


Fibria

| Sustainability Report |

2010



Fibra Sustainability Report 2010 – This Report is published by Fibria Celulose S.A.

General Coordination: Sustainability and Corporate Relations, Investor Relations, and Corporate Communications Areas

Editor: Luiz Fernando Brandão

Coordinators: Cristiano Resende de Oliveira and Tiago Nogueira de Noronha

Reporting Areas: Fibria's Board of Directors, CEO, Human and Organizational Development, Commercial and International Logistics, Industrial Operations and Engineering, Forestry, Paper Business, Strategy & Supplies, Finance and Investor Relations, and Internal Audit

Reporting Departments: Corporate Communications, Development and Funding, Corporate Human and Organizational Development, Occupational Health, Safety and Medicine (HSMT), Forest Environment, Budget and Performance, Compensation and Benefits, Corporate Safety, Commercial and Global Logistics, Controllershship, Legal, Industrial Environment, Paper Business, Operational Human and Organizational Development, Strategic Planning, Investor Relations, Supplies, Sustainability and Corporate Relations, Technology, Fibria Forestry Units in Espírito Santo, Bahia, Minas Gerais, Mato Grosso do Sul, São Paulo and Rio Grande do Sul States, Ombudsman Office, Board Compensation and Benefits, FUNSEJEM, and Votorantim Participações (VPAR)

Cover page: Detail of eucalyptus seedling nursery located at Jacaré Unit, São Paulo State; forest area at Aracruz Unit, Espírito Santo State; Jennifer Gabrielly Paiva dos Santos, winner of the JornalEco writing contest Nome da Papagaia, Capão Bonito, São Paulo State.

This page: Wilmar Arantes, vice-president of the Três Lagoas Beekeeping Association in Três Lagoas, Mato Grosso do Sul State.

The people profiled in this Report are representatives of local communities and other stakeholders with whom Fibria is engaged, and were photographed at the invitation of the company for its 2010 advertising campaigns.

BA – Bahia State
ES – Espírito Santo State
MG – Minas Gerais State
MS – Mato Grosso do Sul State
RJ – Rio de Janeiro State
RS – Rio Grande do Sul State
SP – São Paulo State

Reporters and Proofreaders: Anna Costa, Leticia Tavares, Luiz Maciel, Rachel Reis, Ana Neiva (Quintal 22) and Fernanda Ferreira Joaquim (Fibria)

Online graphic design and online report: Tau Virtual

Graphic design and print version: Textual

Materiality Matrix: Atitude Sustentável

Interviews with members of neighboring communities: Adriana M. Imperador, Giselle P. Sancinetti and Gunther Brucha

English Translation: Bruce Lister Rodger, João Roberto Moris, Marcos Barboza and Steve Yolen

English Revision: Maya Forstater and Peter Raynard

Photos: Fibria archives, Ricardo Teles, Roberta Dabdab, Vitor Nogueira

Circulation: 300 copies

Additional information, suggestions or comments about this report can be sent to Fibria Corporate Communications: Alameda Santos, 1357 - 2º andar - CEP 01419-908 - São Paulo - SP – Brazil Phone: (+5511) 2138-4000 E-mail: comunicacaofibria@fibria.com.br.

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Production of seedlings at the Forestry Nursery
at the Aracruz Unit, Espírito Santo State

Message from the management

2010 was a year of great challenges and important achievements for Fibria. We made progress in our business, thanks to the excellent performance of our production Units and the positive scenario for the global pulp market. We also took further steps to foster an internal culture focused on attaining sustainability.

Two 2010 results are worthy of special mention. Firstly, production in our newest mill, the Três Lagoas Unit in Mato Grosso do Sul State, rose to levels which offset the entire volume lost due to the sale of the Guaíba Unit in 2009, allowing the company to close the year with a total production figure of 5.2 million tons of market pulp, 5.1 million tons of which were sold. Secondly, the gains achieved through capturing synergies between the former Aracruz and Votorantim Celulose e Paper (VCP). Over 180 opportunities were found to simplify processes and unify the methods of the Commercial, Logistics, Industrial and Forestry areas, yielding savings in excess of R\$2.7 billion.

