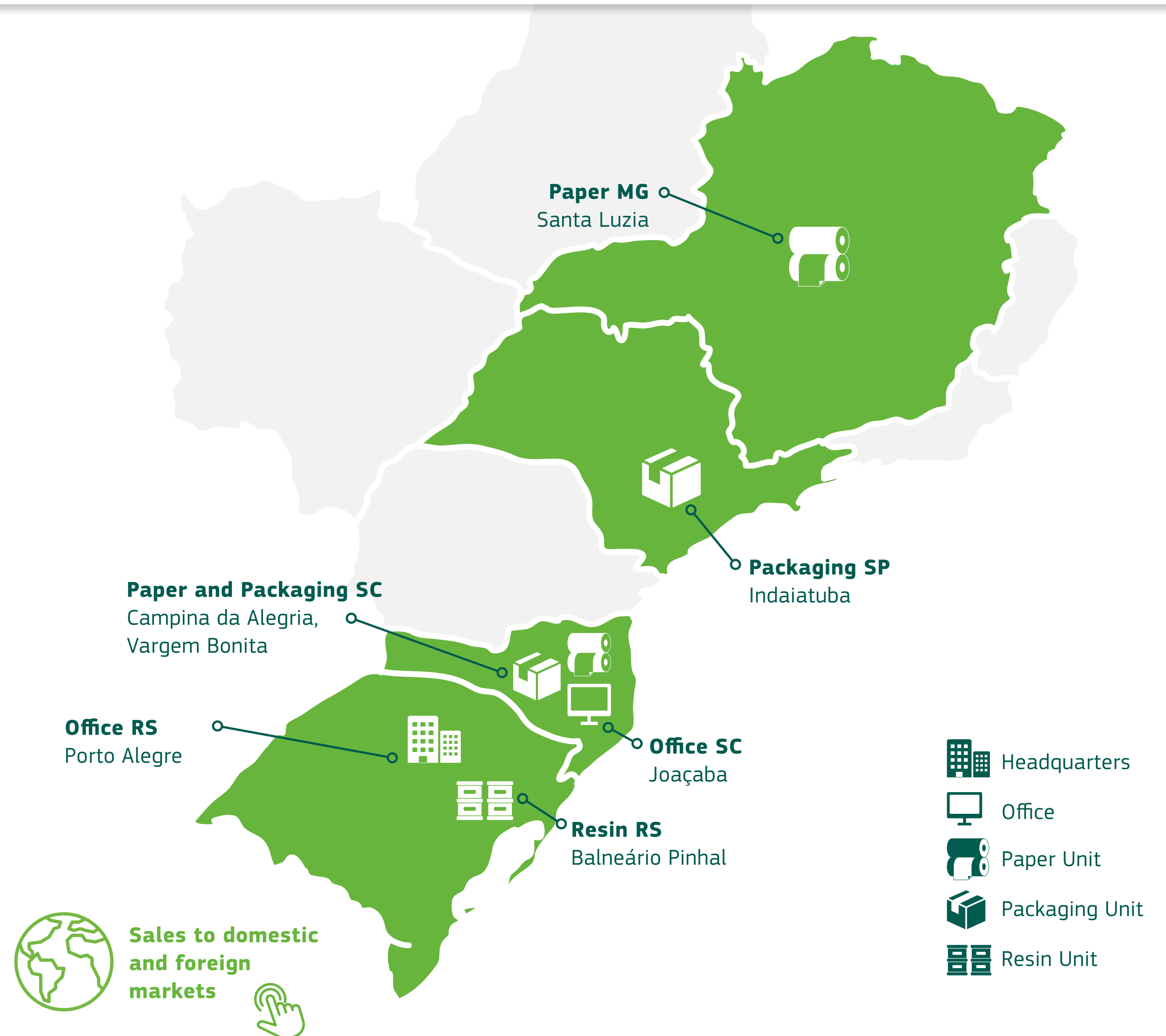


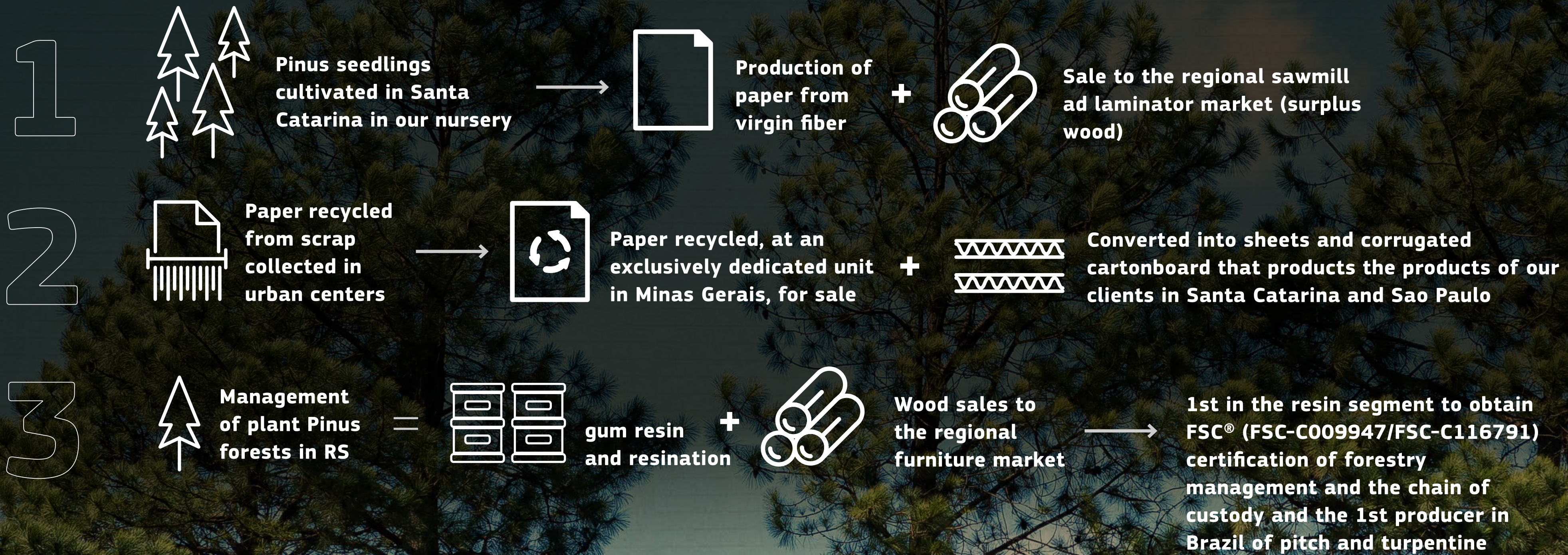
Check out more details about our segments

(102-45) Subsidiaries

Irani Papel e Embalagem S.A. controls the following wholly owned subsidiaries:

- **Habitasul Florestal S.A.**, with land base of 5,900 hectares, of which 3.7 thousand hectares are planted in pine in Rio Grande do Sul, resin supplier to the Irani Papel e Embalagem S.A. Resin unit and also supplies wood to clients in the region. .
- **HGE – Geração de Energia Sustentável S.A.** and Irani Geração de Energia Sustentável Ltda., non-operational;
- **Iraflor Comércio de Madeiras Ltda.**, which carries out timber and forestry management and marketing operations of for the Irani Papel e Embalagem S.A. parent company, and also for the market.





OUR STRATEGIC INTENT

(102-16, 102-26) Our strategic intention has been reviewed in the light of the Company's Strategic Plan for the 2018-2027 cycle and was approved by the Executive Board and the Board of Directors.



MISSION

Build Value
Relationships



VISION

Be the best, most profitable, one of the best to work for and be among the largest paper and corrugated cartonboard packaging companies.

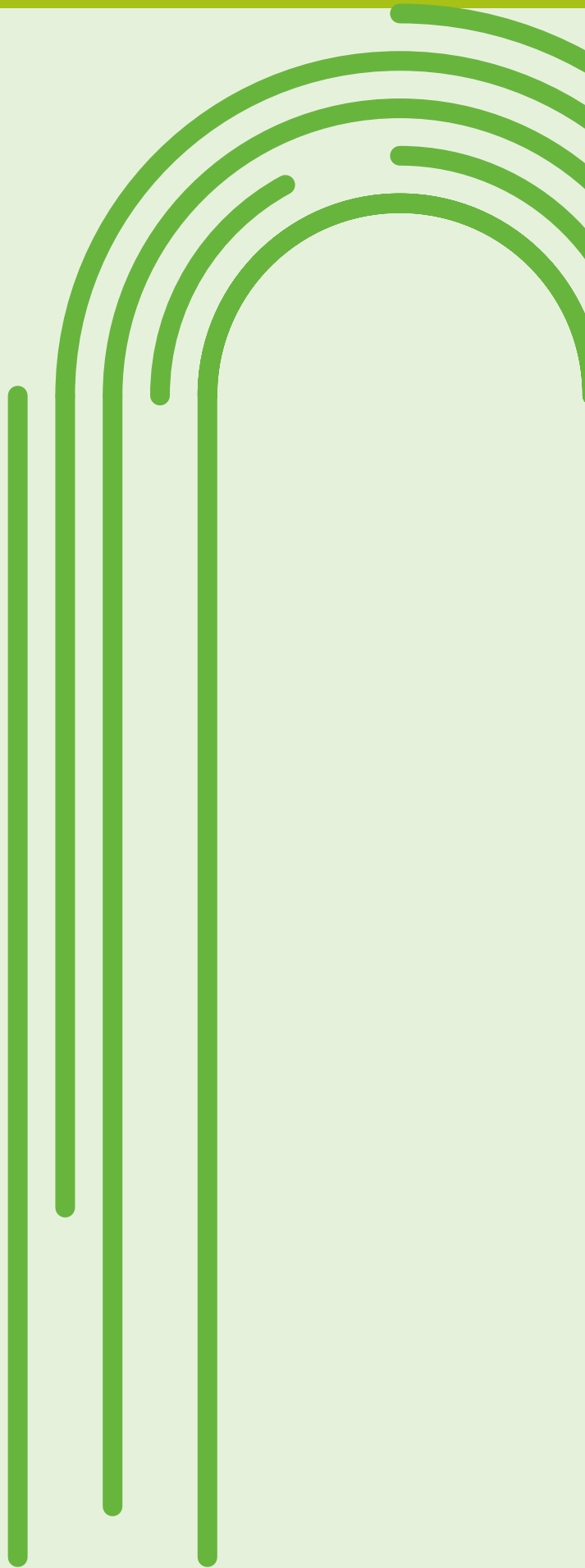


VALUES

Life, first
Challenged and valued people
Customer-focused
Results-focused
Integrity
Cordiality
Innovation
Social and environmental responsibility

We present our main challenges and uncertainties to pursue our strategy for the 2018-2027 cycle, developed into topics:


























Topics	Main Strategic Challenges
Paper Scrap (trimmings)	<ul style="list-style-type: none">• Paper scrap/trimmings price volatility, generating instability in financial results• Informality of the scrap market causing raw material price and quality instability
Paper Market	<ul style="list-style-type: none">• Dependence on only one machine for the production of low-weight papers• Entry of recycled and white papers of better quality in the low-weight segment, implying greater market competition• Overcapacity in Brazil of high-weight papers, implying a more competitive market
Packaging Market	<ul style="list-style-type: none">• Demand greater than installed capacity impacting on the level of services• Lagging Minas Gerais paper manufacturing technology generating low packaging chain competitiveness• Consolidation of the market, generating increased competitiveness
Pitch and Turpentine Market	<ul style="list-style-type: none">• Technological lag of equipment implying increased maintenance costs• Informality of suppliers of the main raw material, leading to price volatility• Volatility of the Pitch and Turpentine market, generating instability of financial results
Innovation and Sustainability	<ul style="list-style-type: none">• Connection and prioritization of R&D&I initiatives and open innovation with the company's strategy• Informality of the chip market, generating social risks related to the recycling chain• High complexity of legal requirements, implying difficulties in adapting in a timely manner



Topics	Main Strategic Challenges
Management Systems	<ul style="list-style-type: none">• Gap and disconnection regarding information systems, leading to difficulties in managing and capturing marginal productivity gains
People	<ul style="list-style-type: none">• Competition for talent with less hierarchical, more innovative, competitive and nimble companies in terms of personnel management practices• Low alignment of personnel management practices with skills essential to the execution of the strategy, which reduces the Company's strategic orientation
Financial Strategy	<p>Difficulty in making the business profitable, due to:</p> <ul style="list-style-type: none">• Unstable political-economic scenario• Structurally high interest rates in Brazil• Credit restriction• Difficulty in rolling over debt• High level of operational leverage• Average debt maturity• Low level of developmental operations
Forest Strategy	<ul style="list-style-type: none">• Low use of information technology equipment in the field (cellphones, tablets, data collectors and computers), hindering agility of processes• Low economic return on forestry activity, causing reduction of planted area in the region and, consequently, lower supply of wood• Forest fires, implying the loss of assets



Our strategy is broken down into strategic objectives with annual targets until the end of the strategic planning cycle, and for the period until 2020 the main results follow:

Strategic Objective	2020 Status of Indicators and Actions	Impact on the Capitals
Seek returns above the cost of capital, generating value to the shareholder.	<ul style="list-style-type: none"> • Net revenue: 11.1% above target  • EBITDA margin: 2% below target  • ROIC: 8.9% below target  • Return to Shareholder: 0.8% below target  • ROE: 3.7% above target  • Leverage level: 2.2x below target  	  
Focus on the paper business for corrugated packaging and cartonboard.	Over the next 10 years, three major projects are the foundation of our growth and profitability through the GAIA Platform 	  
Promote the circular economy by ensuring the proper disposal of all industrial waste.	% Waste to landfill: 9.86% below target 	   
Promote a stimulating environment for the development of high-performance teams.	Turnover: 10% below target  Severity Rate: 61% below target  Training Hours per employee: 2.9% above target 	   

 Achieved  Not Achieved



CAPITAL SOCIAL E DE RELACIONAMENTO



CAPITAL FINANCEIRO



CAPITAL HUMANO



CAPITAL INTELECTUAL



CAPITAL MANUFATURA



CAPITAL NATURAL

Strategic Objective	2020 Status of Indicators and Actions	Impact on the Capitals
Strengthen market positioning through Client-Focused value offerings.	Customer Satisfaction: 2% above target 👍	
Ensure excellence by strengthening the innovation, learning and continuous improvement culture.	Performance in innovation (PNI Research): achieved the goal 👍	

Our way of generating value for all stakeholders begins with our mission to Build Value Relationships. To this end, a number of management practices have been developed over time, such as::



Entry into the B3's Novo Mercado listing segment, improving the governance of the company and generating greater reliability for shareholders and investors.



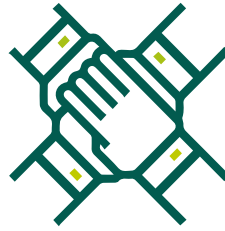
Customer Focus Program to promote the prosperity and innovation of our customers.



Climate research to improve personnel management and generate personal and professional development.



Socio-environmental Projects in the surrounding communities promoting the sustainable development of the neighboring regions, as well as recognition and awards promoted by government and society.



Irani Suppliers and Floresta Urbana for developing partnerships with suppliers and generating value in the production chain.



SEARCH FOR EXCELLENCE IN MANAGEMENT

Our concern with the pursuit of excellence has always guided the company's activities, and effective action began with the implementation of ISO 9001 from 2000 and subsequently, in 2004, with the adoption of the National Quality Foundation's Management Excellence Model® (MEG):



CAPITAL: MAIN RESULTS (2020 RESULTS)



SOCIAL AND RELATIONSHIP

R\$ 340,000 for projects in the fields of culture, environmental education and sports through federal tax incentive laws.

The donation of more than **R\$ 160,000**, own funds, for citizenship, social and environmental education, culture, social and environmental and sports initiatives.

Donation of **R\$ 200,000** in personal protective equipment (PPE) to institutions involved in combating the pandemic.

Donation **R\$ 30,000** for the Waste Pickers in Brazil Solidarity Campaign, promoted by the National Association of Waste and Renewable Materials Pickers (ANCAT).

More than **23%** of purchases in local communities.

Evolution in the Supplier Performance Index, reaching **95.1%** satisfaction.

Successfully completed migrationn to the Novo Mercado (New Market) (B3).



FINANCIAL

Net Revenue
R\$ 1,029,605
thousand, growth
of **14.6%** in
relation to 2019.

Net Income
R\$ 92,761
thousand, growth
of **250.6%** in
relation to 2019.

EBITDA, adjusted
continued
operation,
R\$ 225,881
thousand.

Net
Debt/
EBITDA
1.07x.

Sale of **86,000**
carbon credits
totaling **R\$**
378,000.

HUMAN



2,085 active
professionals
in 2020, of
which **84%**
were men and
16% women.

Turnover
Index **0.92%**.

100% of women
and men who have
taken maternity
or paternity leave
have returned to
their activities.

We created
a Diversity
Committee,
currently
composed of **25**
persons.

R\$1,240
thousand invested
in training.

R\$ 243,000
in education
subsidies.

Reduction in
the number of
workplace accidents.

More than **68**
thousand hours of
training reaching the
average of **34** hours/
employee, and for
women the average
was **38** hours/
employee.

More than **R\$ 31,000**
invested in employee
benefits.

No serious
cases of
Covid-19.

CAPITAL: MAIN RESULTS (2020 RESULTS)



MANUFACTURING

Maintenance of **33,797.65** hectares of land, of which 82.7% are located in Santa Catarina and 17.3% in Rio Grande do Sul.

Donated **4,980** native seedlings, of which **2,213** for recovery of areas.

100% of Certified Businesses by ISO 9001, ISO 14064 and FSC® (FSC-C009947/ FSC-C020437/ FSC-C116791).

100% of the Packaging Business ISO 14001 certified.

11.8% increase in Paper sales.

8.5% increase in Packaging sales.

More than **53%** of self-generated energy.

57% Renewable energy consumption.

Gaia Platform Kickoff.



INTELLECTUAL

Creation of an Intellectual Property Policy.

Generated **242** ideas in the Ideas program with payment of R\$ 22 thousand to the authors of the ideas with financial or operational returns to the Company of some R\$ 1,200 thousand.

35 innovation projects and initiatives totaling more than R\$ 3,000 thousand.

Creation of Irani Labs, with **87** startups enrolled, 10 selected and 3 finalists.

Creation of two digital collaborators (artificial intelligence), laraBot and Sofia, for process automation.

NATURAL



Investment of R\$ **10,961** thousand in environmental management initiatives and processes.

273 hours of Environmental Education, reaching 299 employees.

42% of the territory intended for conservation.

12% increase in specific water consumption.

Reduction of **32,152** tons of CO2eq through 2 active MDLs.

6.7% reduction of Scope 1 and 2 greenhouse gas emissions.

R\$ 1,200 thousand in revenues from sale of waste.

Reduction of **5%** in the specific generation of waste in the Paper SC unit (largest generator).

More than **201,000** tons of waste not sent to landfills.

Joining as a signatory to the UN Sustainable Development Goals Movement in SC.

Our ESG commitments

Aligned with the UN Global Agenda for Sustainable Development, we have set six ESG commitments to be achieved by 2030. Thus, we have been challenging our teams to seek innovative solutions for our businesses and the optimization of the operational processes.



OCCUPATIONAL SAFETY

Zero workplace accidents with lost time



DIVERSITY

40% of women in the company's workforce

50% of women in leadership positions



WATER

Reduce the specific consumption of water by **30%**



ENERGY

100% of renewable energy in all of the businesses by 2025

Become self-sufficient in renewable energy generation by 2025



WASTE

Send no non-toxic waste to landfills



CLIMATE CHANGE

Improve the balance of the difference between GHG emissions and removals by **20%**



OUR CAPITALS

For us, creating value and achieving sustainable results means to generate returns above the cost of capital allocated to shareholders that meets the needs and expectations of Clients, Employees, Suppliers, the Surrounding Community, Society in General and Government. To achieve this goal, a number of capitals are developed, as summarized below:



SOCIAL AND RELATIONSHIP

Composed of our Governance practices, reflecting the transparent, ethical and integrated way we relate to stakeholders.



FINANCIAL

Consisting of our economic-financial management practices.



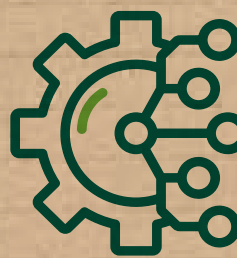
HUMAN

Consisting of our employees and their skills, enhanced by structuring programs for hiring, integration, training, development, motivation, care and recognition of people.



INTELLECTUAL

Composed of the reputation of the IRANI brand and image, built based on the Valid Companies client-focused concept, generating perceived value through the ability to develop new innovative products and services.



MANUFACTURING

Consisting of our physical and biological structures distributed in four Brazilian states, for delivery of quality products based on the rational use of natural resources.



NATURAL

Consisting of renewable and non-renewable environmental resources, mainly water, air, land, forests and biodiversity, applying the best socio-environmental practices and certifications appropriate to the activities.



SOCIAL AND RELATIONSHIP CAPITAL

GOVERNANCE

ETHICS AND INTEGRITY

STAKEHOLDER RELATIONS

23

33

40



GOVERNANCE



GRI 103-1, 103-2, 103-3, 102-18, 102-19, 102-20, 102-21, 102-22, 102-23, 102-24, 102-25, 102-26, 102-27, 102-28, 102-29, 102-30, 102-31, 102-32, 102-33, 102-34, 102-35, 102-37, 102-38, 102-39

ISE Corporate Governance Dimensions

(102-10) We adopted a governance structure guided by transparency, socio-environmental responsibility, ethics, courage, cordiality, innovation and pioneering, in addition to the best relationship practices with our shareholders and other stakeholders. In 2020, to improve our Corporate Governance, we migrated to the B3 Novo Mercado segment (Brasil, Bolsa Balcão) stock exchange.

B3 INDEXES IN WHICH THE COMPANY IS INCLUDED

IGC B3

Special Corporate Governance Stock Index (IGC)

IGC-NM B3

Novo Mercado Corporate Governance Equity Index (IGC-NM)

ITAG B3

Special Tag-Along Stock Index (ITAG)

IBrA B3

Brazil Broad-Based Index (IBrA)

IMAT B3

BM&FBOVESPA Basic Materials Index (IMAT)

SMLL B3

SmallCap Index (SMLL)

IGCT B3







Corporate Governance Trade Index (IGCT)

(102-18) Corporate Structure

On December 31, 2020, our share capital was **R\$ 566,894,847.81**, divided into **256,720,235** shares, of which **100%** were common shares (ON: R\$5.39 each).

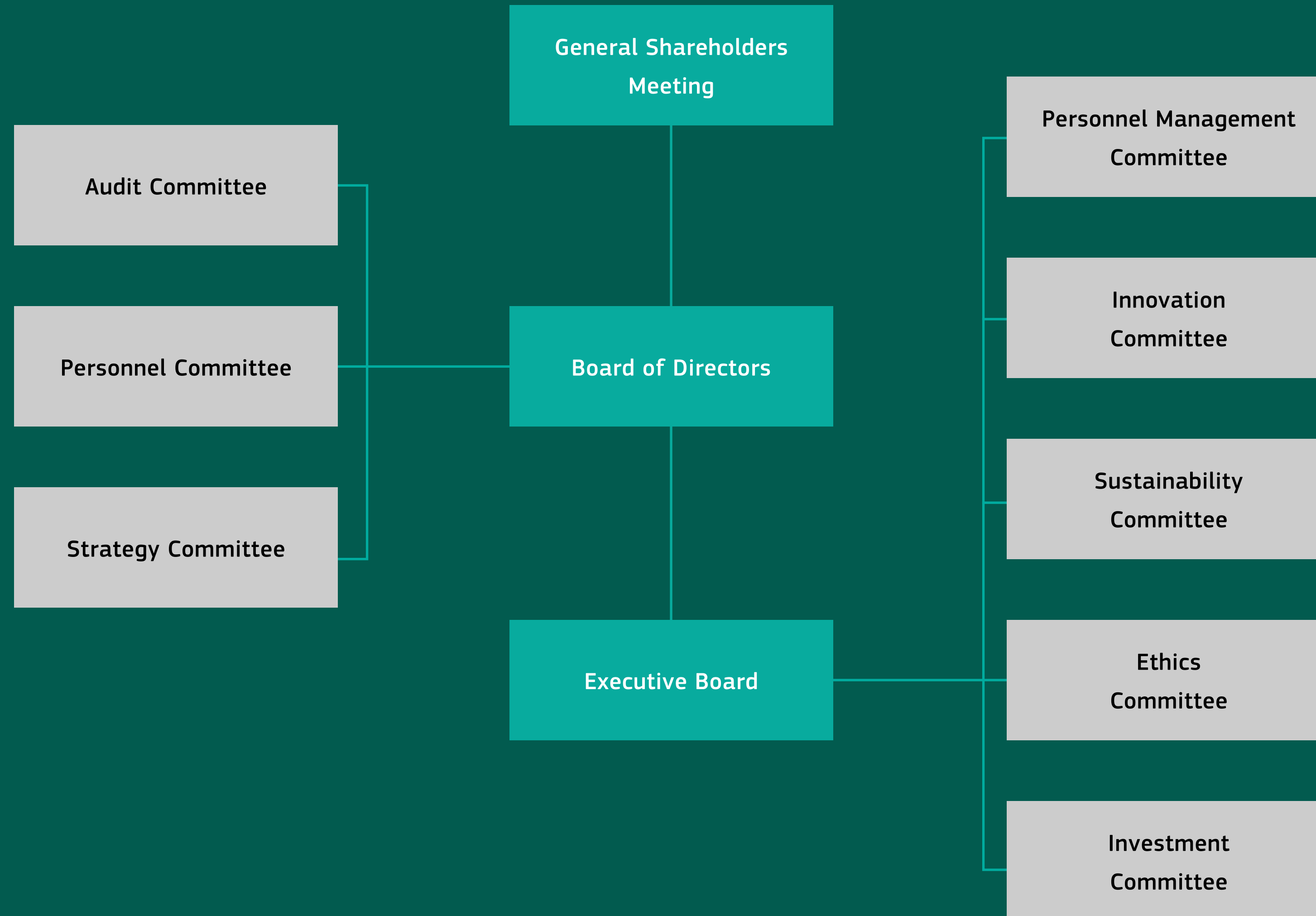
As of December 31, 2020				
Shareholders	Stock shares common	%	Total shares	%
Irani Participações S.A.	98,723,887	38,46%	98,723,887	38,46%
Habitasul Des. Imobiliários S.A.	27,679,760	10,78%	27,679,760	10,78%
Cia Habitasul de Participações	21,077,100	8,21%	21,077,100	8,21%
Treasury shares	2,376,116	0,93%	2,376,116	0,93%
Shares owned by executive officers	1,815,727	0,70%	1,815,727	0,70%
Free float shares	105,047,645	40,92%	105,047,645	40,92%
Total shares	256,720,235	100%	256,720,235	100%

(102-18.a and 102-18.b) Governance Structure

 Segment	 Tag along	 Dividend distribution	 Board of Directors	 Executive Board	 Annual calendar of events
The Company joined the Novo Mercado segment in 2020. Listed on B3 since 1977.	(102-25) 100% common shares.	(102-25) 25% of net income adjusted according to Dividend Policy and Payment of Interest on Equity. The Company will distribute additional dividends, based on the Annual Financial Statements, in the amount of 50% (fifty percent) of the annual net income for the year, calculated according to articles 22 to 29 of the Bylaws, discounting the Dividends and/or Interest on Equity already distributed, provided that, at the end of said year, the operating leverage indicator Net Debt/EBITDA is with a ratio equal to or less than 2.5 (two point five) times.	(102-22, 102-24) Five members elected by the General Meeting with a unified term of two years, reelection allowed. Forty percent (40%) are independent members, with shareholders' representation (controlling block). Non-executive function.	(102-23) Five members elected by the Board of Directors. The positions of CEO and Chairman of the Board may not be accumulated by a single person. Unified two-year term of office.	Annual disclosure since 2011.



(102-18, 102-19, 102-20, 102-22, 102-29, 102-30, 102-31)



(102-18, 102-19, 102-20, 102-22,
102-29, 102-30, 102-31)

GENERAL SHAREHOLDERS MEETING

Respecting the bylaws and the Corporations Law, they are called by ordinary or extraordinary convocation, at Irani's headquarters, in Porto Alegre (RS), with the following attributions: **deliberative function, approves the accounts of the executive officers, resolves the allocation of income and dividends, election of members of the Board of Directors.**

General: held in the first four months of each year to examine, discuss and vote on the financial statements, allocate net income for the previous year, distribute dividends and elect the members of the board of directors.

Extraordinary: convened whenever necessary to deliberate upon relevant topics, respecting the company's bylaws.

BOARD OF DIRECTORS

Discusses monthly strategic topics, such as Corporate Policies, market relations, investments and risks inherent to our businesses. The Board of Directors is responsible for the regular evaluation of our management practices, recognized and widely disclosed in the Financial Statements (quarterly and annually). Its attributions are set forth in article 12 of the Bylaws, among them: **deliberative function, election of the executive board, supervision of the management of the executive board, remuneration of the executive board, convening of general meetings.**

EXECUTIVE BOARD

Responsible for providing guidelines and validating the company's strategic intentions, policies and economic and socio-environmental targets, among other topics. With the support of their teams, they implement decisions arising from projects, budget reviews, prioritization of needs and implementation of control and organizational modifications, respecting the attributions set forth in article 14 of the Bylaws, including: **executive function, representation of the company before the market and stakeholders, responsibility for the financial statements.**

ETHICS COMMITTEE

Composed of five members, of which four are permanent seats and one rotating. The fixed members are nominated by the Chief Executive Officer, the Personnel, Strategy and Management Director, the People Development Manager and the Legal and Compliance Manager. The roles are to ensure compliance with the company's code of ethics and values, identify situations that are contrary to the provisions of the Code of Ethical Conduct and promote the Company's values. It meets every two months or at any time.

AUDIT COMMITTEE (NON-STATUTORY)

It is a non-statutory advisory body linked to the Board of Directors, reporting directly to it through its coordinator at least quarterly, and its duties include: supervising the quality and integrity of financial reports and the process of preparing the financial statements, monitoring the quality and integrity of the information and measurements disclosed, Evaluating the monitoring, by the Company, of the laws, standards and regulations applicable to it and involvement of the Board of Directors.

PERSONNEL COMMITTEE (NON-STATUTORY)

it is a non-statutory advisory body linked to the Board of Directors, reporting directly to it through its coordinator at least quarterly, and among its duties are: ensure that the Company has implemented good People Development policies and practices and ensure that the Company has good remuneration policies and practices for its employees and Senior Management in place.

STRATEGY COMMITTEE (NON-STATUTORY)

It is a non-statutory advisory body linked to the Board of Directors, reporting directly to it through its coordinator at least quarterly, and among its duties are: stimulating strategic thinking within the Board of Directors, advising the Board of Directors in the process of defining the Company's strategic guidelines and monitoring the Company's strategic projects, supporting management in its execution and reporting material facts to the Board of Directors.

(102-18 B.) SUSTAINABILITY COMMITTEE (NON-STATUTORY)

Composed of the executive board business, corporate and business managers, with the main responsibility of ensuring the evolution and strategic alignment of the topic within the Company, supervising and monitoring investments, projects and initiatives. It meets every six months.

(102-18 B.) INNOVATION COMMITTEE (NON-STATUTORY)

It is constituted by a strategic group made up of the executive board, business managers and teams involved with the planning of RD&I projects. Its role is to be is a driver of results and our innovation strategy. It meets every six months.

PERSONNEL MANAGEMENT COMMITTEE (NON-STATUTORY)

Composed of the executive board business, corporate managers and coordinators, with the responsibility of ensuring the strategic alignment, tracking results, initiatives and actions to improve the organizational climate, contributes to the assessment of the personnel management policies and practices, goals and indicators. It meets every six months.

INVESTMENT COMMITTEE (NON-STATUTORY)

Composed of the executive board business, strategic corporate managers, supplier, financial and planning and management departments, with the responsibility of strategic projects approval and follow-up, investment appraisal and authorization, project risks management and assessment, ensuring the adequate use of human and financial resources. It meets every month.



COMPOSITION OF THE BOARD OF DIRECTORS



PÉRICLES PEREIRA DRUCK
Chairman



EURITO DE FREITAS DRUCK
Vice Chariman



PAULO ISERHARD
Independent Member



PAULO SÉRGIO VIANA MALLMANN
Member



ROBERTO FALDINI
Independent Member

COMPOSITION OF THE EXECUTIVE BOARD



SÉRGIO LUIZ COTRIM RIBAS
CEO



FABIANO ALVES DE OLIVEIRA
People, Strategy and Management Officer



HENRIQUE ZUGMAN
Paper and Forestry Business Officer



LINDOMAR LIMA DE SOUZA
Packaging Business Officer



ODIVAN CARLOS CARGNIN
Administration, Finance and IR Officer

(102-13, 102-21a, 102-27)

With expertise in economic and socio-environmental aspects, according to their respective fields of experience, the members of the Board of Directors, Executive Board and Sustainability Committee enhance their knowledge of these topics with regular participation in outside events, professional and representative associations.



(102-36) Additional information on the compensation of executives and those responsible for governance, including the relationship of how this compensation is linked to our short-, medium- and long-term performance is available on the Investor Relations website at [www.irani.com.br/ ITR](http://www.irani.com.br/ITR), DFP information and REFERENCE FORM.



(102-35, 102-36)
Compensation of the Board of Directors and the Executive Board

Each compensation element plays a short- and long-term role. We seek to align the interests of the managers and the shareholders by stipulating guidelines to be observed regarding the remuneration of the members of the Board of Directors and the Executive Board.

The overall compensation of senior management is established annually during the General Shareholders Meeting. It provides for fixed compensation, short-term variable (quarterly bonuses and annual or special bonuses) and the awarding of benefits.

Members of the Board of Directors may receive long-term variable compensation (upside and/ or statutory profit sharing). We currently do not pay long-term compensation to members of the Board of Directors.

Members of the Statutory Board will have variable short-term compensation (quarterly bonus). The short-term variable compensation, which may be equivalent to up to 12 (twelve) monthly fixed-remuneration payments, will be paid quarterly, linked to indicators measuring the Company’s economic and financial performance, such as: net profit, EBITDA, free cash flow, ROE, ROIC, in addition to individual performance, among others, as approved annually by the Board of Directors.

(102-35, 102-36)
Compensation of the Advisory Committees

The fixed compensation of the members of the Advisory Committees is defined by the Board of Directors. The Board of Directors will receive additional compensation for their participation in Committees and/or other advisory bodies of the Company based on their experience and time dedicated to the respective Committees. Members of the Advisory Committees shall not receive variable compensation or benefits.

Supera Program

Applicable to the Board of Directors and all Irani employees, the Supera (Exceed) Program establishes annual variable compensation ranges according to the achievement of targets. This assessment encompasses items that capture a broad vision of sustainability as related to our excellency-in-culture practice. The Supera Program stimulates employee professional growth through developing skills and the achievement of results, seeking to challenge and recognize the performance of employees as well as accelerate the results culture and self-development..

Upside Program

Members of the Board of Directors may receive long-term upside variable compensation (and/ or statutory profit sharing). We currently do not pay long-term compensation to members of the

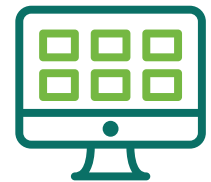
Board of Directors. All members of the Statutory Board will have long-term variable compensation (upside and/or statutorily foreseen profit sharing). Such variable remuneration is based on the theoretical value of the stock shares in the year of their implementation and in the planned future, which assigns remuneration to each participant based on a theoretical quantity of shares and will be paid after observing a lock-up period. Its objective is to bolster the retention of executives and directors and align interests with those of shareholders in creating value for the business in a sustainable and long-term manner. Long-term variable compensation will be equivalent to up to 80% of the annual compensation, including fixed and variable compensation, and will be linked to the variation in the value of the Company’s shares.

	2018	2019	2020
Management compensation expenses, excluding mandated social charges (R\$ thousand)	11,089	13,346	12,685

The Reference Form contains information regarding conflicts of interest, cross-participation in management bodies, cross-shareholding control with suppliers and other stakeholders, the existence of a majority shareholder, and disclosure of information about stakeholders. We also make information available regarding significant shareholding interests (greater than 5%) down to the individual level. There is no shareholders’ agreement currently in force.

Communication with the market

Our activities and results are communicated to the market through our official channels:



Investor Relations website, available in Portuguese and English;



Direct channel with the Investor Relations Officer and the Investor Relations team via e-mail: ri@irani.com.br;



Contact Us Tool on the IR website.



Sustainability Policy

To generate value for our stakeholders, we have a formalized Sustainability Policy, and in 2020 it was reviewed and approved by the Board of Directors, wherein it undertakes to:



1

Ensure customer satisfaction by offering products and services with a Client Focus philosophy.

2

Use resources sustainably, preserving the environment, reducing environmental impacts and promoting the economy and low carbon.

3

Promote the health and well-being of employees through the prevention of occupational health-related injuries and disease.

4

Ensure respect for diversity, inclusion of people with disabilities and the absence of child, forced or slave-like labor.

5

Promote social investments and encourage volunteering through initiatives in the fields of education, sport, citizenship, environmental preservation, culture and income generation in the neighboring communities.

6

Ensure the raw material supply in accordance with best forest stewardship practices, in a sustainable manner and with undivided respect for the environment.

7

Align our actions with the global agenda proposed by the United Nations (UN) Sustainable Development Goals (SDGs) and voluntary commitments.

8

Ensure adequate and transparent governance practices and assure results that promote sustainable business growth and profitability.

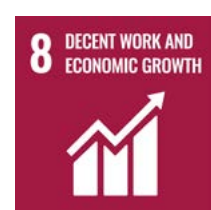
9

Ensure an integrated management system that assures continuous improvement and compliance with applicable legal requirements and other requisites.

10

Adopt measures and strategies to mitigate and adapt to climate change through projects such as Clean Development Mechanisms and the reduction of greenhouse gas emissions.

ETHICS AND INTEGRITY



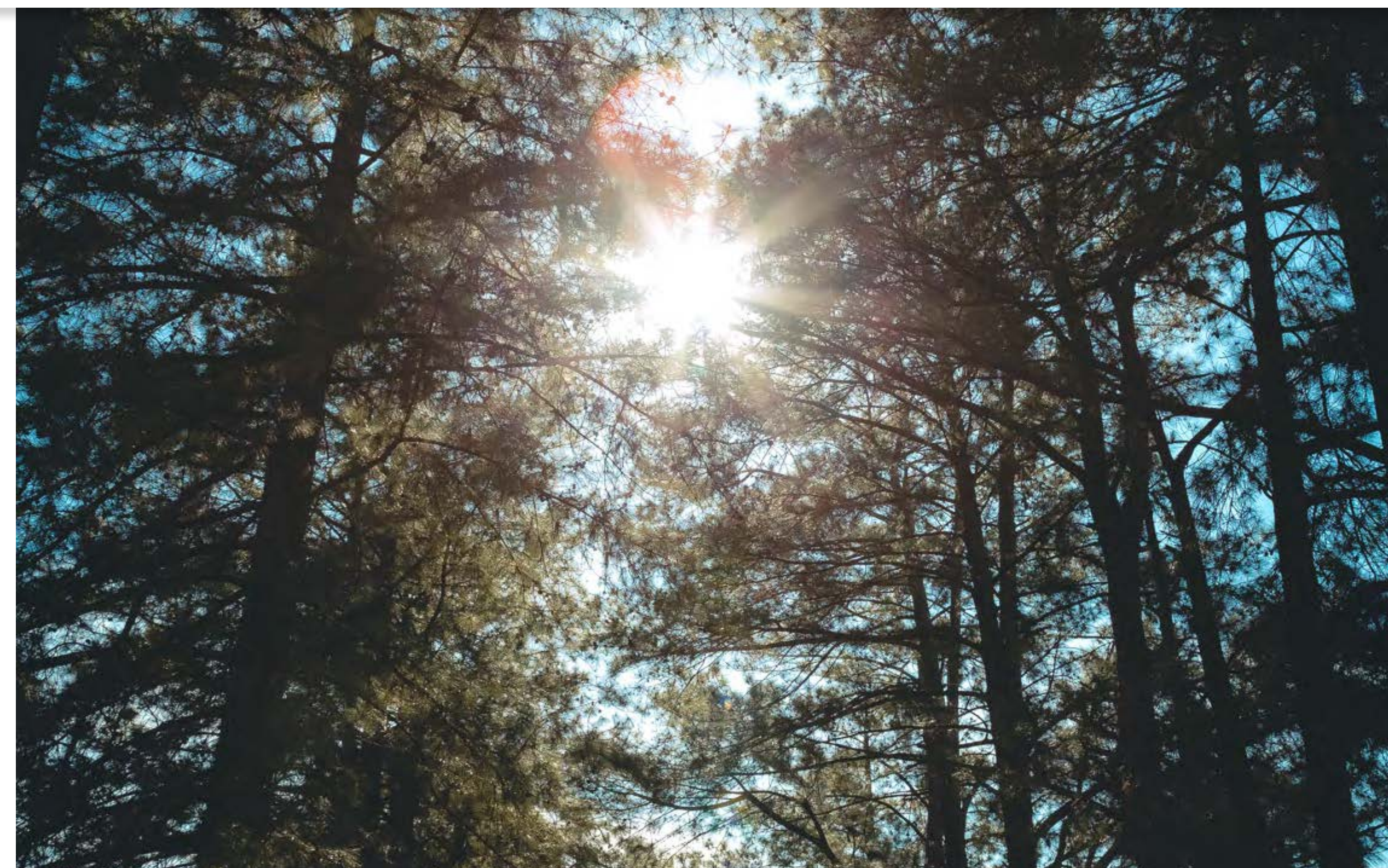
GRI 103-1, 103-2, 103-3, 102-16 and 102-17

ISE General, Corporate Governance, Economic-Financial, Environmental and Social Dimensions

(102-17 e 102-25) Integrity is one of our Company's values. In consonance with this value, we launched our Integrity Program in 2017. Composed of seven policies and the Code of Ethical Conduct, it buttresses the need for compliance with the Company's standards, applicable laws and regulations. It also consolidates our ethical behavior and relationship practices and guidelines, covering all hierarchical levels.

In 2020, with the Company's migration to the Novo Mercado, it was necessary to revise some points of the Code of Ethical Conduct to adapt to the B3 - Brasil, Bolsa Balcão's requirements. The appropriate points were: (i) in addition to our Managers and Employees, the Code of Ethical Conduct became applicable to our Suppliers, (ii) the structure of the Ethics Committee was changed, and (iii) we defined that Irani will conduct regular training on the content of the Code at least every two years. There was no change with respect to our ethical guidelines.

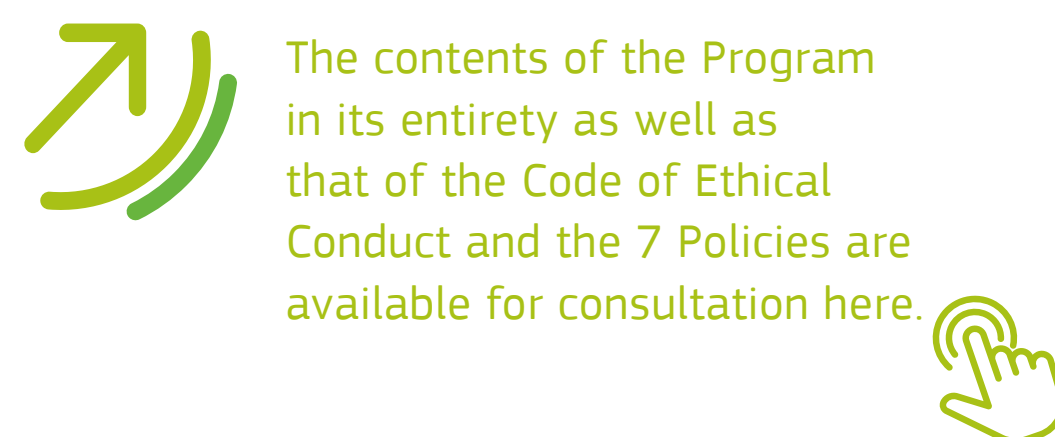
The makeup of the Ethics Committee was changed to five (5) members, of which four (4) were permanent seats and one (1)



rotating. The fixed members were nominated by the Chief Executive Officer, the Personnel, Strategy and Management Director, the People Development Department and the Legal and Compliance Department. The rotating seat is intended for the Area Director with a topic under discussion. At the discretion of the Ethics Committee Coordinator or the Chief

Executive Officer, other persons may be called upon to contribute to the discussion and decision-making process.

The Ethics Committee's roles are: to oversee, promote, disclose, train and guide the Managers and Employees regarding the conduct enunciated in the Code of Ethical Conduct.



The contents of the Program in its entirety as well as that of the Code of Ethical Conduct and the 7 Policies are available for consultation here.

(102-17.a.ii) We also make communication channels available for our stakeholder groups to send in information and requests for clarification of doubts and concerns regarding ethical issues with relation to the Company:

- Our executives
- Email etica@irani.com.br, to the attention of the Ethics Committee coordinator
- Email to the CEO: sergioribas@irani.com.br
- Ethics channel available at <https://www.irani.com.br/en/integrity/#ethical-channel>
- Exclusive channel for employees through Irani World (intranet)

Upon receiving a communication, the Committee’s coordinator is responsible for classifying and addressing it according to type:

Classification	Communication content
Behavioral	Compromises or may compromise compliance with our values and the Code of Ethical Conduct. These statements will be monitored and dealt with by the Personnel Development area.
Questions about	Related to compliance with the Code of Ethical Conduct. These doubts will be clarified by the Ethics Committee.
Processes	Denunciations of situations related to fraud, misappropriation of funds and damage to the Company's property. These communications will be investigated by the Internal Audit area.
Others	Related to situations that do not fit into any of the previous possibilities. They are analyzed by the Ethics Committee coordinator and addressed to the Personnel Development area, Internal Audit or the Ethics Committee for further action, as the case may be.

In the last year, we registered 39 communications, of which one was related to compliance with the Code, 22 were behavioral, 14 were process-related and two to other matters. Of this total, 15 persons revealed their identities and 24 remained anonymous. Retaliation against complainants is banned and the content is treated in a secret and confidential manner. All inquiries directed to the Committee were answered and those whose authorship was verified received an appropriate response.

In 2020, we began issuing short integrity messages, which aim to address the topics of the Integrity Program and the Code of Ethical Conduct in a simple and objective manner.