In response to new opportunities in the market, we refinanced the derivative debts carried by Aracruz, thereby bringing that chapter to a close. Our efforts in structuring and managing our borrowing enabled the company to achieve a lower cost of capital and to quickly and efficiently bounce back from the financial crisis. This opened the way for the company to obtain an investment grade rating in the near future, which will further help us reduce the cost of our debt, and improve conditions for financing our future growth.

With this new freedom to grow, Fibria has initiated projects for expansion and technological upgrading. We are modernizing Fiberline A at the Aracruz Unit, to enhance its efficiency, and investing in the expansion of the forestry base

in Mato Grosso do Sul State, where we have already planted 35,000 hectares of trees, in order to supply the operations of a new mill in Três Lagoas. This should allow us to produce an additional 1.5 million tons of pulp a year by 2014.

In Espírito Santo and Bahia States, we have resumed the restoration of plantations of eucalyptus, which was interrupted in 2009, as well as the planting of native vegetation in conservation areas, creating jobs both in the nursery and in forestry management. We also started building a nursery in Helvécia, in the southern Bahia State, which will be able to produce 30 million seedlings a year from 2011. To this end, local residents are being trained to work in construction and as nursery workers, thereby creating 250 direct jobs. This is certainly a project in alignment with our vision of consolidating the planted forests as a producer of economic value, alongside environmental protection, social inclusion and improved quality of life.

Inspired by this vision, in partnership with the Association for the Paraíba Valley Ecological Corridor and other companies, we have launched the Ecological Corridor project in São Paulo State. This is an ambitious initiative to restore 150,000 hectares of native forests. We also extended the Forest Partners program of incentives for farmers to plant eucalyptus, from Rio Grande do Sul State into São Paulo State.

During the year, 870,000 hectares of forests managed by Fibria renewed or gain certifications of good forest stewardship. We also calculated our capacity to capture carbon from the atmosphere. The 2010 carbon inventory showed that our eucalyptus plantations capture around 25 million tons of carbon every year. Our forestry, industrial and logistics operations emit approximately 2 million tons

of carbon through the burning of fossil fuels, and another 9 million tons are emitted by the burning of biomass to generate energy. Fibria's carbon balance shows that 3.17 tons of carbon is sequestered for every ton of pulp that is produced.

These successes do not diminish the challenges that lie ahead on the pathway towards sustainability. We recognize the importance of continually refining our relations with neighboring communities, particularly those in poorer regions.

Land ownership is a critical issue in Brazil, and some of Fibria lands are occupied by members of the Landless Workers' Movement. We are seeking to resolve this impasse through dialogue. We also continue to face the serious problem of the theft of wood in Bahia and Espírito Santo States, which, in addition to the environmental devastation caused, also involves labor exploitation, including the use of child labor. Action to stop the theft of wood needs to be supplemented by initiatives aimed at the social inclusion of local residents. This is a challenge for our company and all the other businesses within these regions, as well as public authorities and the social sector. As a result we are working on developing partnerships and projects.

In the economic and financial sphere, an important decision was made towards the end of 2010, to sell our 50% stake in Consórcio Paulista de Papel e Celulose (CONPACEL) and the stationery products distributor KSR, for the combined sum of R\$ 1.5 billion. The deal is aligned with our strategy of

concentrating the focus of our business on pulp, and should help to further increase Fibria's liquidity and reduce its debt. Under our commitment to good governance, we joined the BM&FBOVESPA Novo Mercado. And we are proud that Fibria has been included once again in the Dow Jones Sustainability Index (DJSI World), linked to the New York Stock Exchange (NYSE), and the São Paulo Stock Exchange's Corporate Sustainability Index (ISE), as well as being selected as one of the 42 companies making up the Carbon Efficient Index (ICO2), launched by the São Paulo Stock Exchange BM&FBOVESPA. Additionally, Fibria was named "Most Admired Company in the Sector", by the magazine *Carta Capital*, and "Model Company", by the publication *Guia Exame de Sustentabilidade*. The company's Investor Relations team received international distinctions presented by the magazines *IR Magazine Brazil* and *Institutional Investor*.

In 2010, we also pushed forward with a variety of programs to enhance quality of life for our employees, always looking to develop in line with Brazilian and international best practices.

We thank our customers, shareholders, investors, employees and suppliers for their continued confidence and repeated support during the course of this year and reaffirm our intention to develop our business so as to be able to make an ever increasing contribution towards a sustainable society.

Enjoy your read.



Carlos Augusto Lira Aguiar
CEO



José Luciano Penido
Chairman

OUR COMMITMENT TO SUSTAINABILITY

Marcelo Castelli, Director of Forestry, Paper, Strategy and Supplies – *“Every morning, when I wake up, I think about the challenges presented by the work we are doing at Fibria, through the effort of each individual and magnified by teamwork, and about the great responsibility towards the future that the company’s position of leadership involves. We are present in 252 Brazilian municipalities, and one of the challenges is to maintain good relations with the vast majority of local communities, and overcome the differences that still remain in relation to others. Another is to adopt a proactive stance in relation to the issue of climate change, and lead our supply chain in the same direction, which we are doing through the Carbon Disclosure Project (CDP) Supply Chain. We know full well that alone, we will not attain our objectives; which is why at present one of our main strategic objectives is to ensure a structured process of engagement with all our stakeholders. This includes internal stakeholders and also our commercial partners and other stakeholders. In this respect, I believe in the huge potential of our forest partnerships program, as a model that we want to follow.”*

Francisco Valério, Director of Industrial Operations and Engineering – *“We are always looking at ways to increase our ecological efficiency and reduce the impact of our manufacturing. We have to amplify the environmental advantage provided by our fast growing forests, as carbon sinks. For every ton of pulp produced by Fibria, the company captures 3.17 tons of carbon in its planted and native forests. Our constant aim is strive towards operational excellence and cleaner production methods in every one of our facilities,*

using the accumulated knowledge and experience to reduce our water and carbon footprints, and thereby improve our overall environmental performance. That way, everyone wins: shareholders and investors, employees and collaborators, local communities, customers and suppliers, and everybody around the world who benefits from the various types of paper manufactured from our pulp.”

João Felipe Carsalade, Director of Commercial and International Logistics – *“Our customers include the largest paper manufacturers and distributors in the world’s main consumer markets. These markets were traditionally limited to North America and Europe, but are now growing elsewhere, with the improving quality of life of people in regions such as China. Fibria strives to ensure that the increased global demand for paper product is met in a sustainable manner – today and in the decades to come. Our strategy is to gain and maintain the loyalty of our customers, through their confidence not only in the quality, volume and punctuality of our product supply, but also to our commitment towards the future. The pulp and paper market is extremely demanding and sensitive with regard to matters of sustainability. Our customers, are themselves mostly large companies and they are looking to their suppliers to help them uphold their sustainability commitments. Our duty is to satisfy them, along with the millions of consumers who use products made from Fibria pulp, assuring them that we too are committed to playing our part.”*

João Steinle, Director of Human and Organizational

Development – *“In addition to a challenging and rewarding working environment, people are looking more and more to be part of a greater, more ambitious scheme, the gains from which can be shared by the whole of society and have global reach. Sustainability is not a matter for any specific area, but for all areas of the company. Professionals need to assume many different responsibilities simultaneously, and it is important that these include responsibility with regard to sustainability, along with matters of productivity, cost, health and safety. Fibria was born with this in mind, and I am sure that this helps us achieve market recognition and attract and retain the best people. Moreover, the process of integration that we are undergoing, which is now at an advanced stage, fosters a culture of innovation and collective endeavor that is ideal for facing the challenges that lie ahead.”*

João Elek, CFO and Investor Relations Officer –

“Because we operate in a capital intensive industry, access to financing on favorable terms is fundamental to Fibria’s sustainable growth and global competitiveness. At the same time, the growing interest of the investment community in questions that go beyond the traditional business performance indicators, mean that investors are seeking out companies that display not only profitability and good management, but long-term vision, good governance and transparency. Handled well, these factors reduce risk and inspire greater investor confidence. I believe that Fibria is well placed to benefit from this trend.”



Ana Estela Rambaldo Benedetti

Pedagogical director of the **Rubens Moraes Educational Institute**,
Piracicaba, São Paulo State

About this Report

Fibria Celulose S. A.'s 2010 Sustainability Report seeks to show how the company is addressing challenges and achieving results, with regard to its sustainable development strategy. It includes details of commitments and performance on the governance, economic, financial, social and environmental aspects of the business.