Compliance

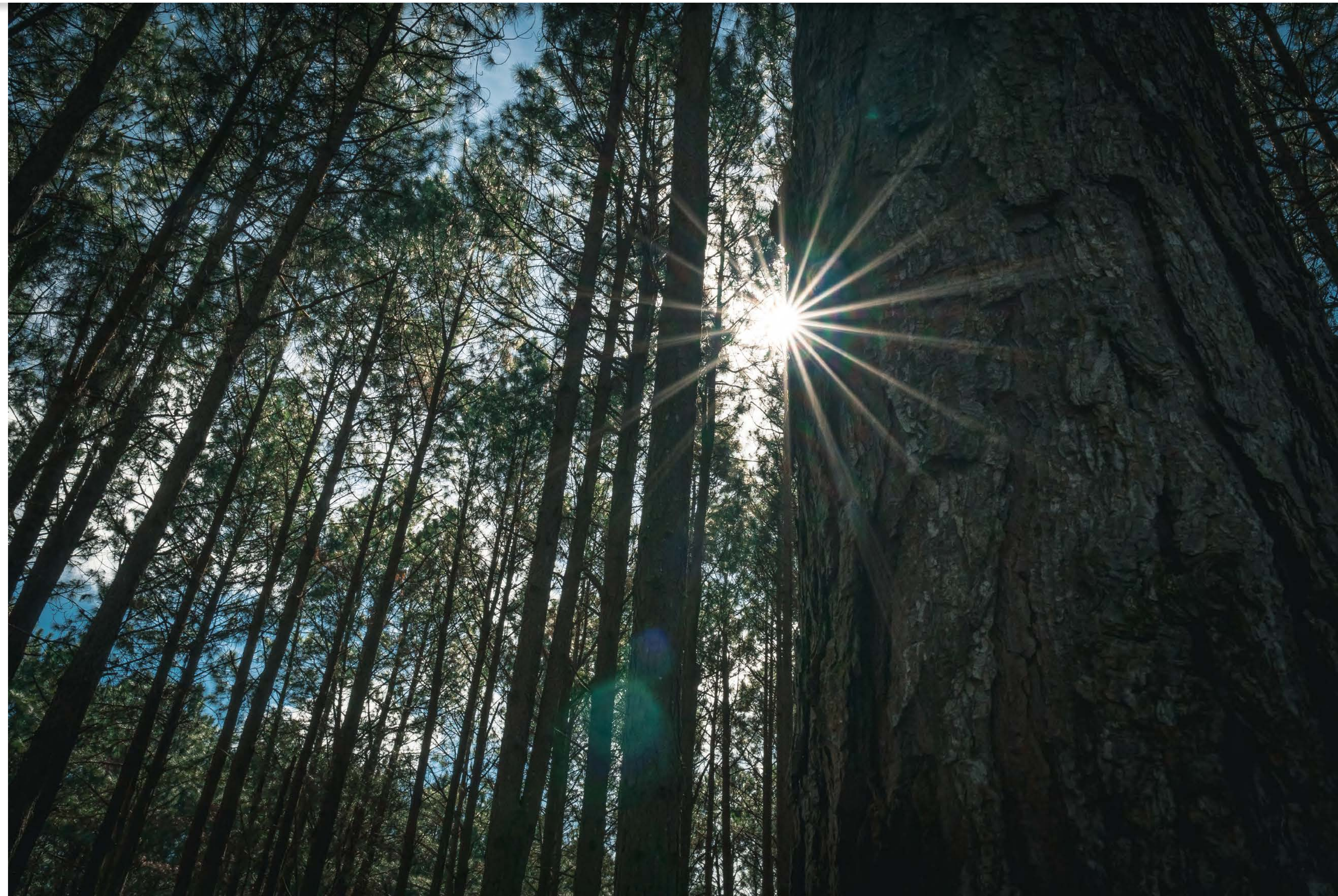
For the application of the precautionary principle, we have adopted all economically viable measures, aligned with the financial and sustainability policies and our strategic intention, approved by the Board of Directors and the Executive Board.

We also are guided by ABNT ISO 31000:2018 and The Committee of Sponsoring Organizations of the Treadway Commission - Enterprise Risk Management Framework (COSO-ERM) to define our risk management, whose stages are identification, analysis, evaluation, treatment, monitoring and communication.

In 2020, we revised our Risk Management Policy, which was approved by the Board of Directors on December 2, 2020.

1. Identification

Our leaders support process analysis to identify gaps in internal controls that may lead to risk factors for our businesses.



(102-15) THE MAIN RISKS IDENTIFIED IN OUR BUSINESSES ARE:

Risk	Definition	Forms of mitigation
Strategic	Risks whose materialization results in losses to the Company and that are associated with strategic decisions to achieve its business objectives, and/or arising from its lack of capacity or ability to protect itself from or adapt to changes in the governmental, market or regulatory environments.	Periodically, we prepare the long-term strategic plan through the evaluation of different scenarios, permitting effective responses to the event. Increased competition is also monitored based on a market scenario analysis, noting the growth capacity of competitors and the current capacity of the sector in Brazil and worldwide for decision making during the strategic planning process.
Financial	Risks associated with the Company's financial management. These are the Risks whose materialization results in losses of financial resources by the Company, subdivided into three categories: (I) Market Risks: arise from the possibility of losses that may be caused by changes in the behavior of interest rates, exchange rates, stock prices and the prices of commodities and/or other products purchased and/or sold by the Company; (II) Credit Risks: defined as the possibility of losses resulting from the uncertainty regarding the receipt of amounts agreed with customers of products sold on credit by the Company; (III) Liquidity Risks: the possibility of losses arising from the inability to perform a transaction in reasonable time and without significant losses of value or the possibility of lack of funds to honor the commitments assumed due to the mismatch between financial assets and liabilities.	Monitoring of securities receivables. Market risks, arising from the inability to respond effectively to unfavorable fluctuations, liquidity of the national currency and changes in monetary policy to foster and regulate the heating up of the country's economy, are monitored and define the scenarios of impact of the exchange rate and interest rate variations. The risk of not obtaining financial funding at affordable costs, resulting in financial losses, delays or interruption of strategic projects for the Company, is monitored by mechanisms that ensure the necessary fundraising guarantees.



Compliance	<p>Risks of legal or regulatory sanctions, financial or reputational losses that the Company may suffer as a result of failure to comply with the legislation, considering laws applicable to the sector of activity and general laws (environmental, labor, civil and tax/fiscal), as well as the regulations applicable to it, internal regulations, Code of Ethical Conduct and/or internal Policies.</p>	<p>We use software that permits the monitoring of applicable legal environmental requirements and the monitoring of the validity periods of the environmental licenses granted by the appropriate authorities, among other mechanisms. We also apply and disseminate policies that aim at the reuse of solid waste and the reduction in effluent generation.</p>
Operational	<p>Deriving from the lack of consistency and appropriate management of people, machines and equipment, information systems, processing and control of operations, as well as failures in the management of resources and internal controls, or frauds that make the exercise of the Company's activities improper or, also, Risks related to the Company's infrastructure, which affect operational efficiency and effective use of resources.</p>	<p>We monitor impacts, such as loss of productivity and damage to assets through controls that attest to the conditions of equipment and facilities, maintaining preventive and predictive maintenance and performing fire emergency management in the industrial and forestry units. For client relations purposes and to better meet their needs, we have a Client Focus process in place for the careful analysis of the quality of finished products and technical after-sales follow-ups. We have improved and enhanced the way we relate to people, instituting controls in order to prevent and ensure the health and safety of employees in their on-the-job activities, constantly evaluating their effectiveness.</p>



2. Analysis

We classify the omissions identified, defining the steps necessary for further evaluation.

3. Evaluation

(102-15, 102-29, 102-30) Using a tool that details the risk factors, we classify the impacts to business from the possibility of materialization as:

Impact Type	Description	Capital impactado
Operational	Production shutdown	
Occupational medicine	Harm to the health and safety of direct employees or outsourced workers	
Environmental	Possible damage to the environment	
Image/Reputation	Commitment to stakeholders regarding Irani's Image	
Financial	Monetary losses or opportunities to take advantage of financial advantages	

Altogether, 110 risks are assessed, andwe present those that most impact our businesses in the following table.

Main Risks	Impacted capital
LGPD non-compliance	
Non-compliance with clauses in financing contracts (Covenants)	
Increase in interest rates	
Shortage of Financial Liquidity (Default)	
Political and economic instability	
Failure to obtain or renew environmental permits and authorizations	
Environmental Liabilities	
Outbreaks, Epidemics and Pandemics	
Unfavorable exchange rate variation	

4. Treatment

We draw up action plans based on the control actions and interpretation of the evaluation's most critical and relevant points.

5. Monitoring

Periodically, we evaluate the effectiveness and execution of the action plans outlined.

6. Risk communication (102-15, 102-30)

The Risk Management area produces annual reports that reflect the progress of the work carried out during the year. With the support of the risk managers, the content of this material is taken to the Executive Board for discussion and treatment of the various activities resulting from the action plans.

We established the Compliance area in 2020, merged with the Legal department, thereby formalizing our commitment to develop and disseminate the compliance culture through

training and awareness campaigns. This area is responsible for the analysis and evaluation of the laws and regulations applicable to our businesses, risk management and internal controls and it reports to the Executive Board. The Risk Management area was part of the Compliance area since 2020, and, in 2021, will face the challenge of implementing the internal controls area.

In 2020, our Internal Audit area, which previously reported to the CEO, started reporting to the Audit Committee, giving the audited processes greater autonomy.

Our challenges for 2020 were to present a risk review proposal to the Executive Board and to resume risk assessment and monitoring reports, and we kicked off Unifica, a project developed by the Risk Management and Internal Controls, Continuous Improvement, Quality and Environment and Internal Audit areas, which aims to review all the company's risks.





STAKEHOLDER RELATIONS



GRI 103-1, 103-2, 103-3, 102-6, 102-9, 102-10, 102-11, 204-1, 308-1, 308-2, 414-1, 414-2, 416-1, 416-2

ISE General, Corporate Governance, Environmental and Social Dimensions

(102-40 and 102-42) We prioritize the establishment of valuable relationships with these stakeholders, seeking mutual benefits with:



Shareholders



Clients



Employees



Communities



Suppliers



Government and Society

Clients

(103-1 and 103-2) In addition to ensuring the supply of various product lines and seeking innovation with real economic impact for the entire production chain, it is through close relations with the clients where our business excellence materializes. This client-focused concept guides us throughout our production process. To deliver customized solutions, we count on RD&I areas, tests based on the best technologies, partnerships with teaching and research institutions and professionals specialized in all stages of the process. Much more than offering service – we understand our clients and create together with them.

We believe in creating value when we add our experience to the wisdom of those who do business with us. This is how, through partnerships and co-creation, we transform our relationships into prosperous relations.

The year of 2020 was challenging in every way. Adverse events and uncertainty on the Brazilian

and global scenes meant we needed to readjust our strategy for serving our clients. Our focus was on ensuring the supply of the historical average volume practiced by our current clients, always guided by transparency and further reinforcing our relationship of partnership and trust.

In 2020, the manner in which our Packaging Engineering and Technical Assistance teams provided service, both in the Packaging business and the Paper business, previously face-to-face, needed to be adapted to the digital format. The teams started using existing technologies to remain close to our clients, continuing to develop new solutions and offer preventive and corrective assistance.

(102-43 and 102-44) Annually, we measure the perception of the value of the Company's client service through a Customer Satisfaction Survey. The parameter we use is a ruler from 1 to 5, with 5 being the best value perception.

Paper Business

(102-6) Main clients: Food segment, light and heavy sacks, bags, among others.

Perceived offer value				
Market	Evaluated Item	2018	2019	2020
Internal: Amazonas, Bahia, Ceará, Distrito Federal, Espírito Santo, Goiás, Minas Gerais, Paraíba, Pernambuco, Paraná, Rio de Janeiro, Rio Grande do Norte, Rondônia, Rio Grande do Sul, Santa Catarina and São Paulo.	Average satisfaction rate	4.67	4.71	4.69
	Product quality	4.80	4.88	4.88
	Service quality	4.71	4.70	4.63
External: África do Sul, Alemanha, Arábia Saudita, Argentina, Bolívia, Chile, China, Cingapura, Colômbia, Estados Unidos, Israel, Itália, Kuwait, Paquistão, Paraguai, Peru, Portugal, Trindade e Tobago, Turquia and Uruguai.	Average satisfaction rate	4.40	4.46	4.37
	Product quality	4.51	4.57	4.58
	Service quality	4.46	4.44	4.27

Resin Business

(102-6) Main clients:

- Pitch: producers of printing inks, glues for paper and hair removal wax.
- Turpentine: Producers of solvents in paints and coatings, dyes, waxes, camphor pine oil, soaps, greases, insecticides, sealants and perfume fixers.

Perceived offer value				
Market	Evaluated Item	2018	2019	2020
Internal: Bahia, Rio Grande do Sul and Santa Catarina.	Average satisfaction rate	4.36	4.48	4.28
	Product quality	4.60	4.50	4
	Service quality	4.45	4.46	4.28
External: Portugal, China, Japão, Índia, Canadá, Holanda, Turquia, Espanha, México, Peru, Alemanha, França, Estados Unidos, África do Sul, Irlanda, Chile and Hong Kong.	Average satisfaction rate	3.98	3.95	3.95
	Product quality	4.20	4.14	3.77
	Service quality	3.86	3.89	3.87

Packaging Business

(102-6) Main customers: cartonboard, meatpacking, food, chemicals, plastics and beverages segments.

Market	Unit	Perceived offer value			
		Evaluated Item	2018	2019	2020
Acre, Alagoas, Amapá, Bahia, Ceará, Distrito Federal, Espírito Santo, Goiás, Maranhão, Minas Gerais, Mato Grosso do Sul, Mato Grosso, Pará, Paraíba, Pernambuco, Paraná, Rio de Janeiro, Rio Grande do Norte, Rio Grande do Sul, Santa Catarina and São Paulo	Packaging SC - Campina da Alegria	Average satisfaction rate	4.67	4.51	4.63
		Product quality	4.80	4.69	4.62
		Service quality	4.71	4.48	4.64
	Packaging SP - Indaiatuba	Average satisfaction rate	4.40	4.69	4.72
		Product quality	4.51	4.89	4.94
		Service quality	4.46	4.69	4.67



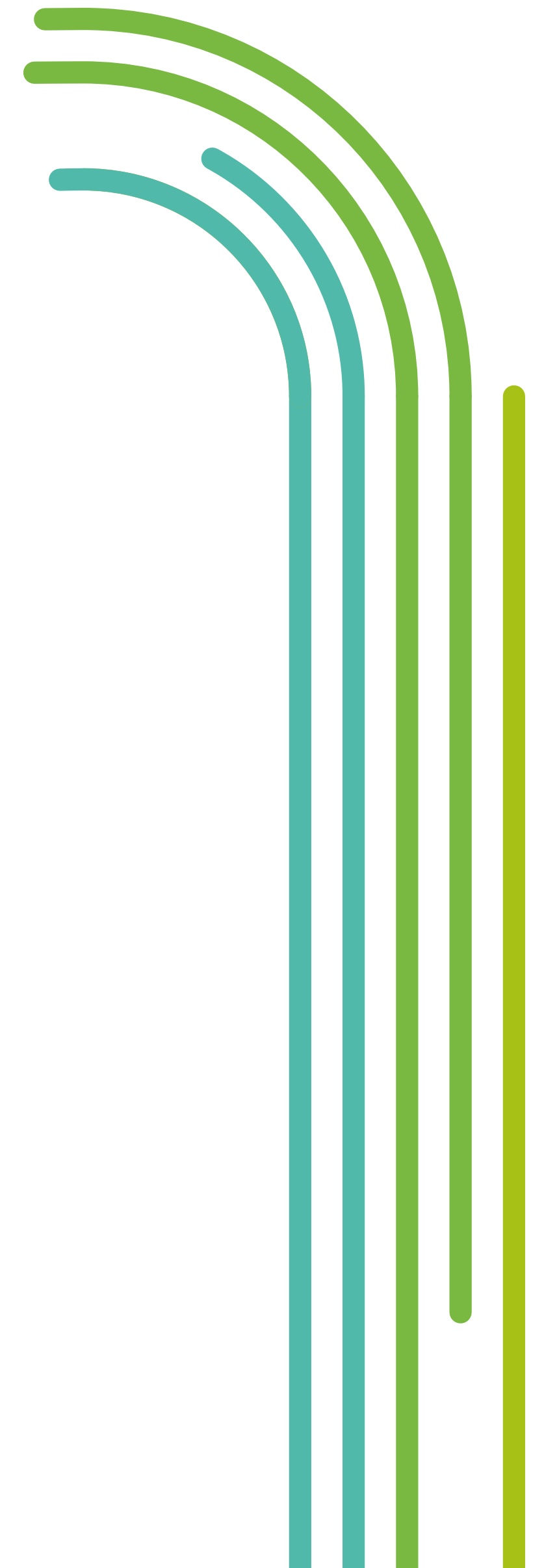
GOVERNMENT AND SOCIETY

(102-13) Our relationship with governments and social entities representative of society also occurs through our leaders when they join outside committees, boards and/or contribute to projects and actions developed in organizations such as:

- Associação Brasileira das Companhias Abertas (Brazilian Publicly Traded Companies Association-Abrasca)
- Associação Brasileira de Embalagem (Brazilian Packaging Association-ABRE)
- Associação Brasileira de Embalagens de Papel (Brazilian Association of Paper Packaging-Empapel)
- Associação Brasileira de Recursos Humanos/RS (Brazilian Association of Human Resources/RS-ABRH/RS)
- Associação Brasileira Técnica de Celulose e Papel (Brazilian Technical Pulp and Paper Association-ABTCP)
- Associação Catarinense das Empresas Florestais (Santa Catarina Business Association-ACR)
- Associação Comercial e Industrial do Oeste Catarinense (Western Santa Catarina Commercial and Industrial Association-ACIOC)
- Associação de Pais e Amigos dos Excepcionais (Association of Parents and Friends of Children with Disabilities-APAE) of the municipalities of Joaçaba, Vargem Bonita and Concordia, in Santa Catarina
- Associação dos Resinadores do Brasil (Resinators Association of Brazil-ARESB)
- Associação Empresarial de Santa Luzia (Santa Luzia Business Association-AESL)
- Associação Gaúcha de Empresas Florestais (Rio Grande do Sul Forest Companies Association-Ageflor)
- American Chamber of Commerce/Brazil (AMCHAM)
- Centro das Indústrias do Rio Grande do Sul (Rio Grande do Sul Industries Center-CIERGS)
- Irani/Chapecó River Basin Committee
- State Environmental Council (CONSEMA)
- Federação das Associações Comerciais e de Serviços do Rio Grande do Sul (Federation of Trade and Services Associations of Rio Grande do Sul -Federasul)
- Federação das Indústrias do Estado de Santa Catarina (Industry Federation of Santa Catarina-FIESC)
- Fundação Centro Tecnológico de Produção Industrial – CETEPI de Joaçaba (SC) (Industrial Production Technological Center Foundation CETEPI of Joaçaba (SC))



- Indústria Brasileira de Árvores (Brazilian Tree Industry-Ibá)
- Instituto Brasileiro de Avaliações e Perícias de Engenharia (Brazilian Institute of Engineering Evaluations and Appraisals-IBAPE)
- Instituto Euvaldo Lodi (Euvaldo Lodi Institute-IEL)
- Movimento Catarinense pela Excelência – Excelência SC (Santa Catalina Excellence Movement)
- Ordem dos Advogados do Brasil de Santa Catarina (Brazilian Bar Association of Santa Catarina-OAB-SC)
- Secretaria de Desenvolvimento Sustentável de Santa Catarina (Secretariat of Sustainable Development of Santa Catarina-SDS)
- Sindicato das Indústrias de Marcenarias, serrarias, carpintarias e tanoarias de Caxias do Sul (Union of the Manufacturing Industries, sawmills, carpentry and tanneries of Caxias do Sul-Sindimadeira RS)
- Sindicato da Indústria do Papelão do Estado de São Paulo (Cardboard Industry Union of the State of São Paulo-Sinpesp)
- Sindicato das Indústrias de Celulose e Papel de Santa Catarina (Union of Pulp and Paper Industries of Santa Catarina-Sinpesc)
- Sindicato das Indústrias de Celulose, Papel e Papelão do Estado de Minas Gerais (Union of the Pulp, Paper and Cardboard Industries of the State of Minas Gerais-Sinpapel)
- Sindicato das Indústrias de Papel, Papelão e Cortiça do Rio Grande do Sul (Union of Paper, Cardboard and Cork Industries of Rio Grande do Sul -Sinpasul)
- Sindicato dos Trabalhadores da Indústria de Papel e Papelão em Santa Luzia (Union of Workers in the Paper and Cardboard Industry in Santa Luzia-Sintipel)
- Sindicato dos Trabalhadores nas Indústrias de Artefatos de Papel Papelão Cortiça em Joaçaba e Região (Union of Workers in the Cork Paper Artifacts Industries in Joaçaba and the Region-SITIAPAPEL)
- Sindicato dos Trabalhadores nas Indústrias de Papel, Papelão e Cortiça de São Paulo, ABCDM, Osasco, Taboão da Serra e Região (Union of Workers in the Paper, Cardboard and Cork Industries of São Paulo, ABCDM, Osasco, Taboão da Serra and Region-Sintrapel)
- Sindicato dos Trabalhadores Rurais de Osório (Union of Rural Workers of Osório-SITRROSO)
- Subcomitê Poderoso-Vermelho – Comitê de Bacia Hidrográfica do Rio das Velhas (Powerful-Red Subcommittee – Rio das Velhas River Basin Committee)
- Young Presidents Organization (YPO)





SURROUNDING COMMUNITY

(103-2, 413-1) Our definition of the surrounding community comprises those municipalities where our business units are located and where most of our employees reside. This definition also is used in the analysis and prioritizing of the establishment of partnerships and relationship strategies, as well as social investments or community service activities.

(413-1) 100% of the cities in which we operate have put in place local community development programs for children and youths. The actions are focused on education, environment, citizenship and sports, or may even be one-off events to help meet the goals of this guideline.

	Priority Attention	Timely Attention
Santa Catarina	Irani, Ponte Serrada, Joaçaba, Herval d'Oeste, Luzerna, Catanduvas, Concordia, Vila Campina da Alegria and the head offices in the municipality of Vargem Bonita.	Água Doce
São Paulo	Indaiatuba	Salto
Rio Grande do Sul	Vila Bojuru (São José do Norte), Balneário Pinhal, Cidreira	Porto Alegre, São José do Norte, Tavares, Osório, Mostardas, Santo Antônio da Patrulha
Minas Gerais	Santa Luzia	Belo Horizonte

(103-1, 103-2 and 103-3) Irani's social investments seek to meet the strategic objective of promoting the development of the surrounding communities, to share value and generate prosperity for all audiences impacted by the Company's businesses.

In 2020, six voluntary groups were established, one for each business unit, as a way of promoting activities that provide opportunities for the development of skills and community well-being. The activities carried out involved solidarity movements, reforms of public space and blood donation campaigns.



Some R\$ 340,000 was earmarked for projects in the fields of culture, environmental education and sports through federal tax incentive laws. The donation of own resources in the amount of R\$ 10,700 contributed for organizations in the surrounding communities to introduce actions with a cultural and socio-environmental focus.

The Company also strives to establish solid partnerships for the development of projects in the fields of citizenship, socio-environmental education, culture and sports. In 2020, R\$ 150,000 of our own resources were invested for projects such as:

- **Outstanding Student Project:** aims to encourage the five best students of EEB Galeazzo Paganelli, in Campina da Alegria (SC) to continue their studies with excellence and prepare for the National High School (ENEM) and college entrance exams through educational guidance and scholarships.
- **Partnership with the Junior Achievement Association** in the states of SC, RS and

MG, encouraging entrepreneurialism in young people from public and private schools.

- **Volleyball initiation centers** in partnership with the Joaçabense Volleyball Association (AJOV), sharing online sports techniques for an average of 300 students.
- **Broto do Galho Project,** designed to promote sustainable development in the community of Campina da Alegria through a group that transforms industrial waste into handicraft items, stimulating social integration and the generation of extra income for the participants.
- **Choir** directed by a conductor serving the community of Campina da Alegria and its surroundings. The choir's activities were maintained online throughout 2020, including the production of special videos for the Company's internal campaigns, such as SIPAT and combating Covid-19.

(413-2) In 2021, we will run a new socio-environmental impact assessment cycle in the surrounding communities.



AWARDS AND RECOGNITION

In the constant search for initiatives that promote sustainability, excellence and appreciation of people, the awards and acknowledgments we received throughout 2020 inspire us to dedicate us even more in this quest, find more about our awards and recognition here.



Combating Covid-19

Since the beginning of the health crisis, Irani's units have adopted the most stringent hygiene and safety standards to continue producing inputs that are essential at this time. But in addition to ensuring the health of its employees, the company has contributed to minimizing the effects of the pandemic, in particular the supply of materials necessary to confront Covid-19.

In 2020, Irani instituted the Corrente do Bem Campaign through which it donated R\$ 200,000 in personal protective equipment (PPEs) to institutions involved in combating the pandemic. In all, more than 38,000 items were delivered, including N95 and disposable masks and nitrile gloves, in addition to 3,250 kilos of alcohol gel to the following municipalities and institutions:

- **Vargem Bonita (SC):** Health Department;
- **Catanduvas (SC):** Health Department, City Hall and Military Fire Brigade;
- **Irani (SC):** Health Secretariat, City Hall and Volunteer Firefighters Unit;
- **Ponte Serrada (SC):** Hospital Santa Luzia, Military Fire Department and Health Department;
- **Concórdia (SC):** São Francisco Hospital and Volunteer Firefighters;
- **Joaçaba (SC):** City Hall and Health Department;
- **Santa Luzia (MG):** City Hall and Health Department;
- **Indaiatuba (SP):** City Hall, Health Secretariat and Community Center;
- **Amor Sem Limites (Cecal);**
- **Balneário Pinhal (RS):** City Hall and Health Department;
- **Cidreira (RS):** City Hall and Health Department;
- **Tavares (RS):** City Hall and Health Department;
- **São José do Norte (RS):** City Hall and Health Department.



A donation of R\$ 30,000 was made to the Waste Pickers in Brazil Solidarity Campaign, promoted by the National Association of Waste and Renewable Materials Pickers (ANCAT). The cash donation enabled 150 families to make purchases of basic necessities to cope with the pandemic.

The set of initiatives carried out by Irani to combat the coronavirus was recognized in the Citizen Company Award 2020.

SUPPLIERS

(103-1) Year after year, our relations with suppliers and service providers are strengthened ethically, transparently, with openness to dialogue and focused on establishing long-term partnerships. We persistently follow excellence practices, expanding the relevance of these initiatives by promoting expanded, real and purposeful interfaces for all.

Designed to strengthen this synergy and make it even more transparent and long-lasting, we strive to formalize contracts, adding clauses related to socio-environmental and human rights aspects to ensure legal compliance and adequate working conditions in the value chain. The signing of these documents represents affirmative self-declaration of commitment to the topics, including aspects such as the absence of slave and/or child labor in the operations of our suppliers. **We signed 420 new contracts in 2020. Of this total, 178 included environmental clauses, 184 contained human rights clauses, and**

213 contracts included anti-corruption clauses. The analysis of the applicability of the clauses to contracts is conducted by the legal department.

(102-12) We are signatories to the Global and Business Compact for Integrity and Against Corruption, which reinforces our commitment to ethical conduct and human rights. In practice, the adoption of the Management Excellence Model (MEG), international certifications such as FSC®, ISO 14001 and the GRI Standards indicators monitored and reported in this Report, raise the level of our processes with regard to socio-environmental aspects linked to the evaluation of suppliers and service providers. The management of risks and process controls regarding supplies adopts this internal work methodology.

For more than 10 years, we have followed internal indicators that aim to measure and preserve the performance of the Supplies

sector, in purchases, of suppliers with contracts, with Irani Supplier and the Urban Forest among them. Irani Supplier indicator displays the percentage of purchases from suppliers under long-term contracts. In 2019, 68.93% was calculated and, in 2020, it was 61.43%. The Urban Forest indicator measures the percentage of purchases of paper scraps, an essential raw material for our operations, from suppliers with contracts. In 2019, it was 80.13% and in 2020 it was 83.50%.

Our materials management activity is perceived when we have high inventory accuracy, reduced waiting time between delivery of the desired item or emergency procurement. By means of an ERP system, we ensure safety in the inventorying of stock items, favoring a unified view of the stocks of all industrial units. With this, we have increased our understanding regarding the planning for materials, analyzing reserves and forecasting demands. Thus,



we have developed a planned and sustainable supply cycle, ensuring the availability of the materials necessary for the Company and bolstering our relations with suppliers.

Whenever possible and to stimulate local economic development and the building of partnerships with regional suppliers, we prioritize purchases and the contracting of services from the communities surrounding our units. In 2020, we maintained our percentage:

	2018	2019	2020
(204-1)Total purchased from local suppliers (R\$ million)	129,692	188,931	191,730
Percentage of total purchases made by the Company (%)	17.99	23.61	23.39

NOTE: In 2019, we unified what we understood to be surrounding communities, reflecting the increase in the calculated index.

We also encourage circular economics by fostering reverse logistics of corrugated cartonboard scrap. In 2019, the volume of scrap that returned through our customers to the production process was 6,110.0 tons, 1.83% higher than projected for the period. In 2020, we achieved an even higher return, 6,223.7 tons returned from our customers, equivalent to 3.73% higher than our target for the period.

(102-9) We have more than 10,000 suppliers and service providers, with active registrations, in our Supply Chain, segmented according to the guidelines and requirements of the FSC®, ISO9001 and ISO14001 standards:

- Critical services providers
- Critical and chemical products
- Transportation services (shipment logistics)
- FSC® and forest products
- Critical use and consumption materials and external services

100%

of the quotations are made over the new procurement website, including the follow-up and approval of purchases, contract management, third-party documentation, and follow-up of financial information.

All contracting includes systematic identification, qualification, selection and evaluation steps that take into account the criticality of products and services and their impacts on our businesses. 2020 was a year of maturation of the specialist tool we adopted in 2019. We further strengthened the relationship with requesters and suppliers, promoting the process’s full interaction and, through studies, provided new opportunities for improvement. This makes these processes more agile, transparent, secure and traceable.



(103-2, 103-3 e 308-2) We applied the IDF evaluation that measures the Supplier Performance Index to the five purchasing groups. Measured from 0 to 100 points, this assessment is a way to stimulate the continuous improvement of our suppliers/ service providers. Thus, we go beyond what is legal compliance, encouraging best management practices. The composition of this item aggregates issues such as meeting technical specifications, product quality, services, and the commercial relationship, in addition to the effectiveness of the communication process.

In 2020, we implemented the work to improve the evaluation stage started in 2019. This study aimed to analyze the conditions for this process, which is so important for our supply chain, to be carried out via the purchasing website in a more agile manner, unifying the communication channel with suppliers, ensuring the recording of purchase histories and greater reliability of the results obtained. The outcome was a success; today, 100% of IDF evaluations are conducted via the procurement portal. We didn't stop there in 2020. We completed a study to redefine/expand our purchasing groups to meet our current conditions. The reflection of these improvements can be seen in 2021.

Number of suppliers and service providers evaluated

2018	2019	2020
820	618	607

Note: We reassessed the method of calculating supplier evaluations, deepening analyses and adjusting the records for the latest cycles. The decline of about 25% in the number of evaluations, from 2018 to 2019, was influenced by the shutdown of the Packaging SP – Vila Maria unit.

The supplier/service provider receives a notification of the outcome of the evaluation, and some measures may be required, depending on the score:

- **Below 60 points:** registration is canceled and contracting or purchases are not possible. The requalification can be requested from the moment the supplier/service provider meets the applicable requirements and presents an action plan approved by Irani's supply or forestry manager, depending on the type of service provided.

- **Between 60 and 79.99 points:** qualification conditional to the opening of a non-compliance form (RNC). Irani must receive a cause analysis of the problems pointed out and present a corrective action plan. The effectiveness of this plan is verified by the Purchasing Intelligence area every six months for the provision of services and annually for the supply of products.
- **Between 80 and 100 points:** automatic qualification. In this category are records of suppliers and service providers that seek us out for a joint analysis of improvement opportunities to enhance their practices. These records show the importance of this process for the supplier.

Supplier Performance Index (IDF)

2018	2019	2020
90.88	92.79	95.48



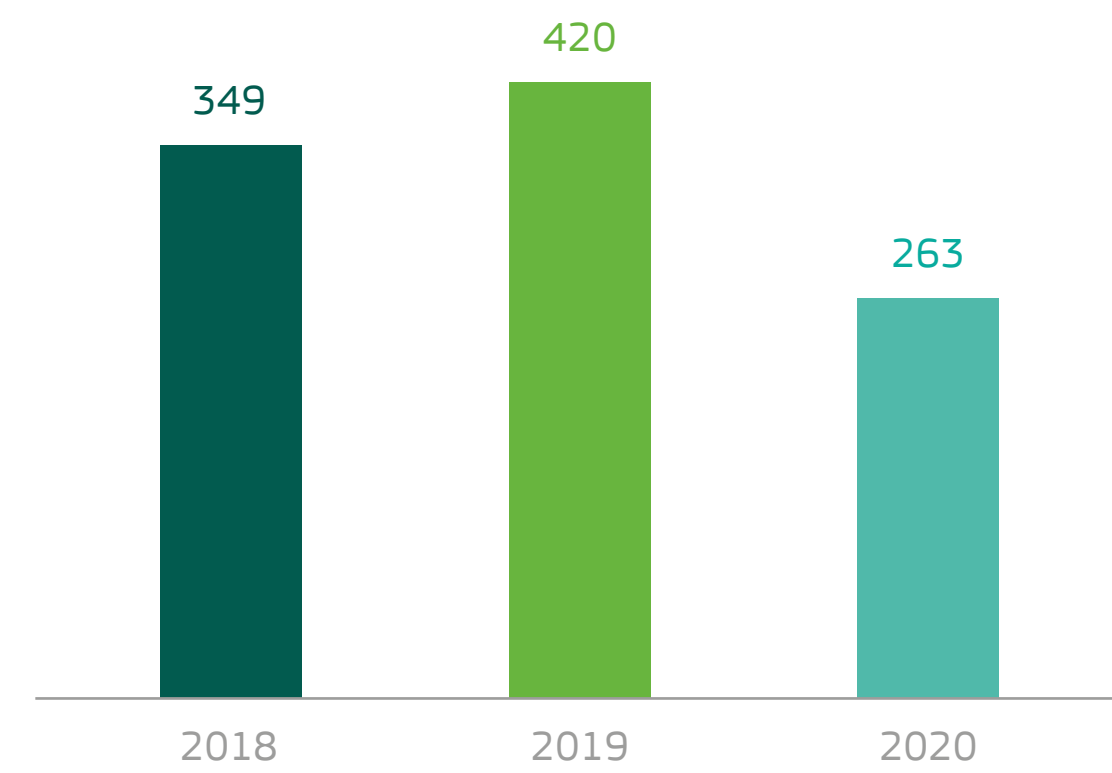
CRITICAL SERVICES PROVIDERS			2018	2019	2020
Composition	Service providers hired on a contract or hourly basis, for the development of work in our facilities that may directly impact the quality of our products, such as forestry, environmental services, machinery and equipment maintenance.	No. of service providers in general	1,061	732	687
Interface	Team of negotiators and health and safety, quality and sustainability areas.	% of service providers evaluated (critical services)	26%	26%	26%
Predominant origin of those evaluated	SC 40% SP 28% MG 14% RS 10% PR 7% MT 1%	Investment in acquisition of services in general (R\$ million)	87	159	120
With the aim of intensifying our “Life First” commitment in 2020, the safety measures passed on in the supplier workshop in 2019 came into effect. For each occurrence registered, notifications were issued to the service providing companies, and appropriate disciplinary measures can be applied according to the risk classification as well as the application of the new IDF rules. While 2020 was a challenging year for everyone, due to the Covid-19 pandemic, nevertheless we maintained 100% of our commitments contained in the service providers’ contracts. For 2021, through the GAIA projects, we will further expand this network and buttress our ties.		% of contracted services over total purchases	12%	20%	15%
		IDF Result	93.53	93.13	94.41
		Predominant IDF evaluation criteria: safety, legal compliance, quality, service delivery capability, innovation and improvements, environmental aspects including waste disposal, and business relationships.			

NOTE: In 2020 we had an average of 704 service providers.

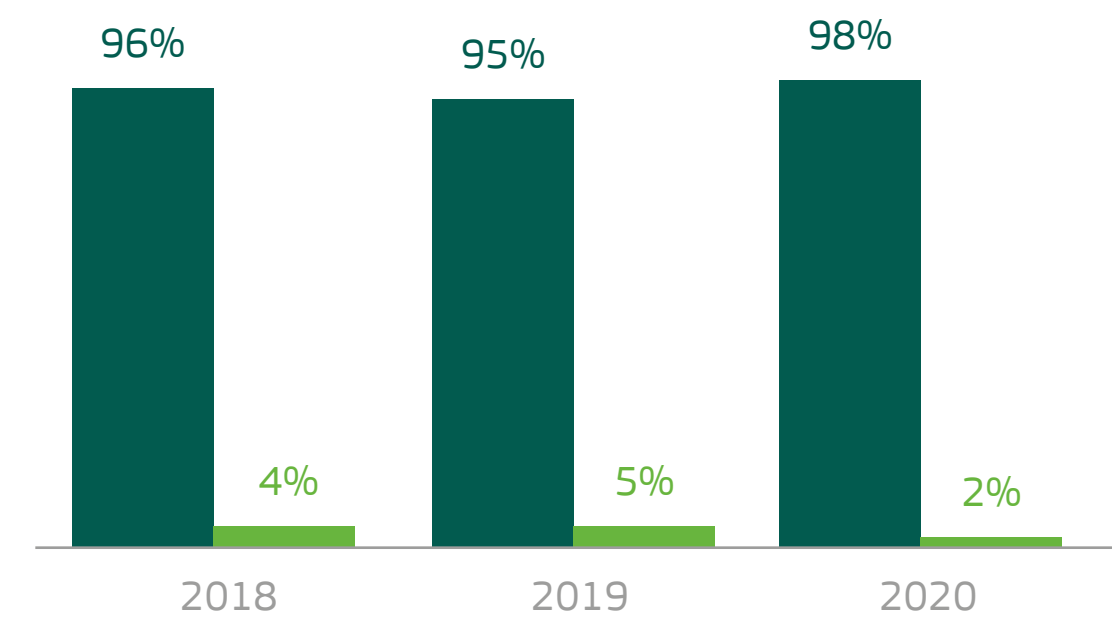
CHEMICAL AND CRITICAL PRODUCTS			2018	2019	2020
Composition	Suppliers of inputs and raw materials that can directly interfere in the quality of the end products, with whom we have established regular purchase schedules.	No. of suppliers of chemical and critical products	140	221	193
		% of suppliers of chemical and critical products	91%	45%	59%
Interface	Team of negotiators, R&D, Quality and Warehouse.	Total investment in purchases (R\$ million)	79	118	114
Predominant origin of those evaluated	SP 40% SC 25% RS 15% MG 9% PR 8% RJ 3%	% of purchases of chemicals and critical products over total purchases	11%	15%	14%
Purchase scheduling is carried out every four months, ensuring the guarantee of supply without risks of halting the production processes.		IDF Result	87.84	95.89	96.69
The qualification of this group requires the application of the Supplier Assessment Questionnaire (QAF), a tool that seeks to assess the capacity of suppliers of critical products and chemicals to meet quality and socio-environmental requirements mandated by ISO 9001 (quality), ISO 14001 (environmental management system), ISO 22000 (food safety), and SA 8000 (social responsibility). (414-2) When necessary, our negotiators conduct on-site visits to investigate evidence of compliance. In 2020, the evaluation of the FFQ began to be valid for two years.		Predominant IDF assessment criteria: legal compliance, quality, innovation and improvements, environmental aspects and business relationship.			
Due to the limitations of physical contact imposed by the Covid-19 pandemic in 2020, there were no on-site visits. However, we intensified our relationships through virtual processes, holding video calls with suppliers whenever necessary.					

SERVIÇOS DE TRANSPORTE (LOGÍSTICA PARA EXPEDIÇÃO)			2018	2019	2020
Composition	Companies that transport our finished products to customers and that undergo a qualification process prior to the establishment of the partnership agreement to ensure compliance with legal aspects.	No. of transportation logistics carriers	43	47	38
		% of transportation service suppliers evaluated	83%	72%	89%
Interface	Negotiators and shipping team.	Total investment in purchases (R\$ million)	46	47	45
Predominant origin of those evaluated	SC 79% SP 16% MG 3%	% investment in transportation services over total purchases	7%	6%	5%
The Company’s new ERP features a specific module for logistics management, optimizing itineraries and documentation.		IDF Result	86.94	90.72	98.30
When the development of a new service provider in this category is necessary, we apply a questionnaire to assess the suitability of the available fleet to the needs of the Company and its radius of service.		Predominant IDF evaluation criteria: Compliance with programming, quality of services provided, response time, tracking and environmental benchmarks related to leaks and atmospheric emissions. The latter was approved by the Despoluir (Depollute) Program in Santa Catarina and the opacity opinion issued in São Paulo.			
We also take advantage of the partnerships signed to reinforce our actions focused on reverse logistics. Whenever possible, the carriers return to our units bringing corrugated cartonboard scrap.					

MEASUREMENTS OF THE TRANSPORTATION TRUCKS OF VARGEM BONITA UNITS



PERCENTAGE OF APPROVED AND DISAPPROVED VEHICLES



■ Vehicles approved
 ■ Vehicles disapproved





FSC® and forest products

(103-2) The worldwide growth of the corrugated cartonboard market has been sustained by recycled fiber to the detriment of virgin fibers. This motivates us year after year to specialize in the subject. Many of the projects planned in 2019 were introduced in 2020. But it does not stop there. In 2021, we will embrace even greater challenges regarding this matter.

FSC® and forest products			2018	2019	2020
Composition	Suppliers of raw materials that make up the finished products certified by the FSC®, such as resin gum, paper scrap, pulp, paper, wood, biomass and wood for fuel biomass.	No. of suppliers of FSC® and forest products	308	289	221
Interface	Negotiators and forestry team.	% of FSC® and forest products suppliers	93%	76%	100%
Predominant origin of those evaluated	ESC 27% RS 25% SP 21% MG 14% PR 9% Exterior 2% ES 1% RJ 1%	Total investment in purchases of FSC® and forest products (R\$ million)	283	349	333
The qualification of the Pulp and Paper suppliers that make up this group is revalidated annually through the application of the Supplier Evaluation Questionnaire (QAF), seeking to assess the ability of suppliers to meet quality and socio-environmental requirements mandated by our Sustainability Policy, pursuant to the rules ISO 9001, ISO 14001, ISO 22000 and SA 8000. As of 2020, the evaluation of the FFQ will be carried out biennially.	Consultations regarding legal compliance and conformity with specificities signaled out by our teams are requirements verified before the establishment of the business relationship. (414-2) Visits (on-site) are also carried out to ascertain: <ul style="list-style-type: none">• Supply of paper scrap: business relationship, legal aspects, training and occupational health and safety;• Supply of gum-resin: business relationship, legal aspects, training and occupational health and safety, and decent work;• Supply of firewood and small logs for the process: legal aspects and occupational health and safety;• Biomass supply: Self-declaration with topics related to decent work and human rights. Due to the limitations of physical contact imposed by the Covid-19 pandemic in 2020, there were no on-site visits. However, we intensified our relationships through virtual processes, holding video calls with suppliers whenever necessary.	% purchases of FSC® and forest products over total purchases	39%	44%	41%
		IDF Result	93.31	91.30	93.49
		Predominant IDF assessment criteria: legal compliance, quality and conformity with specifications, supply capacity, innovation and improvement, environmental aspects and business relationship.			

Critical use and consumption materials and external service			2018	2019	2020
Composition	External products and services with a direct impact on the Company's production processes.	No. of suppliers (mostly industrial machinery and equipment components)	1,589	1,764	1,785
Interface	Commercial issues are evaluated by our negotiators and the user of the services is a key figure in defining the contracting, evaluating technical aspects and suggested brands.	% of suppliers of use and consumption materials and critical external services evaluated	8.30%	4.64%	4.43%
Predominant origin of those evaluated	SP 53% SC 18% PR 15% MG 8% RS 6%	Total investment in purchases of usage and consumption materials and critical external services (R\$ million)	95	125	155
The qualification of this group includes the verification of legal compliance by suppliers, followed by a roadmap to be used for analysis and development of approvals of the indicated brands.		% investment in purchases of usage and consumption materials and critical external services over total purchases	13%	15%	19%
		IDF Result	92.79	93.01	91.02
		Predominant IDF evaluation criteria: Return of goods, legal compliance, analysis of the requesting area regarding quality, technical capacity, innovation, environmental aspects of the service provider, and analysis of the supply area regarding the established business relationship.			



SOCIAL AND RELATIONSHIP
CAPITAL

CHALLENGES AND FUTURE COMMITMENTS

- Restructuring of the Risk Management Area.
- Structuring of the Internal Controls Area.
- Improvement of the Risks related to Climate Change.
- Structure the supply chain of cartonboard scrap with greater supply stability.
- Periodic training on the content of the Code of Ethics at least every two years.
- Stimulate actions of Volunteer groups.
- Socio-environmental impact assessment in the surrounding communities.



FINANCIAL CAPITAL

PERFORMANCE AND ECONOMIC GROWTH

60

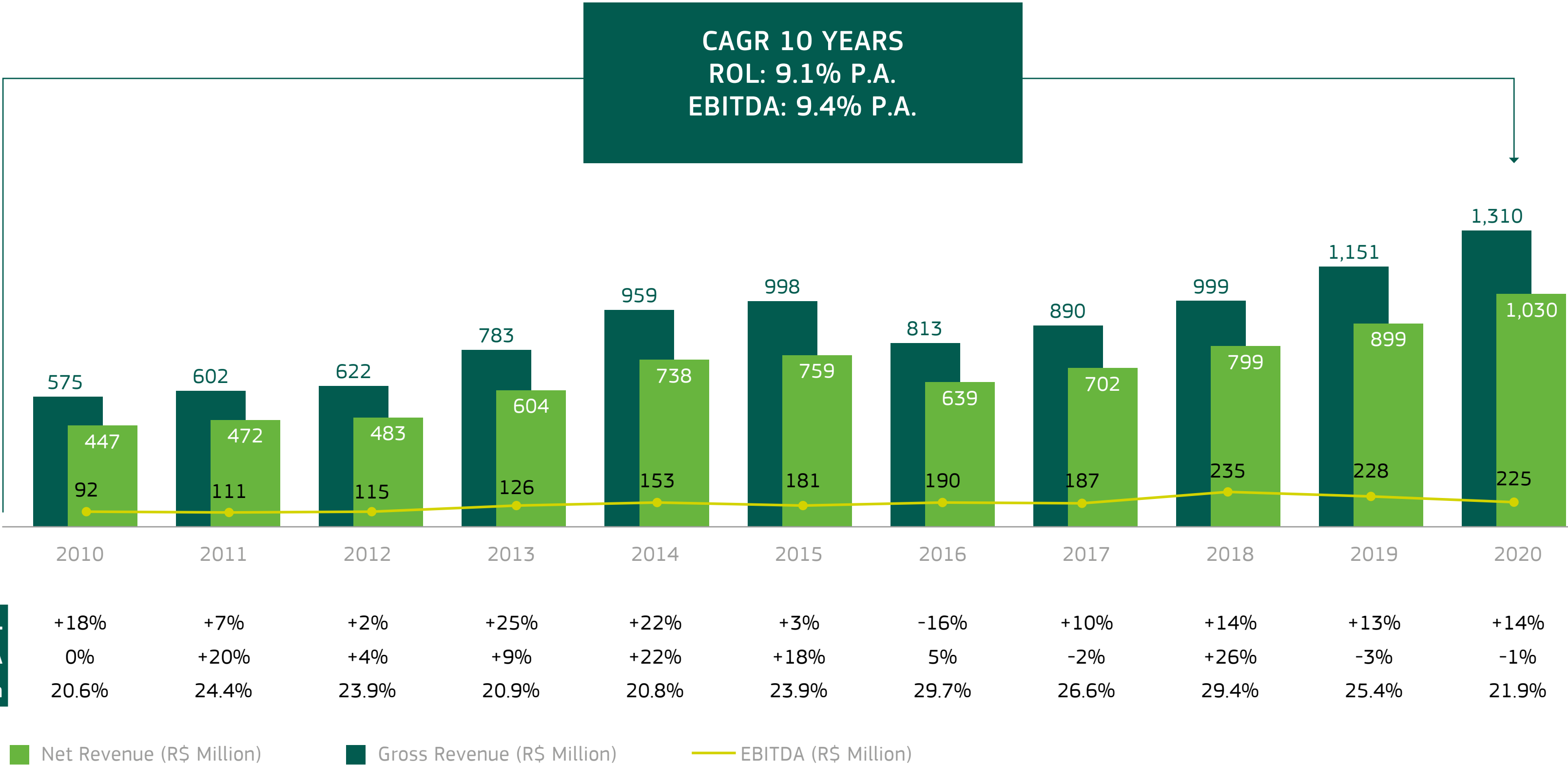


PERFORMANCE AND ECONOMIC GROWTH



GRI 103-1 | 103-2 | 103-3
201-2 | 201-3, 201-4
ISE Economic and Financial Dimensions

Our Net Revenue presented upward annual growth, of 9.1% in the last 10 years, as has Adjusted EBITDA, whose average annual increase was 9.4%. In this period, this indicator went from R\$ 92 million in 2010, with a margin of 20.6%, to R\$ 225 million in 2020, with a margin of 21.9%.