The information presented covers Fibria's Industrial Units in Aracruz (Espírito Santo State), Jacaré and Piracicaba (São Paulo State) and Três Lagoas (Mato Grosso do Sul State); the Forestry Units and Offices in Bahia (BA), Espírito Santo (ES), Mato do Grosso do Sul (MS), Rio Grande do Sul (RS) and São Paulo (SP) States; the pulp shipping operations at the Santos Port Terminal (São Paulo State) and the graphics products distributor KSR. The Portocel port terminal in Espírito Santo State, in which Fibria owns a 51% stake, is briefly mentioned in the Report. Besides the company's 2010 activities, the Report highlights some important decisions taken in early 2011 shortly before its completion.

This Report has two important changes, compared to the 2009 edition: the data on the two companies that merged to form Fibria (Aracruz and VCP) has now been unified, and it includes information on how the company has performed in relation to its sustainability targets.

The company's economic and financial data are presented in accordance with the regulations of the Brazilian Securities Commission (CVM), which are aligned to international accounting principles. The company's data regarding sustainability performance follows the Global Reporting Initiative's (GRI) G3 model.

The 2010 Sustainability Report is divided into five sections:

Governance including the company's Code of Conduct, internal controls and risk management;

Management and Strategy, introducing the management systems, certifications, the strategic rational for sustainability, and the company's goals and targets.

Social Performance, outlining how the company is addressing its relationships with neighboring communities and other stakeholders;

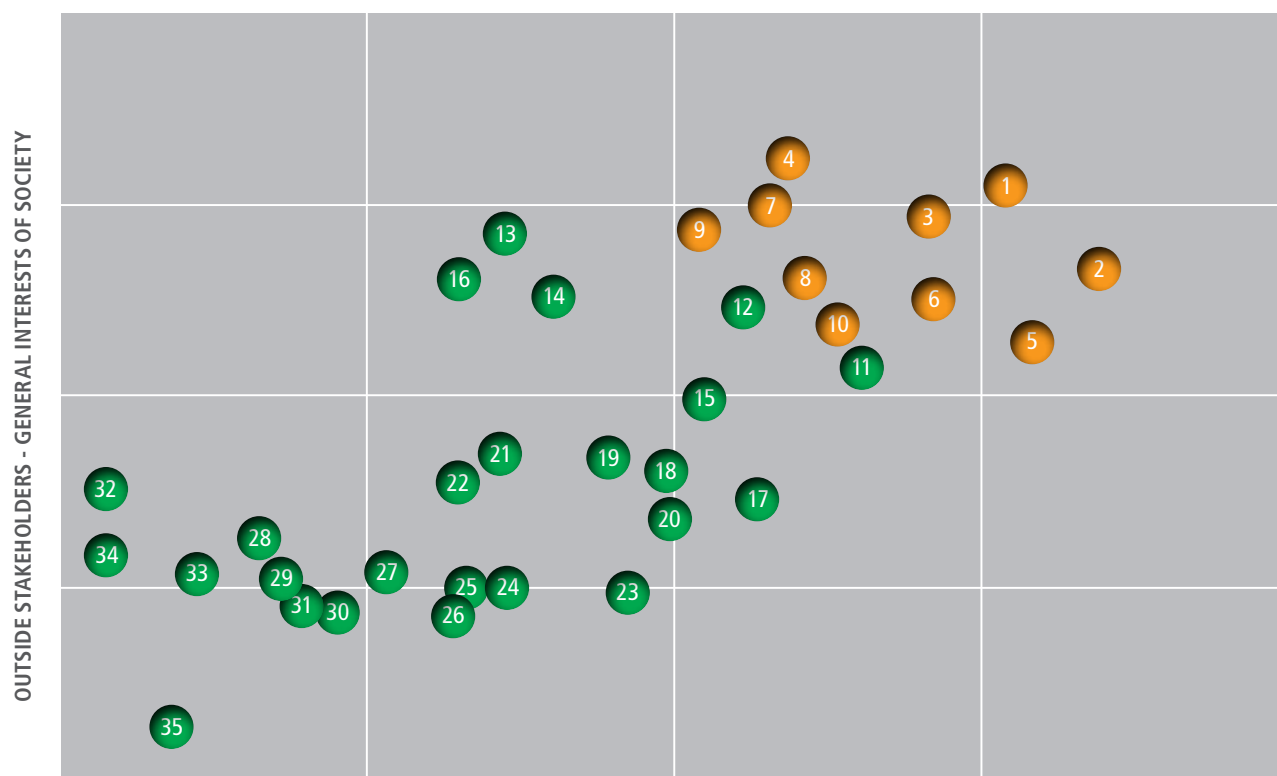
Environmental Performance, covering forestry management practices, industrial performance and climate governance indicators; and

Economic and Financial Performance, which includes information about investment, business deals, borrowing and allocation of resources.