BALANCE SHEETS (CONSOLIDATED ON DECEMBER 31, IN THOUSANDS OF REAIS)

	31.12.2020	31.12.2019
ASSETS	1,814,117	1,579,546
Current	771,598	503,864
Non-current	1,042,519	1,075,682
LIABILITIES AND NET SHAREHOLDERS' EQUITY	1,814,117	1,579,546
Current	277,356	430,506
Non-current	750,601	812,549
Net equity	786,160	336,491

(103-2, 103-3) On the Investor Relations website, our full annual financial statements, encompassing the Explanatory Notes, the Independent Auditors' report and the Management Report are available. The preparation of these documents respects the Corporations Law and its amendments, and the

rules established by the Brazilian Securities and Exchange Commission (CVM).

The earnings results were published on February 26, 2021 in the large circulation newspapers in which we publish our corporate acts, as well as on the CVM and B3 websites.

(102-7) CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED DECEMBER 31 (IN THOUSANDS OF REAIS)

	31.12.2020	31.12.2019
Net Sales Revenue	1,029,605	898,779
Change in fair value of the biological assets	18,374	7,970
Cost of goods sold	722,663	638,349
Gross Profit	325,316	268,400
Operating Revenues (Expenses)	(159,801)	(63,278)
Income before financial results and taxes	165,515	205,122
Net financial revenues (expenses)	(55,601)	(234,647)
Operating profit before tax effects	109,914	(29,525)
Net income from continuing operations	92,761	26,456
Net profit from discontinued operations	-	(106,048)
Net profit for the year	92,761	(79,592)

Main economic-financial indicators

According to data of the Associação Brasileira de Embalagens de Papel (Brazilian Paper Packaging Association - Empapel), shipments in tons of corrugated cartonboard in 2020 grew 5.5% compared to 2019.

Better domestic sales in the Paper for Packaging and Corrugated Cartonboard Packaging segments contributed to the 14.6% growth in revenues in 2020, compared to the previous year.

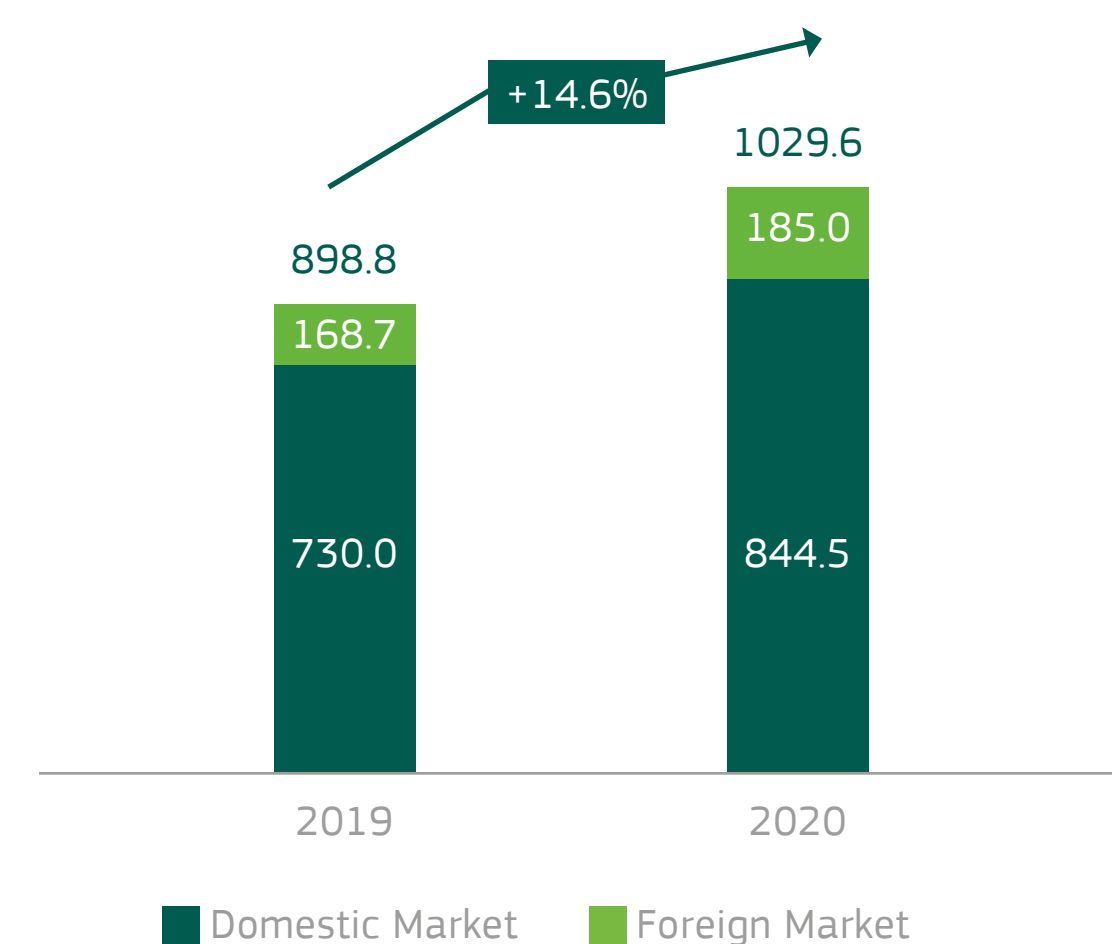
MAIN INDICATORS - CONSOLIDATED	2020	2019	Var. 2020/2019
Economic and Financial (R\$ thousand)¹			
Net Operating Revenue	1,029,605	898,779	14.6%
Domestic Market	844,560	730,046	15.7%
Foreign Market	185,045	168,733	9.7%
Gross Profit (inclusive *)	325,316	268,400	21.2%
(*) Change in Fair Value of the Biological Assets	18,374	7,970	130.5%
Gross Margin	31.6%	29.9%	1.7 p.p.
Operating Income before Taxes and Interests	109,914	(29,525)	-
Operating Margin	10.7%	-3.3%	14.0 p.p.
Net Income	92,761	26,456	250.6%
Net Margin	9.0%	2.9%	6.1 p.p.
Adjusted EBITDA continuing operation 2	225,881	228,244	-1.0%
Adjusted EBITDA margin continued operation	21.9%	25.4%	-3.5 p.p.
Net debt (R\$ million)	242	728.3	-66.8%
Net Debt/Adjusted EBITDA(x)	1.07	3.40	-68.5%
Net Debt/Adjusted EBITDA proforma(x) ³	0.49	2.28	-78.5%
Operational Data (t)			
Corrugated Cartonboard Packaging (CP)			
Production/Sales	155,438	143,262	8.5%
Packaging Paper			
Production	293,271	292,628	0.2%
Sales	135,610	121,351	11.8%
Forestry RS and Resins			
Production	14,608	13,680	6.8%
Sales	13,942	13,503	3.3%

1. Excluding discontinued operation in the year of 2019, used for comparative purposes.
2. EBITDA (earnings before interest, taxes, depreciation, amortization and depletion)
3. Excluding from the net debt operations carried out in the year whose values will be received in the next months: i) Credit of PIS and COFINS (ICMS in the Base) in the amount of R\$ 87,565,000; ii) Sale of Rural Properties in the amount of R\$ 4,003,000; iii) Demobilization of the Vila Maria - SP property in the amount of R\$ 40,200,000.

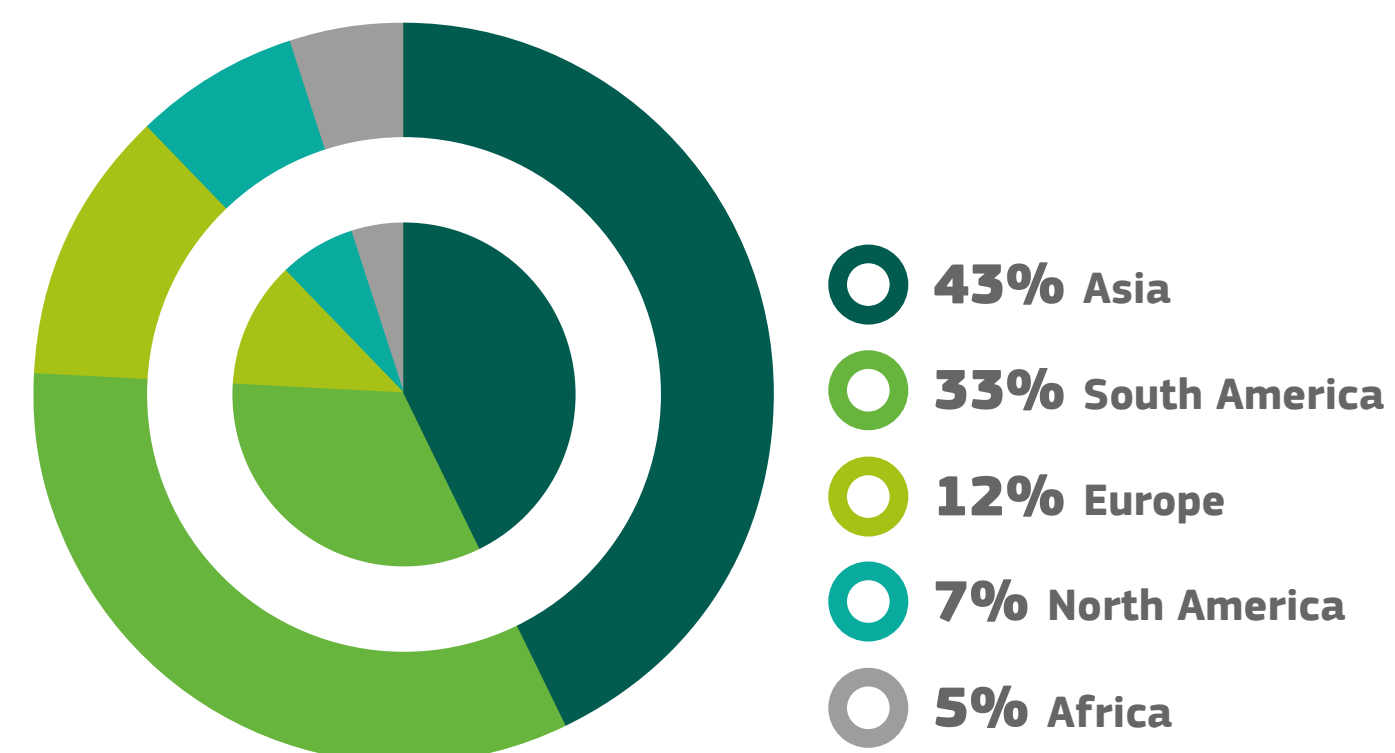
Net Operating Revenue

Our Net Revenue reached R\$ 1,029 million in 2020, an increase of 14.6% compared to 2019, mainly due to the better performance of the Corrugated Cartonboard Packaging Segment in the domestic market.

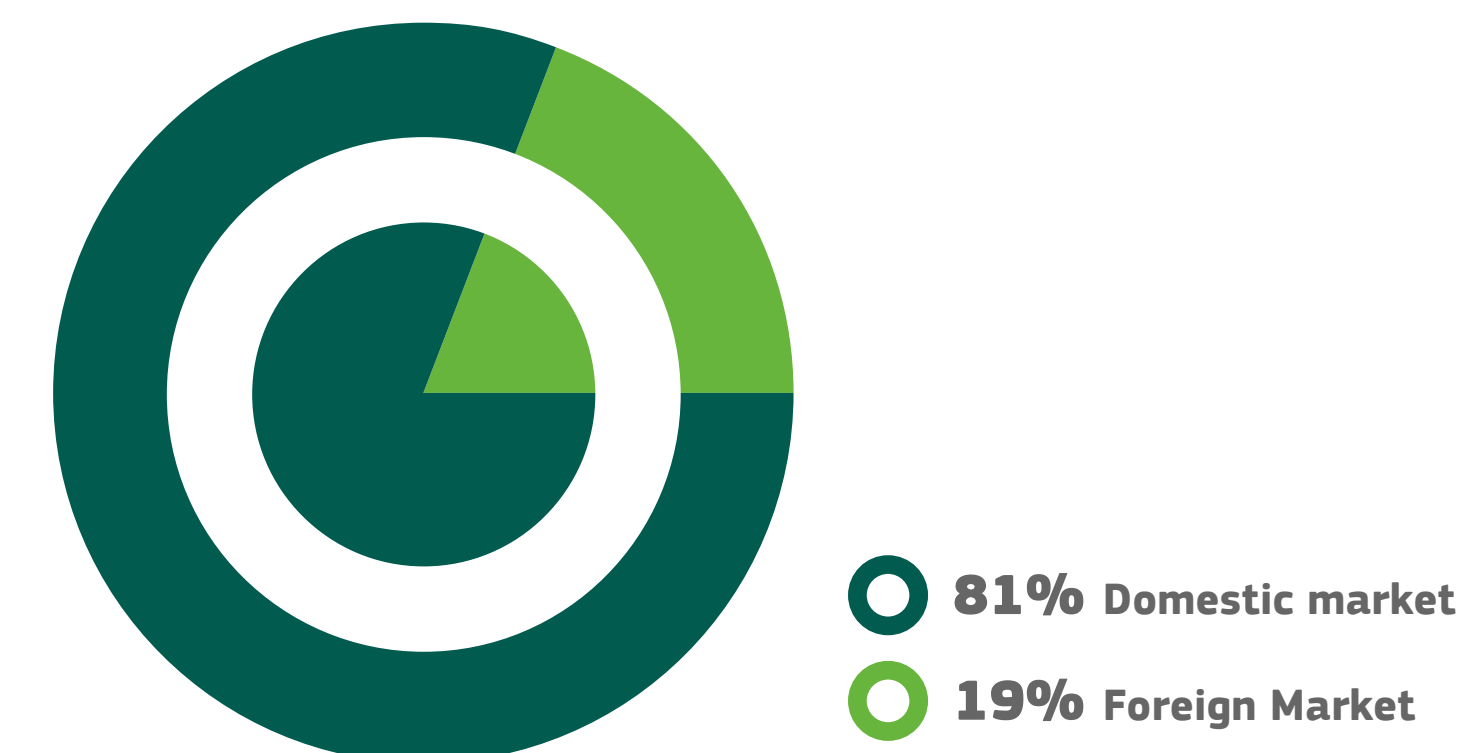
NET OPERATING REVENUE (R\$ MILLION)



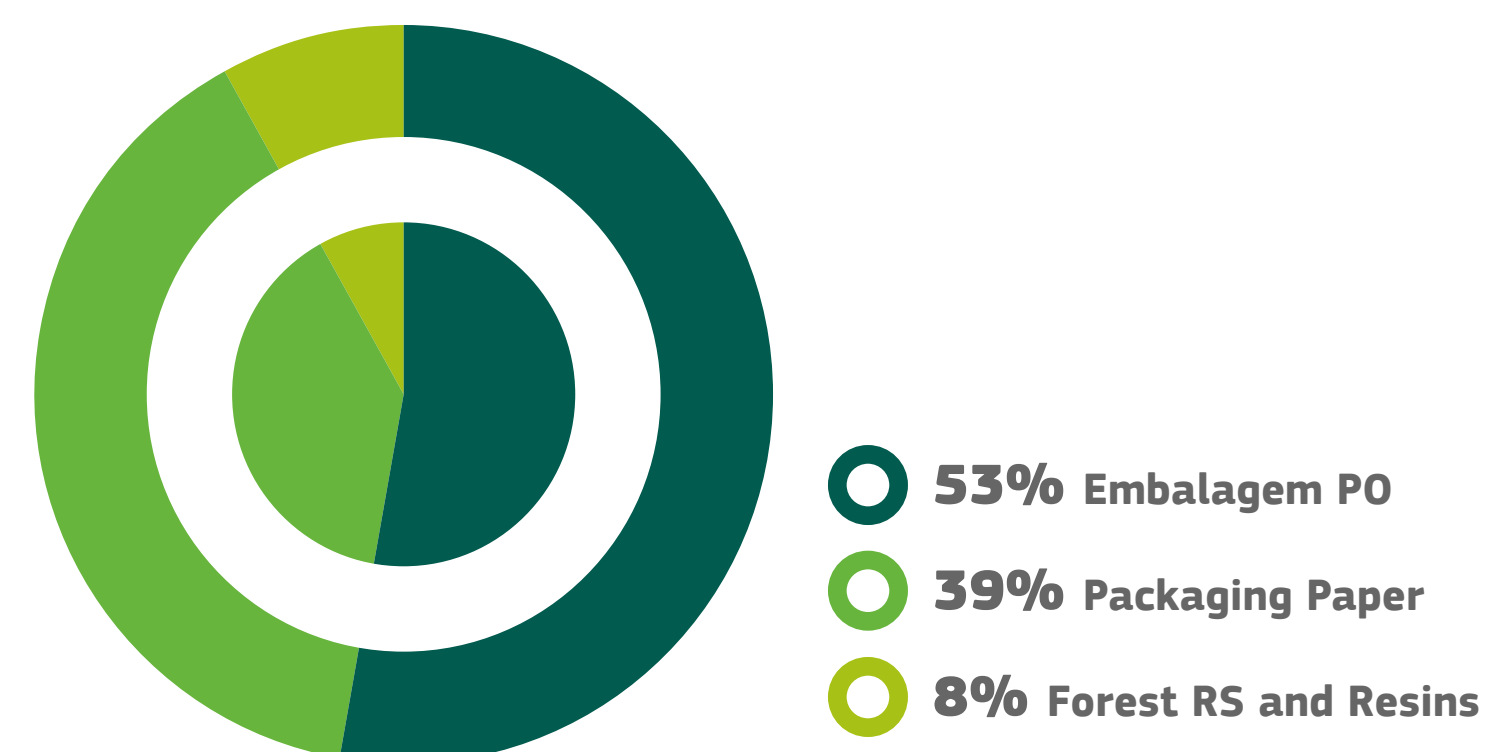
NET REVENUE – FOREIGN MARKET 2020



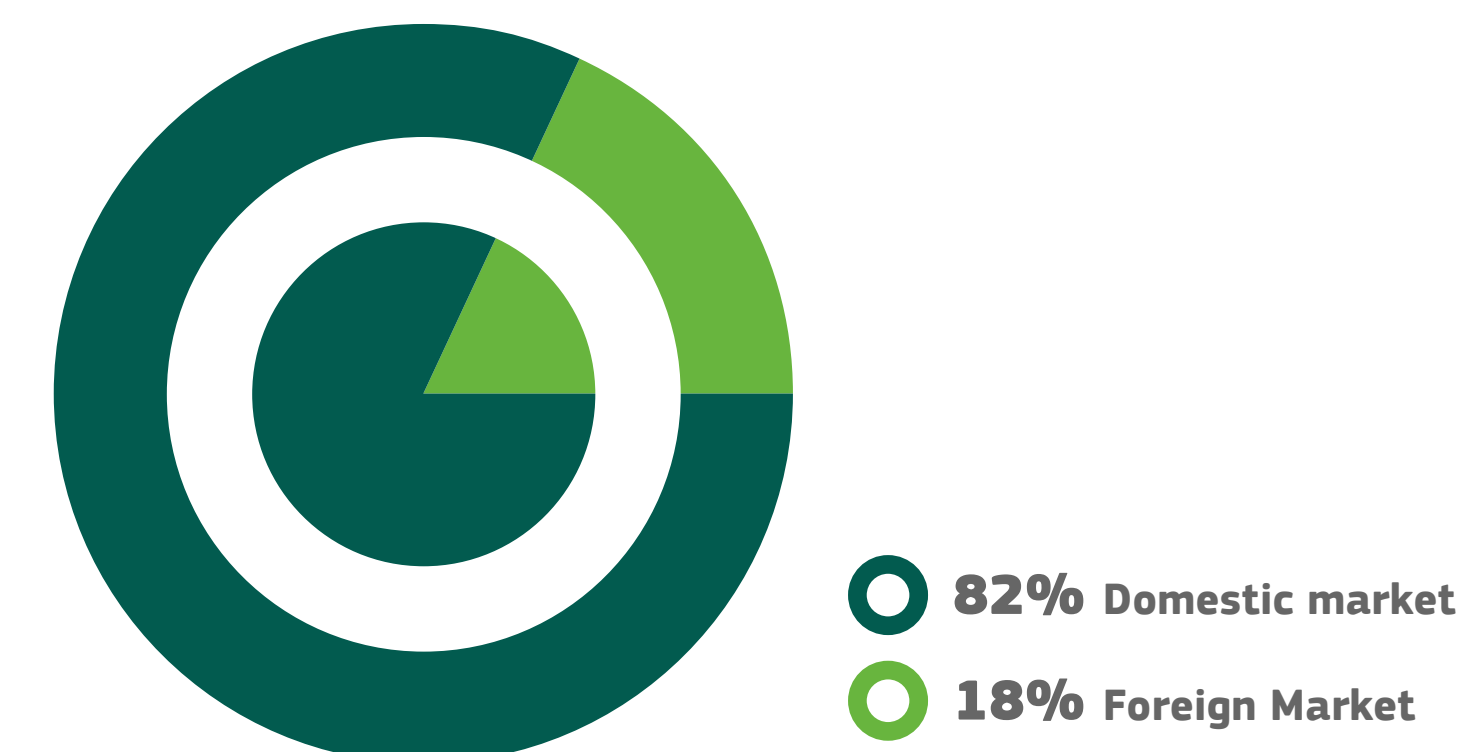
SHARE PER MARKET (2019)



NET REVENUE PER SEGMENT (2020)



SHARE PER MARKET (2020)





Assessment of fair value of the Biological Assets (Forests)

As of 2010, the Company began to measure the fair value of its biological assets (forests) periodically, as determined by CPC 29/IAS 41. The change in the fair value of its biological assets had effects on the Company’s income for 2020, as shown below: As of 2010, as determined in CPC 29/IAS 41, we have

measured the fair value of the biological assets (forests) on a regular basis. The variation of this value and its depletion is recognized in the Cost of Goods Sold (COGS) line item. With this accounting determination, we were able to more accurately assess the market value of our forests, improving our Financial Statements.

EFFECTS OF THE VARIATIONS IN THE FAIR VALUE OF THE BIOLOGICAL ASSETS

R\$ thousand	2020	2019
Change in fair value of the biological assets	18,374	7,970
Depletion of the fair value of the biological assets	(6,002)	(12,252)

Net Income from continuing Operations

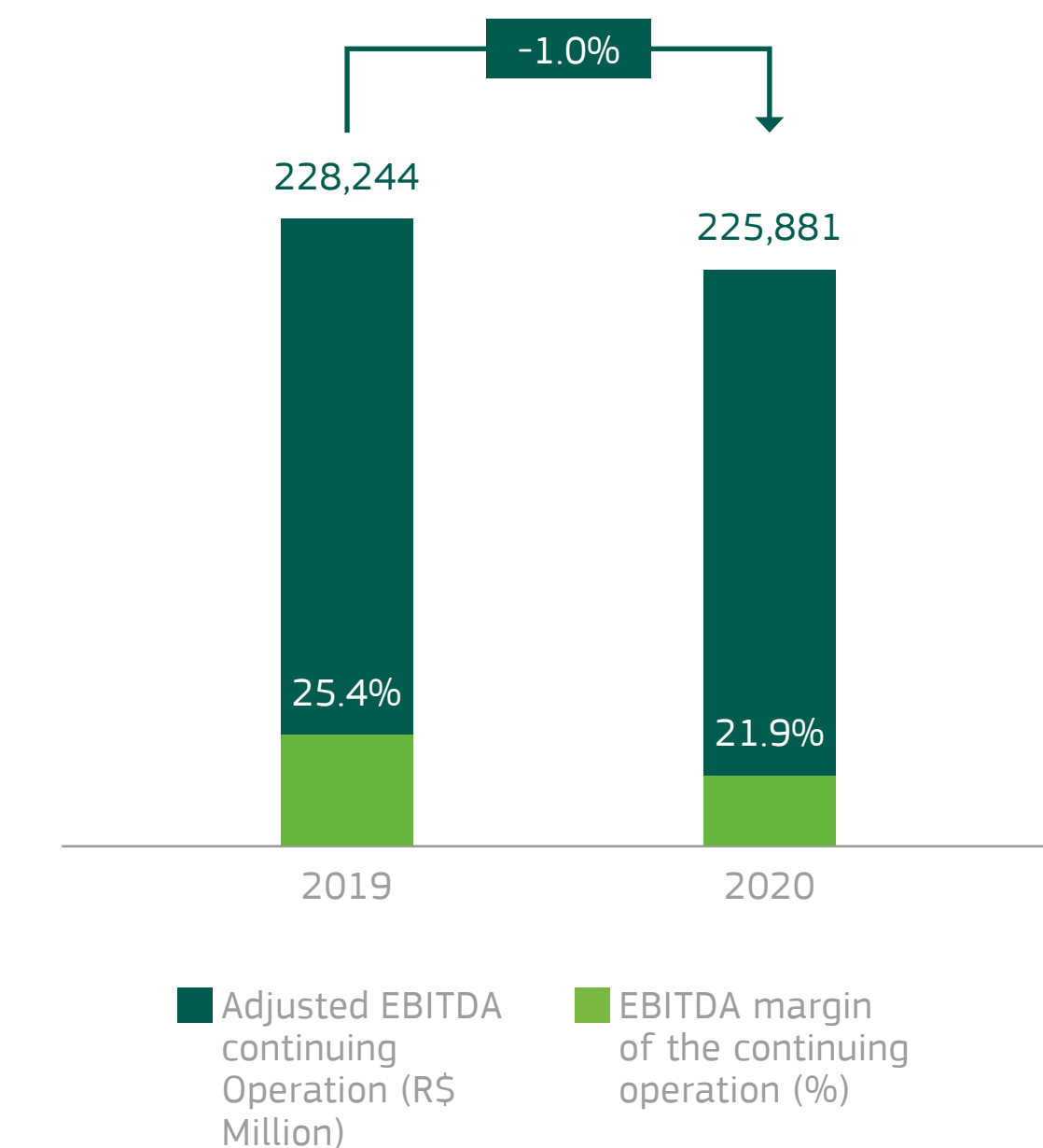
The net income from continuing operations in 2020 totaled a R\$ 92,761,000 profit, compared to R\$ 26,456,000 in profit in 2019. The main impacts on net income in the year were related to the growth of net sales revenues and the gross margin. The result of 2020 also was positively impacted by the recognition of PIS and COFINS credits due to a final and unappealable decision in favor of the Company in the amount of R\$ 17,614,000.

OPERATING CASH GENERATION (ADJUSTED EBITDA)

Consolidated (R\$ thousand)	2020	2019	Var. 2020/2019
Operating Income before Taxes and Interests	109,914	(29,525)	-
Depletion	11,772	56,789	-79.3%
Depreciation and Amortization	65,464	60,520	8.2%
Financial Result	(55,601)	(234,647)	-76.3%
EBITDA of the continuing operation	242,751	322,431	-24.7%
EBITDA margin of the continuing operation	23.6%	35.9%	-12.3 p.p
Adjustments according to CVM Inst. 527/12			
Change in the Fair Value of the Biological Assets ⁽¹⁾	(18,374)	(7,970)	130.5%
Non-Recurring Events ⁽²⁾	(8,581)	(86,217)	-90.0%
Adjusted EBITDA continuing Operation	225,881	228,244	-1.0%
Adjusted EBITDA margin continuing operation	21.9%	25.4%	-3.5 p.p.
Adjusted EBITDA discontinued Operation	-	13,760	-
Total Adjusted EBITDA	225,881	214,484	5.3%

1. Change in the fair value of biological assets, because it does not mean a reduction in cash in the period.
2. Non-Recurring Events: The amount of (R\$ 8,581,000) (2020) refers to R\$ 771,000 Impairment of assets of subsidiaries (IGE and HGE) and (R\$ 9,352,000) in the non-recurring provision of the PIS and COFINS credit.
3. Management's profit-sharing: The amount of R\$ 10,085,000 refers to the distribution of the Company's earnings.

In the year to date, Adjusted EBITDA continuing Operation reached R\$ 225.8 million, 1.0% lower than 2019, with a margin of 21.9%. The reduction of 3.5 percentage points in the margin was mainly due to the EBITDA of 2019 having been positively impacted by the sale of the Company's forest located in the state of Rio Grande do Sul in the amount of R\$ 39,000,000, which did not occur in this year.



Financial Result

Our financial income in 2020 was a negative R\$ 55,601,000, which represents a reduction of 76.3% compared to 2019.

In this same year, the exchange rate variation negatively impacted our results by R\$ 640,000, mainly explained by the settlement of almost all dollar-denominated financial operations.

The financial result, excluding the exchange variation effects, was a negative R\$ 54,961,000. In 2019, the financial result without exchange variation had a positive impact of R\$ 61,875,000, related to adjustment of PIS and COFINS credits, and a negative impact of R\$ 42,151,000 related to prepayment expenses of certain financial operations occurred in that year.

R\$ thousand	2020	2019	Var. 2020/2019
Financial Revenues	28,253	(77,285)	-63.4%
Financial expenses	(83,854)	(311,932)	73.1%
Financial Result	(55,601)	(234,647)	76.3%
Net exchange variation	(640)	(159,471)	99.6%
Financial Result without exchange variation	(54,961)	(75,176)	26.9%

Net Debt

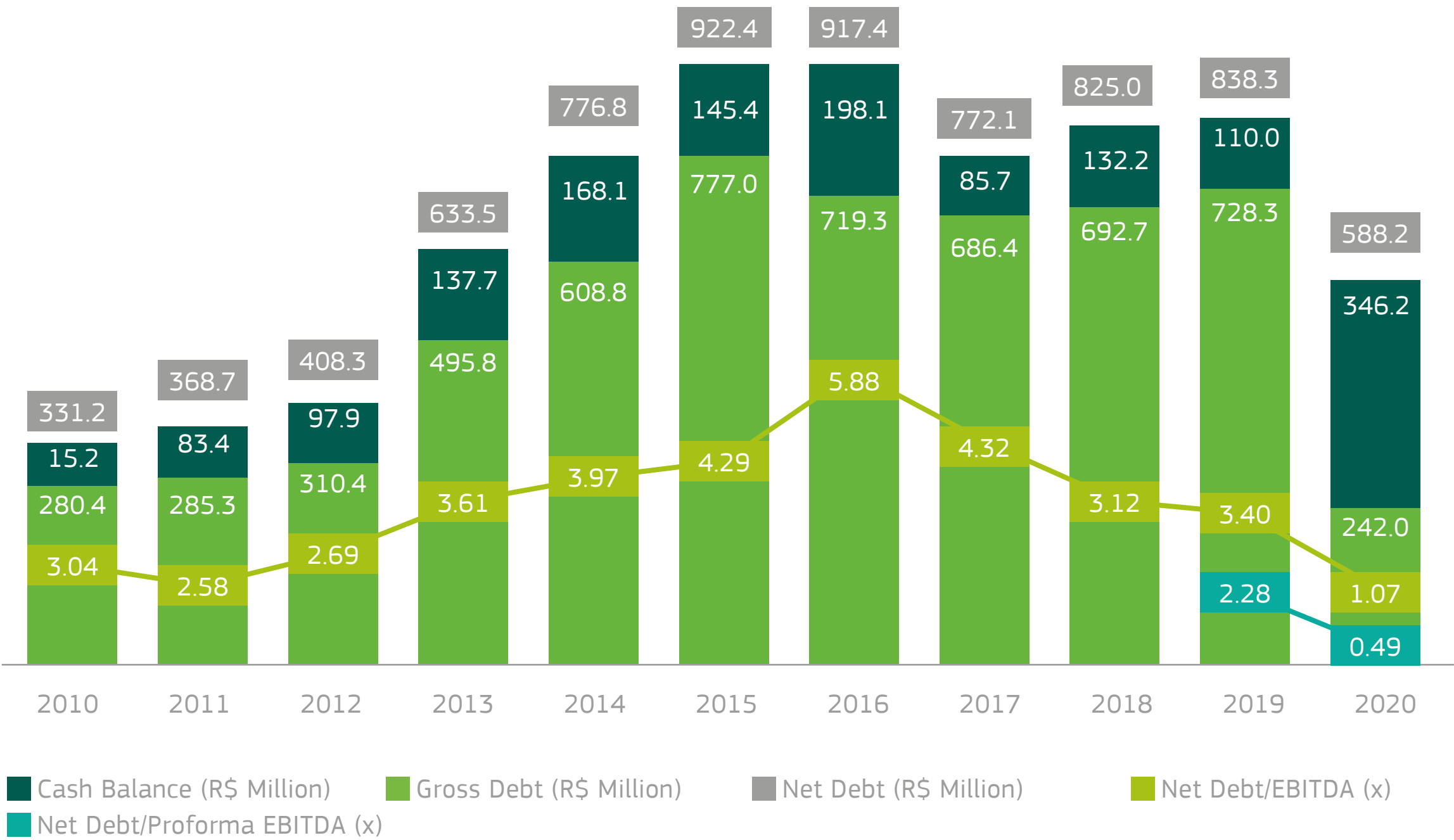
Our consolidated gross debt totaled R\$ 588.2 million in 2020, with 91% of maturity in the long term. The variation in this indicator was influenced by lower volume of funding than liquidations in the year, in addition to the settlement of debts with costs not adjusted to the new capital structure. The consolidated cash balance totaled R\$ 346.2 million on December 31, 2020, compared to R\$ 110.0 million in the same period of 2019 (including the balance of related bank accounts in both years).

Thus, our consolidated net debt in 2020 totaled R\$ 242.0 million, compared to R\$ 728.3 million in 2019. The net debt/EBITDA ratio was 1.07 times at the end of 2020 against 3.40 times at the end of 2019. The improvement in the indicator is mainly due to the entry of funds from the public

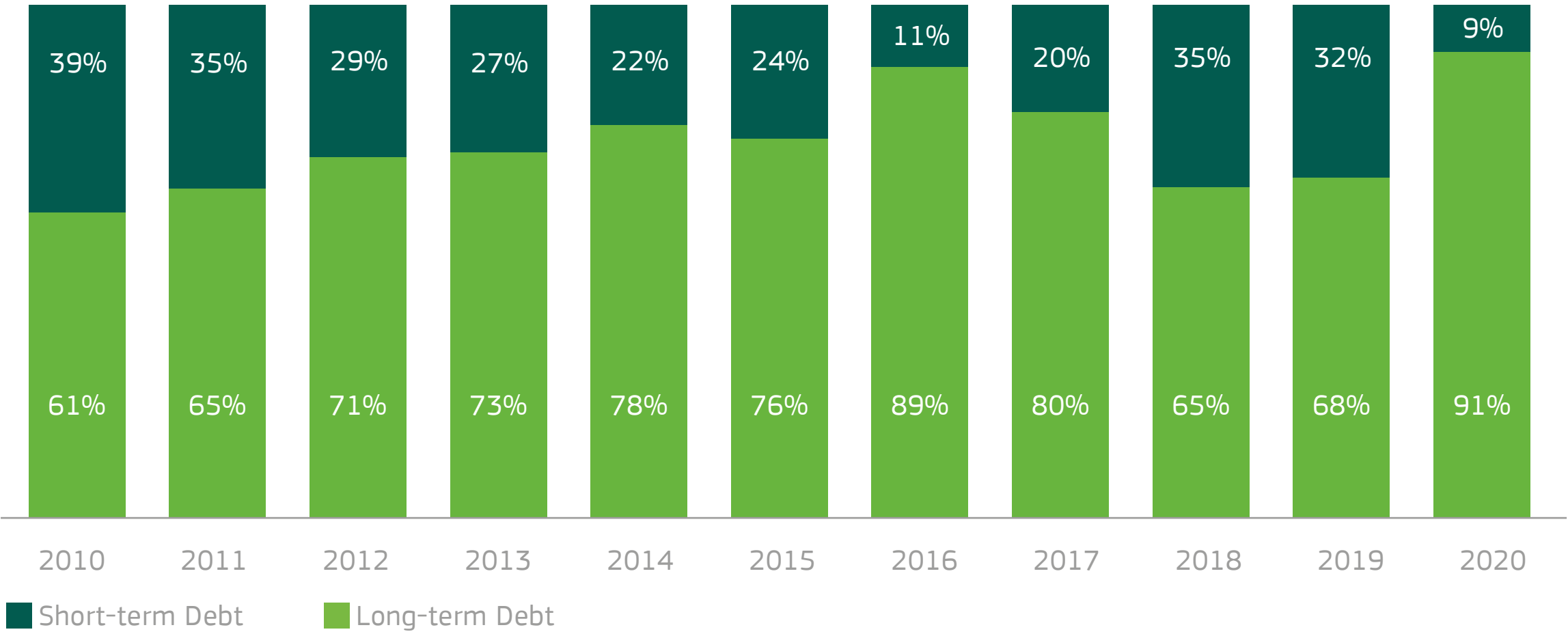
share offering held in 2020. It should also be mentioned that the 2019 EBITDA had been positively impacted by the sale of the Company’s forests located in the state of Rio Grande do Sul in the amount of R\$ 39 million.

Considering the exclusion from the net debt of the amounts that will be received in the coming months, referring to: i) PIS and COFINS credits in the amount of R\$ 87.6 million; ii) Sale of land and forests in the amount receivable of R\$ 4.0 million; and iii) Sale of the property of Embalagem SP - Vila Maria, with a balance receivable in the amount of R\$ 40.2 million, would result in a Proforma Net Debt of R\$ 110.2 million, and considering the EBITDA of the Continuing Operation of R\$ 225.9 million, the proforma leverage would be 0.49 times.

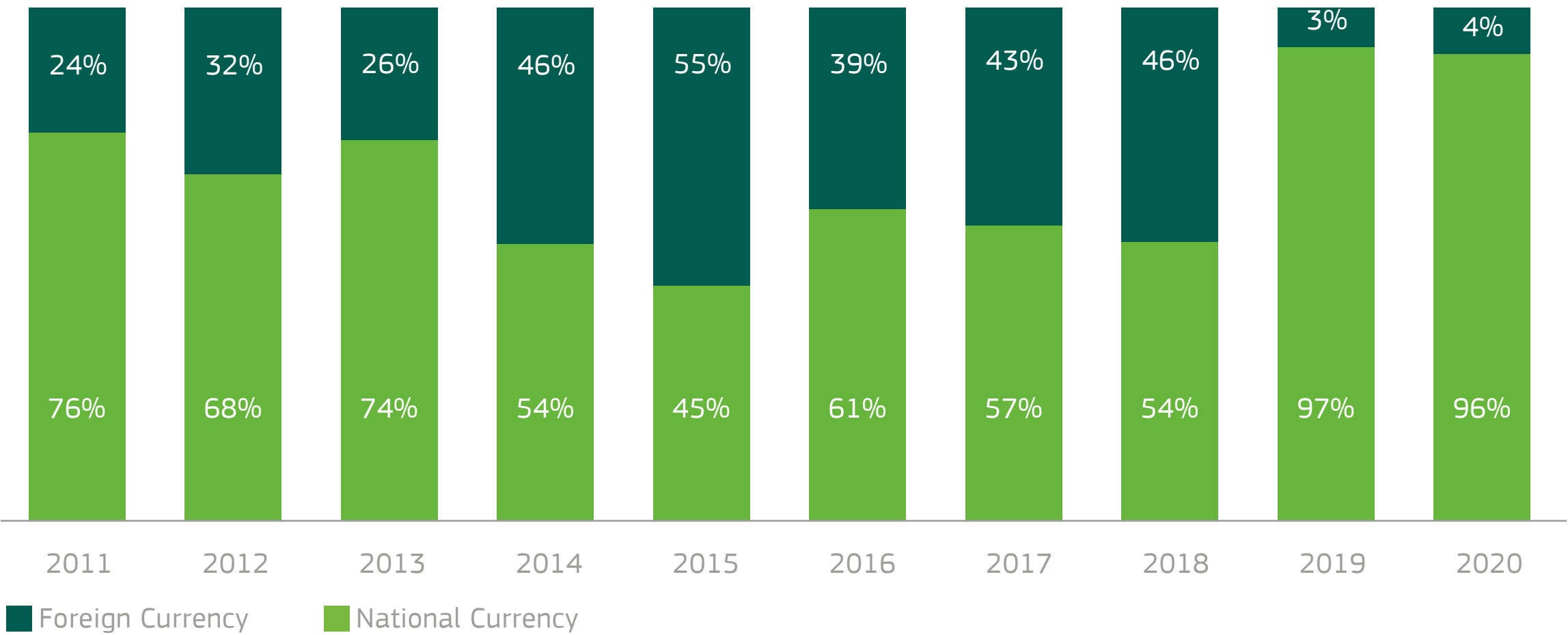
ENDIVIDAMENTO E DÍVIDA LÍQUIDA/EBITDA



GROSS DEBT PROFILE



GROSS DEBT PROFILE



CREDIT RATING

In July 2020, the Company received an upgrade of its credit rating assigned by S&P to brA, with a stable outlook. The credit score reflects the resilience of the business, the realization of the public share offering with improved liquidity conditions and better governance through adherence to B3's Novo Mercado.

FREE CASH FLOW

In 2020, the Adjusted Free Cash Flow was R\$ 146,550,000, a significant increase of 38.4% compared to the R\$ 105,853,000 recorded in 2019. Contributing positively to this increase, besides the strong operational cash generation, was the positive Working Capital, benefited by the offsetting of federal taxes, mentioned previously. It should also be mentioned that the 2019 EBITDA had been positively impacted by the sale of the Company's forests located in the state of Rio Grande do Sul in the amount of R\$ 39,000,000.

Free Cash Flow	4T20	3T20	4T19	2020	2019
Adjusted EBITDA	62,426	55,637	75,575	225,881	214,484
(-)Capex	(22,305)	(17,280)	(24,064)	(72,731)	(82,471)
(-) Interest paid/received	(3,965)	(30,974)	(8,265)	(68,598)	(67,640)
(-)Income tax and CSLL (cash)	(10,974)	(4,123)	(332)	(21,098)	(1,634)
(+/-) Working capital	7,517	28,600	(11,792)	38,807	(32,998)
(-) Dividends + IoE	(5,910)	(8,856)	-	(16,544)	(3,725)
(+/-) Others	3,279	121	28,875	26,345	29,736
Free Cash Flow	30,068	23,125	59,997	112,062	55,752
Dividends + IoE	5,910	8,856	-	16,544	3,725
Gaia Platform	2,112	-	-	2,112	-
Expansion Projects	2,465	4,316	8,021	15,832	46,376
Adjusted Free Cash¹	40,555	36,297	68,018	146,550	105,853
FCL adjusted Yield²				15.8%	22.0%

1. Excluding dividends and IoE

2. Yield – Adjusted FCL divided by the average value of the market in the UDM

RETURN ON INVESTED CAPITAL (ROIC)

Return on Invested Capital (ROIC) was 12.6% in the last 12 months, down 2.8 p.p. from the 12 months ended on September 30, 2020. This reduction stems from the increase in average invested capital in preparation for the implementation of the Gaia Platform investments.

ROIC (R\$ Million) – UDM ¹	4T20	3T20	4T19
Total Assets	1,692,836	1,634,193	1,542,063
(-) Total Liabilities (ex-debt)	(414,771)	(406,030)	(422,554)
(-) Construction in progress	(34,175)	(41,763)	(53,937)
Invested Capital	1,243,890	1,186,400	1,065,572
(-) Adjusted CPC 29²	(56,727)	(51,737)	(77,126)
Adjusted Invested Capital	1,187,163	1,134,664	988,446
Adjusted EBITDA	225,881	239,030	214,484
(-) Maintenance Capex	(54,787)	(53,102)	(36,095)
(-) Income Tax and CSLL (cash)	(21,098)	(10,456)	(1,634)
Adjusted Operating Cash Flow	149,996	175,472	176,755
ROIC³	12.6%	15.5%	17.9%

1. Average of the equity balances of the last 4 quarters (Last Twelve Moths)

2. Difference of the adjusted fair value of biological assets minus Deferred Taxes of the the adjusted fair value of biological assets

3. ROIC (Last Twelve Moths): Adjusted Operating Cash Flow/Adjusted Invested Capital

(201-1) Direct economic value generated and distributed

We present the values regarding the wealth we generate and its distribution among the parties that contributed to the generation of this wealth, such as employees, government, financiers and shareholders, as follows:

	Consolidated			
	31.12.2020	%	31.12.2019	%
1. Revenues	1,339,135		1,438,658	
2. Inputs acquired from third parties	723,291		745,246	
3. Gross added value (1-2)	615,844		693,412	
4 - Depreciation, amortization and depletion	77,236		122,184	
5. Biological asset fair value variation	18,374		(7,970)	
6. Net added value produced by the entity (3-4-5)	556,982		579,198	
7. Added value received through transfers	28,253		83,964	
8. Total added value to distribute (6 +7)	585,235		663,162	
9. Distribution of Added Value				
9.1) Personnel	179,891	30.73	191,085	28.81
9.2) Taxes, fees and contributions	199,752	34.13	166,716	25.14
9.3) Remuneration of third-party capital	90,675	15.49	350,511	52.85
9.4) Remuneration of own capital	104,832	17.91	(45,150)	-6.81

Note: information on social investments is presented in the chapter "Our commitment to the development of the surrounding communities"

GREEN DEBENTURES

The proceeds from the Green Debenture issue were earmarked for the settlement of debts of the issuer and for the purchase of inputs for paper recycling. The debts settled were contracted from 2013 to 2016 for the financing of operations of the issuer and its subsidiaries, which included especially acquisitions of inputs, investments in capital goods and the incorporated operations of Indústria de Papel e Papelão São Roberto. The remainder of the funds was allocated to paper recycling operational expenses in the years 2019 to 2020, in particular for the acquisition of paper scrap.

Fundraising through the green debenture issue was completed in 2019, in the amount of R\$ 505 million and we are already in search of new issuances for 2021.



FINANCIAL
CAPITAL

CHALLENGES AND FUTURE COMMITMENTS

- Maintain cash resources for immediate liquidity of at least R\$ 150,000,000.00 (one hundred and fifty million reais).
- Maintain the operational leverage (Net Debt/ Adjusted EBITDA) “target” at 2.5x.
- Maintain a capital structure of 30% to 50% of own capital and 70% to 50% of third-party capital.
- New green debentures.



HUMAN CAPITAL

GENDER AND DIVERSITY EQUALITY
DECENT WORK AND DEVELOPMENT OF PEOPLE
OCCUPATIONAL HEALTH AND SAFETY

74
83
90



(103-2, 103-3) For Irani, people are at the center of all strategies and shall always be, so that we continue to be one of the best companies to work for. We promote a culture marked by the pro-activeness of people aligned with the cultural practices encouraged by the Great Place to Work® institution. Here, people don't undergo change; they drive change, as they launch into a profound journey of personal and professional improvement, grounded in five structuring programs:

programa
gera

programa
cuida

programa
cresce

programa
motiva

programa
superá



Words that instill in our employees the most pride:

Valorização Incentivo **Benefícios**
Autonomia
Dedicação Caráter Integridade Coletividade Audácia Oportunidades
Coragem Cuidado Respeito Confiança
Comprometimento Igualdade Cultura
Posicionamento Justiça Transparência Gestores Desenvolvimento Seriedade
Segurança Sustentabilidade **Amizades**
União Clima

In 2020, we began to develop an **organizational culture**, through specialized consultants, to identify shared workplace habits, beliefs, values and behaviors. More than 68% of our employees and managers participated through online surveys, focus groups and interviews, an engagement rate considered higher than average. **Our General Culture Index reached an average of 77%, considering eight dimensions, which are our cultural pillars.**

OUR STRENGTHS

Development and Training,
Communication, Culture and
Climate Quality of Life, Leadership,
Processes and Governance.