The content of this Report takes into account the Materiality Assessment that Fibria carried out when it initiated its activities, which the company believes remains valid and up-to-date. The matrix below summarizes this analysis, prioritizing issues based on the views of internal and external stakeholders. This assessment was conducted with the support of the Atitude Sustentável consulting company, and was based on interviews with 40 individuals from different stakeholder groups and 45 employees from Fibria and those working for contractors. Those consulted include customers, suppliers, business partners, representatives of neighboring communities and NGOs in Brazil and abroad. Based on this consultation a list of 35 priority issues was developed as a basis for Fibria's sustainable strategy. The first 10, in order of importance, are:

- Impact of the eucalyptus plantations on biodiversity;
- Certification and voluntary commitments;
- Ethics;
- Use of water;
- Strategy/commitment towards sustainability;
- Relationship with neighboring communities;
- Forest partners;
- Environmental hazards;
- Emissions, effluents and waste;
- Relationship with specific communities.

Materiality Matrix



INTERNAL STAKEHOLDERS - PERSPECTIVE OF THE BUSINESS

- | | | |
|---|--|--|
| 1. Impact of the eucalyptus plantations on biodiversity | 12. Forest technical management | 24. NGOs |
| 2. Certification and voluntary commitments | 13. Energy use | 25. Complaints and ombudsman |
| 3. Ethics | 14. Product responsibilities | 26. Customers |
| 4. Use of water | 15. Workplace health and safety | 27. Attracting and retaining talent |
| 5. Strategy/Commitment towards sustainability | 16. Use of toxic products | 28. Transport impact |
| 6. Relationship with neighboring communities | 17. Economic results | 29. Diversity/fair treatment |
| 7. Forest partners | 18. Climate change | 30. Antagonistic and/or anti-agribusiness groups |
| 8. Environmental hazards | 19. Communication with employees | 31. Press |
| 9. Emissions, effluents and waste | 20. Compliance with laws and regulations | 32. Use of genetic modification |
| 10. Relationship with specific communities | 21. Wood use | 33. Government |
| 11. Corporate governance | 22. Relations with outsourced workers | 34. Suppliers |
| | 23. Investors | 35. Labor unions |

In addition to the stakeholder views used to guide the materiality assessment, the Report was also enriched through statements made by nine community representatives and the comments on drafts provided by two experts in sustainable practices and corporate governance.

Before publication, this document was submitted for independent verification by Bureau Veritas Certification, which issued its opinion regarding compliance with the GRI G3 sustainability report guidelines - materiality, stakeholder inclusiveness, sustainability context, scope, balance, comparability, preciseness, regularity, clearness and trustworthiness.

The full 2010 Sustainability Report, including Financial Statements, is available on Fibria's website (www.fibria.com.br/rs2010), and may be reproduced fully or in part by stakeholders using a PDF generation program for selecting chapters. An executive summary of this publication was printed and distributed to internal and external stakeholders.

Requests for additional information, as well as comments and suggestions regarding this document, may be sent to the Fibria Corporate Communications Department: comunicacaofibria@fibria.com.br.

The editors



Management structure¹

Board of Directors²

José Luciano Duarte Penido – Chairman
Alexandre Gonçalves Silva – independent member
Alexandre Silva D'Ambrósio - nominated by Votorantim Industrial
Armando Mariante Carvalho Júnior – nominated by BNDESPar
Eduardo Rath Fingerl – nominated by BNDESPar
João Carvalho de Miranda – nominated by Votorantim Industrial
José Armando de Figueiredo Campos – independent member
Raul Calfat – nominated by Votorantim Industrial
Wang Wei Chang – nominated by Votorantim Industrial

Claudia Elisete Rockenbach Leal – Secretary

Executive Officers

Carlos Augusto Lira Aguiar – CEO
Francisco Fernandes Campos Valério – Industrial Operations & Engineering
João Adalberto Elek Júnior – Financial Area & Investor Relations
João Felipe Carsalade – Commercial Area & International Logistics
João Edes Steinle – Human & Organizational Development
Marcelo Strufaldi Castelli – Forestry, Paper, Strategy & Supplies

Fiscal Council

José Écio Pereira da Costa Júnior – Chairman
João Carlos Hopp
Sergio Ricardo Lopes de Farias

Osvaldo Ayres Filho – Secretary

Auditing & Risk Committee

Samuel de Paula Matos – Coordinator and Financial Specialist
Antonio Luiz Pizarro Manso
Maurício Aquino Halewicz

Adrianne Soave – Secretary

Board advisory committees:

Finance Committee

João Adalberto Elek Júnior – Coordinator

João Carvalho Miranda

Sergio José Suarez Pompeo

Wang Wei Chang

Samuel Saldanha Teixeira – Secretary

Personnel & Remuneration Committee

Gilberto Lara Nogueira – Coordinator

Alexandre Gonçalves Silva

José Armando de Figueiredo Campos

José Luciano Duarte Penido

Victoria Christina Bloch

João Edes Steinle – Secretary

Sustainability Committee

José Luciano Duarte Penido – Coordinator

Ailton Alves Lacerda Krenak

Cláudio Benedito Valladares Pádua

Francisco Fernandes Campos Valério

Ignacy Sachs

Marcelo Strufaldi Castelli

Ricardo Young Silva

Sergio Besserman Vianna

Sergio Eduardo Weguelin Vieira

Carlos Alberto de Oliveira Roxo – Secretary

1. Valid as at December 31, 2010

2. Sustainability is a regular topic of the Board of Directors meeting every two months (GRI 4.9). Self-evaluation of the Board of Directors and its committees is conducted annually, beginning in 2010 (GRI 4.10). Pursuant to Fibria Celulose S.A.'s Shareholders Agreement on 10/29/2009 and by BNDES Participações S.A. (BNDESPar) and Votorantim Industrial S.A. (VID), the controlling shareholders shall, in certain cases, hold meetings before (i) each general meeting and (ii) the meetings of Fibria's Board of Directors whose agenda contains a decision on any matter listed in clause 4.3 of the aforementioned agreement, available at www.fibria.infoinvest.com.br/ptb/s-25-ptb.html (GRI 4.4).



Gean Marcelo Barros de Macedo and his son **Guilherme**
Residents of **Posto da Mata**, in **Nova Viçosa, Bahia State**

Main results

	2009 ¹	2010 ¹
Net sales (R\$ million)	6,000	7,050
Net income (R\$ million)	2,589	603
Assets (R\$ million)	32,239	30,163
Net equity (R\$ million)	15,056	15,381
EBITDA (R\$ million)	1,697	2,749
Pulp production (in thousands of tons)	5,188	5,231
Pulp sales (in thousands of tons)	5,248	5,061
Market value (R\$ billion)	18.3	12.4
Average list price of pulp (US\$/ton)	565	848
Production cash cost (R\$/ton)	444	452
Share value – FIBR3 (R\$)	39.1	26.5

1. Fibria's performance analyses for the years ended 2010 and 2009 draw on consolidated financial information before the reclassification of CONPACEL's and KSR's results. In the financial statements and notes thereto, the results of these operations are presented in "Net income for the year from discontinued operations", after net income for the year. The individual results of these operations are presented in Note 35 to the financial statements.