IMPROVEMENT OPPORTUNITIES

Strategy and Objectives,
Career and Succession,
Recruitment and Selection and
Recognition.

GENDER AND DIVERSITY EQUALITY



GRI 103-1, 103-2, 103-3, 405-1, 405-2
ISE Social Dimensions



It monitors the full professional cycle of our employees, including the processes of attraction, engagement and the monitoring of their trajectory in the Company. Thus, we work on cultural alignment and the empowering of our employees to take over the reins of their own careers.

The analysts in the team who captain the selection processes are in-house and specialized. In 2019, with the implementation of a new systematized module, we began monitoring all online steps, from application to admission. Greater transparency and speed in getting back to the participants represent some of the main gains from this practice. Starting in 2020, applicants who participated in internal selection processes were given the possibility to prepare an Individual Action Plan to work on their development opportunities. This project is available to all employees and is conducted by a team of selection analysts.

	2018	2019	2020
Vacancies filled by internal recruitment	59.00%	68.09%	53.00%

We maintained our initiatives to develop young talents with the mandatory and non-obligatory internship program in technical, administrative, and production areas. We intend to reassess the structure of this program, realigning practices and reviewing indicators such as the retention of young talent.

We also continued “My Learning,” a special initiative for young apprentices from all units. It is based on a training plan focused on skills related to the labor market, establishing a chain of learning, training and growth. The young people develop in topics such as entrepreneurial behavioral posture, self-knowledge, communication, teamwork,

creativity and innovation, and emotional intelligence, establishing a chain of learning, training, and growth.

Our employee integration process is aligned with the “hire and greet” pillar, one of the nine practices encouraged by the GPTW® Certification program. In addition to standardizing the materials, ensuring that all units use the same content, the object is to warmly receive newcomers, delivering them a kit with information about the Company’s products and a welcome letter signed by the Chief Executive Officer. Internal facilitators were trained on the importance of their role as the new employee’s first contact, as well as

guidance on how to conduct a good reception with techniques and language appropriate to each participant's profile.

At the end of each integration, we evaluate the satisfaction level of new employees, which has maintained a rating of over 95% since its redesign in 2019.

In 2020, due to the pandemic, the integration processes of new employees were updated to an online model. The contents were divided into distance learning (on our SuccessFactors platform) and virtual meetings with the facilitators for the review of some elements and moments to ask questions about the visited contents. The organization ensures an alignment with the managers for the personalized programming for each position, also including delivery in their homes of new electronic equipment, a chair and a welcome kit.

The initiatives for the inclusion of employees with disabilities continued, with actions such as awareness-raising and preparation of the teams that will be involved with these professionals, to help them better understand the aspects of the disability of the colleague who is being integrated and for them to be able to develop the maximum of their potential. The result of these practices has a direct impact on the workplace, ensuring mutual learning experiences.

(103-2) Following the most significant and innovative business movements, we are further refining internal practices related to diversity to foster a work environment that welcomes, integrates and respects differences.

(103-2) For us, diversity is everything that distinguishes one person from another:

gender, age, nationality, color, ethnicity, religion, marital status, sexual orientation and disabilities of any nature. It is synonymous with plurality, an elementary characteristic of what is collective and what is life within society. We are present in four states of one of the most multicultural countries in the world, and we recognize that this is one of our strengths.

(103-3) Therefore, in 2019, we conducted an opinion survey to identify the perception of our employees about this topic inside the Company. Conducted by an external and independent team with extensive experience in the field, the survey indicated that our employees perceive that we introduce programs to promote diversity and that the groups that should be prioritized are women, young people, newly hired professionals, people with disabilities, and LGBTQ+ people.

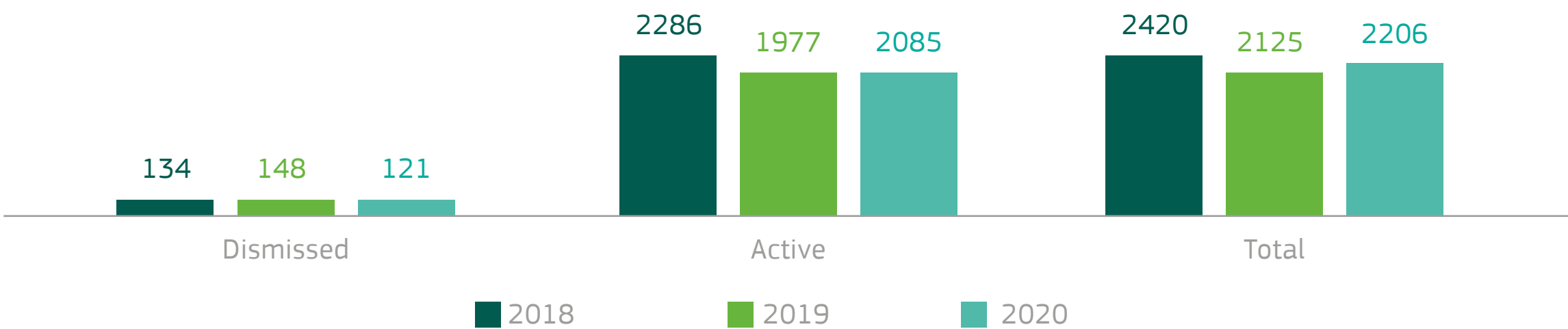
In 2020, we continued our efforts in this regard, through:

- **Diversity roundtables supported by outside consultants to prepare DES teams.**
- **Monthly awareness-raising actions for employees, emphasizing the importance of inclusion and higher sensitivity about the subject.**
- **EAD content about Diversity and an eBook, Reflections on Diversity .**
- **Creation of a special committee to discuss the issue, covering people with deficiencies and other minority groups.**
- **Internal campaigns to raise awareness on the subject, especially LGBTQI+ Pride, Racial Awareness and with campaigns on dates such as International Disability Day, Women's Day and Black Consciousness.**
- **Working with the leaders and the People Selection team to increase the number of women in the company, which will become a management indicator.**

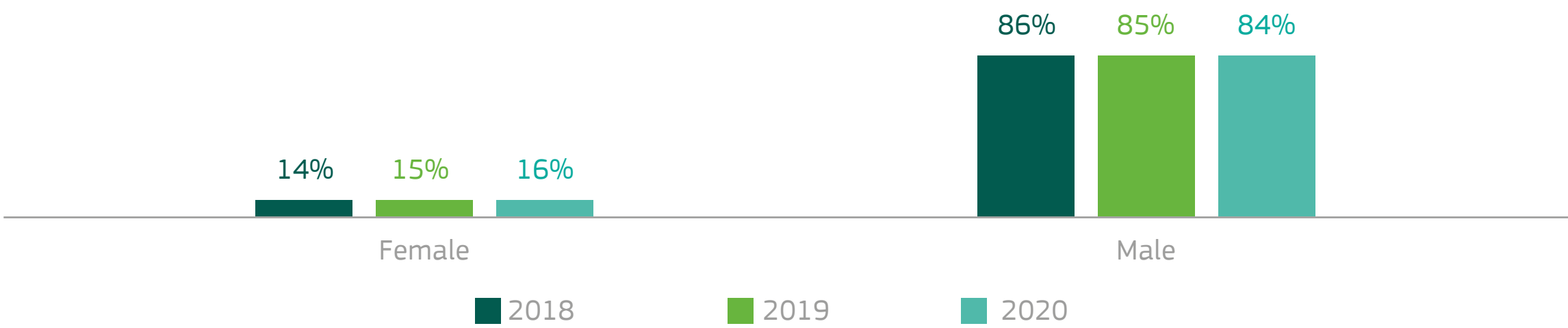
Labor force demographic information

(102-8.f) The information presented was extracted from our ERP system, with a base date of 12/31/2020. We consider all Irani branches and subsidiaries to be important operational units, because they are equally representative for the group, maintaining the extension of its policies and strategies that seek the development and growth of people.

(102-7.A.I) TOTAL NUMBER OF EMPLOYEES



(405-1.I) PERCENTAGE OF ACTIVE EMPLOYEES BY GENDER



(102-8.C) HIRING REGIMEN

	2018		2019		2020	
	Men	Women	Men	Women	Men	Women
Half time	10	24	11	21	25	42
Full time	2,052	334	1,787	306	1,817	322

(102-8.A) EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER

	2018		2019		2020	
	Women	Men	Women	Men	Women	Men
CLT - Indefinite period	319	2,042	297	1,773	309	1,775
CLT - Young apprentices	31	11	21	11	42	25
CLT - Fixed period	Not available	Not available	9	8	13	36
Statutory	0	6	0	6	0	6
General Total	350	2,059	327	1,798	364	1,842

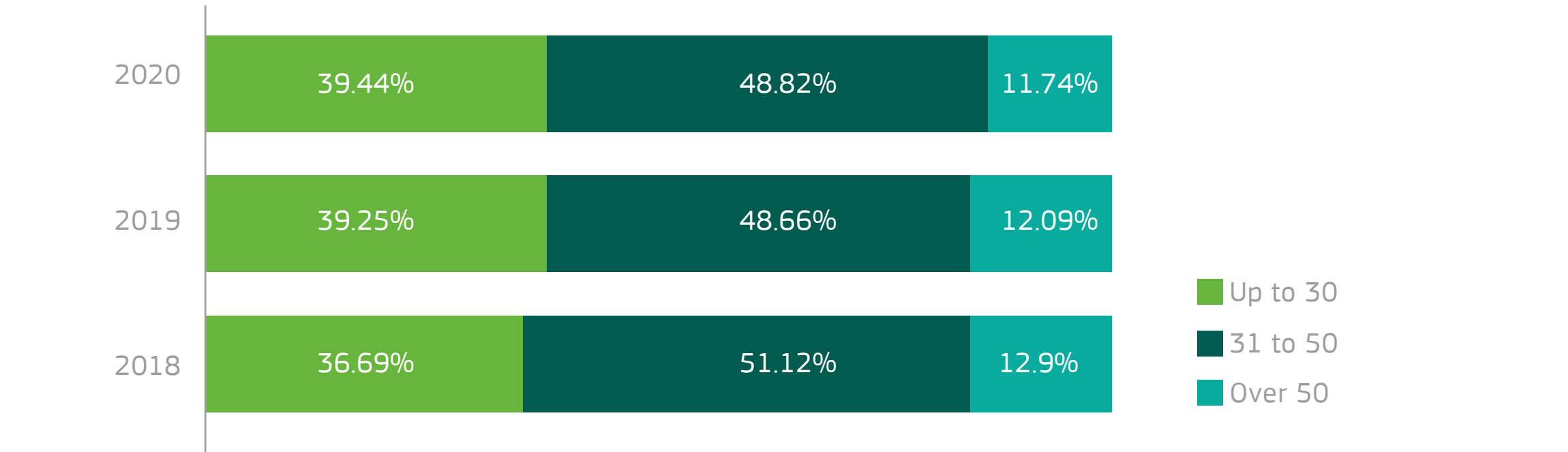
(102-41.A) ACTIVE EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

	2018	2019	2020
Collective Bargaining Agreements	98.21%	91.25%	92.42%
Pro-labore	0.26%	0.28%	0.29%
Minimum wage	1.53%	1.51%	7.29%

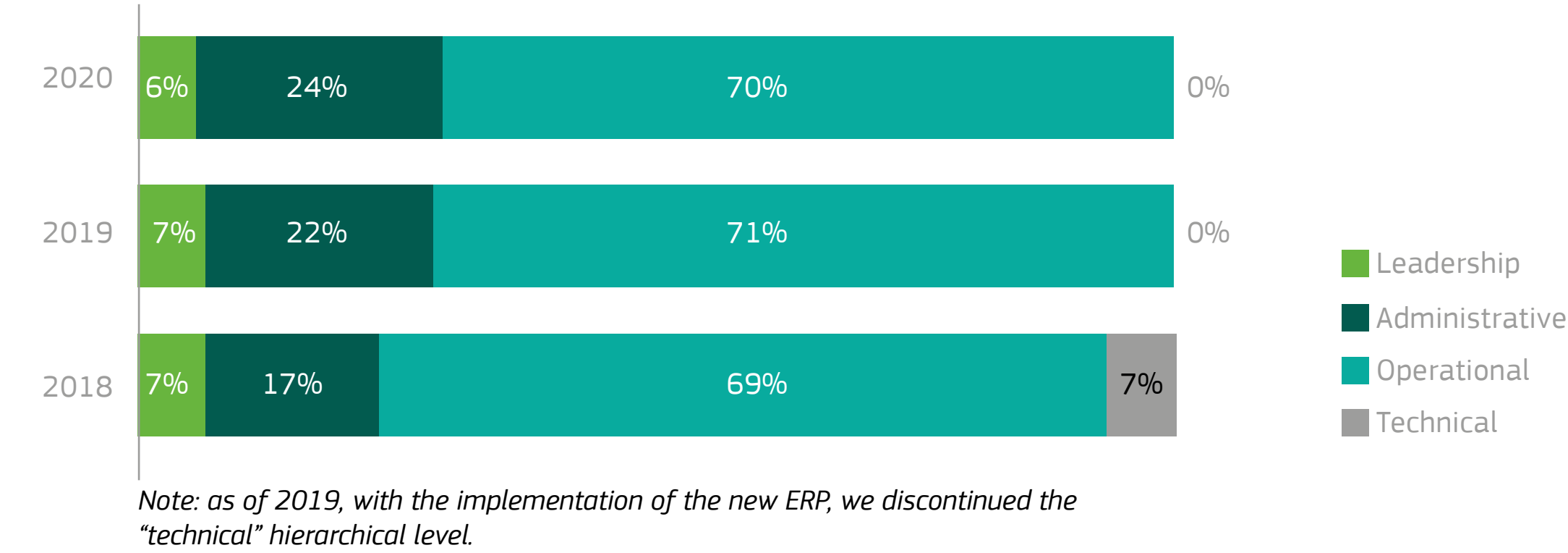
(401-1.A) NEW HIRES OF EMPLOYEES BY AGE GROUP AND GENDER

	2018		2019		2020	
	Women	Men	Women	Men	Women	Men
Under 30	17%	50%	17%	50%	7%	21%
From 31 to 50	7%	24%	0%	1%	22%	49%
Over 50	0%	1%	9%	22%	0%	1%

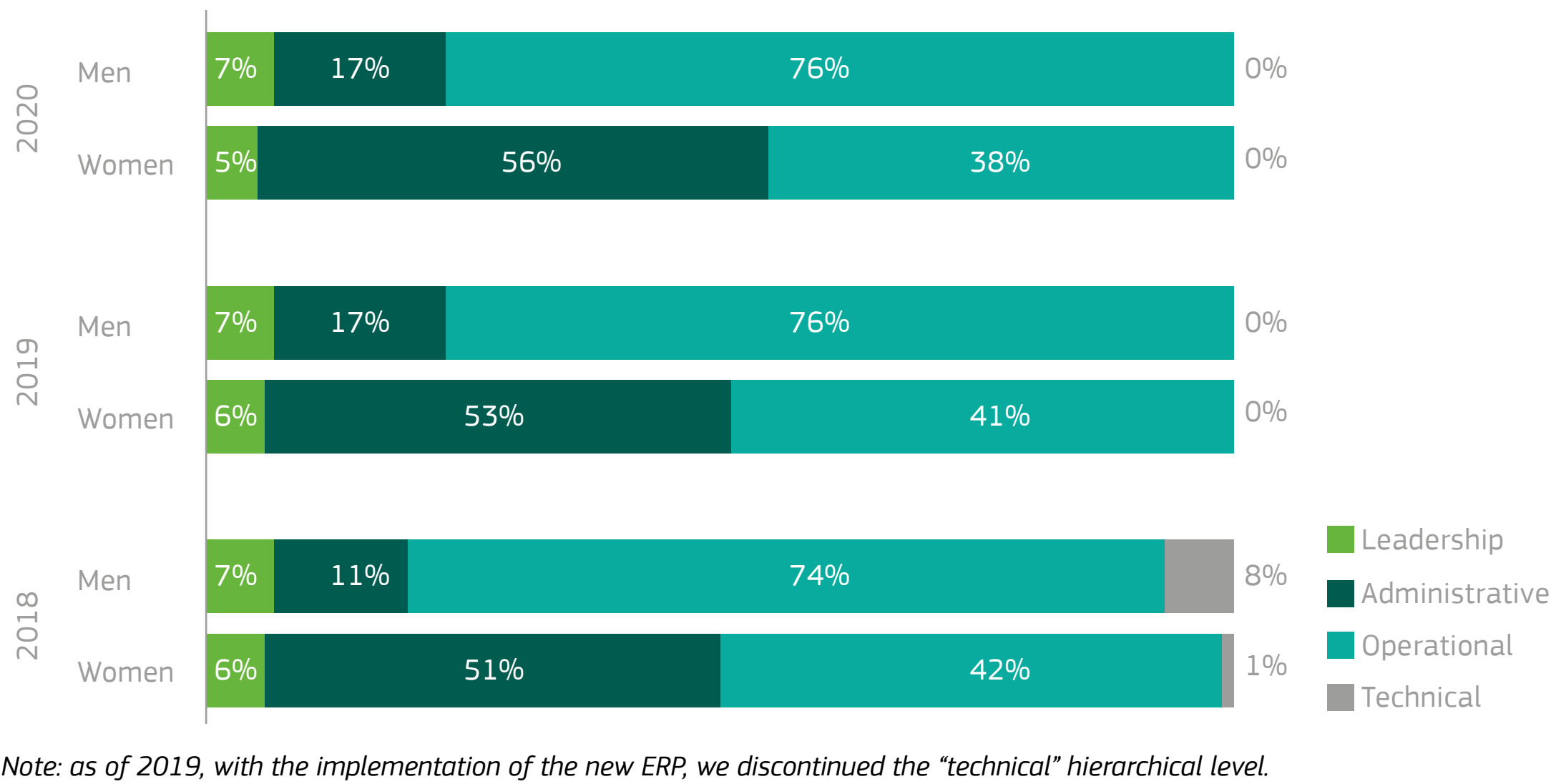
(405-1.II) PERCENTAGE OF EMPLOYEES BY AGE GROUP



(405-1.III) PERCENTAGE OF EMPLOYEES BY JOB CATEGORY



(405-1.III) PERCENTAGE OF EMPLOYEES BY JOB CATEGORY AND GENDER



(405-1) EMPLOYEES BY AGE GROUP AND JOB CATEGORY

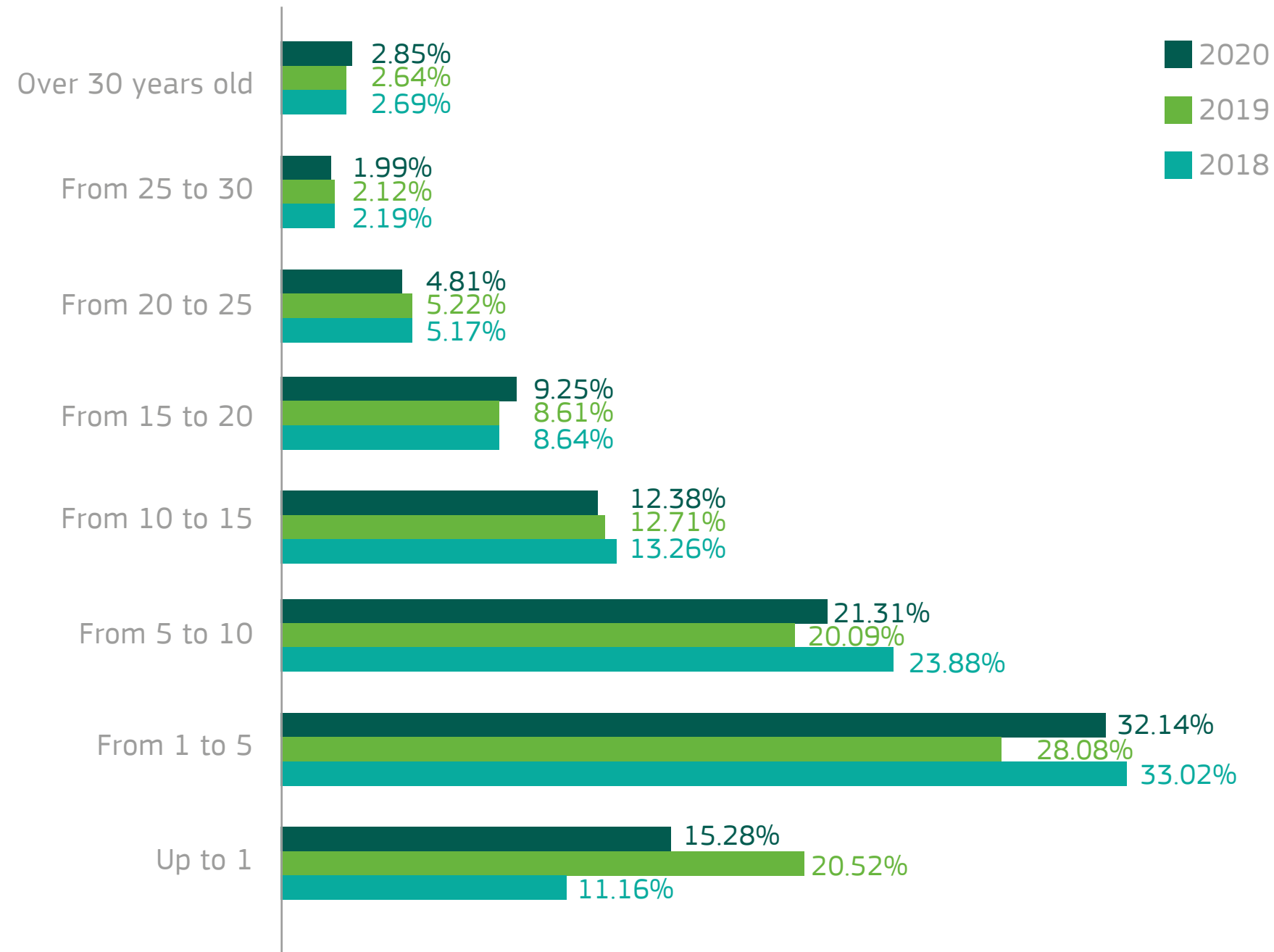
	Female	Male	TOTAL
LEADERSHIP	0.91%	5.49%	6.39%
Under 30	0.09%	0.50%	0.59%
Over 50	0.18%	0.86%	1.04%
From 31 to 50	0.63%	4.13%	4.76%
ADM/COMMERCIAL	9.25%	14.46%	23.71%
Under 30	4.67%	4.94%	9.61%
Over 50	0.27%	0.91%	1.18%
From 31 to 50	4.31%	8.61%	12.92%
OPERATIONAL	6.35%	63.55%	69.90%
Under 30	1.63%	24.30%	25.93%
Over 50	0.91%	8.61%	9.52%
From 31 to 50	3.81%	30.64%	34.45%
General Total	16.50%	83.50%	100%

Note: as of 2019, with the implementation of the new ERP, we discontinued the “technical” hierarchical level. We do not monitor minority or vulnerable groups

(401-1) TURNOVER BY AGE GROUP AND GENDER

	2018		2019		2020	
	Women	Men	Women	Men	Women	Men
Under 30 years	18%	24%	36%	24%	36%	24%
From 31 to 50 years	6%	10%	22%	16%	15%	9%
Above 50 years	5%	3%	23%	15%	6%	5%

PERCENTAGE OF EMPLOYEES BY TIME WITH THE COMPANY



Demographic information stratified by business units

(102-8.B, 102-8.C) EMPLOYEES BY BUSINESS UNIT AND GENDER

	2018		2019		2020	
	Men	Women	Men	Women	Men	Women
Office RS – Porto Alegre	17	18	19	18	21	27
Office SC – Joaçaba	80	48	86	52	87	56
Paper SC – Campina da Alegria	690	67	652	70	713	106
Paper MG – Santa Luzia	135	15	131	16	154	14
Packaging SC – Campina da Alegria	263	30	249	33	272	50
Packaging SP – Indaiatuba	316	38	326	48	347	55
Resin RS – Balneário Pinhal	42	13	42	14	60	14
Habitasul Florestal and S.J. do Norte	205	54	172	39	176	41

(401-1.B) TURNOVER PER BUSINESS UNIT

	2018	2019	2020
Office RS – Porto Alegre	14.9%	1.1%	1.39%
Office SC – Joaçaba	8.8%	0.8%	0.57%
Paper SC – Campina da Alegria	7.1%	0.6%	0.72%
Paper MG – Santa Luzia	10.5%	0.9%	0.42%
Packaging SC – Campina da Alegria	11.2%	1.5%	1.38%
Packaging SP – Indaiatuba	11.0%	1.0%	0.79%
Resin RS – Balneário Pinhal	13.1%	0.9%	0.54%
Habitasul Florestal and S.J. do Norte	27.6%	1.8%	1.94%

(401-1) ADMISSIONS, DISMISSALS AND TURNOVER BY AGE GROUP AND UNIT

Unit	Admission	Dismissal	Turnover (%)
Office RS – Porto Alegre	7	6	1.39%
Under 30	3	4	0.75%
Between 30 and 50	4	2	0.64%
Over 50	0	0	0.00%
Office SC – Joaçaba	9	9	0.57%
Under 30	6	5	0.35%
Between 30 and 50	3	4	0.22%
Over 50	0	0	0.00%
Paper SC – Campina da Alegria	73	60	0.72%
Under 30	43	26	0.37%
Between 30 and 50	29	26	0.30%
Over 50	1	8	0.05%
Paper MG – Santa Luzia	4	12	0.42%
Under 30	1	1	0.05%
Between 30 and 50	3	9	0.31%
Over 50	0	2	0.10%

Unit	Admission	Dismissal	Turnover (%)
Packaging SC – Campina da Alegria	54	43	1.35%
Under 30	46	28	1.03%
Between 30 and 50	8	13	0.29%
Over 50	0	2	0.06%
Packaging SP – Indaiatuba	37	35	0.79%
Under 30	25	22	0.51%
Between 30 and 50	12	12	0.26%
Over 50	0	1	0.02%
Resin RS – Balneário Pinhal	3	6	0.54%
Under 30	3	2	0.30%
Between 30 and 50	0	2	0.24%
Over 50	0	2	0.24%
Habitasul Florestal	45	56	1.94%
Under 30	33	33	1.27%
Between 30 and 50	12	23	0.67%
Over 50	0	0	0.00%

Compensation and benefits

(102-7) We ended the year 2020 with 2,206 employees on our staff, 121, or 5.49% of whom are on leave. Of the total active employees, 99.71% are hired on a CLT (labor law) basis and 0.29% on a pro-labore basis. In the breakdown of the workforce, 92.42% are covered by collective bargaining agreements.

(103-2 and 103-3) With the support of expert consultants, we evaluate the Company’s regional practices and positions to guide our compensation and fringe benefit packages.

(202-1) The average of the lowest wages practiced is 0.89 for men and 0.87 for women of the minimum wage in force in Brazil on December 31, 2020. In relation to the total number of employees, 16.68% receive the job category floor wage.

(102-38 and 102-39) Proportionally, the highest-paid individual in the organization receives 34.98 in wages higher than the average of other employees. For the preparation of this data, the total annual remuneration was as follows: base salary + 13th salary + vacation pay. This same individual did not have a salary increase comparing 2019 with 2020 while the average of other employees increased 5.67%.



TOTAL PAYROLL VALUE
(IN R\$ MILLION)

R\$ 138 mi
in 2020



R\$ 150 million
in 2018



R\$ 135 million
in 2019

(405-2) PROPORTION OF WAGES PAID TO MEN AND WOMEN

	2018		2019		2020	
	Men	Women	Men	Women	Men	Women
Management	1	0.71	1	0.77	1	0.83
Administrative	1	0.73	1	0.88	1	0.83
Operational	1	-0.80	1	0.76	1	0.78

Note: For the presentation of this information we consider only the average of the base salary paid per job category. Men and women performing the same job in the Company receive the same wage. On average, men earn more by being the majority at all levels, impacting the highest leadership wages.

(401-2.A) BENEFITS GRANTED TO EMPLOYEES (IN R\$ ‘000)

	2018	2019	2020
Meals	11,931	12,047	11,065
Transportation	8,069	8,541	8,043
Life insurance	299	340	312
Health insurance	12,344	14,568	11,135
School Supplies and Day Care	*	68	130
Home Office	*	*	310
Gympass	*	*	44
TOTAL	32,643	35,496	31,039

Notes: Meals considers the sum of the amounts invested in employee meals and basic hampers. All benefits are offered to full-time or part-time direct employees, regardless of the type of contract. In 2020, two new benefits were offered to employees: Home Office, to help with food, light and internet costs; and Gympass, as an option for distance or in-person physical activity

Parental leave

(401-3.a) All employees are entitled to maternity/paternity leave upon presentation of supporting documentation. The information presented below is based on the number of direct employees active on 12/31/2020.

	Male	Female	General Total
(401-3.b) Total number of employees who took maternity/paternity leave, broken down by gender	66	16	82
(401-3.c) Total number of employees who returned to work after taking maternity/paternity leave, broken down by gender	66	16	82
(401-3.d) Total number of employees who returned to work after taking maternity/paternity leave and remained employed 12 months after returning to work, broken down by gender	71	16	87

(401-3.e) Note: in the period covered by this report, 82 employees took parental leave, 16 women and 66 men. 100% of them returned to work after their leave and continue in the workforce.



DECENT WORK AND DEVELOPMENT OF PEOPLE



GRI 103-1, 103-2, 103-3, 102-8, 102-36, 102-37, 401-1, 401-2, 401-3, 404-1, 404-2, 404-3, 405-1, 405-2

ISE Social Dimensions

programa
cresce

(103-2) The Cresce (Growth) Program comprises training and development actions for people aligned with the Company's strategies, designed to stimulate the constant development of employees' personal and professional growth, focusing on the demands of the areas and existing skills.

The skills we use as a basis for developmental actions are:

- **Life, First:** Ability to take care of oneself and others, prioritizing the life, health and safety of all.
- **Leadership:** Ability to engage and influence people to achieve differentiated and sustainable results, with simplicity, humility and balance.
- **Communication:** Ability to convey ideas, guidelines and opinions, clearly and assertively, using the means of communication available and appropriate to each audience. Capacity to listen and the capability to understand what is being communicated.
- **Culture of Excellence:** Oriented attitude to ensure excellence and continuous improvement of products, processes and services.
- **Teamwork:** Ability to combine everyone's efforts to achieve results through engagement and the sum of different profiles within the company.
- **Customer Focus:** Understand and anticipate clients' needs, empathize with them and take effective action to resolve/solve the client's demands, generating valuable relationships and loyalty.
- **Self-Development:** Commitment of each to the continuous quest for personal and professional development, using the different means of access to learning, both internal and external. One is the protagonist of one's own career.
- **Innovation:** Ability to act creatively by generating and implementing successful ideas in processes, products and service delivery.



Irani Corporate Education

This is how we capture knowledge, making it accessible, available and easy to understand. Segmented into three schools and their respective strategic focuses, our Corporate Education deepens the themes experienced in the Company every day by means of different teaching methodologies, stimulating a culture of continuous learning and career protagonism.



At the same time, it strengthens our roots and technical bases, striving for excellence.

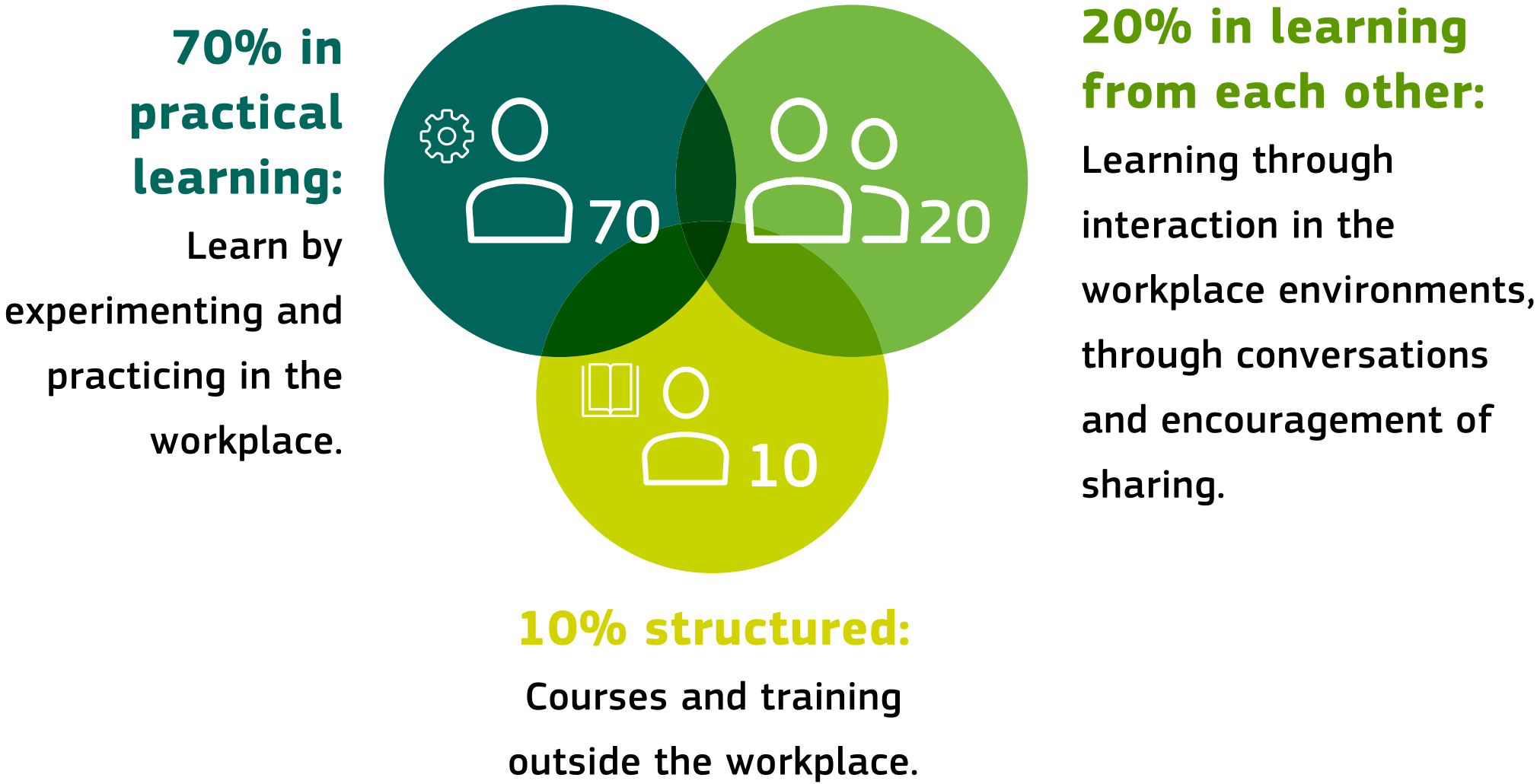


It instigates our thinking and doing as a strategy to embrace the future.



It encourages one's own leadership qualities, leading us into the future.

We are focused on adult learning, introducing teaching methodologies according to each demand, whose premise is to work on training and development actions, focusing on the 70-20-10 learning experience.



(103-3) The Executive Board evaluates the results of this initiative and is advised by a specific committee to develop educational solutions appropriate to our business strategy.

(404-1) AVERAGE HOURS OF TRAINING PER JOB CATEGORY

Hierarchy level	2018			2019			2020		
	Total class hours	No. of employees	Average hours of training	Total class hours	No. of employees	Average hours of training	Total class hours	No. of employees	Average hours of training
Management	6,297	161	39	9,350	138	68	6,747	144	47
Administrative	9,419	410	23	15,071	476	32	14,074	554	25
Technical	8,226	179	46	0	0	0	0	0	0
Operational	37,231	1,670	22	35,460	1,511	23	47,958	1,547	31
TOTAL	61,174	2,420	25	59,881	2,125	28	68,778	2,245	34

(404-1) AVERAGE HOURS OF TRAINING PER GENDER

	2018			2019			2020		
	Total class hours	No. of employees	Average hours of training	Total class hours	No. of employees	Average hours of training	Total class hours	No. of employees	Average hours of training
Female	8,390	358	23	9,191	327	28	14,807	388	38
Male	52,954	2,062	26	50,690	1,798	28	53,972	1,857	29

INVESTMENTS (IN R\$ '000)

	2018	2019	2020
Investment capacity-building and development	1,154	1,231	1,240
Incentives to education through grants	459	283	243

In 2020, to strengthen the learning culture through Mentoring and Succession Programs, we conducted the Go-live Succession module in the SAP/SuccessFactors ERP. To reinforce the role in the career with the Self-Development Week we organized the “Self-Development Month.” We designed new capacities in the distance education format, adapting in the face of the pandemic. In 2020, we offered 21 online courses on the Distance Learning Platform and conducted Leadership Development sessions 100% online.

Encouraging reading

We run two physical libraries: one in Vargem Bonita (SC) and one in Porto Alegre (SC) with rich collections available to any employee. In the other units, the reading collection is made available through regular sending of books to specific and accessible spaces.



programa motiva

(102-43, 102-44) EThe following is our definition of organizational climate management. In this program, we bring together a set of initiatives aimed at providing a stimulating and motivating workplace environment so that people can develop their full potential. We believe that this stimulus assists employees in identifying with us, along with a feeling of shared responsibility for the Company's growth.

The Program's main tool is organizational climate research. Applied annually, starting in 2021, and in accordance with the Great Place to Work® methodology, it indicates the level of satisfaction of our teams in relation to various aspects of work, such as interpersonal relationships, communication, leadership style, development opportunities, recognition, Company image, compensation, and health and safety.



The developments based on this diagnosis derive from management, who prepare corporate action plans, and by units in all areas, which outline ways to improve each enhancement opportunity that is brought to their attention. **We also set up climate management support groups in all the business units, which act as spokespersons for employees and support leaders in the implementation of the action plans.**

To maintain employees engaged in building a better organizational climate, we continued the #cultivo clima campaign, celebrating the commemorative dates for employees who have been working in the factories and for those who started activities in the home office format due to the Covid 19 pandemic.

In this regard, it is important to note that none of the Company's cultural actions

were interrupted in 2020. A lot of creativity and effort from the leadership and climate management support groups was made to integrate people and bolster the connection to the values and camaraderie characteristic of the teams. Examples are the annual tribute to employees for length of service, the celebration of the company's anniversary and employees' birthdays, the design of policies for a better home office work model (such as a climate survey dedicated to these employees), and the adoption of practices such as internet help and the purchase of chairs so that the employees can work from home in a more ergonomic manner.



programa
supera

For 10 years, the Supera (Overcome) Program has stimulated personal and professional development through a series of structured actions designed to evaluate employees based on the development of skills and achieving results. Thus, it provides opportunities for self-knowledge, strengthening of the feedback culture, stimulation of productivity, talent identification and a recognition of differentiated performance levels.

In 2020 the Program underwent reformulation, with a well-defined division along the two Skills and Results axes.

The Supera Results program is related to our value of challenging and appreciating people and aims to stimulate productivity, in search of expected results, recognizing distinguished performance. It is through this program that we

challenge ourselves, setting our targets and continually developing ourselves to achieve them, focusing on operational excellence and value creation. The targets are established together with the teams and monitored on a monthly basis. Annually, the results achieved are consolidated. This determines the final performance rating and the bonus range, limited to 150% of nominal salary.









Supera Competências (Competencies) aims to stimulate the personal and professional development of employees, provide opportunities for self-knowledge, strengthens the feedback culture, stimulates productivity, identifies talents and recognizes differentiated performances.

The competences assessment process consists of formal feedbacks between

leaders and subordinates, recorded via the system, permitting a look at the skills, at the results, as well as allowing at this moment their registration or maintenance of the individual development plan. Skill assessments are specific to each hierarchical level:

Who evaluates?	
Leadership	Self-assessment
	Immediate superior
	Subordinates
	Peers
Administrative/ commercial/ technical	Self-assessment
	Immediate superior
	Peers
Operational	Self-assessment
	Immediate superior

HERE ARE THE COMPETENIES OF EACH GROUP:

Competences	 Life, first	 Client- -focu- -sed	 Culture of Excel- -lence	 Innova- -tion	 Self de- -velop- -ment	 Team- -work	 Commu- -nication	 Leader- -ship
Operational	✓	✓	✓	✓	✓	✓		
Adm/Commercial	✓	✓	✓	✓	✓	✓	✓	
Leadership	✓	✓	✓	✓	✓		✓	✓



(404-3) PERCENTAGE OF EMPLOYEES WHO PARTICIPATE IN THE SUPERA PROGRAM

	2018			2019			2020		
	Male	Female	TOTAL	Male	Female	TOTAL	Male	Female	TOTAL
Leadership	6%	1%	7%	5%	1%	6%	6%	1%	7%
Administrative	7%	6%	13%	21%	8%	29%	12%	8%	20
Technical	1%	9%	10%	*	*	*	*	*	*
Operational	59%	5%	64%	55%	1%	60%	63%	4%	67%
TOTAL	73%	21%	94%	82%	13%	94%	81%	13%	94%

Note: retired persons, young apprentices, trainees and new employees admitted after December 15 do not participate in the Program Note: from 2019, with the implementation of the new ERP, we discontinued the “technician” hierarchical level.



OCCUPATIONAL HEALTH AND SAFETY



GRI 103-1, 103-2, 103-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10
ISE Social Dimensions

programa
cuida

(103-1, 103-2, 103-3, 403-1)

This represents our commitment to life. The program is part of our occupational health and safety system and aims to ensure that working conditions are appropriate and safe

for employees and service providers, while strengthening the company’s occupational health and safety culture. The activities are carried out on the following fronts:

- 

Legal Assistance
- 

Communication, Programs and Campaigns
- 

Management
- 

Standardization and Training
- 

Appreciation
- 

Penalties



Legal Assistance

At Irani, we have made a commitment in the form of a value: **life, first.**

(103-1, 103-2, 403-1.a, 403-1.b, 403-8.a) Based on Administrative Ruling no. 3.214/1978 (Regulations), the Cuida (Care) Program is how we have converted this value into a set of occupational health and safety management policies, procedures and practices, providing safe and appropriate conditions for all the employees and regular service providers to perform their activities. Non-habitual service providers require work permits, subject to criticality analysis conducted by our SESMT (Specialized Safety Engineering and Occupational Medicine Service) team.

(403-1, 403-2.a.i) At all our business units, our SESMT teams have a number of members that exceeds the requirements

under NR4, adding up to a total of 26 direct employees and six service providers. With continual training in matters related to health, safety and well-being, these teams are dedicated to complying with some 400 laws and close to 2,500 occupational health and safety requirements that apply to our businesses.

(403-3.a) During the working day and while performing their activities at our facilities, the health teams are available to the employees and service providers. Whenever necessary and according to the severity of the case, our teams also take responsibility for transportation to specialized centers and accompanying the medical treatment. In addition to the services provided by the SESMT teams, we offer medical and dental insurance coverage for direct employees and their dependents.



Communication, Programs and Campaigns

(403-3.a) Information related to occupational health and safety is presented during the integration of employees and service providers, in periodic tests, in the dissemination of preventive campaigns, in management and theme-based meetings, during In-House Prevention of Occupational Accidents Week (SIPAT) and in the recording of monitoring reports, confirming the full availability of services to all employees.

(403-6.b) Health and Safety Dialogues (DSS) and in-house campaigns support our health and safety culture. Several DSSs and 17 in-house campaigns were conducted in 2020, in addition to reinforcement of the preventive campaigns by the Federal Government and Health Surveillance, in relation to Covid-19.

We also have other mechanisms in place to strengthen this culture, such as:

- **Medical and dental assistance plan:** extended to all direct employees and their dependents.
- **(403-2.c and 403-6.a) CID-M medical certificates:** these are evaluated by the in-house physician, who assesses whether to communicate the situation to the management, with a view to limiting or changing the work activities or even preventive leave of absence for the employee, with the assurance they will not suffer any retaliation. In 2020, we adopted a more critical stance with regard to the evaluation of ICD-M certificates, with a detailed analysis of sectors, functions, repetition and days of absence, to be able to take action as close as possible to real time in response to the principal causes of leave of absence.
- **(403-6.b) Aptitudes according to the special activities:** for employees who reveal some kind of limitation regarding specific work, such as at height, in confined spaces or operating mobile equipment. We focus on rehabilitation for these types of jobs, monitoring factors such as weight, blood glucose and blood

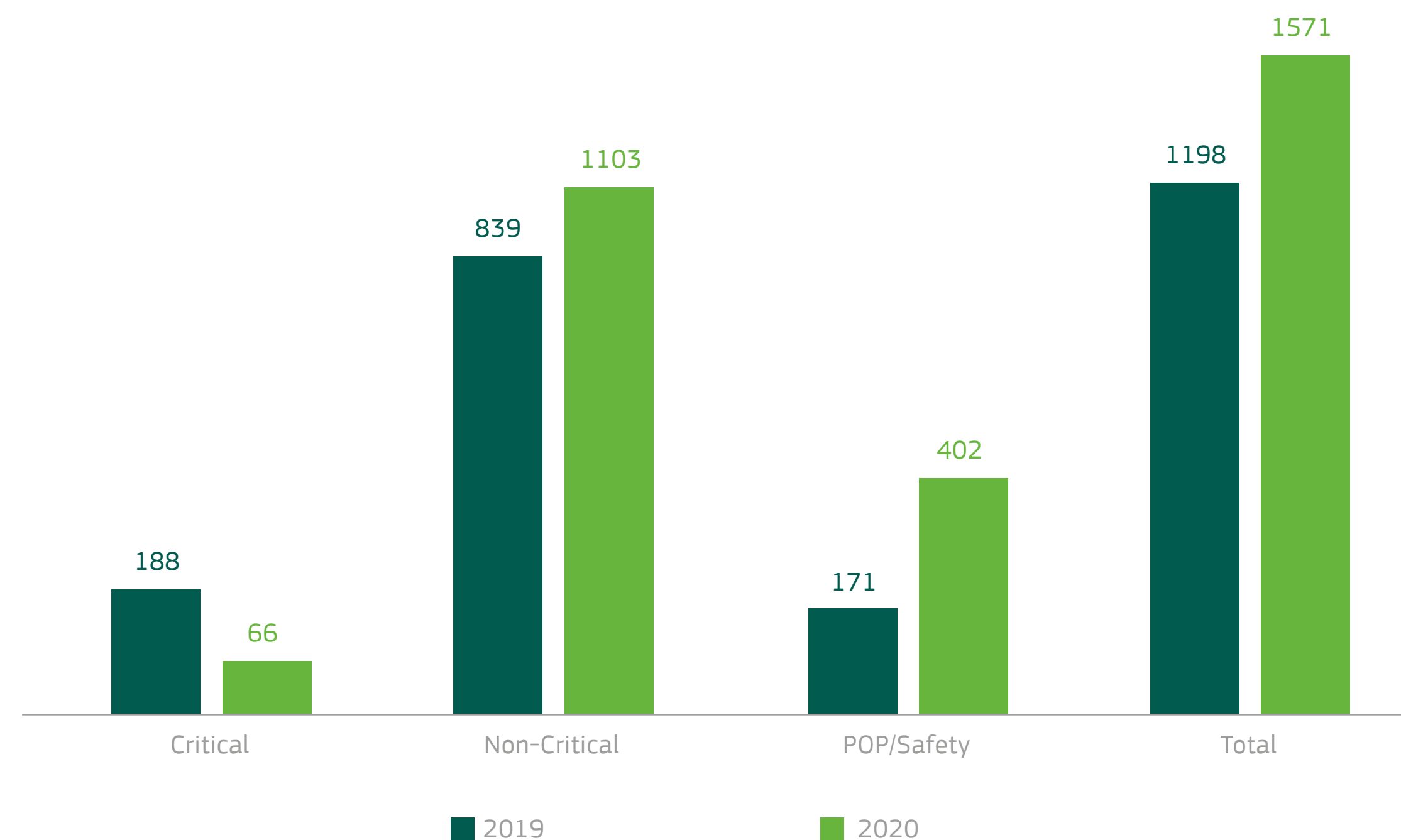




pressure. In 2020, 97 individuals, diagnosed with hypertension, diabetes or obesity, were monitored.