Fibra Celulose S.A. and subsidiaries

Statement of value added

Years ended December 31

In thousands of reais

	Parent Company		Consolidated	
	2010	2009	2010	2009
Revenues				
Gross sales of products and services (less sales returns)	4,991,428	2,580,936	8,625,441	6,540,879
Allowance for doubtful accounts	(22,728)	(19,863)	(22,728)	(19,863)
Revenues from construction of own assets and other	1,275,696	1,862,946	1,493,649	3,965,167
	6,244,396	4,424,019	10,096,362	10,486,183
Inputs purchased from third parties				
Cost of products and services sold (including raw materials)	(2,743,521)	(896,122)	(4,250,033)	(3,381,006)
Materials, electric power, third party services and other	(1,369,956)	(871,708)	(1,871,116)	(2,554,597)
	(4,113,477)	(1,767,830)	(6,121,149)	(5,935,603)
Gross value added	2,130,919	2,656,189	3,975,213	4,550,580
Withholding				
Depreciation, amortization and depletion	(1,183,621)	(414,450)	(1,762,059)	(1,330,633)
Amortization of asset appreciation	17,149	(515,491)	17,149	(499,569)
Company value added, net	964,447	1,726,248	2,230,303	2,720,378
Value added received on transfer				
Equity pickup	706,587	547,260	(7,343)	(1,133)
Financial income	1,996,899	2,309,111	2,607,996	5,117,066
	2,703,486	2,856,371	2,600,653	5,115,933
Total distributable value added	3,667,933	4,582,619	4,830,956	7,836,311
Distribution of value added				
Personnel and social charges	473,110	246,976	601,497	655,896
Direct compensation	359,407	176,091	446,205	442,996
Fringe benefits	89,636	59,377	125,683	183,169
Government Severance Indemnity Fund for Employees (FGTS)	24,067	11,508	29,609	29,731
Taxes, charges and contributions	502,556	490,200	634,897	1,158,587
Federal	243,979	279,809	369,598	961,594
State	241,522	207,020	246,103	189,066
Local	17,055	3,371	19,196	7,927
Accrued interest and rents	2,093,620	1,916,218	2,991,589	3,432,358
Retained income	598,647	1,929,225	598,647	1,929,225
Non-controlling interest			4,326	660,245
Distributed value added	3,667,933	4,582,619	4,830,956	7,836,311

Investments in the community (GRI EC1)¹

	2009	2010
Fibra	R\$13,922,901.55	R\$13,506,816.42
Votorantim Institute	R\$2,182,000.00	R\$3,434,458.00
Total	R\$16,104,901.55	R\$16,941,274.42

1. As described in indicator GRI EC1: voluntary donations and investments in the community, whose beneficiaries are out of the company. These include contributions to charitable entities, NGOs and research institutes (not related to the company's R&D department), funds to support community infrastructure projects and direct costs of social programs.

Investments in infrastructure (GRI EC8)¹

	2009	2010
Aracruz Unit (ES, BA and MG)	R\$1,452,919.80	R\$352,133.41
Três Lagoas Unit (MS)	R\$42,432,232.85	R\$8,639,000.00
Jacaré Unit (SP)	R\$233,100.00	R\$1,474,705.24
Capão Bonito Forest Unit (SP)	R\$0.00	R\$11,000.00
Piracicaba Unit (SP)	R\$0.00	R\$20,000.00
Capão do Leão Forest Unit (RS)	R\$0.00	R\$0.00
Total	R\$44,118,252.65	R\$10,496,838.65

1. As described in indicator GRI EC8: investment in infrastructure mainly aimed at providing a service or utility, instead of pursuing a business purpose, i.e. the organization does not pursue a direct economic benefit. All projects are related to local development and originated from an engagement process which is preceded by a thorough diagnosis of the position of the community and its needs, always conducted by a consulting company. The results are registered in the Basic Environmental Plan (PBAs).

Diversity (GRI LA13)

	2009	2010
Company employees	4,749	5,037
Proportion of women	13.02%	14.40%
Proportion of whites (%) ¹	74.11%	72.92%
Proportion of blacks and mixed race (%) ¹	29.97%	24.00%
Other (Asian/Indians) (%) ¹	0.92%	1.77%
Not stated (%) ¹	0	1.31%
Participation of employees with disabilities (%)	3.29%	4.10%

1. According to the criteria of the Brazilian Institute of Geography and Statistics (IBGE).

Rate of injuries (GRI LA7)

	2007	2008	2009 ³	2010
Number of injuries	37	29	143	101
Rate of injuries (RI) ¹	0.36	0.29	0.89	0.47
Number of occupational diseases	4	3	2	6
Occupational diseases rate (ODR)	0.039	0.03	0.012	0.034
Number of days missed	7,646	959	9,475	21,725
Missed days rate (MDR) ²	74.32	9.45	58.73	100.25
Number of days of absence	4,210.84	5,703.69	6,300.99	7,265.85
Absenteeism rate (AR) ²	0.09	0.14	0.169	0.171
Absolute number of deaths	1	0	2	3

1. Note: % in relation to total headcount.

2. Note: the factor 200,000 derives from fifty 40-hour working weeks per 100 employees.

3. Includes the Guaíba Unit (RS), sold in December 2009.



João Luís do Espírito Santo
 Coordinator of the “Corpo Fala (Body Speaks)”
 Group, Santa Branca, São Paulo State

About Fibria

Mission – To develop the renewable forest business as a sustainable source of life.