- **(403-6.b) Hyperdia:** employees diagnosed with hypertension or diabetes are regularly monitored, as a preventive measure against the need to take leave.
- **Hearing Conservation Program:** we maintain the records of our employees' exposure to noise within an industrial environment up to date. The necessary action is determined under the Hearing Conservation Program, according to the assessments presented under the Environmental Risk Prevention Program.
- **Observation and Prevention Program (POP):** under this program, the health and safety team seeks, through routine behavioral auditing, to identify safety deviations and acknowledge employees who are adopting correct and appropriate behavior. In 2020, we extended the POP to the other units, as one of the key accident prevention measures.

POP – OBSERVATION AND PREVENTION PROGRAM



Note: in 2019, the Observation and Prevention Program was applied as a pilot project only for the SC Paper and Packaging units.



Management

We employ software for health and safety management. Integrated with the company’s new ERP system, it provides one of the best solutions available in Brazil, enabling us to perform full occupational health management, from hiring to severance.

Using this software, we also feed in all safety-related issues, including all reports and programs, such as the PCMSO and PPRA, as well as all the physical, chemical, biological and ergonomic risks at the units that already issue ergonomic reports. This also made it possible to carry out the first electronic voting for the management of the In-House Accident Prevention Committee (CIPA).

(403-4.a e 403-4.b) Formal committees represent the employees and assist in the determining, implementation and monitoring of health and safety practices.

Committee	Representation	Responsibility	Degree of autonomy to interrupt operations	Meeting frequency
In-House Accident Prevention Committee (CIPA)	As provided by law. Extra places are filled by professionals appointed by the company.	As provided for in the law.	Respecting the provisions in the legislation. Members may at any time interrupt an operation when unsafe conditions or behavior are ascertained.	Monthly
Emergency Brigade	100% of the employees on all work shifts.	Identification of situations that could lead to occupational risk scenarios and emergency response.	Total, while attending to emergency events.	Monthly
Ergonomics Committee	Occupational medicine and management.	Management of AET for the prevention of musculoskeletal disorders.	Total, as required.	Monthly
Breakfast on Safety	Management, occupational health and safety.	Discussion, at the macro level, of matters related to occupational health and safety.	Total, as required.	Quarterly
Medical Certificate Critical Analysis Committee	Management, occupational health and safety.	Analysis of the main causes of leave, so as to take necessary action.	Total, as required.	Monthly

Note: in 2019, the Health and Safety Patrol took over the activities of the Noise and Ergonomics Committee (CIRE).

(403-2.a.ii, 103-3) Every month, the Executive Board examines the strategic health and safety indicators:

- Number of accidents involving time off work
- Severity rate
- Frequency rate
- % of CID-M medical certificates
- % legal compliance
- % of employees trained in regulatory standards (NRs)
- % regular tests overdue
- % of safety procedures drawn up and disseminated

Consequently, they take responsibility for pointing out ways to improve our form of governance regarding the subject, monitoring our performance with a view to achieving the company goal of zero accidents.

Health and safety indicators are regularly monitored by our SESMT teams at all the units:

(403-9)	2018		2019		2020	
	Direct Employees	Service Providers	Direct Employees	Service Providers	Direct Employees	Service Providers
Number and rate of fatalities as a result of work-related injuries	1 fatality Severity rate: 1,441.22	1 fatality Severity rate: not available	0	0	0	0
Severity rate¹	362.33		235.15		79.75	
Number and rate of injuries without time off work	16 accidents not involving time off work		32 accidents Rate: 7.26		29 accidents Rate: 8.50	
Number and rate of injuries involving time off work	74 accidents involving time off work	Not available	51 accidents Rate: 11.58	Not available	29 accidents Rate: 8.50	Not available
Number of man-hours worked*	5,561,273 hrs		4,843,445 hrs		3,410,670 hrs	
Main types of work-related injury	Upper limbs		Upper limbs		Upper limbs	
Work-related hazards that pose a risk of serious injury²	Assessment of risks through NR12 report on machinery and equipment. The lack of physical protection and barriers and operational procedures contributed to the registering of occurrences over the course of 2018. For this reason, we devoted ourselves to a thorough review of the operational procedures and investments required to ensure the safety of the personnel and we remain firm in our commitment to ongoing training and annual retraining.					

1. The severity rate is calculated considering (MHW*1,000,000/number of accidents)

2. Information about serious injuries is not available

(103-3, 403-1, 403-8.a.iii and 403-8.c)

Internal, external and client audits and certification such as ISO and FSC®, as well as licenses granted by the appropriate regulatory bodies, ensure the effectiveness of the occupational health and safety management procedures, thus contributing to a deeper examination of the ways we deal with risks and the means to mitigate them.

(403-4.a) This move is also aimed at ISO 45001 certification by 2024. At the same time, we continued to investigate accidents and other measures, which has led to a reduction in both the number and severity rate of incidents.

(403-8.a.i) Regular and non-habitual service providers receive initial orientation, participate in the health and safety activities at the industrial units and are included in the incident records





Standardization and Training

(403-3.a, 403-5.a) As of 2020, the identification of occupational health and safety training requirements is being conducted using software and segmented by function.

Due to the Covid-19 pandemic, during 2020 we completed 88% of the training in regulatory standards. We adopted a hybrid methodology, in regard to this subject, with structured training using the Irani learning platform, where employees do the theoretical part online, while the practical part is up to the in-house instructors.

The applicable regulatory standards guide the content of the training, which is free of charge and conducted during the working day whenever possible. Around 90% of the training is conducted by our own teams. The rest involves training in electrics and boilers and is conducted with the support of outside professionals or in specialized training centers.



Appreciation

Appreciation of appropriate health and safety practices and behavior was one of the management cornerstones in 2020. Consequently, during the SIPAT 2020 event, formal appreciation was shown towards eight outstanding areas and seven employees. The recipients were evaluated according to specific criteria associated with safety perceptions. The name of the outstanding employee at each unit was approved by management. In the case of the different areas, the number of incidents was considered, including accidents that did and didn't involve time off work, and number of working days lost, as well as other incidents reported during the course of 2019.



Penalties

Furthermore, in 2019, we registered all behavioral irregularities and applied appropriate disciplinary action in cases of non-compliance with the prevailing standards.

The health and safety culture has been consolidated, with the implementation of programs aimed at cutting down on the number of accidents and their severity rate, with a view to achieving a zero rate within 10 years. Mapping and risk analysis was carried out on 225 routine and non-routine activities. As for the Business Intelligence of health and safety indicators, there has been a change in the management strategy for monitoring indicators and this is currently in the development stage. In 2020, an investment plan amounting to around R\$ 2.7 million was followed up with work to implement safety systems and devices at all the business units.

Covid-19 Contingency Plan

Amidst the pandemic that hit in March 2020, the SESMT presented a Covid-19 Contingency Plan. The activities were carefully conducted to ensure the physical well-being of the employees and the larger community, the 12 most notable of which were:

- 1 Eliminate domestic and international business trips.
- 2 Avoid private travel and places where people agglomerate.
- 3 Cancel or reduce outside visits to Irani.
- 4 Cancel or reduce visits of any kind to the Irani units.
- 5 Evaluate the structure for cleaning equipment – hygiene product dispensers.
- 6 Eliminate physical contact between employees (e.g.: greeting with a handshake, hug or kiss).
- 7 Avoid sharing objects that are for personal use.
- 8 In the case of returning from an international trip, whether on business or private, observe the 14-day quarantine period before returning to work.
- 9 People aged 60 and up, pregnant mothers and young apprentices should adopt the “home office” regime, whenever possible, or undergo individual assessment.
- 10 People suffering from illnesses such as hypertension, diabetes, chronic respiratory diseases, cancer or cardiovascular problems were to be individually assessed for the “home office” regime or given leave of absence from their activities.
- 11 To reduce the flow of people at the units and thereby reduce Covid-19 contagion, it was recommended that the activities of the administrative areas be carried out under the “home office” regime.
- 12 Employees with Covid-19 symptoms must not come to the company and are instructed to contact the health system, following the municipal guidelines.

To enter Irani's units, washbasins and taps for hand hygiene were installed, as well as the required use of gel alcohol, before accessing the premises.

For indispensable suppliers to our processes, a screening questionnaire was applied by trained professionals. Consequently, a supplier arriving at Irani and having any cause for impediment pointed out, regarding the assessed items, would then be released from performing the activity at Irani, as priority is given to collective health and safety.

The measuring of body temperature was one of the steps adopted by the company. At the Santa Catarina Paper, Packaging and Forestry Unit, which has the largest number of employees and suppliers, the measuring is done using a monitoring camera, installed at the entrance, which is managed by software that stores the evaluation data record. The

measurement is performed on two occasions: the first is when the employee arrives at Irani and the second, at the end of the working day, when the employee heads towards the exit, in compliance with the Health Inspection requirements.

Quickly announced by the World Health Organization, the use of fabric masks was a necessity adopted in the new form of day to day living among other people. On that basis, Irani made kits available to all employees, containing eight fabric masks and alcohol gel.

As a preventive action against the spread of the SARS-CoV-2 virus in our work environment, the sanitization of the various environments, recommended by official health agencies, was one of the more notable activities.

Due to the instructions to avoid agglomerations, the technical team began working on a

solution, to adapt itself to this new way of working and train the employees, to ensure everyone's safety. One measure adopted was a hybrid training format, conducting the theoretical part on a learning platform and the practical part in the presence of a technical instructor, according to level of proficiency.

The monitoring of employees testing positive for the SARS-CoV-2 virus is performed by the Occupational Health area. After completing the quarantine determined under the Covid-19 Contingency Plan and showing a negative test, the employee thus returns as soon as possible to his or her usual activity.

The Covid-19 Bulletin was also introduced on a daily basis, whereby quantitative information is disclosed to management about the number of personnel at each unit who are active, under observation or cured.

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Publication of a Covid-19 newsletter also was adopted on a daily basis, through which managers received quantitative information on the number of people in the company who were actively working, under observation or had been cured.



BULLETIN COVID-19

	General	Campina da Alegria	Indaiatuba	Balneário Pinhal	Santa Luzia	Porto Alegre	Joaçaba
Monitored Total number of people with symptoms and suspected	858	524	106	111	98	8	11
Released from Monitoring After 7 or 14 days in isolation	844	518	104	108	95	8	11
Isolated Presented symptoms and are in isolation	14	6	2	3	3	0	0
Discarded Negative result for Covid-19	357	247	28	26	49	4	3
Suspected Awaiting exam results	8	3	2	3	0	0	0
Confirmed Positive exam for Covid-19	182	100	29	15	28	4	6
Cured Released from positive category	174	97	27	15	25	4	6
Active Covid-19 confirmed, in recovery	8	3	2	0	3	0	0

NOTE: data refers to 2020, consolidated on 12/31/2020.


HUMAN
CAPITAL

FUTURE CHALLENGES AND COMMITMENTS

- Design and approve a model for Succession at Irani.
- Develop a Mentoring Program.
- Prepare a 2nd edition of the Self-Development Month for 2021.
- Implement continual integration in the areas with the highest turnover.
- Expand the designing of online solutions, addressing important subjects, and increasingly design learning solutions, aligned with the business strategy.
- Conduct the GPTW® Organizational Climate Survey in 2021 and persist in the goal of attaining an overall 76% satisfaction rate.
- Keep strengthening the health and safety culture and continue to seek a reduction in the accident frequency rate and severity rate.
- Consolidate the health and safety programs already implemented.
- Zero work accidents involving lost time, by 2030.
- By 2030, 40% women in the company staff and 50% women in leadership positions.
- Develop the management of the Corporate Culture.



INTELLECTUAL CAPITAL

INNOVATION 102



INNOVATION



GRI 103-1, 103-2, 103-3

Intellectual Property Policy

Kicking off a new cycle of prosperity, in which innovation plays an essential role, we introduced our Intellectual Property Policy (PPI), a set of guidelines and procedures regarding confidentiality, ownership, transfer and licensing of technology. The objective is to stimulate the development of innovative projects, improving the utilization of our internal capabilities and the opportunities for cooperation, as well as protecting the knowledge generated.

One of the subjects raised by the PPI is the importance of ensuring the confidentiality of strategic information, particularly in regard

to inventions and research developed by the company, whether in-house or in partnership with third parties. On another front, it sets out clearer rules regarding the sharing of benefits in relation to intellectual property, which includes any economic gains from commercial arrangements.

To facilitate understanding and application of each item by different audiences, we have prepared a booklet showing the guidelines and practices and have conducted a series of specific training sessions, with employee participation, which has since been incorporated into the integration of all new employees joining the company.



Technology Platforms

Supporting the commitment to deliver excellence through the promotion of a culture of innovation and of Research, Development and Innovation (RD&I) projects, during 2020, 16 topics were given priority and 35 projects were developed using the four technological platforms: Forestry & Resin, Pulp & Paper, Corrugated Fiberboard and Environment & Energy. The total investment during the period amounted to R\$ 3,451,531.86.

Of the 35 innovative projects and initiatives

spread over the four technological platforms, 14 are under development, 11 are in the research phase, three are being conceived and two are being monitored.

All projects were carried out by means of in-house efforts and open innovation partnerships with suppliers, universities, technological incubators, professional bodies, startups, government and centers for research and innovation, subject to approval and monitoring

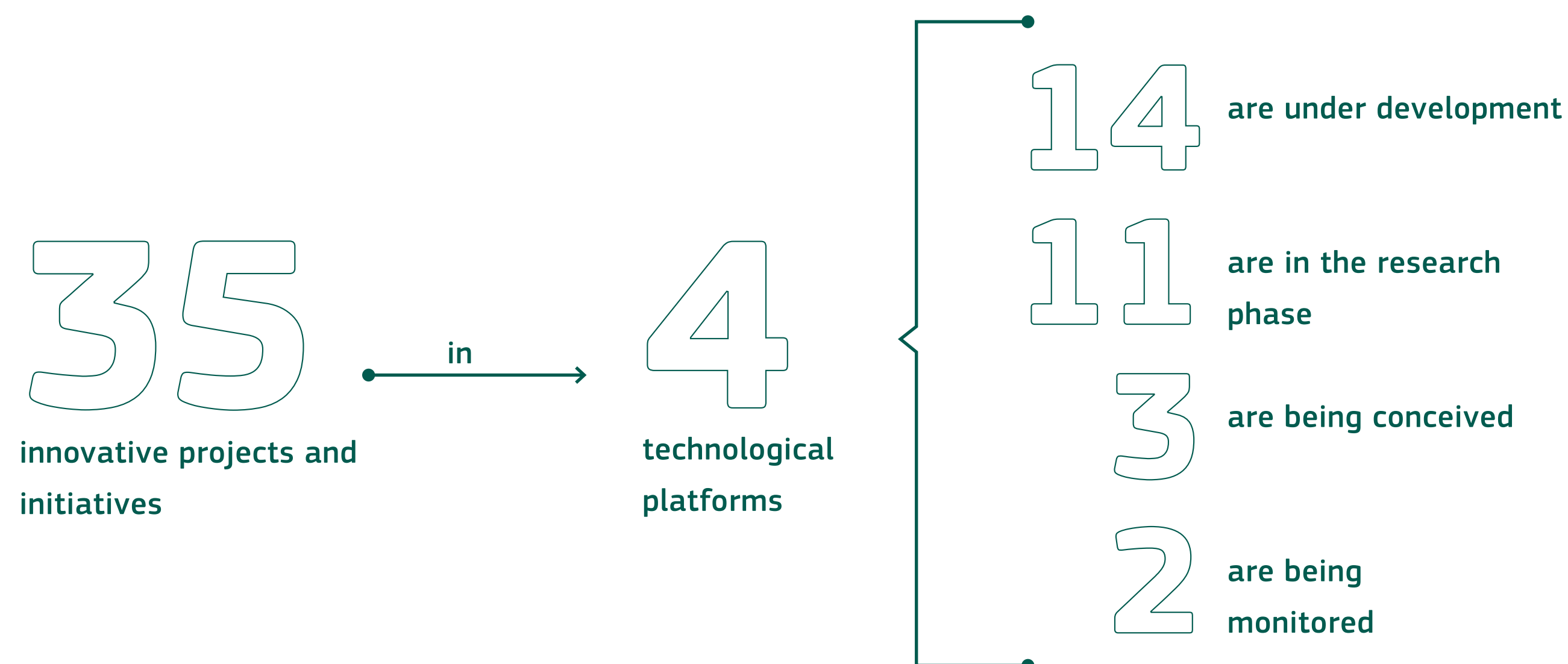
by the Innovation Committee, comprising the members of the Executive Board and the Business Managers, with the mission of setting up priority lines of investment in Research, Development and Innovation (RD&I) for our businesses. The Innovation Committee meets regularly to monitor and direct the projects and the initiatives generated by the Technological Platforms, which work as tactical and operational groups, identifying opportunities, planning and implementing RD&I projects.



Irani Labs

In October 2020, with a view to strengthening open innovation and connection with the ecosystem, we launched Irani Labs, a startup connection program. The objective is to develop new solutions for products, services and processes, as well as giving projects developed by entrepreneurs a boost.

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ecosystem, we launched Irani Labs, a startup connection program. The objective is to develop new solutions for products, services and processes, as well as giving projects developed by entrepreneurs a boost.

Developed in partnership with startup accelerator and investment manager Grow+, Irani Labs has been set up to seek innovative technological solutions in the market, helping Irani to continue along its innovative path, which has already been blazed by means of growing interaction with universities, centers of innovation, technology parks and business incubators.

Startups have been invited to present projects focused on five topic areas defined as priorities, as follows:

The topics were developed on the basis of the company's commitment to the pillars of business sustainability: strengthening and expanding the company's current business, laying the foundations for new emerging businesses and creating options for future business. Among the technologies inspiring the projects are artificial intelligence, RFID, Blockchain, IoT, QRCode, augmented reality and 3D printing, among other options, such as technologies aimed at the circular economy.



Waste management

Digital and technological solutions that change the way Irani manages and uses its waste.



Scrap paper collection and management

Solutions aimed at new ways to collect the wastepaper that is available in the market, reducing to a minimum the time taken to return packaging to the industry.



Forest technologies

Solutions that enable improvements in the control, management and growing productivity of forested areas.



New products and services

Digital and technological solutions that enable different ways of relating to the customer, other manners of doing business or even new products and services, contributing to important business areas, such as commercial packaging in a digital environment.



New business models

Innovative solutions that contribute to the development of new business models for Irani, including reaching new audiences and market segments, new sales formats and new business formats.

We have had more than **4,860 accesses** to the program's landing page, with **12 insertions** in the media, and have reached more than **555,440 people** on social networks and **11** different participating states. In all, **130 registrations** have been made, with **87 startups** registered, **10 selected** and **three finalists** for the development with Irani of Proof of Concept

inovaideias

Through this initiative, we foster a culture of innovation, encouraging our employees to contribute to generating value for the company by means of the presentation and application of ideas.

In 2020, the Inova Ideias Program completed one year of digital transformation, moving its entire structure to a more practical modern online platform for sharing ideas. This year we also launched the “Buying ideas” methodology. Until

2019 we were remunerating ideas on the basis of the operating result, monitored over a full year of implementation. Under the new format, we take on the risk, betting on the potential result of the idea, which means calculating the potential of the idea and immediately purchasing the idea, with the employee receiving payment even before it is implemented, based on a table of value ranges. During the year, we promoted online awareness and engagement through internal dissemination, creativity workshops and training.

Since the beginning of this initiative, **6,073 ideas** have been submitted and **437** were applied, with **320** yielding qualitative gains and **117** quantitative gains. In 2020, **242** ideas were submitted, and we paid **R\$ 22,318** to the originators of ideas that yielded a financial or operational return to the company of approximately **R\$ 1.2 million**.





Prof. Yara Conceição Nicoletti

Digital Transformation

In alignment with our Strategic Planning for the 2018-2027 cycle and seen from the Information Technology perspective, we achieved our objectives with the completion of the Simplify Project and are better prepared for the future, with an innovative technological platform to ensure the growth of our business.

During 2020, we continued the digital transformation process begun in 2018 with the implementation of SAP S/4HANA technology as our main ERP. Using agile methodology for our project management, we implemented a Bimodal IT concept wherein, according to Gartner, IT now has two modes: Mode 1 – Focused on the known and traditional; and Mode 2 – Focused on the New, Agile and Transformative. Consequently, an IT Governance and Digital Optimization area was established, where we conduct agile digitization projects, such as: Robotic Process Automation (RPA), Virtual Assistants and Chatbots using Artificial Intelligence, Machine

Learning and Omnichannel and we invested in Hyperautomation, using several other types of technology and innovation.

In 2020 we also implemented one of the world's largest RPA robotics platforms – Automation Anywhere – which enabled us to set up a Digital Workforce.

Our first digital worker was the lara bot, inspired by Prof. Yara Conceição Nicoletti, first director of Colégio Campina da Alegria and also given her name to an Irani-owned Private Natural Heritage Reserve (RPPN). We came up with laraBot in tribute to Yara (based on the Portuguese acronym I.A.R.A. – the English translation follows a difference sequence):

A - Artificial

I - Intelligence

A - in Advanced

R - Robotics

Bot - a shortened form of Robot

By the end of 2020, laraBot was working 274 hours a month, up to four times faster than the conventional task of addressing five business processes ranging from Finance to Taxation.

We also developed Sofia (inspired in the Greek word meaning Wisdom), our first virtual assistant serving people in-house at Irani and Habitasul via chat, Mundo Irani, Habweb, Qualitor and WhatsApp and providing IT and Legal services.

This resource uses artificial intelligence and machine learning and operates on the multichannel concept.



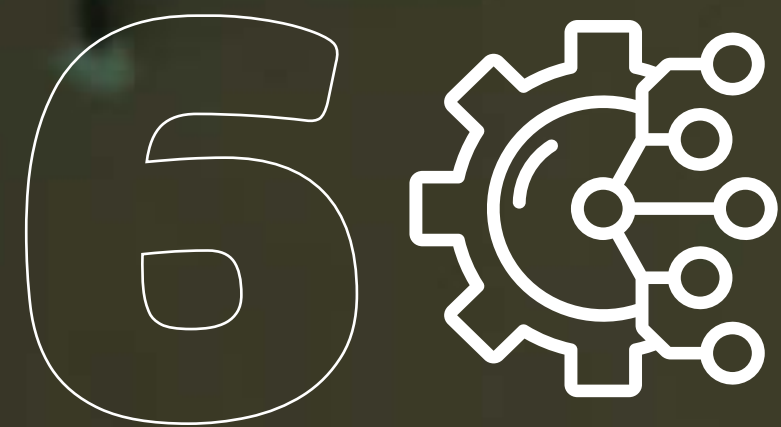


INTELLECTUAL
CAPITAL

FUTURE CHALLENGES AND COMMITMENTS

- Consolidate the innovation culture.
- Increase investments in RD&I.
- Expand the implementation of new ideas.
- Strengthen the open innovation strategy.

Digital Optimization through a digital workforce, by means of robots, digital assistants, artificial intelligence, hyperautomation systems and industry 4.0 that facilitate enhanced business performance.



MANUFACTURING CAPITAL

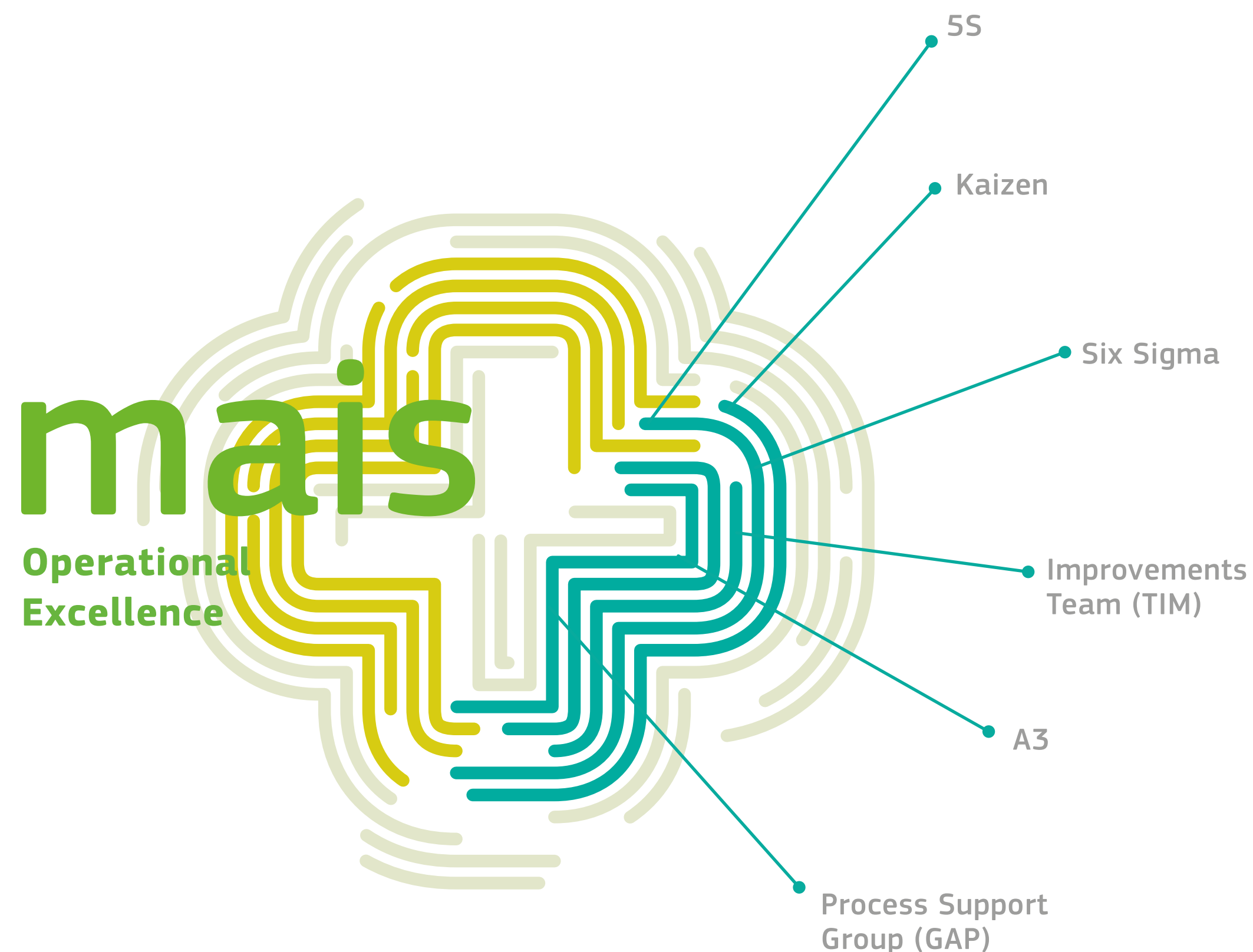
FOREST STEWARDSHIP, MANAGEMENT AND PRODUCTIVITY	110
PRODUCT QUALITY AND EFFICIENT, RESPONSIBLE PRODUCTION	119
ENERGY EFFICIENCY	125



programa mais

(103-1) We strive for operational excellence through the “Mais (More)” Program, by reducing wastage and adding value to our processes, products and services, strengthening the Lean culture and applying methodologies and tools for continual improvement of the delivery. In 2020, we set 75 new productivity records across all our business lines.

We began the Lean journey in 2010, focusing on dissemination of the culture, adopting the methodologies and making continual improvements in our performance. Over the course of these 10 years under the program we have already achieved:



149
Kaizen weeks

50
Employees with Green Belt certification

48
Belt projects

R\$ 13.4 mi
return on improvement projects



FOREST STEWARDSHIP, MANAGEMENT AND PRODUCTIVITY



GRI 103-1, 103-2, 103-3, 304-1, 304-2, 304-3, 304-4

SASB RR-FM-160, RR-FM-210, RR-PP-430 and RT-CP-430

ISE Nature of the Product and Environmental dimensions

(103-1 | RR-PP-430 and RT-CP-430)

With the basis on sustainability, the stewardship of the forestry operations is 100% certified by the FSC®, thus ensuring that the operational practices are:

Environmentally appropriate

- Protection and conservation of High Conservation Value Areas (HCVA).
- Adoption of best practices for identifying, controlling, minimizing and mitigating environmental impacts.
- Conservation of biodiversity.

Socially beneficial

- Respect for workers' rights.
- Respect for local communities.
- Dialogue and strengthening of our relations with the local communities in the vicinity of our operations.

Economically viable

- Develop markets, adding value.
- Enable equitable access to the benefits of the forests.
- Guarantee the supply of wood and resin from renewable plantations.

(103-2) The forest landscape is formed by mosaics of cultivated forest and preserved native vegetation, which together form ecological corridors whose main function is to ensure connectivity between adjacent areas for the local fauna and flora. The operations are based on the micro-planning of each step and are backed up legally by the monitoring of the health, safety and environmental compliance, while also monitoring the operational efficiency using management indicators.

(103-3) We verify the effectiveness of our management by monitoring the biodiversity and operational health and safety indicators and conducting inventories to measure the forest growth.



Altogether, there are 33,797.65 hectares of land, of which 82.7% are in the state of Santa Catarina and 17.3% in Rio Grande do Sul.

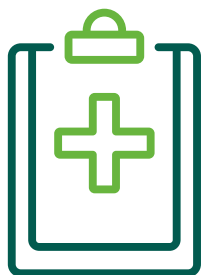
MAIN MANAGEMENT INDICATORS



Operational
Quality



Forest
Biomass
Production
and Quality



Occupational
Health
and Safety
training



Monitoring of
environmental
impacts



Engagement
with
stakeholders



We have published a Public Summary of the Forest Management of our areas in Rio Grande do Sul and Santa Catarina, which is available online at

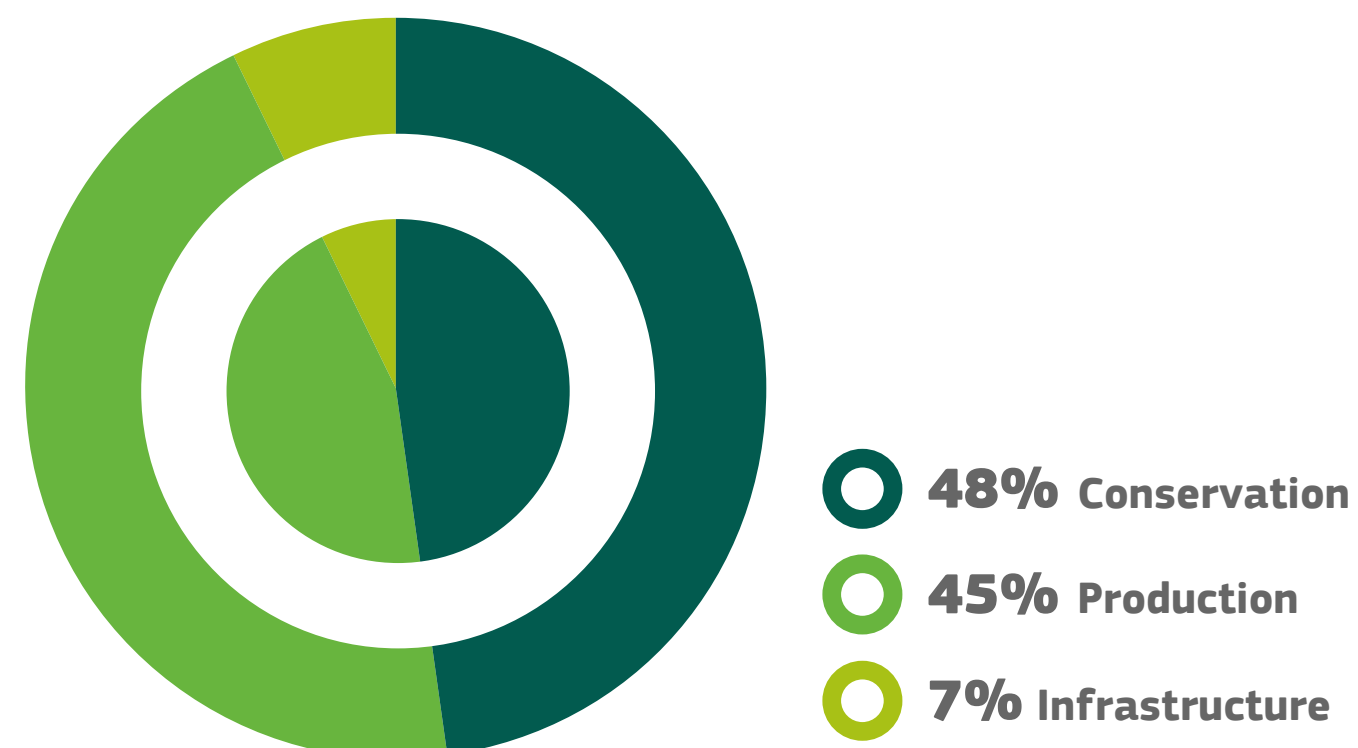


The Forest Management Public Summary is a transparent tool for our stakeholders and covers topics such as: forest stewardship, management and protection, biodiversity, monitoring and channels for contact.

Our forests in Santa Catarina

Our forest base in Santa Catarina covers 27,900 hectares and is distributed across the municipalities of Água Doce, Catanduvas, Vargem Bonita, Ponte Serrada and Irani. Of that total, 15,600 hectares is planted forest, with 14,000 hectares of pine and 1,600 hectares of eucalyptus.

LAND USE AND OWNERSHIP BASE

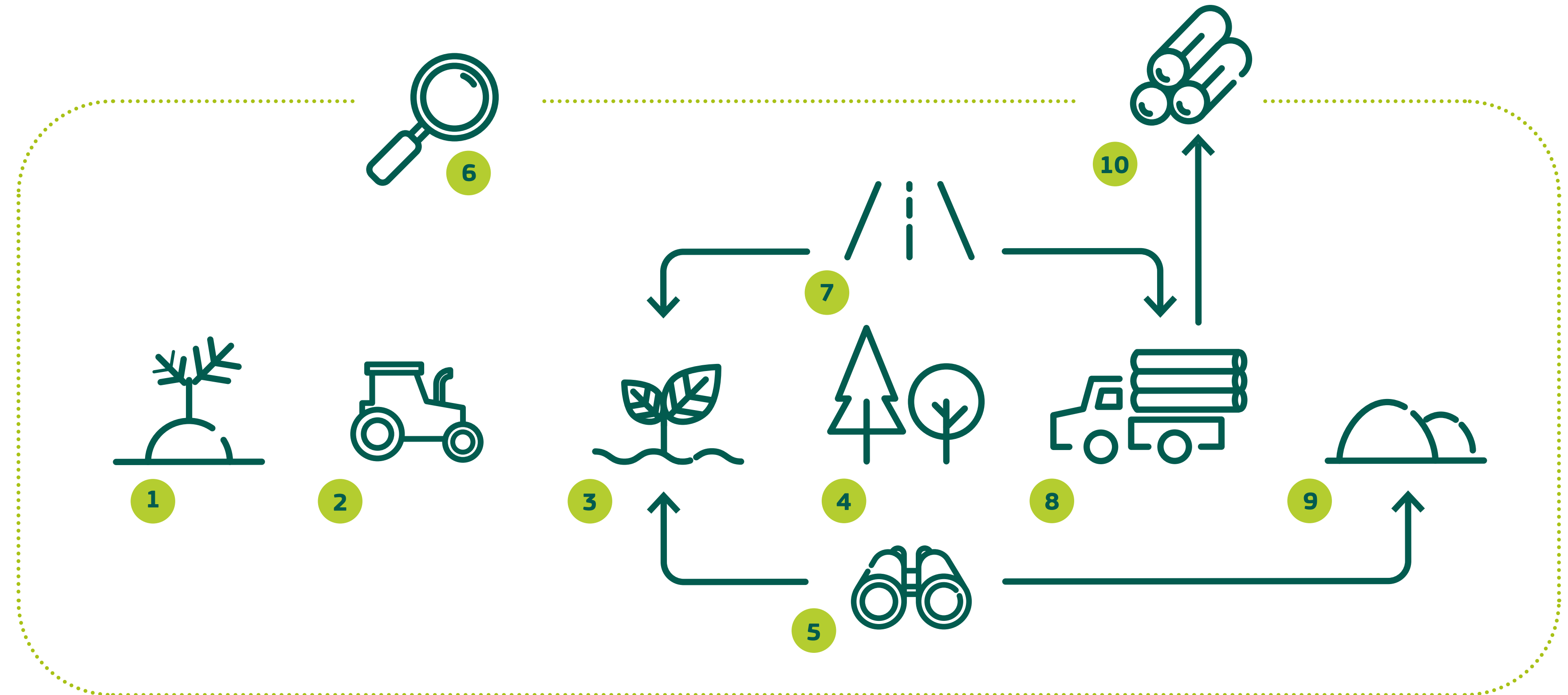


(304-2) Forestry process

Main impacts on biodiversity of the forestry activities in Santa Catarina, our products and services.



(102-2) The production process of reforestation with pine (main species: *Pinus taeda*) supplies the paper production plant in Vargem Bonita (Santa Catarina state). Following the harvesting of the wood, the material that is not for use in the production process is fed into a mobile chipper and sent, along with the eucalyptus biomass, to the cogeneration boiler, to produce electricity and steam for the paper production process. The wood that has sales potential is sold in the local market to the region's sawmills and lamination plants.



1. PRODUCTION OF SEEDLINGS

In addition to purchasing seeds, we also produce pine and eucalyptus seedlings for the production process using seeds from our own nurseries, managed by our Forestry Research team. For the production of native seedlings, the seeds are taken from mature trees in Irani's and nearby forests. The native seedlings are used in environmental recovery projects and donated to the public in the local area. In 2020, 4,980 native seedlings were donated, 2,213 for environmental recovery and 2,767 for other occasions.

2. SOIL PREPARATION

Preparation of the soil for a new planting cycle takes place following the removal of the timber and utilization of the other biomass within the stand. On flat or gently sloping land, this is done by tractor equipped with a subsoiler, which performs deep tillage. This process defines the planting lines, while also loosening and aerating the soil. On land where the slope is more accentuated, the preparation is done manually, with care taken in both methods to maintain high quality standards.

Stand – smallest unit of a managed area.

3. PLANTING

The planting of pine and eucalyptus is carried out by their own specific teams, once the soil has been prepared. The work routines and equipment are verified by the occupational safety team, to ensure safe working conditions. The planting specifications are checked during the process and again later, during the operational quality control.

In 2020, 751.34 hectares were planted, of which 609.70 were with pine and 141.64 with eucalyptus.

Hectare – a unit for measuring area, equivalent to 10,000 square meters.

4. FOREST MANAGEMENT

Irani's forest management makes every effort to ensure the maintenance and conservation of ecological diversity and the integrity of the forests. We conduct monitored control and combating of pests, according to the needs of each forest species. Control of the leaf-cutting ant is carried out in the newer plantations and that of the wood wasp as of the fifth year from the establishing of the forest. After planting, inspections of the stands are carried out every six months, in order to monitor the development of the seedlings and the presence of pests.

Monitoring of the forest growth is performed through inventories that are carried out every 3 years, with a final (pre-cutting) inventory performed prior to harvesting. This process drives the planning of the forest production.

5. ASSET STRUCTURE AND SURVEILLANCE

All Irani's forests are continuously monitored, to preserve the company's assets and prevent inappropriate activities. The team carries out more than 400 monthly checks, in order to monitor strategic or vulnerable locations where incidents are more likely to occur. We also have a formal agreement with the Concórdia PMA (Environmental Police), who respond to incidents and conduct strategic patrols in areas of native vegetation.

For monitoring and fighting forest fires, we are equipped with a fire truck, a surveillance tower and specific equipment, including flame resistant clothing. The water collection points on the farms are all identified, for use in the event of a fire. Since 2008, we have a formal arrangement with the Irani Volunteer Fire Brigade, which provides support for training

the team and responding to emergencies. During 2020, there were three fires on Irani-owned properties, without any loss of plantation areas. The Santa Catarina Forestry Emergency Brigade comprises 20 individuals and conducts at least 4 practical-theoretical training sessions a year.

6. RESEARCH, HEALTH, SAFETY AND THE ENVIRONMENT

The Forest Planning division is responsible for the areas of Occupational Health and Safety, Environment and Certification, Geoprocessing and Forest Inventory. The team actively participates in the forestry and harvesting operations, providing guidance and support, with information on how to perform the operations in accordance with the social and environmental aspects of forest management certification.

Introduced in 2014, the SSOMA (Occupational Health and Safety and Environmental) Report has helped to consolidate a culture of attention to risk and the mapping of SSO and MA deviations, as well as the registering of animal sightings during field activities. The Forestry,

Procurement and Personnel Development teams meet every six months to conduct a legal compliance audit of the service providers. The purpose of this verification is to ensure that the documentation and procedures are in alignment with prevailing legislation. A system for tracking the entire Forestry fleet has been in place since 2019, thus enabling the remote monitoring of the unfolding of the operational activities. We participate in the PPPIB (Cooperative Program on Potential Productivity of Pinus in Brazil), in partnership with the IPEF (Institute for Forest Research and Studies). The program was set up in 2006 and studies the processes that control pine growth and the interaction of the forest with the environment. The cooperative agreement began in 2018 and remains in effect until 2024.

7. ROAD MAINTENANCE

Performed on an annual schedule, road maintenance is primarily carried out in critical locations, mapped under annual inspections. Priority areas are locations where there is erosion close to water sources, but maintenance is also carried out after planting and during harvesting, or whenever necessary to keep the local community traffic flowing.

8. HARVESTING AND TRANSPORTATION

The growing cycle of the pine forest is 15 years and for the eucalyptus the cycle is seven years. The harvesting is carried out by service providers that perform the operation using state-of-the-art machinery. The stages of the harvesting of planted forest include cutting, dragging, bucking and loading the wood for delivery to the timber yard at the Campina da Alegria mill. In 2020, 460,980.80 tons of timber were transported for processing.

9. WOOD CHIP PRODUCTION FOR BIOMASS

Having removed the timber from the stand, the branches, tips and other wood remaining from the process are piled up and fed into a mobile chipper. These chips are then sent to the co-generation boiler, which produces steam and electricity for the industrial units at Vargem Bonita, in Santa Catarina state. The eucalyptus plantations run by Irani are for this exclusive purpose.

(102-7.v) 10. WOOD SALES

Logs with a diameter exceeding 28 cm are sold in the market to local lamination plants and sawmills. In 2020, 19,444 tons were sold.

OUR CHALLENGES DESAFIOS

In 2020, we continued to meet the challenge of harvesting in forest partnership areas.

Such areas are included within the scope of the forest certification and follow the same operational procedures as the company's own areas.



Our Forests and Resins in Rio Grande do Sul

(102-2 e 102-7.v) In Rio Grande do Sul, resin extraction is a way of bringing forward the earnings from our *Pinus elliottii* forests in Mostardas, Tavares and São José do Norte. This value chain generates direct employment and helps to sustain the people living in rural locations.

Our forest base comprises a total of 5,850.49 hectares, of which 3,988.13 hectares are devoted to the cultivation of *Pinus elliottii*.

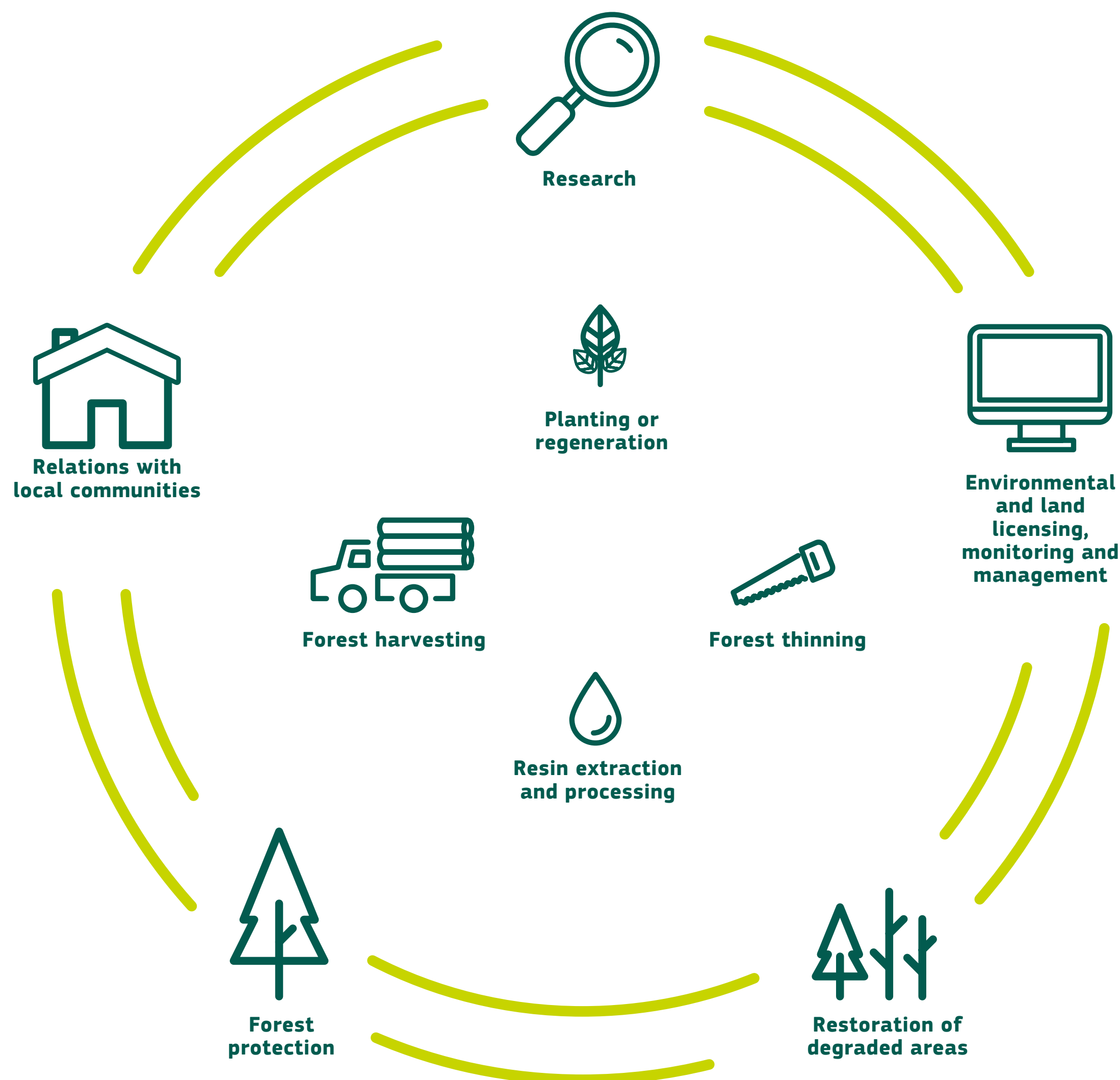
We extract the pine gum resin from the trees and it is processed at the Balneário Pinhal Resins Plant, in Rio Grande do Sul state, yielding rosin and turpentine, products offering great versatility of usage.

In solid form, the rosin is packaged and recommended for use in products such as glues, adhesives, soaps, enamels,

electrical insulators, chewing gum, waxes and expectorants. Turpentine is a liquid product that is stored in tanks and recommended as a solvent for paints and varnishes and in the production of dyes, waxes, disinfectants (pine oil), camphor, soaps, insecticide oils, sealants and perfume fixatives.

Certified under ISO 9001: 2015 and ISO 14064: 2006, we are the first company in this sector in Brazil and pioneers in the certification of our forest management and our chain of custody by the FSC® (FSC-C009947/FSC-C116791).

Over a management cycle of up to 21 years, there are four major stages: spontaneous regeneration and planting, resin extraction, processing and clear cutting. During each stage, we follow the guidelines of the certification we have been awarded and the company's standards of excellence.



- **Regeneration:** we have opted for the spontaneous natural regeneration of the pine trees and planting is only an option when there is an incident that causes the loss of a forested area. The total wood removed in the thinning process amounted to 28,009 tons in 2020.
- **Resin extraction:** a manual activity whereby grooves are cut into the trunk of the pine trees for the collection of the resin. This process may be repeated over the course of up to eight years, followed by a 12-month rest period for the tree. During the 2019/2020 harvest, resin tapping was performed on 650,043 trees, yielding a total of 1,674.46 tons of resin, corresponding to approximately 22% of the demand at the industrial unit. The rest is purchased from small-scale local producers and on the national market. Our Quality Resin Program determines the purity of the resin from our suppliers, with an applicable discount or premium applied according to the quality of the raw material delivered. By the end of 2020, we had received more than 15,268 tons of resin in compliance with the program guidelines.

- **Processing:** at the industrial unit, the resin undergoes the stages of softening, filtering, decanting and distillation. During distillation, the resin is separated into solid rosin and liquid turpentine. In 2020, we optimized the efficiency of the unit, producing more than 3 tons/hour of rosin and more than 760kg/hour of turpentine.
- **Clear cutting:** this stage is carried out when the forest reaches 21 years old. The harvested wood is sold in the regional market, in the form of whole and cut logs. The whole logs go to sawmills, while the cut logs are transformed into sheets of MDP and MDF for the furniture sector.

During 2020, we progressed to a 96% formal registration rate in São José do Norte, we improved the organizational climate, we prepared a pilot project for mechanized resin extraction, with a view to reducing the forestry production costs, we completed our alignment with the NR10 requirements, we initiated the insourcing of drum assembly and we increased our production of rosin flakes, 22% of which is packaged in paper bags.

PRODUCT QUALITY AND EFFICIENT, RESPONSIBLE PRODUCTION



GRI 103-1, 103-2, 103-3, 301-1, 301-2 and 301-3

SASB RT-CP-250, RT-CP-410, RR-PP-430 and RT-CP-430

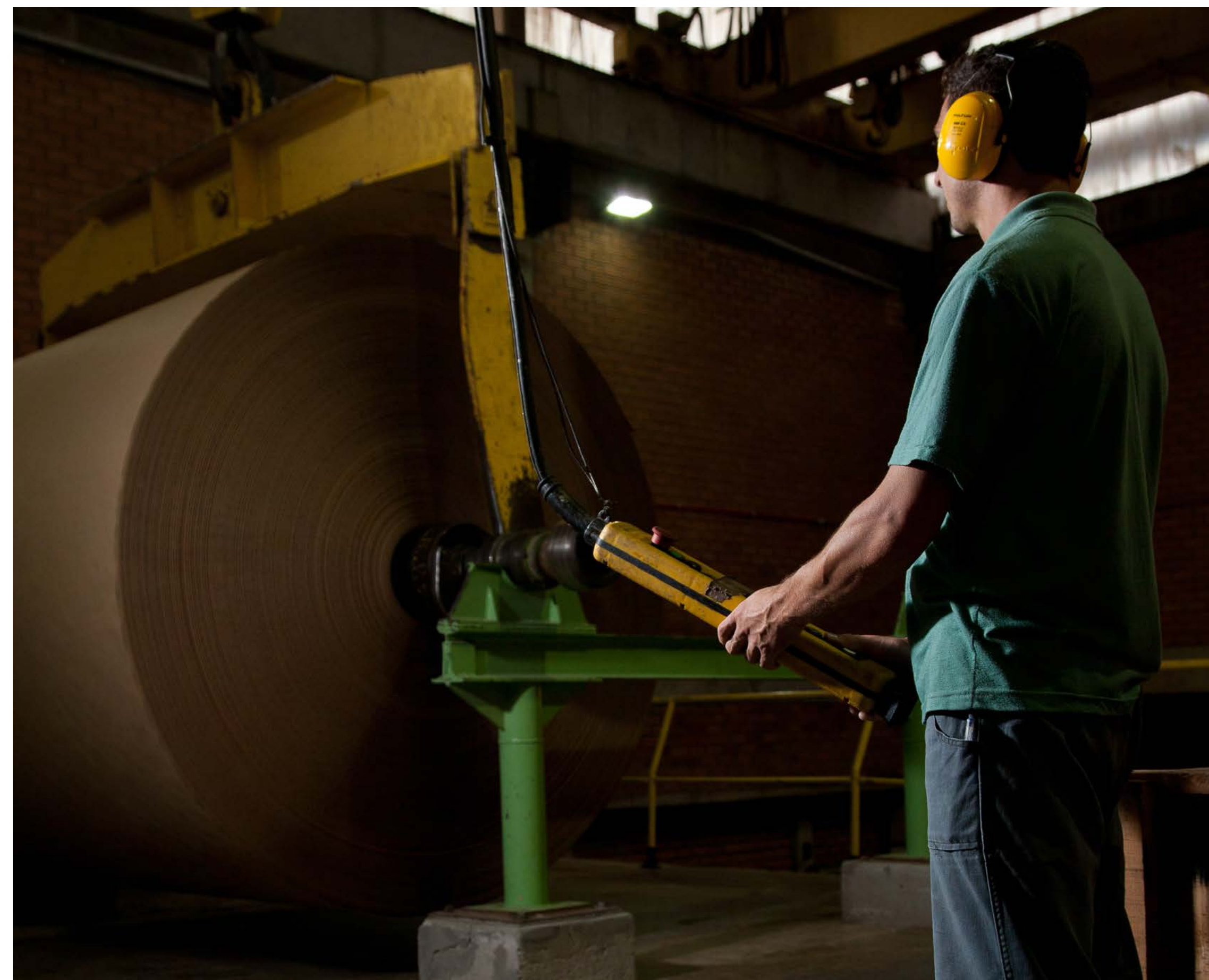
ISE Nature of the Product dimension

Paper

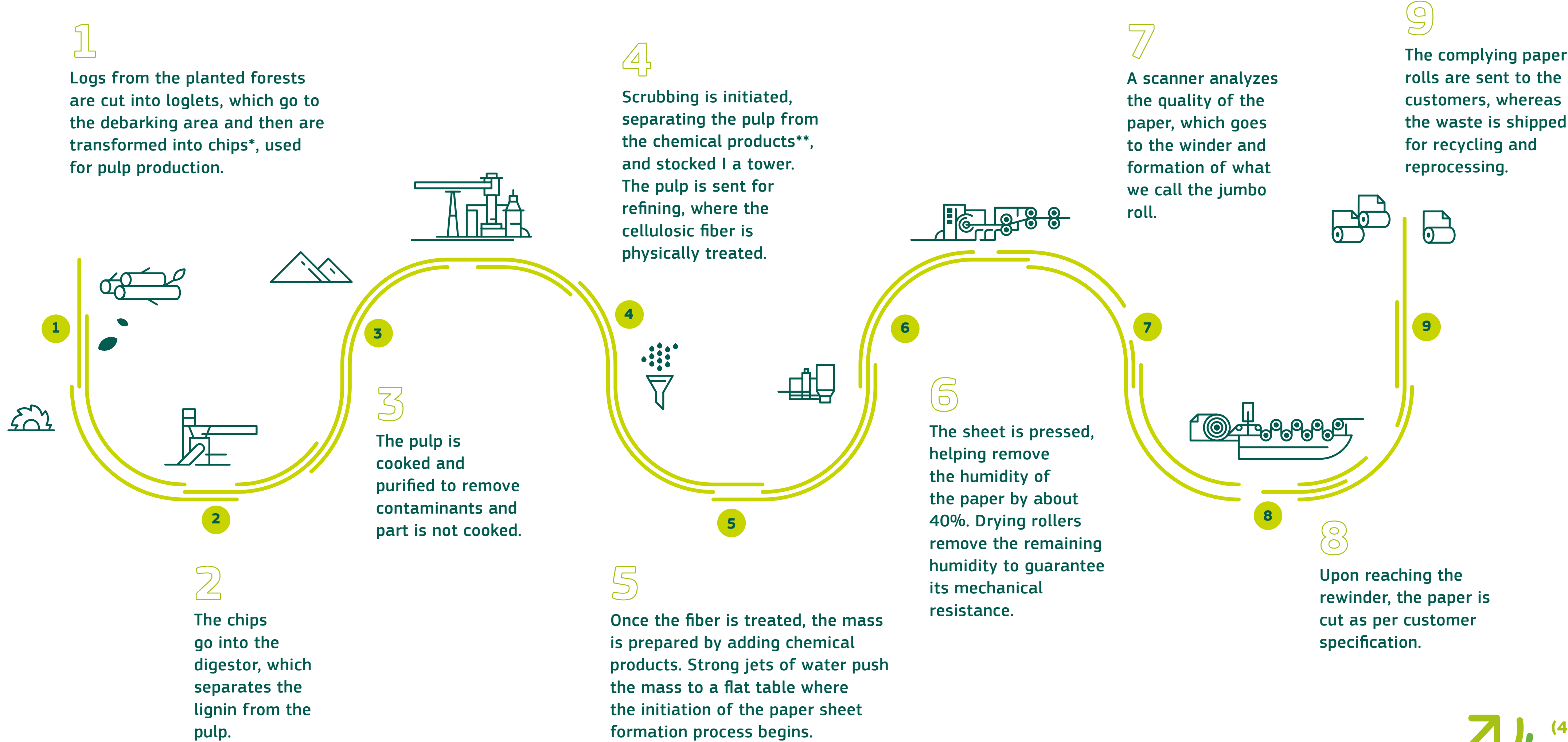
We are among the leading producers of packaging paper in Brazil, with a quality management system certified under ISO 9001: 2015, ISO 14064: 2006 and a chain of custody certified under FSC® (FSC-C009947).


(102-2 and 102-7.v) With grades ranging from 30g/m² to 200g/m², we offer virgin fiber papers suitable for production in rigid or flexible packaging. **(416-2)** Among the types offered is a special line of papers that account for 25% of the products supplied. This paper line comprises the Fine Kraft, White Fine Kraft, Flash Kraft, Flat Kraft and Flexi Kraft categories.

These papers can come into direct contact with food, because they are produced using inputs that are permitted under Resolution RDC No. 88, of June 29, 2016, and approved in our in-house accreditation processes. Legal compliance and good manufacturing practices that avoid physical, chemical or biological contamination of the product, as well as continual assessment, ensure that these products will not affect the health and safety of the consumer. Moreover, every two years we conduct all analyses requested under Resolutions RDC No. 88 and RDC No. 90 and revalidate our ISEGA certification.



HOW OUR PAPER IS PRODUCED



 **(416-1)** Learn more about our paper business here.

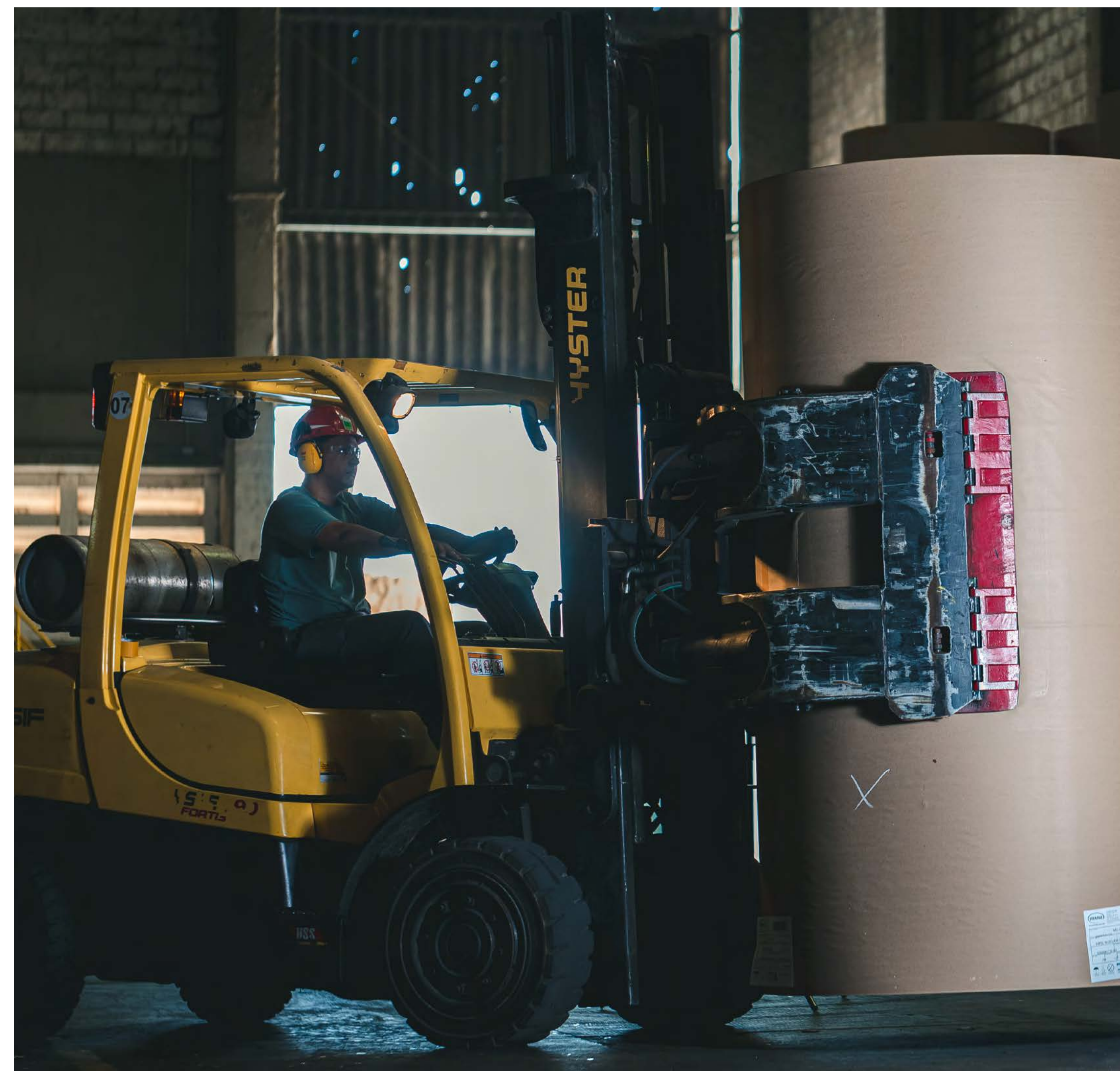
During 2020, the Paper business developed 23 new inputs and 25 new types of paper, while strengthening our research relationships with domestic and foreign partners, with a focus on operational efficiency and new solutions for the market.

Total production amounted to 293,271 tons, which was stable compared to 2019, and sales totaled 135,610 tons, an increase of 11.8% over the figure for the previous year. Of the internal transfers in 2020, 56% went to the Indaiatuba Packaging plant, in São Paulo state, and 44% to the Campina da Alegria Packaging plant, in Santa Catarina state.

PAPER TURNOVER IN 2020 (%)



- 54% Transfers to Packaging
- 36% Internal Market
- 10% External Market



Packaging

We are among the leading producers of packaging and corrugated board in Brazil. **(102-2 and 102-7.v)** We produce boxes and sheets of high performance white and recycled Kraft paper and sheets of single and double wall corrugated board. We have strict quality control procedures and an environmental management system that is certified under ISO 9001: 2015, ISO 14064: 2006 and ISO 14001: 2015, as well as a chain of custody that is certified under FSC® (FSC-C009947).

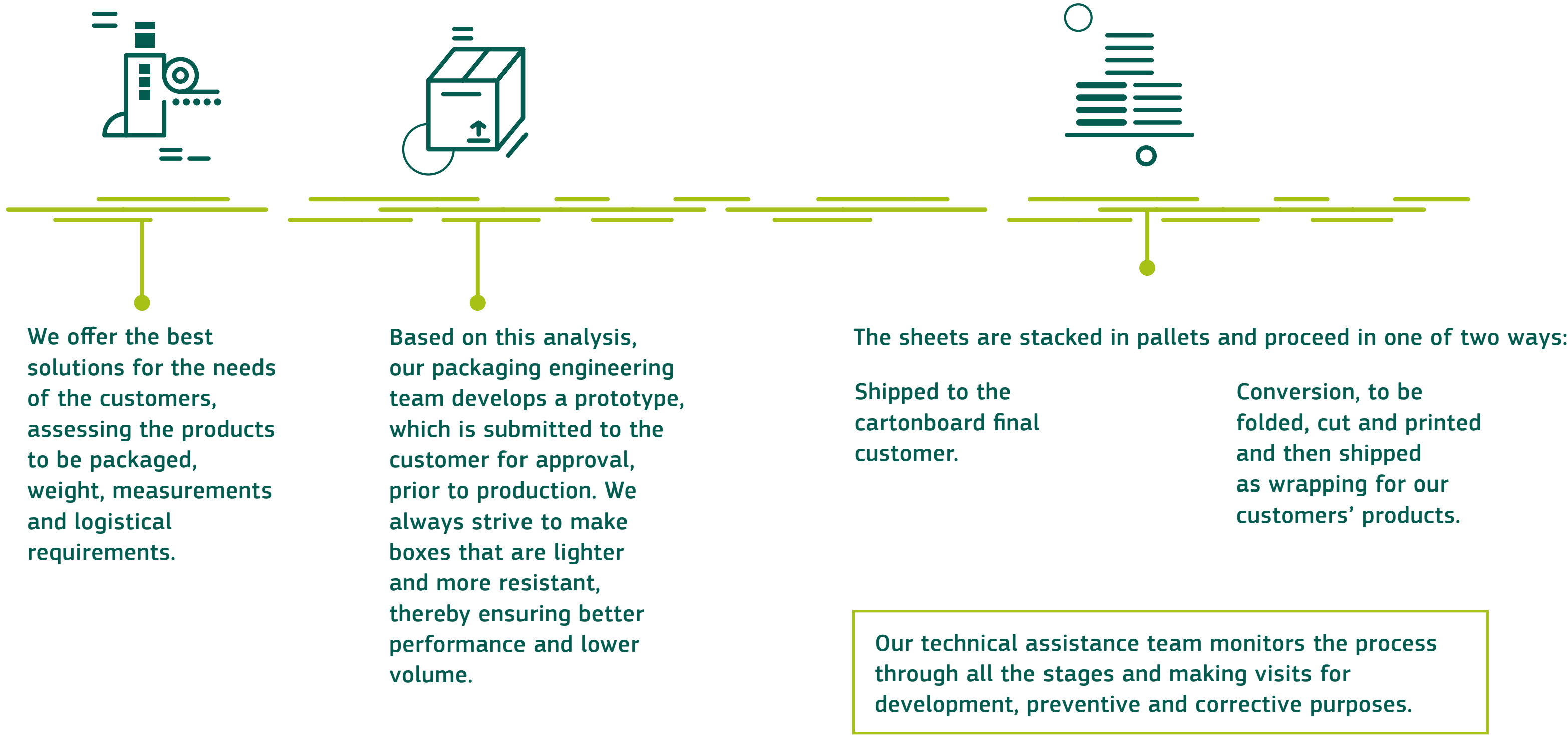
We remain firm in our commitment to provide ever lighter, more resistant paper. Consequently, we recently invested in infrastructure and industrial processes at our Packaging business units.

In 2020, according to Empapel (Brazilian Paper Packaging Association), the packaging market grew by 5.5% compared to 2019 and Irani’s sales increased by 8.5%. This growth is due to strong demand in the segment during the period and also to the strong performance of the industrial operations. Our packaging market share was 4.1%, up from 4.0% in 2019.

HOW OUR PACKAGING IS PRODUCED

CUSTOMER FOCUS

This is the concept that guides our relationships. We place ourselves alongside the client from start to finish, so that our company will be recognized as the preferred choice, because it offers innovative, distinctive and customized solutions, with a view to cost reductions and exceptional performance.



The turnover volume of the Indaiatuba Packaging plant, in São Paulo, amounted to 67,273 tons of boxes and 21,784 tons of sheets in 2020, compared to 61,731 tons of boxes and 20,592 tons of sheets in 2019.

The registered sales volume at the Campina da Alegria Packaging plant, in Santa Catarina, came to 56,034 tons of boxes and 10,348 tons of sheets in 2020, compared to 50,369 tons of boxes and 10,570 tons of sheets in 2019.

A Customer Focus forms the basis of our product development. So, we have been developing customized packaging, devoting our

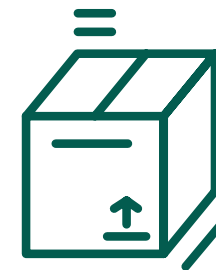
Research & Development and Technical Support structure to the production of optimized boxes to meet the specific needs and logistical requirements of each customer.

The entire packaging development process is overseen by a specialized team, which identifies opportunities and proposes solutions to ensure the greatest product efficiency and performance.

Our customers also receive training in the handling of corrugated board. Provided by the R&D area, the training is aimed at employees who work with cartonboard boxes and aims to promote customer growth and development.

VOLUME AT THE CAMPINA DA ALEGRIA PACKAGING PLANT, IN SANTA CATARINA

2020



56,034
tons of boxes



10,348
tons of sheets


2019




50,369
tons of boxes



10,570
tons of sheets



(416-1) Learn more about our packaging business here



Gaia Platform

In 2020, we began implementation of the Gaia Platform, a set of investments that will have a major positive environmental impact and offer an internal rate of return (IRR) that is superior to the company's cost of capital.

Gaia I - Expansion of chemical and utilities recovery: The deep respect we have for the environment has challenged us to expand our process of chemical and critical product recovery. The changes that will be made through Gaia I will further enhance the tangibility of this care for nature.

Gaia II - Expansion of the Santa Catarina packaging plant: We are increasing our production capacity through important technological advances at the Santa Catarina Packaging Unit. Through the Gaia II project, we shall deliver ever improving solutions for our customers.

Gaia III - PM#2 Refurbishment: The technological upgrading of the paper machine at the Santa Catarina Paper Unit raises the level of the production process and will have a direct impact on the business.

Gaia IV - Repowering of the Cristo Rei HEP plant: The Gaia IV project is an important step towards becoming self-sustainable in renewable energy. With the repowering of the Cristo Rei hydroelectric plant, at the Santa Catarina Paper Unit, we shall take a significant leap towards energy self-sufficiency, with a 2.55MW increase to 6.00 MW of installed capacity at the plant.

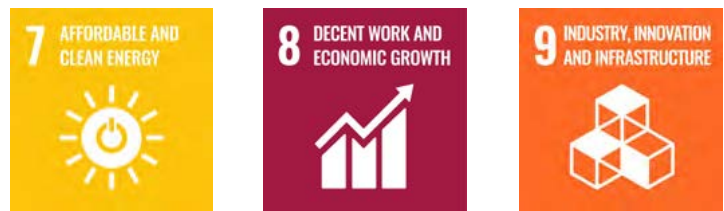
Gaia V - Repowering of the São Luiz HEP plant: With new generators and turbines, a new transmission line and improvements in

infrastructure, we shall be self-sustainable in renewable energy once the Gaia V project has been implemented. The repowering of the São Luiz hydroelectric plant, at the Santa Catarina Paper Unit, will bring an increase of 2MW, to 11.5MW of installed capacity at the plant.

We have consistently adhered to the purpose of the Gaia Platform, to increase our competitiveness, production capacity and energy sufficiency, empowering us for the next growth cycle.



ENERGY EFFICIENCY



GRI 103-1, 103-2, 103-3, 302-1, 302-2, 302-3, 302-4
SASB RR-PP-130 and RT-CP-130
ISE Environmental dimension

(103-1) Energy self-sufficiency is one of the main challenges for our business, as highlighted in the 2018-2027 strategic mapping.

(103-2, 103-3 and 302-1.a) At the Vargem Bonita units, where abundant energy is consumed in the processes, we have devoted enormous efforts in striving for excellence and operational efficiency. One of the options we have been working on is the use of forestry waste biomass. This decomposing matter, usually disposed of in landfills, gives off

greenhouse gases such as methane and carbon dioxide. Since 2005, we have been using a boiler to generate steam and electricity from the burning of this biomass, to supply the Santa Catarina Paper and Packaging units. This process has been registered with the UN as the “Irani Biomass Electricity Generation Project” and has been approved as a Clean Development Mechanism (CDM). In that same location we have a small-scale Hydroelectric Plant (SHP) and two micro Hydro Power Plants (MHP) with automated control and remote operation, as well as four other boilers for generating thermal energy.

(103-3, 302-3 and 302-4) At all the business units, we seek more effective mechanisms, the upgrading of equipment and use of more economical LED lighting, in addition to making the necessary operational adjustments to reduce electricity consumption or maintain adequate rates.

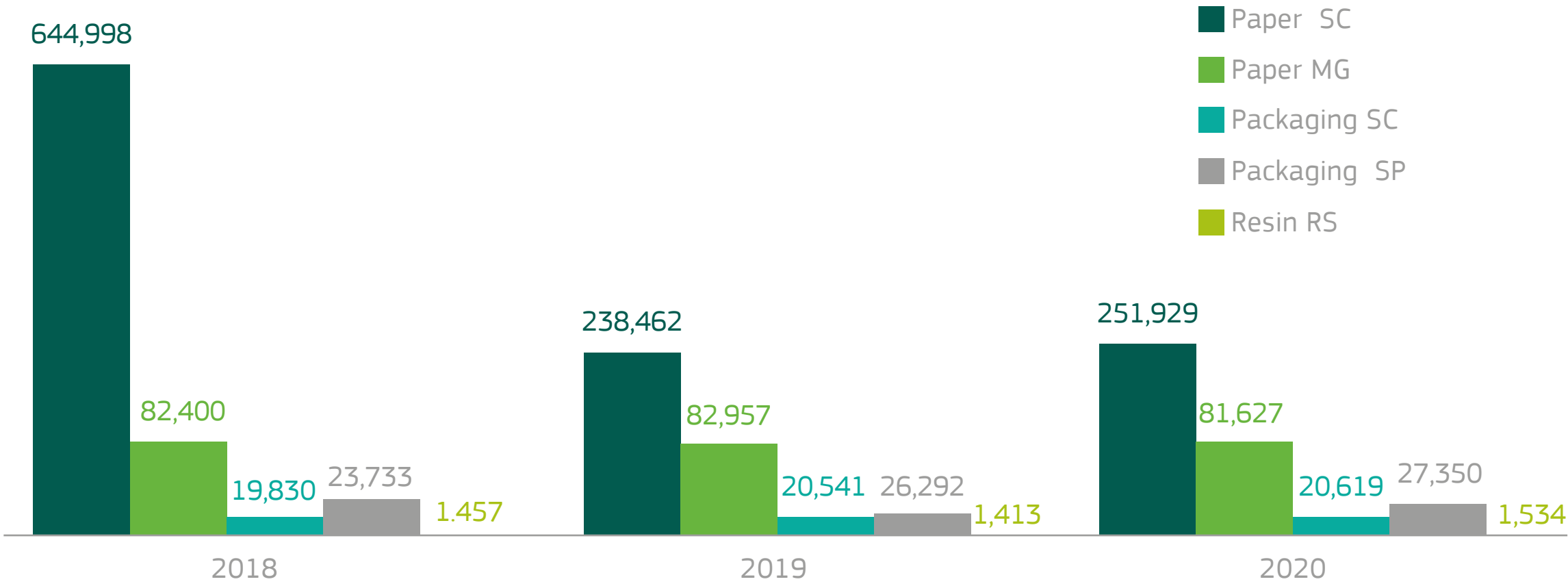
SPECIFIC ELECTRICITY CONSUMPTION (IN MWH) PER TON PRODUCED

Unit	Specific electricity consumption (in MWh) per gross ton produced			Specific electricity consumption (in MWh) per net ton produced		
	2018	2019	2020	2018	2019	2020
Campina da Alegria Paper Unit (SC)	0.76	0.74	0.73	0.80	0.79	0.78
Santa Luzia Paper Unit (MG)	0.39	0.39	0.39	0.41	0.41	0.42
Campina da Alegria Packaging Unit (SC)	0.08	0.08	0.08	0.09	0.09	0.09
Indaiatuba Packaging Unit (SP)	0.08	0.08	0.08	0.09	0.08	0.08
Balneário Pinhal Resins Plant (RS)	0.03	0.03	0.03	0.03	0.03	0.03

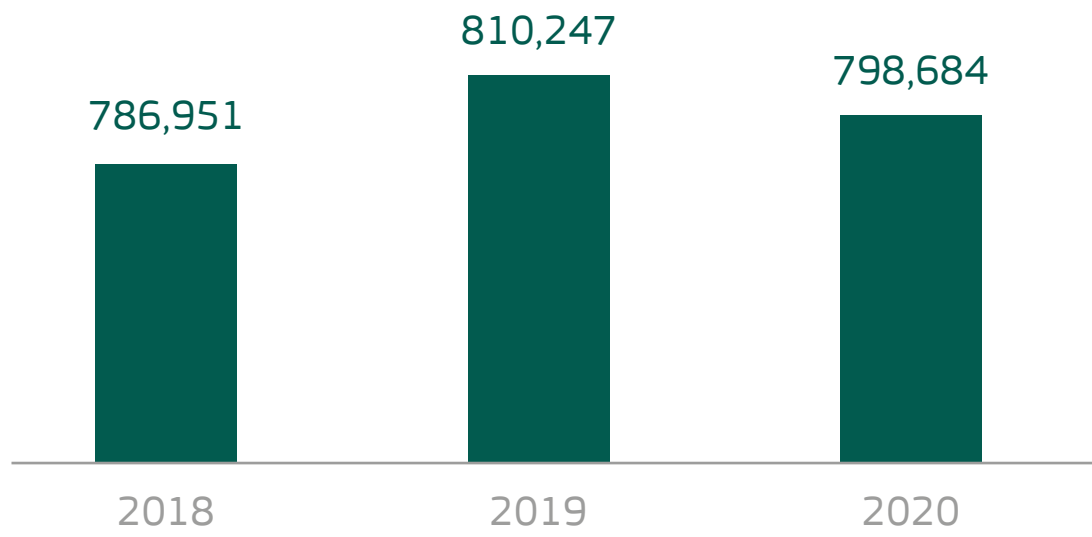
Note: The specific measurements used in calculating the specific consumption of electricity are gross production and net production. The adopted ratios refer to the electricity consumed within the organization, as there is insufficient information to report the energy consumed outside it.

(302-2) The total energy consumed inside and outside the organization, in the form of steam, fuels and electricity, amounted to 7,293,513.99 GJ.

(302-1.C, 302-3) TOTAL PURCHASED ELECTRICITY (IN GJ)



(RR-PP-130 and RT-CP-130) TOTAL ELECTRICITY CONSUMPTION (IN GJ)



Note: electricity consumption within the organization.



(RR-PP-130 and RT-CP-130) PROPORTION OF RENEWABLE ENERGY CONSUMED



- 57% Renewable
- 43% Non-Renewable

(RR-PP-130 and RT-CP-130) PROPORTION OF SELF-GENERATED ENERGY, BY SOURCE



- 52.68% Cogeneration
- 37.06% SHPs
- 10.26% Thermoelectric generation

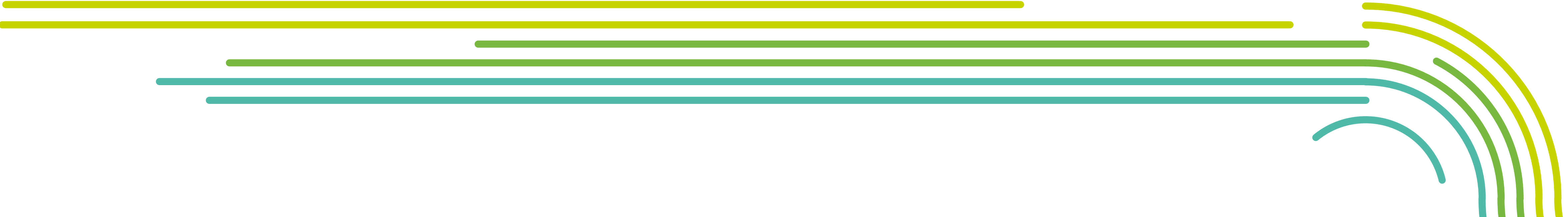
Note: refers to self-generation of energy for the Campina da Alegria Paper Unit (SC)

(RR-PP-130 and RT-CP-130) PROPORTION OF ENERGY CONSUMED, BY GENERATION SOURCE



- 46.33% Purchased
- 27.10% Cogeneration
- 22.43% SPPs
- 4.15% Thermal Plant

Note: represents the energy purchased and self-generated for all the units, with 11% of the purchased energy derived from renewable sources.



(302-1.A) CONSUMPTION OF NON-RENEWABLE FUELS (IN GJ)

Unit	2018	2019	2020
Paper SC – Campina da Alegria	23,230.00	25,197.88	22,569.86
Paper MG – Santa Luzia	219,028.55	217,957.57	225,803.46
Packaging SC – Campina da Alegria	6,650.65	17,631.77	19,262.32
Packaging SP – Indaiatuba	48,904.65	54,106.27	57,504.34
TOTAL	342,103.61	338,237.19	325,139.98

Note: the Balneário Pinhal Resins Plant (RS) does not use non-renewable fuels.

(302-1.B) CONSUMPTION OF RENEWABLE FUELS (IN GJ)

Unit	2018	2019	2020
Paper SC – Campina da Alegria	3,282,696.36	3,307,163.68	3,253,897.54
Resins Balneário – (RS)	8,162.18	7,640.10	7,553.98
TOTAL	3,290,858.54	3,314,803.78	3,261,451.52

PROPORTION OF RENEWABLE FUEL CONSUMPTION



- 90.93% Renewable Fuels
- 9.07% Non-Renewable Fuels

(302-1.A) CONSUMPTION OF STEAM (IN GJ)

Unit	Pressure	2018	2019	2020
Paper SC – Campina da Alegria	9.5	2,245,834.16	2,484,159.20	2,580,999.84
Paper MG – Santa Luzia	12>23	214,775.43	195,451.72	203,151.19
Packaging SC – Campina da Alegria	9>5	38,529.20	41,189.70	45,116.13
Packaging SP – Indaiatuba	13	52,654.97	60,802.28	58,143.25
Resins RS – Balneário Pinhal	4	22,300.34	19,768.59	20,669.56
TOTAL		2,927,495.48	2,801,371.48	2,908,079.97

(302-2 and 302-1.F) CONSUMPTION OF ENERGY OUTSIDE THE ORGANIZATION

Fuel	Consumption (in L)			Consumption (in MJ)		
	2018	2019	2020	2018	2019	2020
Diesel	4,676,648.15	3,767,654.65	4,066,588.84	179,234.60	144,397.02	155,853.81
Gasoline	54,087.82	65,376.73	49,961.73	1,883.98	2,277.19	1,740.26
Restaurant LPG	15,230.02	20,404.30	15,667.00	748.74	1,003.12	770.22
TOTAL	4,745,965.99	3,853,435.68	4,132,217.57	181,867.32	147,677.33	158,364.28

Note: (302-1.e) The total energy consumption within Irani, in the form of steam, fuels and electricity amounted to 7,293,355.63 GJ. (302-1.f) The total energy consumption outside the organization amounted to 158.36 GJ, according to scope 3 of the GHG inventory. (302-1.g) The conversion factors were taken from the Petrobras website.





MANUFACTURING
CAPITAL

FUTURE CHALLENGES AND COMMITMENTS

- Implement a system of surveillance towers, in 2021, for the automatic detection of forest fires at the Santa Catarina and Rio Grande do Sul units, thereby enabling greater agility in the detection and fighting of outbreaks of fire.
- Continue the Fire Prevention and Protection Plan at the Resins Plant in Rio Grande do Sul.
- Strengthen the market positioning by offering value with Focus on the Customer.
- Complete the formal registration of forest areas in São José do Norte (Bojuru).
- Continue to seek opportunities to increase productivity with enhanced operational efficiency.
- Proceed to develop new markets for the paper manufactured at the Paper Unit in Minas Gerais.
- Proceed with improvements in mechanical resin extraction, with a view to making the tool operational.
- 100% renewable energy for all the businesses by 2025.
- Focus on management of cost and profitability.
- Attain self-sufficiency in renewable energy generation for all the businesses by 2025.

INVESTMENT OF R\$ 743 MILLION IN THE GAIA PLATFORM

Project	Unit	Estimated Investment (R\$ million)	Estimated Completion
Gaia I - Expansion of Chemical and Utilities Recovery	Paper SC – Campina da Alegria	445,561	2023
Gaia II - Expansion of the SC Packaging Unit	Packaging SC – Campina da Alegria	149,156	2022
Gaia III - PM#2 Refurbishment	Paper SC – Campina da Alegria	44,179	2022
Gaia IV - Repowering of Cristo Rei HEP	Paper SC – Campina da Alegria	31,299	2023
Gaia V - Repowering of São Luiz HEP	Paper SC – Campina da Alegria	62,864	2023



NATURAL CAPITAL

SOCIAL AND ENVIRONMENTAL IMPACTS AND THEIR MITIGATION	132
WATER AND EFFLUENTS	140
CLIMATE CHANGE AND EMISSIONS	145
WASTE MANAGEMENT AND THE CIRCULAR ECONOMY	153
CERTIFICATION AND VOLUNTARY COMMITMENTS	158



Our responsibility towards our Natural Capital, set out in our strategic mapping for the 2018-2027 cycle and in our Corporate Sustainability Policy, makes us attentive to the prevailing legislation, whose monitoring is supported by specific software, as well as to retaining our certification, which combines aspects of quality and sustainability.

(103-2, 103-2, 102-11, 102-43 and 416-1) As a company based on renewable forests, the interaction of our processes with the wider environment is a vital aspect of the prosperity of our businesses. We continuously seek opportunities for improvement that are reflected in our operational efficiency, sustainable management of the Natural Capital and development of new businesses arising from strategies focused on the circular economy.

SOCIAL AND ENVIRONMENTAL IMPACTS AND THEIR MITIGATION



GRI 103-1, 103-2, 103-3, 102-12, 102-13, 102-41, 308-1, 308-2, 413-1, 413-2, 414,1 and 414-2

SASB RR-PP-120, RT-CP-120, RR-FM-160 and RR-FM-160

ISE Environmental and Social dimensions

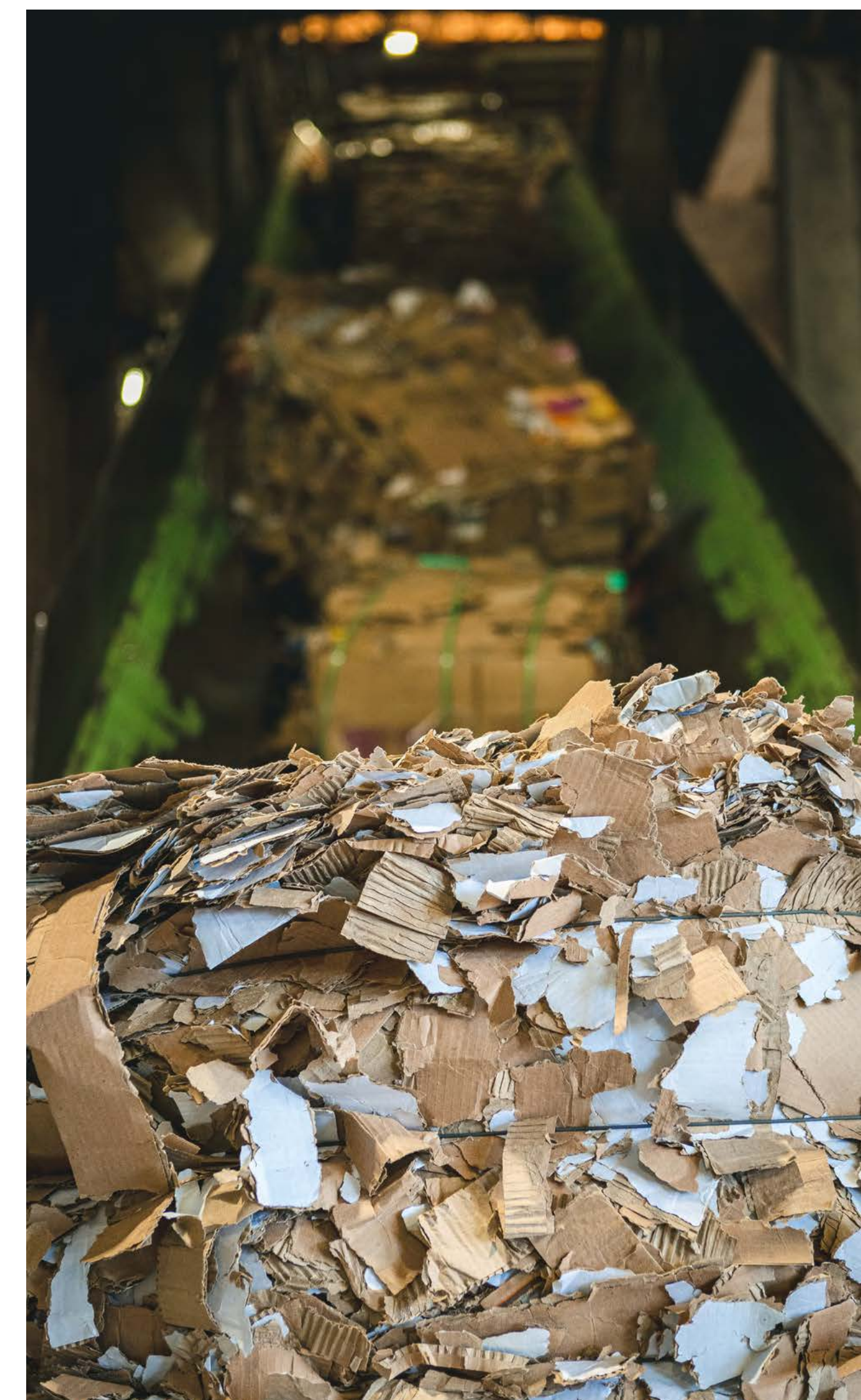
(103-2 e 103-3) At all Irani's business units there is an Environmental Management process that follows the ISO 14001 guidelines and Corporate Sustainability Policy to develop activities and projects for the reduction of the environmental impacts and fostering ways to mitigate them. We also have a Corporate Social Management process that addresses social

factors and impacts by conducting research in the local communities and following the guidelines of the Corporate Sustainability Policy.

(103-1 and 306-3) In 2020, no accusations or formal complaints in relation to environmental impacts were registered. There were also no relevant accidents involving chemical spillage.

We invested R\$ 10,961,383.98 in environmental management initiatives and processes, during 2020, and our education practices focused on this area represented nearly 273 hours of work in benefit of 299 people.

(103-2) The commitment to sustainability runs throughout our entire business chain, beginning in the forests and completed by our work in the local communities, promoting a cycle of prosperity and sustainability.



Biodiversity

(103-1 e 103-2) Balanced interaction between the use of natural resources and sustainable production is key to preserving the longevity of our businesses. Based on the principles of environmental law, we carry out pre- and post-operational monitoring aimed at preventing, minimizing and/or mitigating potential impacts on the areas in which we operate. Our action is based on compliance with the requirements of our forest management certification.

Biodiversity of the forested areas in Santa Catarina

(304-3.a e RR-FM-160 and RR-FM-160)

The areas of native vegetation, such as Permanent Preservation Areas (PPAs), Legal Reserves and others, account for 48% of the total soil usage base in the state of Santa Catarina.

(304-3) In 2011, along with the Santa Catarina Public Prosecution Service (MPSC)

and the State Environmental Institute (IMA), the company signed a Conduct Adjustment Agreement (TAC) for the formal registration of permanent preservation areas. The areas covered by the TAC are constantly monitored and the agreement remains in effect for up to 60 days after the date of the decree of a state of emergency by the Santa Catarina state government.

(304-3) The Araucárias National Park (PNA) lies adjacent to the Irani area. This federal conservation area, managed by an ICMBIO Integrated Management Center (NGI), was established by federal decree in 2005 and is located within the municipalities of Passos Maia and Ponte Serrada. Irani has a representative on the reserve's advisory board and participates in activities to carry out the management plan and specific action by the working groups (WGs).

Established in 2018 under IMA Ruling No. 83/2018, the Prof. Yara C. Nicoletti RPPN

has 285 hectares of well preserved native vegetation characteristic of a mixed rainforest. Scientific research and environmental education activities involving the local communities are carried out within the area. It is continually monitored by Irani and by the PMASC (Santa Catarina Environmental Police), which makes strenuous efforts to curb any activities in contravention of the environmental regulations.

According to the FSC® Principles and Criteria, it is necessary in a managed area to conduct a survey to identify any features of High Conservation Value within the area. Irani carried out this survey, under the guidance of the ProForest Guide and the FSC® Principles

and Criteria, involving a study by specialists and public consultation with interested parties, as determined by the forest management standards. The survey identified features of high conservation value, types 1, 2 and 3, in two locations that together amount to an area of 3,150 hectares, within the Santa Catarina municipalities of Irani and Vargem Bonita.

(103-3) To evaluate the measures for the protection and conservation of biodiversity in areas of native vegetation, the monitoring of the fauna and flora is carried out, with the support of a hired company, according to an internal schedule. The results and the material generated are used in support of environmental education activities in the local communities.



Watch the Prof. Yara C. Nicoletti RPPN video





Survey of the flora

A survey is conducted every five years and a new one is planned for 2021. The last monitoring recorded 44 families and 120 species in our forest areas. The richest family

is the *Myrtaceae*, with 26 species, followed by the *Asteraceae* (6), *Lauraceae* (6) and *Fabaceae* (5). Some of the species in the inventory are threatened with extinction, as follows:

Scientific name	Common name	Conservation status
<i>Araucaria angustifolia</i> (Bertol.) O. Kuntze	araucaria, Brazilian pine	* CR ** EN
<i>Butia eriospatha</i> (Mart. ex Drude) Becc.	butia palm, jelly palm	* VU ** VU
<i>Cedrela fissilis</i> Vell.	Argentine cedar	** VU
<i>Dicksonia sellowiana</i> Hook.	xaxim tree fern	* CR ** EN
<i>Ocotea porosa</i> (Nees &Mart.) Barroso	Brazilian walnut, imbuia	* CR ** EN
<i>Podocarpus lambertii</i> Kl.	Scotch pine	* NT
<i>Quillaja brasiliensis</i> (A.St.-Hil. & Tul.) Mart.	soap bark tree	* EN

* IUCN Red List of Threatened Species - 2019-3; ** MMA Ruling nº 443, of December 17, 2014. CR – Critically endangered; NT – Near threatened; EN – Endangered; VU – Vulnerable

Survey of the mammals

Carried out every five years. The last update was completed in 2016, showing the presence of 31 species, distributed across eight orders. Of that total, nine species are listed as endangered:

Species	Common name	Conservation status
<i>Mazama americana</i>	red brocket	EN**
<i>Pecari tajacu</i>	collared peccary	VU**
<i>Leopardus pardalis</i>	ocelot	VU*, EN**
<i>Puma concolor</i>	cougar, puma	VU*, VU**
<i>Puma yagouaroundi</i>	jaguarundi	VU*
<i>Leopardus guttulus</i>	southern tiger cat, tigrina	VU*
<i>Leopardus wiedii</i>	margay	VU*
<i>Alouatta guariba clamitans</i>	southern brown howler	VU*, VU**
<i>Cuniculus paca</i>	lowland or spotted paca	VU**

* MMA Ruling nº 444, of December 17, 2014
** CONSEMA Resolution nº 002, of December 6, 2011. VU – Vulnerable; CR – Critically endangered; EN – Endangered

Survey of the birdlife

Up to the last survey, 168 bird species had been recorded. Some of those are noteworthy, due to their need for environmental quality for their development, in the case of the mantled hawk (*Leucopternis polionotus*), king vulture (*Sarcoramphus papa*) and pileated parrot (*Pionopsitta pileata*) and/or dependence on specific micro-habitats, such as the rufous-tailed antthrush (*Chamaeza ruficauda*), black-bellied seedeater (*Sporophila melanogaster*),

speckle-breasted antpitta (*Hylopezus nattereri*) and blackish-blue seedeater (*Cyanoloxia moesta*). The individuals sampled mostly have forest characteristics and are dependent on conserved forests, while others occupy scrubland and forest margins and are less susceptible to environmental changes.

The survey takes place every five years and the next one is scheduled to begin in 2021.

Scientific name	Common name	Conservation status
<i>Tinamus solitarius</i>	solitary tinamou	VU**
<i>Triclaria malachitacea</i>	blue- or purple- bellied parrot	VU**
<i>Pyroderus scutatus</i>	red-ruffed fruitcrow	EN**
<i>Sporophila melanogaster</i>	black-bellied seedeater	VU*, VU**

* PMMA Ruling nº 444, of December 17, 2014
** CONSEMA Resolution nº 002, of December 6, 2011. VU – Vulnerable; EN – Endangered



Hypsiboas curupi

Survey of the amphibians and reptiles

This study covers the surveying of amphibians and reptiles. It is also carried out every five years and, so far, 31 species of amphibians and 10 of reptiles have been recorded. Notable among the species in the inventory are those on the list of endangered species, as well as the leaf-litter frog (*Ischnocnema henselii*) and Dibernardo’s casque-headed tree frog (*Trachycephalus dibernardoi*), whose distribution is limited to the Araucaria Forest.

Scientific name	Common name	Conservation status*
<i>Melanophryniscus simplex</i>	red-bellied toad	EN**
<i>Vitreorana uranoscopa</i>	Humboldt's glass frog	VU*
<i>Hypsiboas curupi</i>	curupi tree-frog	EN**, VU*

* ** MMA Ruling nº 444, of December 17, 2014. CONSEMA Resolution nº 002, of December 6, 2011. VU – Vulnerable; EN – Endangered

(304-3.b) Studies of the biodiversity in our forest areas are conducted in partnership with researchers and government institutions, such as the following:

- **Monitoring of the fauna and flora:** updated every five years, showing the sustaining in our forest areas of the features characteristic of areas with a high conservation value and the presence of several species listed for conservation. In the Prof. Yara C. Nicoletti PNHR one finds species that are biomarkers of high conservation mixed rainforest areas, as well as endemic species. In addition to monitoring, procedures are adopted in these areas to sustain and/ or improve the high conservation value features, as shown in the following table.
- **Capuchin monkey project:** the agreement with Embrapa Florestas aims to study the black-horned capuchin (*Sapajus nigritus*) and species’ interaction with our planted and native forests, with a view to reducing the damage caused in the commercial plantations. We are currently working on an inventory of an experimental area that will enable comparative and quantitative analysis of the operational loss of wood volume to 2022.
- **Reintroduction of the vinaceous-breasted amazon:** a joint project of the Instituto Espaço Silvestre and the Araucarias National Park, in Santa Catarina, for the reintroduction of this species into the region.

(304-3, RR-FM-160 and RR-FM-160) AREAS OF HIGH CONSERVATION VALUE (HCVA)

Location	Area (in hectares)	Survey results
Vargem Bonita (SC)	1,441.34	<ul style="list-style-type: none">• Presence of bird, mammal and flora species in categories of high-level extinction threat.• Stretches of forest remnant in a good stage of conservation.• Larger forest remnants (over 1,000 hectares), contrasting with an extremely fragmented regional picture.• Areas of Legal Reserve that are registered and preserved.
Irani (SC)	1,708.66	
TOTAL	3,150.00	



(304-1.vi and 304-2) Additional information about areas of high conservation value (HCVA) such as the status, partnerships set up to focus on protection and restoration and impacts related to the introduction of pine is provided in the Public Summary of the Forest Management, available [here](#).



(304-3) MEASURES FOR PROTECTION AND MONITORING IN AREAS OF HIGH CONSERVATION VALUE (HCVA)

	Vargem Bonita (SC)	Irani (SC)
Environmental education	✓	
Asset surveillance (monitoring using iButtons)	✓	✓
Survey of the Mammals	✓	✓
Survey of the Birdlife	✓	✓
Survey of the Amphibians and Reptiles	✓	✓
Survey of the Flora	✓	✓
Control of invasive exotic species	✓	✓
Firebreak maintenance	✓	✓
Control of road erosion	✓	✓
Setting up a private conservation area	✓	
Environmental impact assessment	✓	✓
Setting up a PNHR in part of the area	✓	

Note: firebreaks are strips of unplanted land that make it difficult for forest fires to spread.

Biodiversity of the forests in Rio Grande do Sul

(304-1, 304-3) Our planted forests form mosaics interlaced with the permanent preservation areas and other natural areas. None of them is located within or adjacent to a protected area.

(304-1 RR-FM-160 and RR-FM-160)

We follow the classification of the Proforest Guide and the guidelines of the FSC® Certification to determine the Areas of High Conservation Value (HCVA). Following the divestment of forested areas in Cidreira and Balneário Pinhal, we have a total of 13.3 hectares of land considered to be HCVA.

Located in and around the Lagoa do Paurá, in the rural zone of the municipality of São José do Norte, the area has four characteristic features of an HCVA, with emphasis on the high level and state of conservation of the biodiversity, including the restinga coastal shrubland whose vegetation holds sand dunes

in place, and is of great ecological importance and representative of the region.

(304-4) Every two years, we perform the monitoring of the biodiversity of this location, surveying the fauna through the four seasons of the year and the flora in the spring, in order to understand the environmental dynamics of these areas and the impact of our operations.

(304-2) Using a matrix of features and impacts, we map out the impact on fauna, soil, flora, water resources and local communities and assess the social and environmental impacts that may be incurred by the forestry operations.

(103-3, 304-2) Measures such as monitoring the effectiveness of the management are applied in the HCVA, to ensure the sustaining and improvement of the identified values, consolidating their conservation and perpetuating their benefits.

HCVA	Location	Description of the Area
Lagoon and vegetation of the Restinga biome, in the district of Bojuru	São José do Norte	Gallery woodland with species characteristic of dense tropical rainforest, including strangler fig (<i>Coussapoa microcarpa</i>), buckthorn (<i>Scutia buxifolia</i>), toothleaf (<i>Sebastiania commersoniana</i>), guava (<i>Psidium araca</i>), quebracho (<i>Jodina rhombifolia</i>) and colicwood (<i>Myrsine umbellata</i>), which host species of orchids and bromeliads.
		Among the dunes, there is a species of wild fauna classified as vulnerable on the IUCN (International Union for Conservation of Nature) red list, the tuco-tuco, a rodent belonging to the genus <i>Ctenomys</i> .

A partnership with the state government under the RS BIODIVERSITY project enabled the conducting of a rapid ecological assessment (REA) at one of these locations, which indicated:

Permanent preservation areas, legal reserves and other forest fragments owned by the company also have their own management and monitoring measures, in order to curb illegal activities and promote conservation of the biodiversity, such as an integrated forest production system, restoration activities, asset surveillance and operational precautions.



In the Public Summary of the Forest Management we provide more information about the biodiversity in our forested areas along the coast of Rio Grande do Sul, which is accessible [here](#).



MAIN THREATS TO THE HCVA

- Operational damage
- Fires
- Illegal activities (hunting, fishing, extraction of native wood, invasion by domestic animals, etc.)
- Wildlife scared away

MONITORING CTIVITIES

- Monitoring of fauna and flora
- Monitoring of social and environmental incidents
- Building awareness within the local community

PROTECTION MEASURES

- Fencing of property
- Program for combating forest fires
- Asset surveillance
- Micro-planning of forestry activities
- Removal of exotic species
- Visual identification

WATER AND EFFLUENTS



GRI 103-1, 103-2, 103-3, 303-1, 303-2, 303-3, 303-4, 303-5 and 306-1

SASB RR-PP-140 and RT-CP-140

ISE Environmental dimension

(303-1, 303-3b, 303-3c, 303-4.c) We use fresh water in our production processes. We are licensed to discharge effluent into bodies of water that are not located in water stressed areas.

Some of the water that supplies the units in Vargem Bonita (Santa Catarina) is used to generate electricity at a Small-Scale Hydroelectric Plant (SHP) and two Micro-Hydroelectric Plants (MHP).

(303-2) All the water sources for our business units, except concession holders, are licensed by the responsible agency, which ensures

there is no significant impact on the respective bodies of water, due to the volume withdrawn. Opportunities for gains in operational efficiency are constantly being evaluated, with priority given to activities that enable productivity gains, along with diminished usage, alternatives for reutilization and the closing of circuits.

(103-1, 103-2 and 303-1) This is one of the fundamental strategies of our businesses, which essentially rely on the availability of water and other natural resources.

(103-2 and 303-1c) We also participate in a water basin committee that brings together various segments of society to establish guidelines to ensure the conservation of springs, headwaters and the local biodiversity.

(303-1c) The potential impacts in relation to water consumption are addressed on behalf of customers and suppliers through compliance with the FSC® standards, following strict criteria that prize environmental conservation, from the forest management to the finished product.



(303-3, RR-PP-140 AND RT-CP-140)
TOTAL WATER WITHDRAWALS, BY SOURCE (IN MEGALITERS)

Source	What this covers	2018	2019	2020
Surface	Withdrawal from rivers for Paper and Packaging SC – Campina da Alegria and the Paper MG – Santa Luzia units (MG)	4,728.24	4,902.47	5,335.31
Underground	Withdrawal from wells for the Paper MG, Packaging SP – Indaiatuba and Resin RS – Balneário Pinhal units	158.40	123.72	153.45
Concession holder	Water supplied by Casan, Sabesp, Corsan and Copasa, respectively, to the Paper and Packaging SC – Campina da Alegria and Resin RS and Paper MG units	15.93	21.18	16.76
TOTAL		4,902.58	5,047.36	5,505.52

Note: (303-3d) the figures presented are from daily flow meter readings.

(103-3 and 303-5) Water consumption in 2020, considering the amount of water withdrawn, less the amount of effluent generated and treated, amounted to 716.81 megaliters. The information on water consumption is obtained from flow meters (water meters). In some cases, this is recorded automatically and in others the readings are obtained manually and recorded on spreadsheets, which in turn feed the indicator controls.

All the industrial units have defined water consumption targets, based on historical analysis of the reduction in consumption and production projection forecasts for each location.

12% increase in specific water consumption per gross ton. (Commitment to 30% reduction by 2030). There was a significant reduction in water consumption in the Resin RS – Balneário Pinhal unit due to improvements in the water tank and pumps, which reduced the flow rate, as well as the automation of the catchment well, generating more accurate information. However, there was a significant, 12% increase in specific water consumption per gross ton due to dirty paper scraps, requiring more water to purify and clean the raw material.



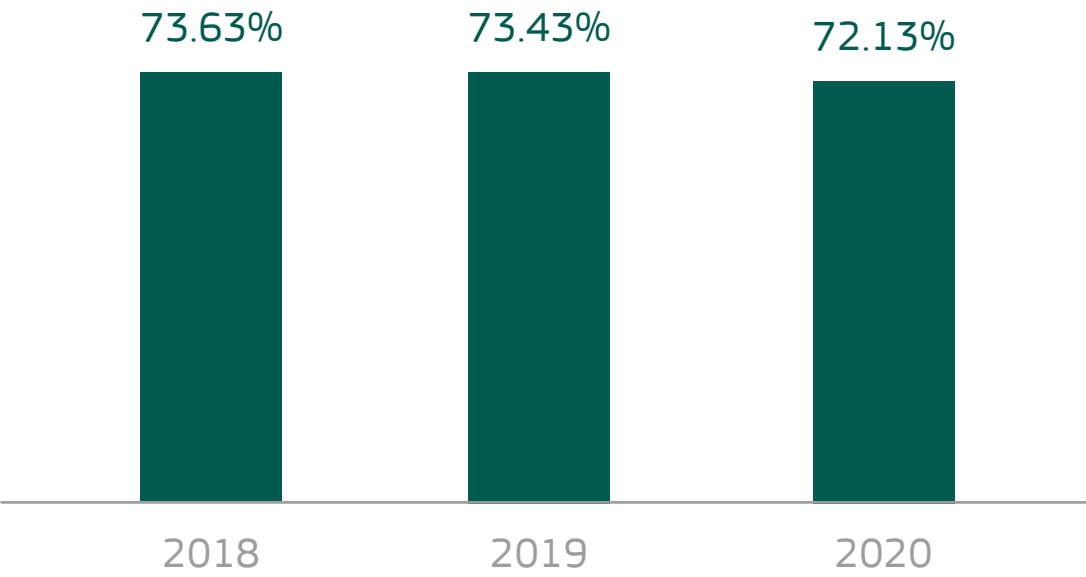
(303-3) SPECIFIC CONSUMPTION OF WATER (IN M³) PER TON PRODUCED

Unit	Specific consumption of water (m³) per gross ton produced				Specific consumption of water (m³) per net ton produced		
	2018	2019	2020	META 2020	2018	2019	2020
Paper SC – Campina da Alegria	19.37	18.87	20.60	18.87	20.56	20.13	21.96
Paper MG – Santa Luzia	3.58	3.28	3.37	2.67	3.76	3.46	3.57
Packaging SC – Campina da Alegria	0.23	0.28	0.26	0.27	0.25	0.32	0.29
Packaging SP – Indaiatuba	0.29	0.29	0.36	0.28	0.32	0.31	0.38
Resin RS – Balneário Pinhal	2.75	2.45	0.95	1.00	2.76	2.45	0.95
TOTAL	9.54	9.83	11.01	-	10.22	10.81	11.82

Notes: At the Paper MG – Santa Luzia unit in Minas Gerais, the target is calculated on the basis of the volume of treated water consumed in the production process x net production, not on the volume of water directly withdrawn from the source. The less water consumed to produce a greater amount of finished product, the more efficient is the process and the better is the use of the natural resources.

The Paper SC – Campina da Alegria, in Santa Catarina, is the company’s largest consumer of water. For that reason, the greatest focus is on that unit in the search for more efficient solutions.

(303-3) PROPORTION OF WATER REUTILIZED AT THE PAPER SC – CAMPINA DA ALEGRIA UNIT



Note: reutilized water is water withdrawn from the sources (surface, well or concession holder) that supply the production processes, is treated internally, and then returned to the bodies of water.

(303-3) PROPORTION OF REUTILIZED AND NOT-REUTILIZED WATER AT THE CAMPINA DA ALEGRIA PAPER UNIT, IN SANTA CATARINA

	2018	2019	2020
Water not reutilized (m³)	4,589,999.40	4,759,753.23	5,242,356.38
Water reutilized (m³)	12,818,684.29	13,151,083.56	13,567,629.54
TOTAL (m³)	17,408,683.69	17,910,836.79	18,809,985.92

Note: reutilized water is considered to be water that remains within a closed circuit, always maintaining the same flow. .

(103-2, 303-4b and RT-CP-140)

Effluents from production processes, cleaning of equipment, draining of tanks and cooling water are treated to remove solid materials and stabilize dissolved organic matter, prior to returning the water to its source, in a body of fresh water.

(303-2, 303-4 and 303-5) All bodies of water affected by the discharging or runoff of water from the company's effluent treatment are freshwater bodies that are not located in environmental protection areas. At the Vargem Bonita Units, in Santa Catarina, the bodies of water affected by discharges or runoff of water following effluent treatment are 22m wide and 70.2km long. The biodiversity value has not been measured. Nevertheless, in the last monitoring campaign of the ichthyofauna (animals living in fresh water) at that location, carried out in 2015, we identified 646 specimens ranging across nine species. At the other units, discharges are not channeled into receiving bodies.

(303-3) VOLUME OF RECYCLED WATER AT THE PAPER SC – CAMPINA DA ALEGRIA UNIT

	m ³ /month			m ³ /year		
	2018	2019	2020	2018	2019	2020
ETE HPB	205,586	210,672	212,748	2,467,030	2,528,069	2,552,974
TG1	243,495	308,159	318,820	2,921,938	3,697,913	3,825,845
TG2	86,363	76,118	62,756	1,036,350	913,410	753,076
TG3	172,781	174,620	176,311	2,073,372	2,095,441	2,115,734
Torres	360,000	326,354	360,000	4,320,000	3,916,250	4,320,000
TOTAL	1,068,224	1,095,924	1,130,636	12,818,684	13,151,084	13,567,630

Note: the parameter utilized takes into account the estimated hours worked and the flow rate of the pump responsible for the circulation and recycling of the water, as follows: ETE HPB: 290m³/h | TG1: 430m³/h | TG2: 450m³/h | TG3: 241m³/h | Towers: 500m³/h

(103-3) We periodically and systematically perform analyses at both in-house and outside laboratories ratified by environmental agencies. The reports are forwarded to the regulatory agency, in accordance with the terms of the environmental permits.

(303-4 and 306-1) VOLUME OF EFFLUENT GENERATED (IN MEGALITERS)

Unit	2018	2019	2020
Paper SC – Campina da Alegria	4,217.85	4,550.82	4,757.74
Packaging SC – Campina da Alegria	9.54	12.42	13.78
Packaging SP – Indaiatuba	9.91	10.94	11.87
Resin RS – Balneário Pinhal	6.33	5.70	5.32
TOTAL	4,247.05	4,581.88	4,788.71

Note: does not apply to the Santa Luzia Paper Unit, in Minas Gerais, which operates a closed circuit

(103-3, 303-4d and RT-CP-140)

Environmental permits determine the substances that are a priority in effluent treated and the quality of the receiving water resource, including the parameters that must be monitored. Limits are based on the environmental legislation specific to each region. Specific parameters also guide the monitoring of the quality of the effluent generated. We systematically perform in-house laboratory analyses and regularly send the material for analysis in outside laboratories that are ratified by the responsible bodies. The reports are regularly submitted to the regulatory body, respecting the conditions of the environmental permits.

There were no incidents of non-compliance associated with permits, standards or water quality regulations.



Unit	Disposal	Treatment method	Legal parameters
Paper SC – Campina da Alegria	Rio do Mato	Biological (prolonged aeration)	Conama Resolution No. 430/2011
Packaging SC – Campina da Alegria	Rio do Mato	Biological (prolonged aeration)	Conama Resolution No. 430/2011
Packaging SP – Indaiatuba	Municipal treatment plant - ETE Mario Araldo Candello	Physical-chemical	State Decree No. 8,468/1976, article 19A
Resin RS – Balneário Pinhal	Fertigation	Physical-chemical	Conama Resolution No. 420/2009

Note: The Santa Luzia Paper Unit (MG) is not listed because it operates a closed circuit. The other units comply with the legal parameters established under Conama Resolution No. 430/2011. None of the effluent of the units is used by other organizations.

SPECIFIC VOLUME OF EFFLUENT (IN M³) PER TON PRODUCED

Unit	Specific volume of effluent (m³) per gross ton produced			Specific volume of effluent (m³) per net ton produced		
	2018	2019	2020	2018	2019	2020
Paper SC – Campina da Alegria	17.80	18.04	18.70	18.89	19.24	19.93
Packaging SC – Campina da Alegria	0.14	0.18	0.19	0.16	0.21	0.21
Packaging SP – Indaiatuba	0.12	0.12	0.12	0.13	0.13	0.13
Resin RS – Balneário Pinhal	0.47	0.42	0.36	0.47	0.42	0.36
Total	8.30	8.95	9.58	8.89	9.60	10.28

Note: does not apply to the Santa Luzia Paper Unit, in Minas Gerais, which operates a closed circuit.

CLIMATE CHANGE AND EMISSIONS



GRI 103-1, 103-2, 103-3, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6 and 305-7



SASB RR-PP-110, RT-CP-110, RR-PP-110, RT-CP-110 and RR-FM-450

ISE Climate Change dimension

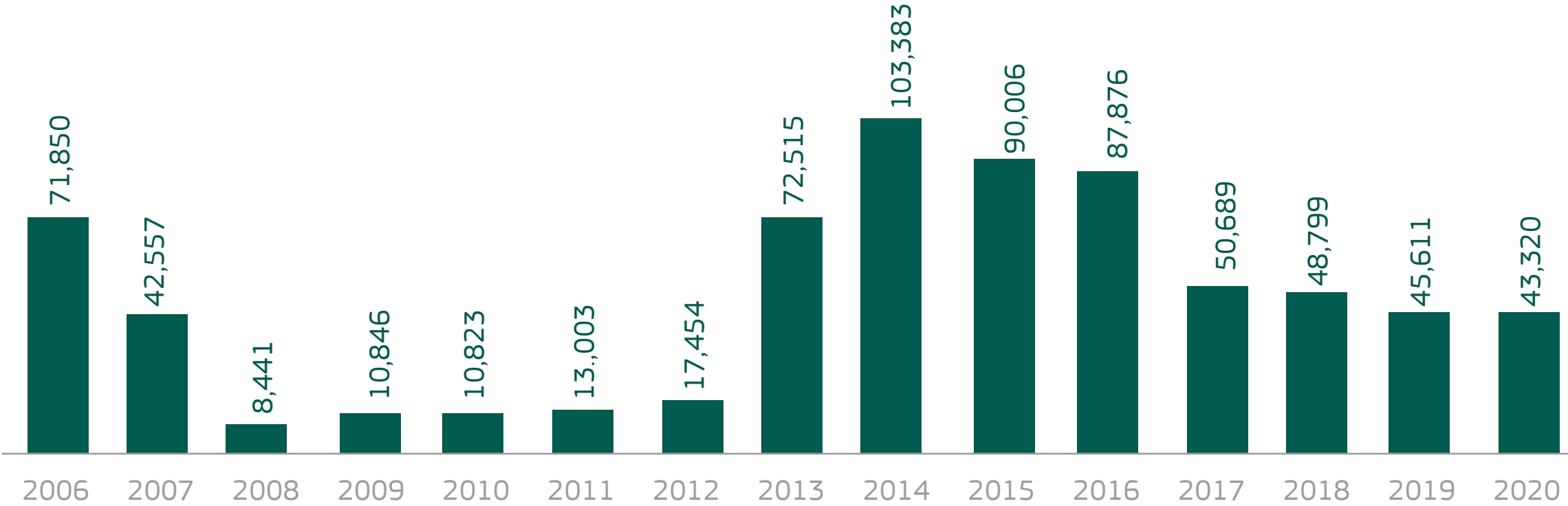
(103-2) SWe are by nature a carbon-neutral company. That means we capture more greenhouse gases from the atmosphere than we emit. **(103-1,103-3 and 305-1.e)** In addition to following the guidelines of the GHG Protocol and the National Climate Change Policy, scopes 1, 2 and 3, we were the first Brazilian company to be awarded Greenhouse Gas Inventory certification in accordance with ISO14064:2006.

(103-2, 305-1.f and 305-2.f) Our inventory identifies and quantifies the sources of greenhouse gas (GHG) emissions and our progress in this area at the industrial units,

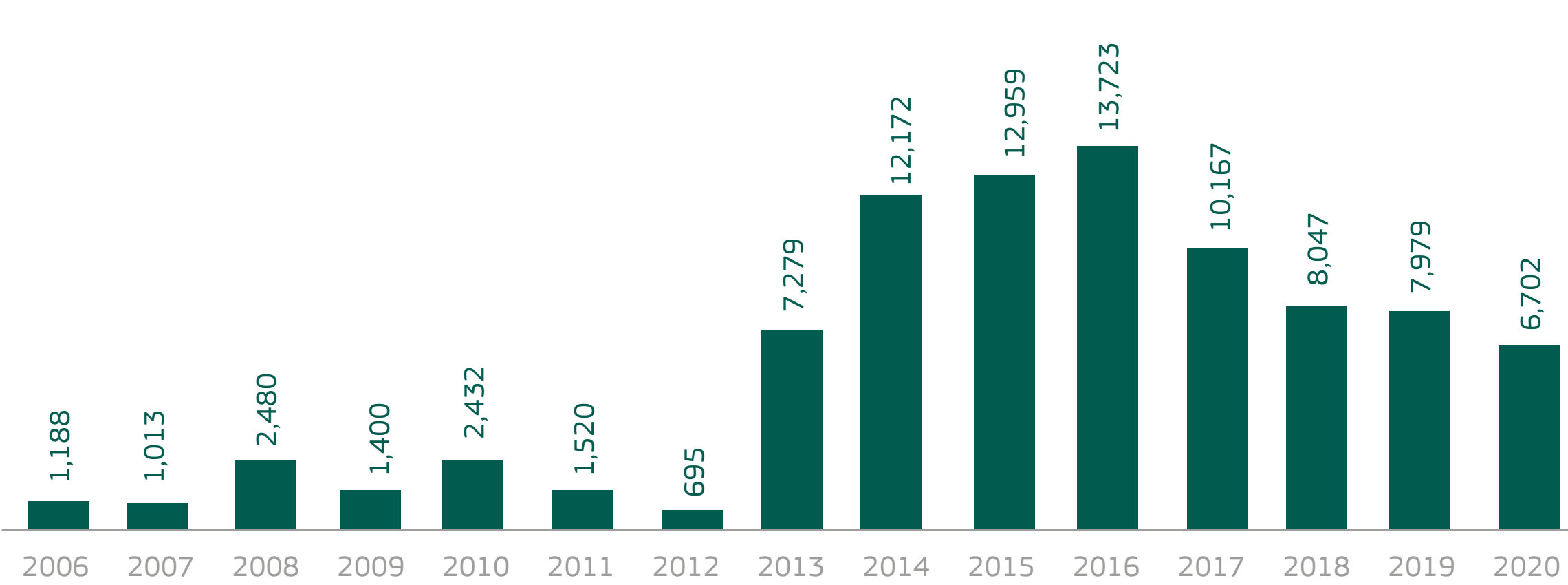
forested areas in Santa Catarina, offices and the subsidiary Habitasul Florestal. **(305-1b, 305-1.g, 305-2c and 305-3b)** For calculation purposes, we consider the emissions of carbon dioxide (CO2), methane (CH4) and nitrous oxide (N2O). Emissions of HFCs, PFCs, SF6 and NF3 are not taken into account as we do not use in our industrial processes substances that generate such gases.

The base year used until 2013 was 2006, when we published our first greenhouse gas inventory. **(305-1d, 305-2d and 305-3d)** In 2013, due to the acquisition of Indústria de Papel e Papelão São Roberto S.A., with its two industrial units, the inventoried emissions came out higher. Since then, with our efforts devoted to process optimization, continual striving for superior operational efficiency and a genuine commitment to sustainability, we had already managed to reduce our emissions when the unit was decommissioned in 2019.

(305-1.A, RR-PP-110 and RT-CP-110)
SCOPE 1 – DIRECT GHG EMISSIONS (IN TONS OF CO2EQ)



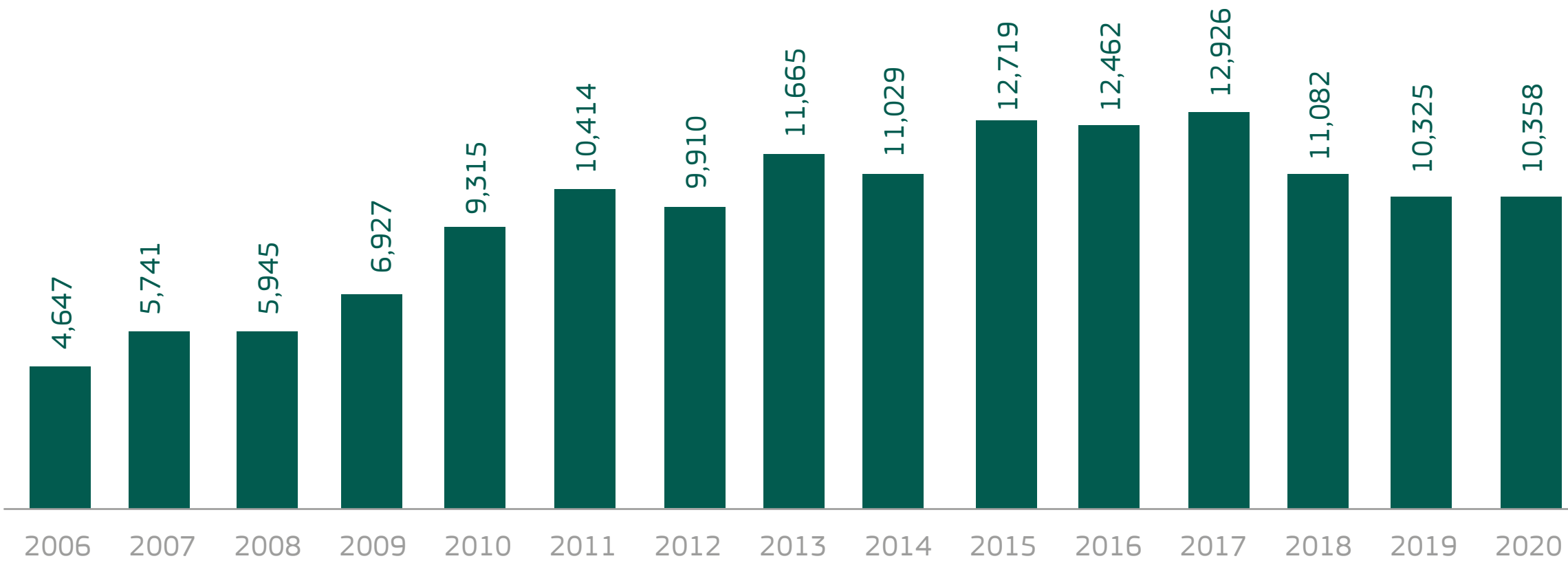
(305-2)
SCOPE 2 – INDIRECT EMISSIONS – ENERGY (IN TONS OF CO2EQ)



(305-2e, 305-2g) Note: the emission factors used for calculation purposes are provided by the Ministry of Science and Technology and frame the calculation of indirect emissions, pursuant to the ISO14064:2006 guidelines.

(305-2 and 305-3d) Advances have been made in Scope 3 since the base year, in terms of the number of activities each year. As it is good management practice and we are dedicated to improving our inventory, we have chosen to include new sources, despite this scope not requiring such accountability.

(305-2) SCOPE 3 SUMMARY – INDIRECT EMISSIONS – OTHER SOURCES (IN TON. CO2EQ)



(305-3f, 305-3g) Note: The IPCC 2006 Guidelines are considered the source used for the emission factors and the potential global warming rates, following the ISO14064:2006 guidance.



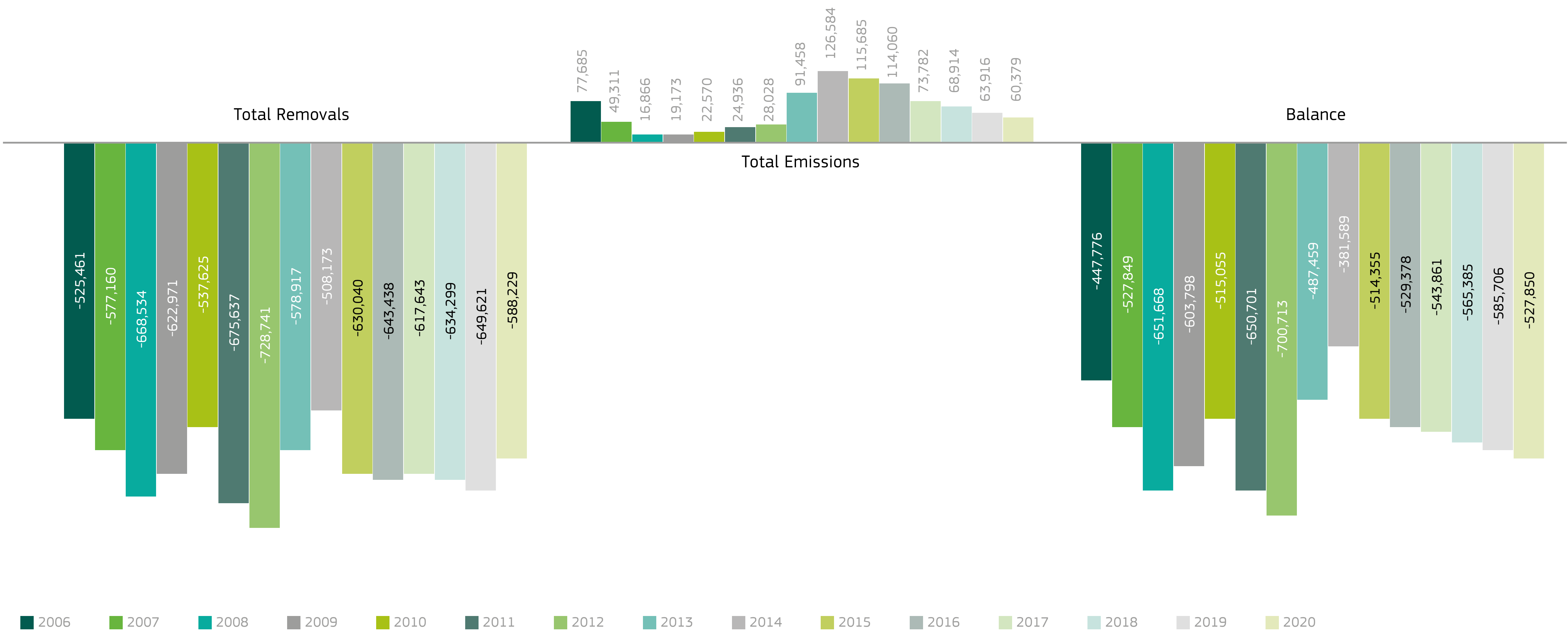
(305-4C) INDEX DISTRIBUTION ACROSS THE OPERATING UNITS

Unit	Base year: 2006			Base year: 2013		2020			
	Production	Emissions	Intensity	Intensity (1, 2, 3)	Intensity (1, 2)	Production	Emissions	Intensity (1, 2, 3)	Intensity (1, 2)
Campina da Alegria Paper Unit (SC)	172,201	64,127	0.37	0.07	0.06	254,443	27,388	0.11	0.11
Santa Luzia Paper Unit (MG)	-	-	-	0.72	0.69	57,897	18,006	0.31	0.29
Campina da Alegria Packaging Unit (SC)	30,998	4,454	0.14	0.03	0.03	74,435	2,430	0.03	0.04
Indaiatuba Packaging Unit (SP)	47,859	4,725	0.10	0.08	0.06	98,717	5,276	0.06	0.06
Balneário Pinhal Resins Plant (RS)	5,467	550	0.10	1.79	1.79	14,607	581	0.04	0.03

(305-4.a) Note: the intensity is specific to each unit, i.e.: the emissions divided by gross production yields the intensity in relation to each operating unit.



TOTAL EMISSIONS, REMOVALS AND NET BALANCE (IN TONS OF CO2EQ)



(305-2, 305-3d) Note: Scope 3 changes are shown since the original base year, with the number of activities in each year. Because it is good management practice and we are dedicated to improving our inventory, we chose to include new sources, despite this scope not requiring such accountability

(305-3f, 305-3g) The IPCC 2006 Guidelines are considered the source used for the emission factors and the potential global warming rates, following the ISO14064:2006 guidance.

(305-1C and 305-3C) EMISSIONS FROM BIOGENIC SOURCES (IN TONS OF CO2EQ)

	2018	2019	2020
Biodiesel and gasoline – Scope 1	132.24	183.73	155.39
Ethanol – Scope 1	14.70	20.54	15.42
Biodiesel and gasoline – Scope 3	668.23	816.58	1,513.79
Black liquor – Scope 1	155,503.54	217,329.14	215,392.58
Biomass – Scope 1	728,892.90	734,332.84	719,131.01
TOTAL	885,211.61	952,682.84	936,208.20

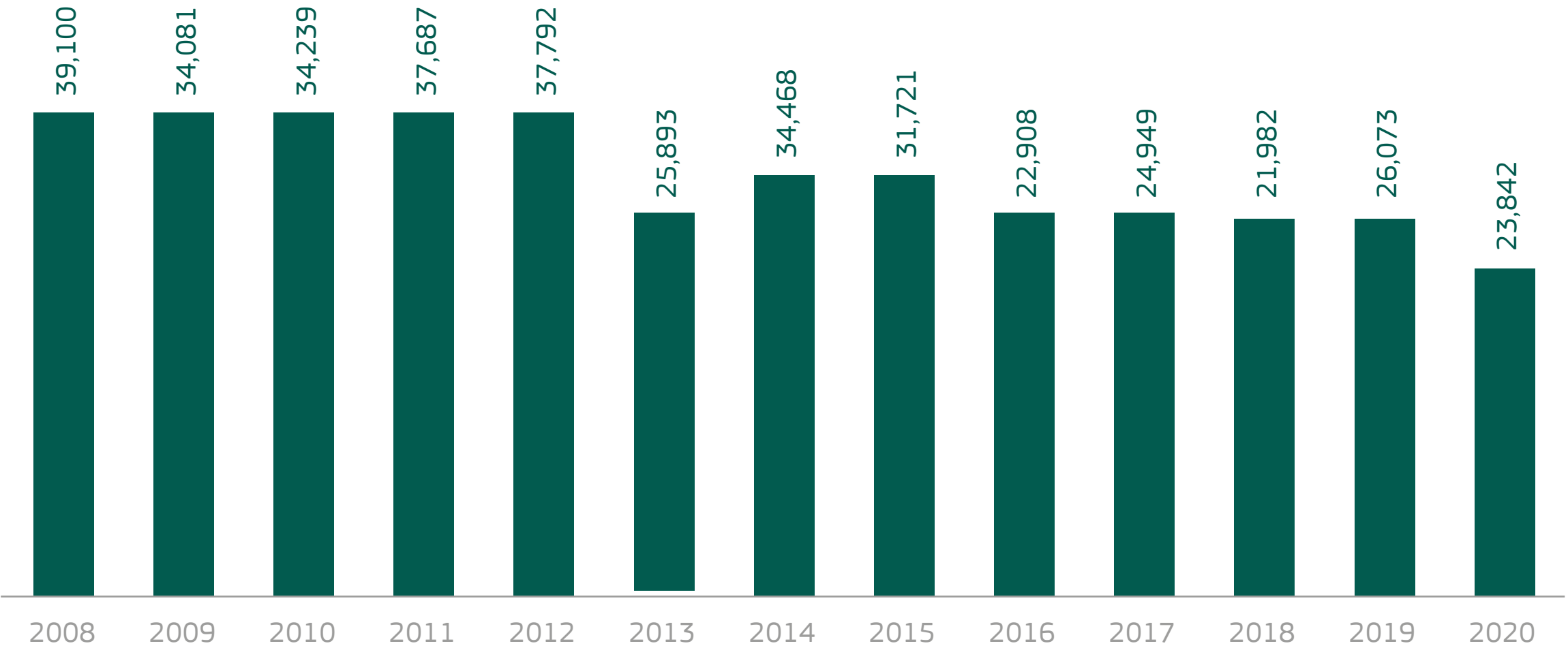
Total of certified reduction of emissions from the effluent treatment plant at the Campina da Alegria Paper Unit in Santa Catarina

394,736

Clean Development Mechanism (CDM) at the Effluent Treatment Plant

Approved by the CDM Executive Board in 2008, this mechanism was the first in the world to be fully aerobic. This initiative involves modernization of the treatment system, replacing anaerobic degradation (without oxygen) with aerobic degradation (with oxygen) of the organic matter, thereby avoiding the emission of methane, a greenhouse gas (GHG) that causes global warming. Between 2008 and 2020, the project avoided the emission of 394,736 tons of GHG.

(305-5) CERTIFIED REDUCTION OF EMISSIONS FROM THE EFFLUENT TREATMENT PLANT AT THE CAMPINA DA ALEGRIA PAPER UNIT IN SANTA CATARINA (IN TONS OF CO2EQ)



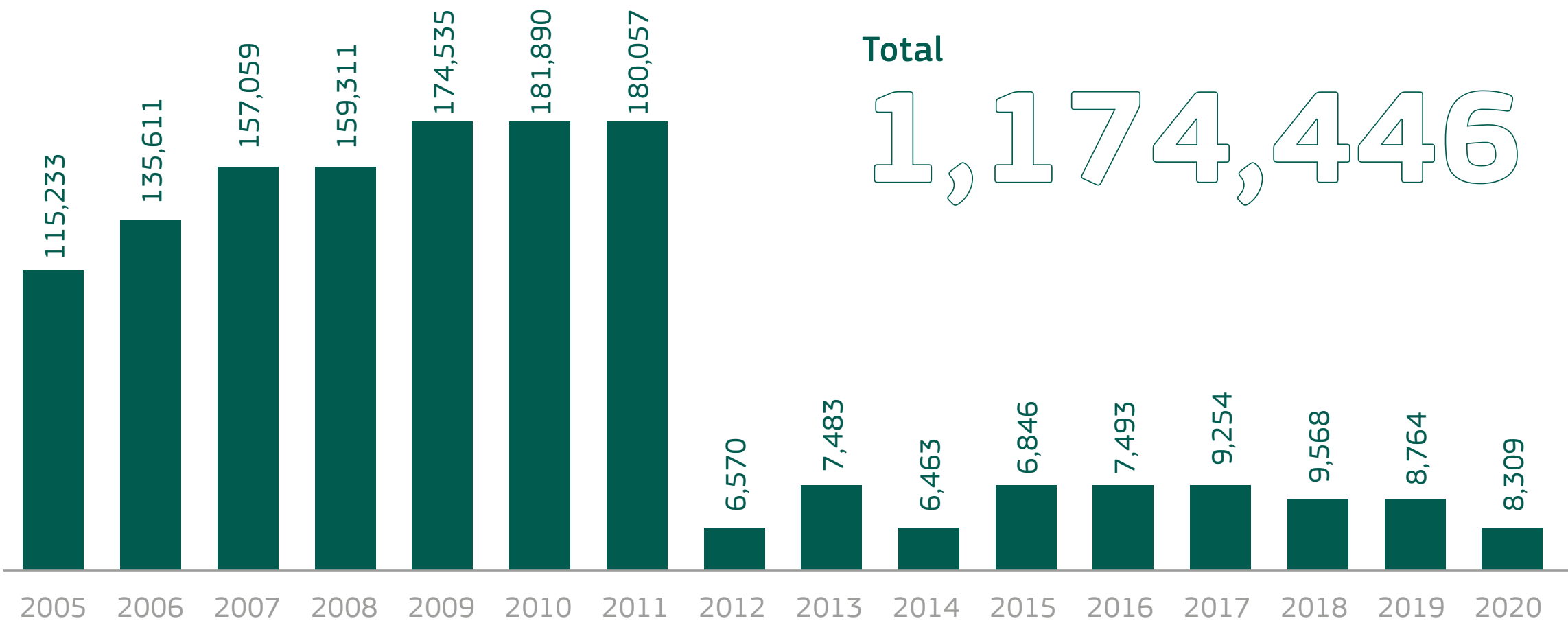
CDM at the Cogeneration Plant

Adopting this CDM, Irani became the first Brazilian company in the pulp and paper sector, and the second in the world, to earn carbon credits issued under the Kyoto Protocol.

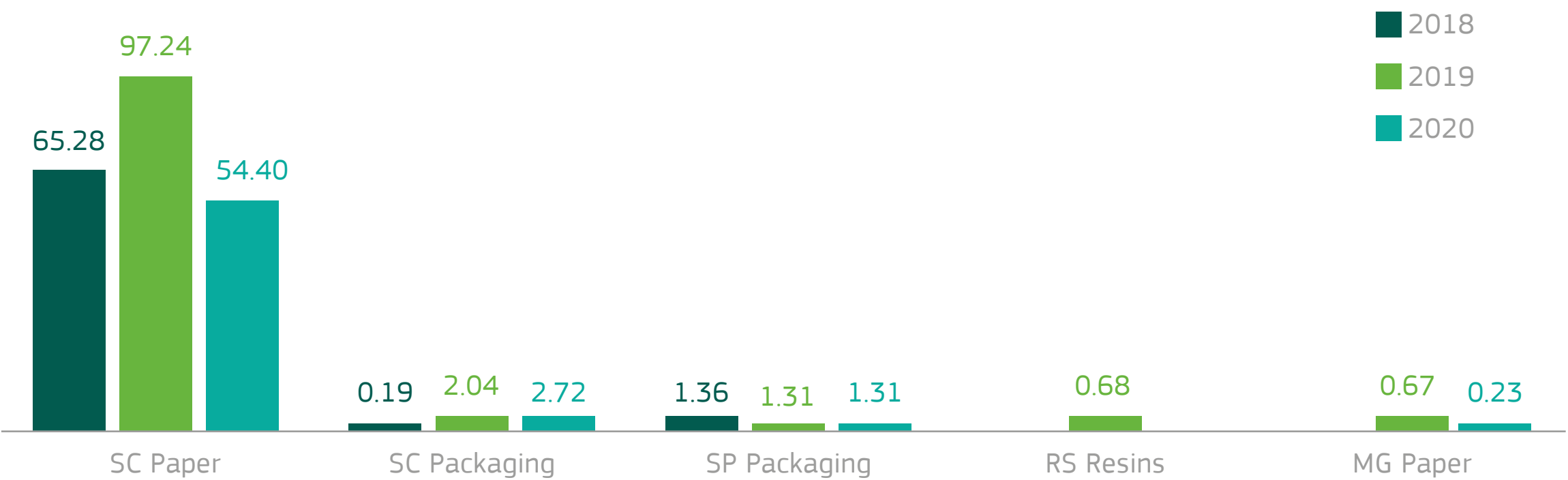
The cogeneration boiler provides a reduction in the emission of greenhouse gases (GHG), such as methane and carbon dioxide. This emissions

reduction is possible because of the forestry waste burned in the process, which is all biomass. With the CDM at the Cogeneration Plant, that waste is reutilized, thereby avoiding the decomposition in landfills that generates emissions of greenhouse gases. In 2020, the boiler generated 60,822 MW/h of renewable energy derived from forestry waste. Between 2005 and 2020, this project avoided the emission of 1,174,446 tons of GHG.

(305-5) CERTIFIED REDUCTION OF EMISSIONS FROM THE ELECTRICITY COGENERATION PLANT AT THE PAPER SC – CAMPINA DA ALEGRIA UNIT IN SANTA CATARINA (IN TONS OF CO2EQ)

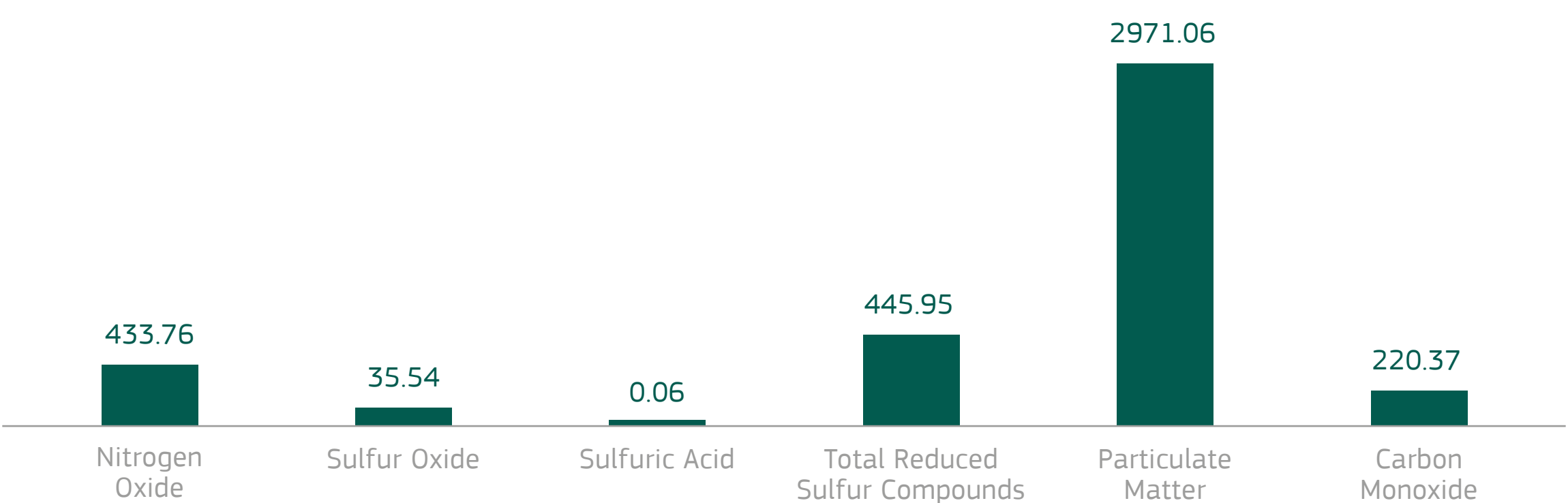


(305-6) EMISSION OF OZONE DEPLETING SUBSTANCES (IN TONS OF CFC-11EQ)



Note: The calculation can be done directly. Both the CML-IA and the ReCiPe methods use the CFC-11 equivalent as an indicator of the impact of ozone depletion. The two methods present a characterization factor of 0.05 kg of CFC-11eq for every kilogram of HCFC-22. We have not adopted the formula recommended by the GRI because we do not produce, import or export substances that deplete the ozone layer. The data presented refer to emissions from the use of air-conditioning refrigerated gas.

(305-7, RR-PP-120 and RT-CP-120) ATMOSPHERIC EMISSIONS (IN TONS/YEAR)



(305-7) ATMOSPHERIC EMISSIONS PER UNIT (IN TONS/YEAR)

	Nitrogen Oxide			Sulfur Oxide			Sulfuric Acid			Total Reduced Sulfur Compounds			Particulate Matter			Carbon Monoxide		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Paper SC - Campina da Alegria	448.70	221.84	408.06	41.49	106.97	33.73	0.04	10.45	0.06	400.18	1.78	445.95	1,902.48	2,308.72	2,967.35	-	394.93	62.85
Paper MG - Santa Luzia	15.67	32.43	20.97	-	-	-	-	-	-	-	-	-	-	-	-	6.95	8.77	10.02
Packaging SC - Campina da Alegria	-	4.23	3.51	-	3.54	1.81	-	-	-	-	-	-	-	0.25	2.35	-	0.02	2.24
Packaging SP - Indaiatuba	10.64	1.15	1.22	-	-	-	-	-	-	-	-	-	-	-	-	0.01	-	-
Resin RS - Balneário Pinhal	-	-	-	-	-	-	-	-	-	-	-	-	3.44	1.22	1.36	77.00	129.96	145.26
TOTAL	481.67	264.45	433.76	124.43	170.13	35.54	0.04	10.45	0.06	400.18	1.78	445.95	1,912.63	2,310.19	2,971.06	83.96	533.69	220.37

Notes: As of 2018, the information for the Packaging SC - Campina da Alegria Unit has been added to that of the Paper SC - Campina da Alegria Paper Unit. POP and VOC are not emitted by the Company. (305-7b) The factors used are sourced from the analysis reports that are drawn up by hired companies. (305-7c) The sampling methodology for the emission analysis was determined on the basis of the ABNT, CETESB and EPA Technical Standards.

Task Force on Climate-related Financial Disclosures (TCFD)

The TCFD is a global coalition formed by 32 members of the G20 community, from different sectors of the economy, led by the Financial Stability Board (FSB).

The initiative encourages organizations to learn about the physical climate risks, responsibility and transition to which they are exposed and proposes consistent voluntary climate-related financial disclosures, in order to ensure greater transparency for financial backers, insurers and investors to make better business decisions.

In 2020, we began to deepen the discussions about the impact of climate change on our operations, with particular emphasis on the following:

- Governança: Governance:** In our Sustainability Policy, we inserted a new commitment to *“Adopt measures and strategies to mitigate and adapt to climate change, through projects such as the Clean Development Mechanisms and the reduction of greenhouse gas emissions.”* Furthermore, we call upon our Risk Management to fine tune the existing risks in relation to climate change and include new risks. The matter will be followed up by the risk management and other risk-affected management.
- Strategy:** We participate in the Climate Change Committee of the Brazilian Tree Industry (IBÁ) and will take the preliminary analyses into account for the Strategic Planning 2021/2030 cycle that we are initiating.
- Risk management:** We have assessed the existing risks and identified the need to include a new risk related to Water Scarcity, the other climate-related risks having already been included.
- Targets and measurement:** We have set targets for emission reduction and the generating of carbon credits. The measurements for quantifying greenhouse gas emissions are based on international standards developed by the International Organization for Standardization (ISO 14064) and the World Resources Institute (WRI), covering all Direct Emissions (Scope 1) and Indirect Emissions from the Consumption of Energy (Scope 2), as well as Indirect Emissions from other Sources (Scope 3). As for Clean Development Mechanism (CDM) projects, they adhere to the methodologies of the United Nations Framework Convention on Climate Change (UNFCCC). Financial measurements will be developed for the Strategic Planning 2021/2030 cycle.

WASTE MANAGEMENT AND THE CIRCULAR ECONOMY



GRI 103-1, 103-2, 103-3, 306-2, 306-3, 306-4 and 306-5

SASB RT-CP-150 and RT-CP-410

ISE Environmental dimension

(103-1, 103-2 and 103-3) We formalized our commitment to promoting the circular economy in the value chain with our strategic mapping for the 2018-2027 cycle. In alignment with the National Policy for dealing with Solid Waste (Law No. 12.305/10), our teams are constantly evaluating the industrial procedures and seizing opportunities to reduce resource consumption, as well as analyzing options to insert the waste generated into new production chains. Thus, in addition to promoting the circular economy, we contribute to the generation of employment and income in the local communities.

(103-2, 103-3) The consumption of raw materials and other inputs has a significant impact on our operating costs. Consequently, they are subject to rigorous controls and regular analysis, seeking alternatives for reutilization and recycling and reducing the volume of waste disposal in licensed landfills and significant environmental impacts.



Learn more
about our circular
economy practices



(301-1 AND RT-CP-410) TOTAL VOLUME OF RENEWABLE AND NON-RENEWABLE MATERIALS (IN TONS)

Unit	Total volume of materials used			Total volume of renewable materials used			Total volume of non-renewable materials used		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Paper SC – Campina da Alegria	645,820	668,658	687,408	633,588	655,019	673,046	12,232	13,639	14,362
Paper MG – Santa Luzia	69,961	66,400	65,335	68,903	65,359	64,304	1,058	1,041	1,031
Packaging SC – Campina da Alegria	68,101	71,578	76,810	67,503	71,064	76,089	598	514	720
Packaging SP – Indaiatuba	86,338	95,243	101,758	85,706	94,688	101,086	632	555	672
Resin RS – Balneário Pinhal	17,172	16,542	18,738	17,172	16,542	18,738	Not applicable	Not applicable	Not applicable
TOTAL	941,064	942,625	950,049	926,315	926,804	933,264	14,749	15,821	16,785

Note: Only materials consumed in the production process are considered.



(301-1, 301-2, 301-3 and RR-PP-430) PROPORTION OF RECYCLED MATERIALS USED IN THE PROCESS

Unit	2018	2019	2020
Paper SC – Campina da Alegria	23.69%	22.07%	21.60%
Paper MG – Santa Luzia	92.90%	91.69%	91.63%
Packaging SC – Campina da Alegria	87.55%	92.99%	92.88%
Packaging SP – Indaiatuba	87.36%	87.12%	89.33%

(301-1) SPECIFIC CONSUMPTION OF MATERIAL PER TON PRODUCED

Unit	Specific consumption of material per gross ton produced			Specific consumption of material per net ton produced		
	2018	2019	2020	2018	2019	2020
Paper SC – Campina da Alegria	2.72	2.65	2.70	2.89	2.83	2.88
Paper MG – Santa Luzia	1.19	1.12	1.13	1.25	1.18	1.20
Packaging SC – Campina da Alegria	1.03	1.03	1.03	1.11	1.18	1.17
Packaging SP – Indaiatuba	1.25	1.02	1.03	1.14	1.09	1.10
Resin RS – Balneário Pinhal	1.27	1.21	1.28	1.27	1.21	1.28

Note: Only materials consumed in the production process are considered.

(301-1, 301-2, 301-3, RT-CP-150 and RR-PP-430) RECOVERED MATERIALS USED IN THE PROCESS (IN TONS)

Unit	Recovered materials	Total sold	Proportion of materials recovered in the production process
Packaging SC – Campina da Alegria	23,778	238,224	9.98%
Paper MG – Santa Luzia	3,800	55,096	6.90%

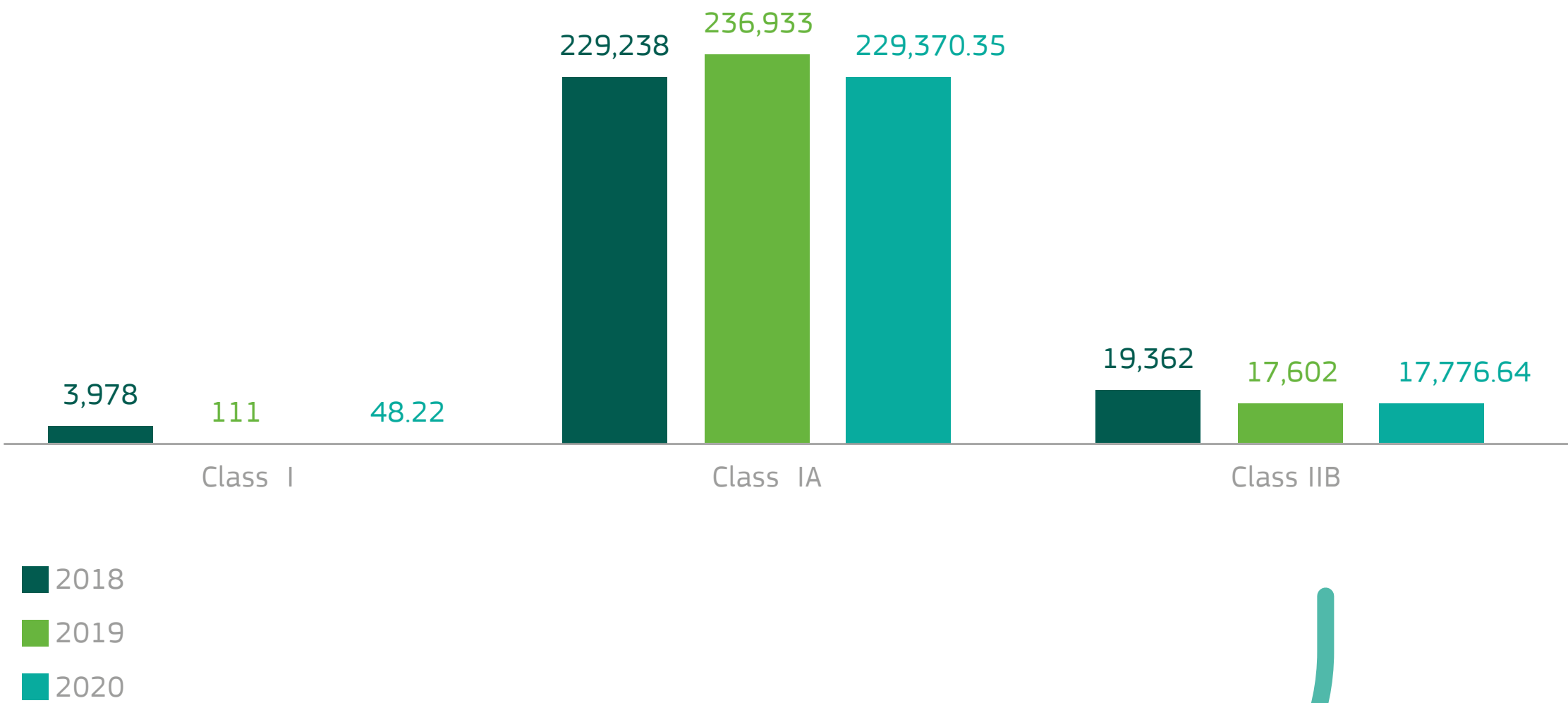
Note: We consider as recovered material a process reject called trimmings, which are generated in the production of sheets and boxes at the packaging units. Control of the quantity returned to the industrial unit for recovery is performed using invoices and stock shipping from the SC Packaging Unit to the SC Paper Unit, both located at Campina da Alegria, in Vargem Bonita (SC)..

(306-2) TOTAL WEIGHT OF WASTE GENERATED (IN TONS)

Unit	2018	2019	2020
Paper SC – Campina da Alegria	219,542	223,942	215,880
Paper MG – Santa Luzia	6,730	7,604	7,573
Packaging SC – Campina da Alegria	9,370	9,490	10,304
Packaging SP – Indaiatuba	9,594	11,412	11,152
Resin RS – Balneário Pinhal	2,048	2,199	2,287
TOTAL	252,578	257,350	247,195

(103-2) The procedures for the collection and storage of our waste are aligned with NBR 10,004/2004, using classification as Class I (hazardous), Class II-A (non-inert) and Class II-B (inert), to avoid contamination.

(306-2) TOTAL WEIGHT OF WASTE, BY TYPE (IN TONS)



(306-2, 306-4A and RT-CP-150) TOTAL WEIGHT OF WASTE, BY DISPOSAL METHOD (IN TONS)

Disposal method	Non-Hazardous			Hazardous		
	2018	2019	2020	2018	2019	2020
Recycling	31,704.84	47,627.45	48,408.65	3,861.24	12.39	15.84
Reutilization	70,359.52	81,326.33	73,909.52	87.87	0.00	0.14
Incineration	0.00	0.00	0.00	8.17	0.04	2.08
Blending	0.00	0.00	0.00	7.20	5.23	3.65
Composting	16,710.38	23,153.93	21,148.96	0.00	0.00	0.00
Recovery	108,728.23	84,357.42	83,232.34	0.00	0.00	0.00
Landfill	21,094.55	20,839.46	20,447.53	18.51	88.31	26.51
TOTAL	248,591.52	257,304.59	247,147.00	3,983.00	106.05	48.22

Note: The total amount of hazardous waste (48.22 tons) was transported and treated by duly licensed companies. There was no importing or exporting of hazardous waste, so there was no percentage of international transportation. The reduction of hazardous waste in 2020 was due to improved classification and separation for final disposal.

(306-4) In compliance with the prevailing legislation, 100% of the waste that is recycled or disposed of externally is accompanied by a Waste Transportation (MTR) document issued

by the online control system of the State Environmental Institute (IMA), thereby ensuring that the material is only sent to a duly licensed company.

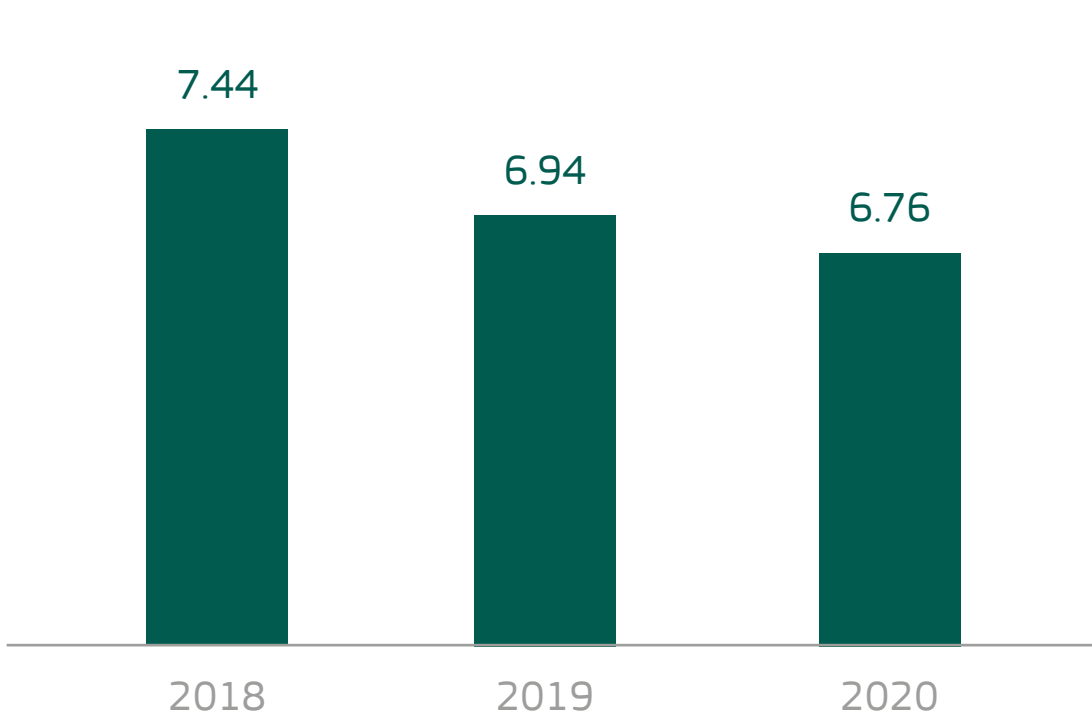
(102-12) We are also members, through the Brazilian Tree Industry (IBÁ), of a coalition, CEMPRE (Business Commitment to Recycling), which sealed a sectorial agreement for the implementation of a reverse logistics system for packaging in general.

SPECIFIC VOLUME OF WASTE GENERATED, PER TON PRODUCED

Unit	Specific volume of waste generated, per gross ton produced			Specific volume of waste generated, per net ton produced		
	2018	2019	2020	2018	2019	2020
Paper SC – Campina da Alegria	0.93	0.89	0.85	0.99	0.95	0.90
Paper MG – Santa Luzia	0.11	0.13	0.13	0.12	0.14	0.14
Packaging SC – Campina da Alegria	0.14	0.14	0.14	0.15	0.16	0.16
Packaging SP – Indaiatuba	0.11	0.12	0.11	0.13	0.13	0.12
Resin RS – Balneário Pinhal	0.15	0.16	0.16	0.15	0.16	0.16
TOTAL	0.49	0.50	0.49	0.53	0.54	0.53

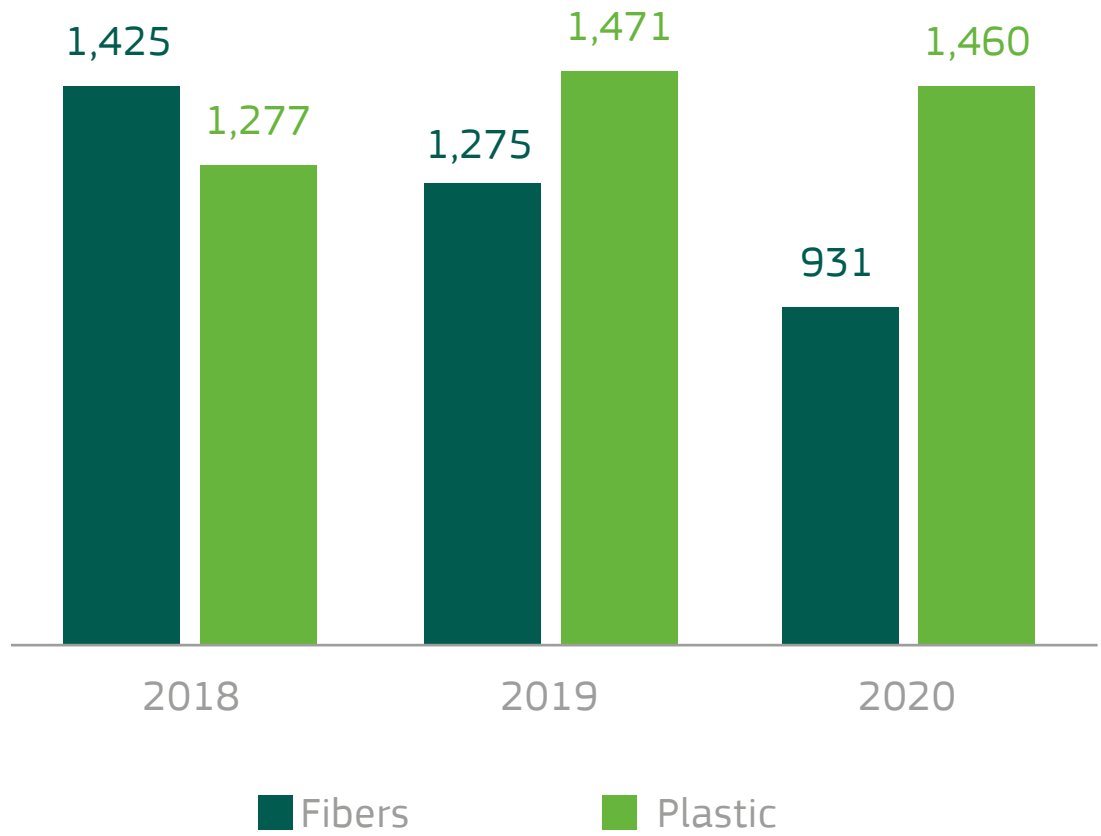
(306-4) The Campina da Alegria Paper Unit, in Santa Catarina, is the one that generates the most waste in the company. Consequently, in striving for solutions aligned to the circular economy, our strongest focus is on that unit. One result of these efforts has been extending the useful life of our industrial landfill by four years (2018-2021), thus delaying the need for investment of approximately R\$ 3 million in the construction of a new one.

PROPORTION OF GENERATED WASTE SENT TO THE CAMPINA DA ALEGRIA PAPER UNIT LANDFILL IN SANTA CATARINA



Note: The reduction over time was due to progress in inserting waste from the production processes into new value chains and thereby contributing to the circular economy. During this cycle, we sent 354.25 tons of plastic waste to the company In Brasil Ind. e Com. de Plásticos Ltda., which would otherwise have been sent to the landfill, thus directly contributing to the reduction of that percentage. A further 1,658.29 tons of mixed plastic scrap was also recycled

(306-2) ANNUAL RECOVERY OF PAPER FIBERS AND PLASTIC (IN TONS)



Note: The amount of contaminants in the scrap has gradually increased over time, generating a higher volume of plastic waste. The amount of plastic recovered has accompanied that increase. Adjustments in the process and continual maintenance of the equipment used to prepare the paper have improved the efficiency and utilization of the fibers, thereby reducing losses.

CERTIFICATION AND VOLUNTARY COMMITMENTS



GRI 103-1, 103-2, 103-3,
ISE General, Environmental, Social
and Climate Change dimensions

(102-11) The certification awarded has encouraged the adoption of measures to deal with potential impacts, through the monitoring of legislation and other requirements, identification of specific factors and their impacts and the defining of controls to minimize their effects.

(102-43 and 416-1) Following the company’s strategic guidelines, we periodically review our internal procedures and update the mapping of environmental factors and their impacts across all the business units.

	FSC®	ISO 9001:2015	ISO 14064:2006	ISO 14001:2015
	International certification guaranteeing that the raw materials used derive from forest management that is ecologically sound, socially fair and economically viable.	Quality management system designed to help organizations improve their performance.	International standard for certifying the greenhouse gas inventories, compiled voluntarily by organizations.	International standard specifying the requirements for the setting up of a management system for environmental protection and rapid response to changes, taking into account environmental factors influenced by the organization and others that it may be able to control.
Forestry and Paper Business Line	☑	☑	☑	
Packaging Business Line	☑	☑	☑	☑
Resins Business Line	☑	☑	☑	

Note: We are preparing all the Irani businesses for ISO 14001: 2015 certification. The Balneário Pinhal Resins Unit, in Rio Grande do Sul, is on a more advanced track, with the conducting of internal audits.

In 2020, we joined as a signatory to the UN Sustainable Development Goals Movement in SC, whereby we committed ourselves to 17 global goals and 169 targets to be achieved by 2030, mainly in the environmental, economic and social dimensions of integrated and interrelated sustainable development. Following

up on this initiative, we have set up study groups to evaluate which SDGs should be a priority and which targets should be considered in our businesses. Altogether, the groups have already evaluated nine SDGs and more than 80 targets, and the analysis will be completed in 2021.



NATURAL CAPITAL

FUTURE CHALLENGES AND COMMITMENTS

- Reduce by 30% our specific consumption of water, by 2030.
- Earn 460,000 tons of UN certified carbon credits, by 2030.
- Reduce to zero the disposal of non-hazardous waste in landfills, by 2030.
- Increase by 20% the balance in the difference between GHG emissions and removals, by 2030.
- Reduce by 5% the specific generation of waste, by 2030.
- Complete the analysis of the UN Sustainable Development Goals, in 2021.



8

ABOUT THIS REPORT

Our Integrated Report shows not only our way of doing business, but also our performance over the last financial year and the future challenges and commitments. The period covered runs from January 1-December 31, 2020 and embraces all the units belonging to Irani Papel e Embalagens S.A. and its subsidiaries Habitasul Florestal S.A., HGE - Geração de Energia Sustentável S.A., Irani Geração de Energia Sustentável Ltda. and Iraflor Comércio de Madeiras Ltda. We transparently reveal how we develop our sustainability strategy through practices that reinforce our mission of building relationships of value with our employees, local communities, customers, suppliers,

shareholders, governments and society as a whole.

A dedicated team of technicians worked on the preparation of this publication, which offers a balanced and appropriate presentation of the material topics and our ability to create value. It was then reviewed and approved by our Sustainability Committee, which recognizes the responsibility to ensure the integrity, completeness and systemic overview of the report's information.

All relevant materiality information has been disclosed and omissions are in the GRI summary.



Integrated Report

This is our first disclosure of an Integrated Report that follows the technical guidelines of the Integrated Reporting <IR> framework that considers the six (6) capital formats:

- Financial Capital
- Social and Relationship Capital
- Human Capital
- Intellectual Capital
- Manufacturing Capital
- Natural Capital



Global Reporting Initiative (GRI)

(102-54) Prepared in accordance with the GRI Standards: comprehensive option, showing how we generate value in a sustainable manner.

Sustainable Development Goals (SDGs)

This report presents the main SDGs that are affected by our business and the way they relate to our strategic priorities.

SUSTAINABLE DEVELOPMENT GOALS



SASB

Prepared in accordance with the SASB industrial norms, using standard accounting methodology: :

- SASB Application Guide
- RR-PP - Pulp and Paper Products
- RR-FM - Forest Management
- RT-CP - Receptacles and Packaging



(102-46) Defining the material topics

In 2020, the Sustainability area led the process of updating the material topics covered by this publication.

To begin with, we ascertained the groups represented by the company's relationships and the in-house and outside sources available for consultation that could provide us with useful information, in relation to expectations and influences.

Notable among the sources consulted were an interview with an administrator in the Accounting and Investor Relations area, the strategic planning for the 2018-2027 cycle, the results of the latest cycle in the assessment of the socio-environmental impact on local communities, the GPTW Climate Survey, the UN SDGs, the ISE B3 questionnaire, the

commitments undertaken as a result of the pacts we have signed, the SASB methodology and the annual reports of our competitors. There was no outside consultation.

From the set of information obtained in-house and from outside, 31 topics emerged that were arranged within a matrix, from which it was possible to extract the set of topics of greatest importance, taking into consideration the information from internal and external stakeholders, filtered for the recurrence of topics within the materials evaluated. Finally, in an ordinary meeting, the Sustainability Committee ratified the following topics, presented here in alphabetical order, as material to our businesses, in that we are agents that cause or contribute to the impacts linked to them:



(102-47) TEMAS MATERIAIS PRIORIZADOS:

- 01 - Water and effluents
- 02 - Certification and voluntary commitments
- 03 - Economic performance and growth
- 04 - Personnel development
- 05 - Energy efficiency
- 06 - Emissions
- 07 - Ethics and integrity
- 08 - Waste management and the Circular Economy
- 09 - Governance
- 10 - Diversity and gender equality
- 11 - Social and environmental impacts and mitigation measures
- 12 - Innovation
- 13 - Forest stewardship, management and productivity
- 14 - Climate change
- 15 - Efficient and responsible production
- 16 - Product quality
- 17 - Relations with stakeholders
- 18 - Occupational Health and Safety
- 19 - Decent work

Capital	Stakeholder	Tópico Material	ODS	GRI	SASB	ISE
Social and Relationship	All stakeholders	Governance	☑	☑		☑
		Ethics and Integrity	☑	☑		☑
		Relations with stakeholders	☑	☑		☑
Financial	Shareholders	Economic Performance and Growth	☑	☑		☑
Human	Employees	Occupational Health and Safety	☑	☑		☑
		Decent work Personnel development	☑	☑		☑
		Diversity and Gender Equality	☑	☑		☑
Intellectual	Shareholders	Innovation	☑			
	Employees Customers					
Manufacturing	Shareholders Employees Government Society	Efficient and responsible production	☑	☑	☑	☑
		Energy efficiency	☑	☑	☑	☑
		Forest stewardship, management and productivity	☑	☑	☑	☑
		Product quality	☑	☑	☑	☑
Natural	Shareholders Employees Government Society	Social and environmental impacts and mitigation measures	☑	☑	☑	☑
		Water and effluents	☑	☑	☑	☑
		Climate Change Emissions	☑	☑	☑	☑
		Certification and voluntary commitments	☑	☑		☑
		Waste management and the Circular Economy	☑	☑	☑	☑

(102-55) Summary of GRI Standards “in accordance” – Comprehensive

GENERAL DISCLOSURES
ORGANIZATION PROFILE

GRI Standard	Disclosure	Page	Answer/Omission
102-1	Name of the organization	7	Irani Papel e Embalagem SA
102-2	Activities, brands, products and services	7	Kraft paper, corrugated cartonboard sheets and boxes, and resins.
102-3	Location of headquarters	8, 9	Office RS – Porto Alegre Rua General João Manoel, 157 9th floor, Porto Alegre (RS) Zip Code 90010-030
102-4	Location of operations	9	Exclusively Brazilian Operation with offices in Joaçaba (SC) and Porto Alegre (RS) and industrial units in Vargem Bonita (SC), Indaiatuba (SP), Santa Luzia (MG) and Balneário Pinhal (RS)
102-5	Ownership and legal form		Publicly held corporation, since 1977
102-6	Markets served	41, 42	Domestic and international.
102-7	Scale of the organization	61, 76, 81, 116, 117, 119, 122	
102-8	Information on employees and other workers	76, 79	102-8.d does not apply.
102-9	Supply chain	49	Critical suppliers make up the five purchasing groups presented in the Report. The details are treated separately, according to the description of each group on the pages.
102-10	Significant changes to the organization and its supply chain	7, 23	Migration to B3's Novo Mercado
102-11	Precautionary principle or approach	132, 158	
102-12	External initiatives	48, 157	
102-13	Membership in associations	29, 43, 44	

STRATEGY

GRI Standard	Disclosure	Page	Answer/Omission
102-14	Statement by the president	2, 3, 4	
102-15	Key impacts, risks and opportunities	36	

ETHICS AND INTEGRITY

GRI Standard	Disclosure	Page	Answer/Omission
102-16	Values, principles, standards and norms of behavior	11, 33	
102-17	Mechanisms for advice and concerns about ethics	33, 34	

GOVERNANCE

GRI Standard	Disclosure	Page	Answer/Omission
102-18	Governance structure	23, 24, 25, 26, 27, 28	
102-19	Delegating authority	23, 25, 26	
102-20	Executive-level responsibility for economic, environmental and social topics	25, 26	
102-21	Consulting stakeholders on economic, environmental and social topics	29	We do not have a formalized consultation process between stakeholders and the highest governance body.

102-22	Composition of the highest governance body and its committees	24, 25, 26, 27, 28	<p>The Executive Board is the only body that performs executive functions. There are representatives of shareholders and the controlling family group of Irani on the Board of Directors.</p> <p>Advisory committees are non-statutory bodies. Social minorities do not have representatives in the highest governance body.</p> <p>Of the total number of chairs that make up the Board of Directors, Executive Board and its committees:</p> <p>Gender:</p> <p>87.5% men 12.5% women</p> <p>Age group:</p> <p>50% over 60 years old 50% under 60 years old</p> <p>Permanence of the members of the Board of Directors, the Executive Board and its committees:</p> <p>79.16% up to 5 years 20.83% more than 5 years</p>
102-23	Chair of the highest governance body	24	

102-24	Nominating and selection the highest governance body	24	<p>The Company's Board of Directors is composed of at least five (5) members and a maximum of nine (9) members, all elected and removable by the General Shareholders Meeting, with a unified mandate of a maximum of two (2) years, being allowed reelection. Of these, at least two (2) members or 20% (twenty percent), whichever is greater, shall be Independent Members, as defined in the Novo Mercado Regulation, and the characterization of those appointed to the Board of Directors as Independent Directors shall be resolved at the General Shareholders Meeting that elects them, being also considered as independent the member(s) of the Board of Directors elected through the option provided for in Article 141, §§ 4 and 5 of Law 6.404/76 and Article 17, §3 of the Novo Mercado Regulation, in the event that there is a controlling shareholder.</p>
102-25	Conflicts of interest	24, 33	<p>Our definition of conflict of interest is set out in the Integrity Program glossary, available to all stakeholders on the Company's website and the types of conflict of interest are listed guidelines of each policy:</p> <p>Relationship with the Public Sector, Associations and Trade Unions – item 1.2</p> <p>Relationship with Suppliers – items 2.3 and 2.7</p> <p>Customer Relationship – item 3.2</p> <p>Donations and Sponsorships – item 4.3, 4.5, 4.6</p> <p>Hospitality, Gifts and Gifts – item 5.2, 5.3</p> <p>Accounting Records – item 6.2, 6.3</p> <p>Mergers, Acquisitions and Corporate Restructuring – item 7.2</p>
102-26	Role of the highest governance body in setting purpose, values and strategy	11, 23	
102-27	Collective knowledge of highest governance body	23, 29	

102-28	Evaluating the highest governance body's performance	23	The performance of the Board of Directors is evaluated in-house annually by the Chairman of the Board of Directors. In order to improve the effectiveness of the Board of Directors, the Chairman of the Board of Directors forwards an evaluation questionnaire to the other members of the Board, who answer it individually and confidentially. Upon receipt of the evaluation questionnaires, the Chairman of the Board performs the tabulation of the evaluations and identifies opportunities for improvement for implementation
102-29	Identifying and management of economic, environmental and social impacts	25, 26, 38	The Executive Board is responsible for monitoring and validating the discussions and definitions related to risk management
102-30	Effectiveness of risk management processes	38, 39	The Executive Board is the body responsible for assessing the effectiveness of risk management.
102-31	Review of economic, environmental and social topics	25, 26	The Sustainability Committee is responsible for reviewing the economic and socio-environmental topics linked to the business.
102-32	Highest governance body's role in sustainability reporting		The Sustainability Committee is responsible for approving the content of this Report
102-33	Communicating critical issues		Supported by the Executive Board, the Chief Executive Officer is responsible for reporting business-critical topics to the Board of Directors during monthly meetings.
102-34	Type and total number of critical issues		The reporting of critical concerns to the Board of Directors is inherent to the function of the Executive Board and occurs, when necessary, at the monthly meeting.
102-35	Remuneration policies	30	

102-36	Process for determining compensation	29, 30, 83	The Company seeks a competitive remuneration practice in the market in which it operates, paying fixed wages compatible with the market average and seeking differentiation through more aggressive variable compensation programs. Fixed salaries are established based on regularly updated surveys and corrected by collective bargaining indices. Fixed wage evolution is based on growth within the Company's structure; that is, by promotion, always based on the employee's current and potential performance. Variable compensation is partially based on the Company's results and partly on the individual performance of each employee, evaluated by a specific performance management program.
102-37	Envolvimento das partes interessadas na remuneração	23, 83	We do not consult stakeholders regarding the compensation strategy. We rely on outside consultants to conduct the process of evaluating positions and market salary research, who generate information to base the decision-making of the Executive Board regarding the Company's compensation strategy.
102-38	Annual total compensation ratio	81	
102-39	Percentage increase in annual total compensation ratio	81	

STAKEHOLDER INVOLVEMENT

GRI Standard	Disclosure	Page	Answer/Omission
102-40	List of stakeholder groups	40	
102-41	Collective bargaining agreements	77	
102-42	Identifying and selecting stakeholders	40	
102-43	Approach to stakeholder engagement	40, 87, 132, 158	The approach foreseen in this indicator is intrinsic throughout the description of our way of managing each material topic.
102-44	Key topics and concerns raised	40, 87	Our leaders are responsible for managing the key topics and concerns of their direct stakeholder audiences.

REPORTING PRACTICES

GRI Standard	Disclosure	Page	Answer/Omission
102-45	Entities included in the consolidated financial statements	9	
102-46	Defining report content and topic boundaries	162	
102-47	List of material topics	163	
102-48	Restatement of information		Indicated in the form of an explanatory note, when applicable.
102-49	Changes in reporting		There were none
102-50	Reporting period		January 1, 2020 to December 31, 2020.
102-51	Date of most recent report		June 2020
102-52	Reporting cycle		Annual
102-53	Contact point for questions regarding the report	182	http://www.irani.com.br/ideias-em-acao/contato/
102-54	Claims of reporting in accordance with the GRI Standards	161	
102-55	GRI Content Index	165	
102-56	External assurance	183	

MATERIAL TOPICS

ECONOMIC PERFORMANCE

GRI Standard	Disclosure	Page	Answer/Omission
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	60	
	103-2 The management approach and its components	61	
	103-3 Evaluation of the management approach	61	
GRI 201: Performance performance	201-2 Financial implications and other risks and opportunities due to climate change		A study on the impact of climate change on our business is planned for the next strategic planning review 2021/2030.
	201-3 Defined benefit plan obligations and other retirement plans		Irani does not have pension plans for employees.
	201-4 Financial assistance received from government	None.	

PURCHASING PRACTICES

GRI Standard	Disclosure	Page	Answer/Omission
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	47	
	103-2 The management approach and its components	49	The Company also studies the improvement of practices to meet this indicator.
	103-3 Evaluation of the management approach	49	
GRI 204: Purchasing practices 2016	204-1 Proportion of spending with local suppliers	48	

MATERIALS

GRI Standard	Divulgação	Página	Resposta/Omissão
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	119	
	103-2 Management approach and its components	119	
	103-3 Evaluation of the management approach	119	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	154, 155	
	301-2 Recycled input materials used	155	
	301-3 Reclaimed products and their packaging materials	155	

ENERGY

GRI Standard	Divulgação	Página	Resposta/Omissão
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	125	
	103-2 Management approach and its components	125	
	103-3 Evaluation of the management approach	125	
GRI 302: Energy 2016	302-1 Organization's internal energy consumption	125, 126, 128, 129	We do not sell electricity, heating, cooling or steam.
	302-2 Energy consumption outside the organization	126, 129	
	302-3 Energy intensity	125, 126	
	302-4 Reducing power consumption	125	
	302-5 Reduction in energy requirements of products and services		Not applicable to our businesses.

WATER AND EFFLUENTS

GRI Standard	Disclosure	Page	Answer/Omission
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	140	
	103-2 Management approach and its components	140	
	103-3 Evaluation of the management approach	140	
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	140	
	303-2 Impact management related to water discharge	140, 143	
	303-3 Water withdrawal	140, 141, 142, 143	
	303-4 Water discharge	140, 143, 144	
	303-5: Water consumption	141, 143	

BIODIVERSITY

GRI Standard	Disclosure	Page	Answer/Omission
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	110	
	103-2 Management approach and its components	110	
	103-3 Evaluation of the management approach	110	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	137, 138	
	304-2 Significant impacts of activities, products and services on biodiversity	113, 137, 138	
	304-3 Habitats protected or restored	133, 136, 137, 138	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	138	

EMISSIONS

	Disclosure	Page	Answer/Omission
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	145	
	103-2 Management approach and its components	145	
	103-3 Evaluation of the management approach	145	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	145, 149	
	305-2 Indirect (Scope 2) GHG emissions	145, 146, 148	
	305-3 Other indirect (Scope 3) GHG emissions	145, 146, 148, 149	
	305-4 GHG emissions intensity	147	
	305-5 Reduction of GHG emissions	149, 150	
	305-6 Emissions of substances that destroy the ozone layer	150	
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions	150, 151	

EFFLUENTS AND WASTE

GRI Standard	Disclosure	Page	Answer/Omission
GRI 103: Abordagem de Gestão 2016	103-1 Explanation of the material topic and its boundary	140	
	103-2 Management approach and its components	140	
	103-3 Evaluation of the management approach	140	
GRI 306: Efluentes e resíduos 2016	306-1 Total water discharge by quality and destination	143	
	306-2 Waste by type and disposal method	155, 156, 157	
	306-3 Significant spills	132	
	306-4 Transport of hazardous waste	156, 157	
	306-5 Water bodies affected by water discharges and/or runoff	144	

SUPPLIER ENVIRONMENTAL ASSESSMENT

GRI Standard	Disclosure	Page	Answer/Omission
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48	
	103-2 Management approach and its components	48	
	103-3 Evaluation of the management approach	48	
GRI 308: Evaluation Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	51, 52, 53, 54, 55, 56, 57	The monitoring performed does not include the percentage of total new suppliers. We evaluated the possibility of presenting this information in the next reporting cycles.
	308-2 Negative environmental impacts in the supply chain and actions taken		The Company evaluates the possibility of making the information available in the next reports.

EMPLOYMENT

GRI Standard	Disclosure	Page	Answer/Omission
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	73	
	103-2 Management approach and its components	73	
	103-3 Evaluation of the management approach	73	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	77, 78, 79, 80	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	81	All Irani industrial units and offices are considered important operating units. We don't have a retirement fund. In case of disability, the life insurance carrier analyzes cases of workplace accidents and may indemnify the employee if the complete documentation is properly presented and approved.
	401-3 Licença Parental	82	

OCCUPATIONAL HEALTH AND SAFETY

GRI Standard	Disclosure	Page	Answer/Omission
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	90	
	103-2 Management approach and its components	90	
	103-3 Evaluation of the management approach	90	
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	90, 95	
	403-2 Hazard identification, risk assessment and incident investigation	90, 91, 94	
	403-3 Occupational health services	90, 91, 96	
	403-4 Worker participation, consultation and communication on occupational health and safety	93, 95	
	403-5 Training of workers in occupational safety and health	96	
	403-6: Promotion of worker health	91, 92	
	403-7 Prevention and mitigation of occupational health and safety and impacts directly linked by commercial relations		The Company assesses the possibility of improving management practices and reporting this indicator in the next reporting cycle.
	403-8 Workers covered by an occupational health and safety management system	90, 95	
	403-9 Work-related Injuries	94	
	403-10 Work-related health problems		The Company assesses the possibility of improving management practices and reporting this indicator in the next reporting cycle.

TRAINING AND EDUCATION

GRI Standard	Disclosure	Page	Answer/Omission
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	83	
	103-2 Management approach and its components	83	
	103-3 Evaluation of the management approach	83	
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	85	
	404-2 Programs for updating employee skills and career transition assistance programs		We do not have end-of-career management programs.
	404-3 Percentage of employees receiving regular performance and career development reviews	89	

DIVERSITY AND EQUAL OPPORTUNITY

GRI Standard	Disclosure	Page	Answer/Omission
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	74	
	103-2 Management approach and its components	74	
	103-3 Evaluation of the management approach	74	
GRI 404: Training and education 2016	405-1 Diversity of governance bodies and employees	76, 77, 78	The Board of Directors is composed of 5 men over the age of 50. Of these, 40% belonged to the family group of the Company’s founders and 60% by specialists without family connections.
	405-2 Proportion of basic salary and remuneration for women and men	81	

LOCAL COMMUNITIES

GRI Standard	Disclosure	Page	Answer/Omission
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	45	
	103-2 Management approach and its components	45	
	103-3 Evaluation of the management approach	45	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	45	
	413-2 Operations with significant actual and potential negative impacts on local communities	46	

SUPPLIER SOCIAL EVALUATION

GRI Standard	Disclosure	Page	Answer/Omission
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48	
	103-2 Management approach and its components	48	
	103-3 Evaluation of the management approach	48	Information on actual and potential significant social impacts as well as the percentage of suppliers assessed is not available for reporting. The Company is evaluating making the disclosure in the next reporting cycle.
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	51, 52, 53, 54, 55, 56, 57	
	414-2 Negative social impacts in the supply chain and actions taken	52, 53, 54, 55, 56	Information on actual and potential significant social impacts as well as the percentage of new suppliers assessed is not available for reporting purposes.
	414-3 Operations with significant actual and potential negative impacts on local communities		Information on actual and potential significant social impacts as well as the percentage of new suppliers assessed is not available for reporting purposes.

CONSUMER HEALTH AND SAFETY

GRI Standard	Disclosure	Page	Answer/Omission
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	158	
	103-2 Management approach and its components	158	
	103-3 Evaluation of the management approach	158	
GRI 416: Consumer Health and Safety 2016	416-1 Assessment of health and safety impacts of products and services.	120, 123, 132, 158	
	416-2 Incidents of non-compliance related to health and safety impacts of products and services.		There were none.

CREDITS

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Péricles Pereira Druck

Chief Executive Officer

Sérgio Luiz Cotrim Ribas

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and Investor Relations Officer**

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Disclosure

June/2021

Distribution

Shareholders, customers, employees, communities,
suppliers, governments and other stakeholders.



(102-53) In the event of questions
regarding the content of this report, we
are available through the contact channel
available on our website, at the link





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Limited assurance report issued by independent auditors

To the Board of Directors and Shareholders of
Irani Papel e Embalagens S.A
Porto Alegre - RS

Introduction

We were engaged by Irani Papel e Embalagens S.A (“Irani” or “Company”) to apply limited assurance procedures on the sustainability information disclosed in Irani’s Integrated Report 2020 (“Report”), in the accompanying information to this report related to the period ended December 31, 2020.

Responsibilities of Irani’s Management

The Management of Irani is responsible for adequately preparing and presenting the sustainability information in the Integrated Report 2020 in accordance with CPC 09 Guideline - Integrated Report (which is correlated with the Basic Conceptual Framework for Integrated Report prepared by the International Integrated Reporting Council - IIRC), and the internal controls determined necessary to ensure this information is free from material misstatement, resulting from fraud or error.

Independent auditors’ responsibility

Our responsibility is to express a conclusion about the information in the Report based on a limited assurance engagement conducted in accordance with Technical Communication (TC) 07/2012, which was prepared based on NBC TO 3000 (Assurance Engagements Other Than Audits and Reviews), both issued by the Brazilian Federal Accounting Council - CFC (equivalent to international standard ISAE 3000, issued by the International Federation of Accountants and applicable to Non-Financial Historical Information). These standards require compliance with ethical requirements, including independence ones, and the engagement is also conducted to provide limited assurance that the information disclosed in the Report, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) consists mainly of questions and interviews with the Management of Irani and other professionals of the Company involved in the preparation of the information disclosed in the Report and use of analytical procedures to obtain evidence that enables us to reach a limited assurance conclusion about the sustainability information taken as a whole. A limited assurance engagement also requires additional procedures when the independent auditor acknowledges issues which may lead them to believe that the information disclosed in the Report taken as a whole could present material misstatement.



The selected procedures were based on our understanding of the issues related to the compilation, materiality and presentation of the information disclosed in the Report , on other engagement circumstances and also on our considerations regarding areas and processes associated with material sustainability information disclosed where relevant misstatement could exist. The procedures consisted of:

- a. engagement planning: considering the material aspects for Irani's activities, the relevance of the information disclosed, the amount of qualitative information and the operational systems and internal controls that served as a basis for preparation of the information in the Irani's Report. This analysis defined the Topics to be checked in details;
- b. understanding and analysis of disclosed information related to material aspects management;
- c. analysis of preparation processes of the Report and its structure and content, based on the CPC 09 Guidelines - Integrated Report (which is correlated with the Basic Conceptual Framework for Integrated Report, prepared by the The International Integrated Reporting Council - IIRC);

We believe that the information, evidence and results we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

Scope and limitations

The procedures applied to a limited assurance engagement are substantially less extensive than those applied to a reasonable assurance engagement. Therefore, we cannot provide reasonable assurance that we are aware of all the issues that would have been identified in a reasonable assurance engagement, which aims to issue an opinion. If we had conducted a reasonable assurance engagement, we may have identified other issues and possible misstatements within the information presented in the Report.



Nonfinancial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretation of the data's materiality, relevance and accuracy are subject to individual assumptions and judgments. Additionally, we have not examined data related to prior periods, to evaluate the adequacy of policies, practices and sustainability performance, nor future projections.

Conclusion

Based on the procedures performed, described in this report, we have not identified any relevant information that leads us to believe that the information in the Irani's Integrated Report 2020 is not fairly stated in all material aspects with CPC 09 Guideline – Integrated Report (which is correlated with the Basic Conceptual Framework for Integrated Report prepared by the International Integrated Reporting Council – IIRC), and with the records and files that served as the basis for its preparation.

São Paulo, May 05th, 2021

KPMG Auditores Independentes
CRC 2SP014428/O-6

Original report in Portuguese signed by.
Sebastian Yoshizato Soares
Accountant CRC 1SP257710/O-4

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