Vision – To consolidate planted forests as a producer of economic value. To generate admired profits, together with environmental protection, social inclusion and improvement in the quality of life.

Values – Strength, ethics, respect, entrepreneurship and harmony.

Fibria is the Brazilian global pulp leader. It was created in September 2009 through the merger of Aracruz Celulose S.A. and Votorantim Celulose e Papel S.A. (VCP)¹. Fibria runs five Industrial Units and owns a forestry base of 875,000 hectares, 323,000 of which is dedicated to environmental protection. The company is also supplied with wood by independent producers. In 2010, 3,593 contracts were signed with independent producers, accounting for 115,000 additional hectares of eucalyptus production.

The company’s workforce is made up of nearly 17,000 people, both direct and permanently outsourced professionals. The company is present in 252 municipalities in seven Brazilian States. Its operations include mills and forest areas in Espírito Santo (ES), Mato Grosso do Sul (MS) and São Paulo (SP) States, besides eucalyptus plantations in Bahia (BA), Minas Gerais (MG), Rio de Janeiro (RJ) and Rio Grande do Sul (RS) States, the sea terminal at Caravelas (BA) and the specialized port facilities at Portocel (ES), in which the company holds a 51% stake with CENIBRA. Also located in Bahia State is Veracel, the joint venture between Fibria and the Swedish-Finnish group Stora Enso.

Forest land base¹ (December 2010)

Planted forests	494,000 hectares
Native reserves	323,000 hectares
Other uses ²	58,000 hectares
Total	875,000 hectares

1. Own, leased and partnership. Does not include 50% stake in Veracel and 50% in CONPACEL. Rounded figures.
 2. Roads, firebreaks, buildings, etc.

Forest partnership¹ (December 2010)

Aracruz Unit (Espírito Santo, Bahia and Minas Gerais)	86,000 hectares
Capão do Leão Forest Unit (Rio Grande do Sul)	16,000 hectares
Jacareí Unit (São Paulo)	12,000 hectares
Três Lagoas Unit (Mato Grosso do Sul)	1,400 hectares
Capão Bonito Forest Unit (São Paulo)	350 hectares
Total	115,000 hectares

1. Contracted area. Rounded figures.

Fibria's equity control² is exercised by BNDESPar (30.42%) and by Votorantim Industrial (29.34%), with 40.24% of shares traded in the market. In 2010, the company sold paper distributor KSR and 50% stake it held in Consórcio Paulista de Papel e Celulose (CONPACEL), in São Paulo State. These undertakings strengthened the company's focus on forestry and market pulp related activities, while its only remaining paper production mill is in Piracicaba, São Paulo State.

Fibria's entire production comes exclusively from renewable forest plantations. In 2010, exports accounted for 89% of company sales mainly to Europe (39%), Asia (22%) and North America (28%).

Industrial Units (installed production capacity)

Aracruz (Espírito Santo) ¹	2.3 million tons of pulp a year
Jacareí (São Paulo)	1.1 million tons of pulp a year
Piracicaba (São Paulo)	190,000 tons of paper a year
Três Lagoas (Mato Grosso do Sul)	1.3 million tons of pulp a year
Veracel (Bahia) ²	1.1 million tons of pulp per year

1. To identify its Industrial Units, Fibria adopted the names of the municipalities where they are located. So the former Barra do Riacho Unit was renamed Aracruz Unit.

2. Fibria's annual production represents 50% of Veracel's installed capacity.

To serve its customers in 40 countries, Fibria maintains seven distribution centers and six commercial and representative offices throughout Europe, Asia and South and North Americas. The offices are located in São Paulo (headquarters), Nyon (Switzerland), Csomád (Hungary), Miami (USA), Hong Kong and Beijing (both in China). In 2010, the pulp produced by Fibria was used in the manufacture of paper for personal hygiene (55%), printing and writing (28%) and special purposes (17%), helping to meet a growing demand around the world for more health, comfort, education, culture and information.

1. On September 1st, 2009.

Global presence



Forest



Industrial Unit (pulp)



Industrial Unit (paper)



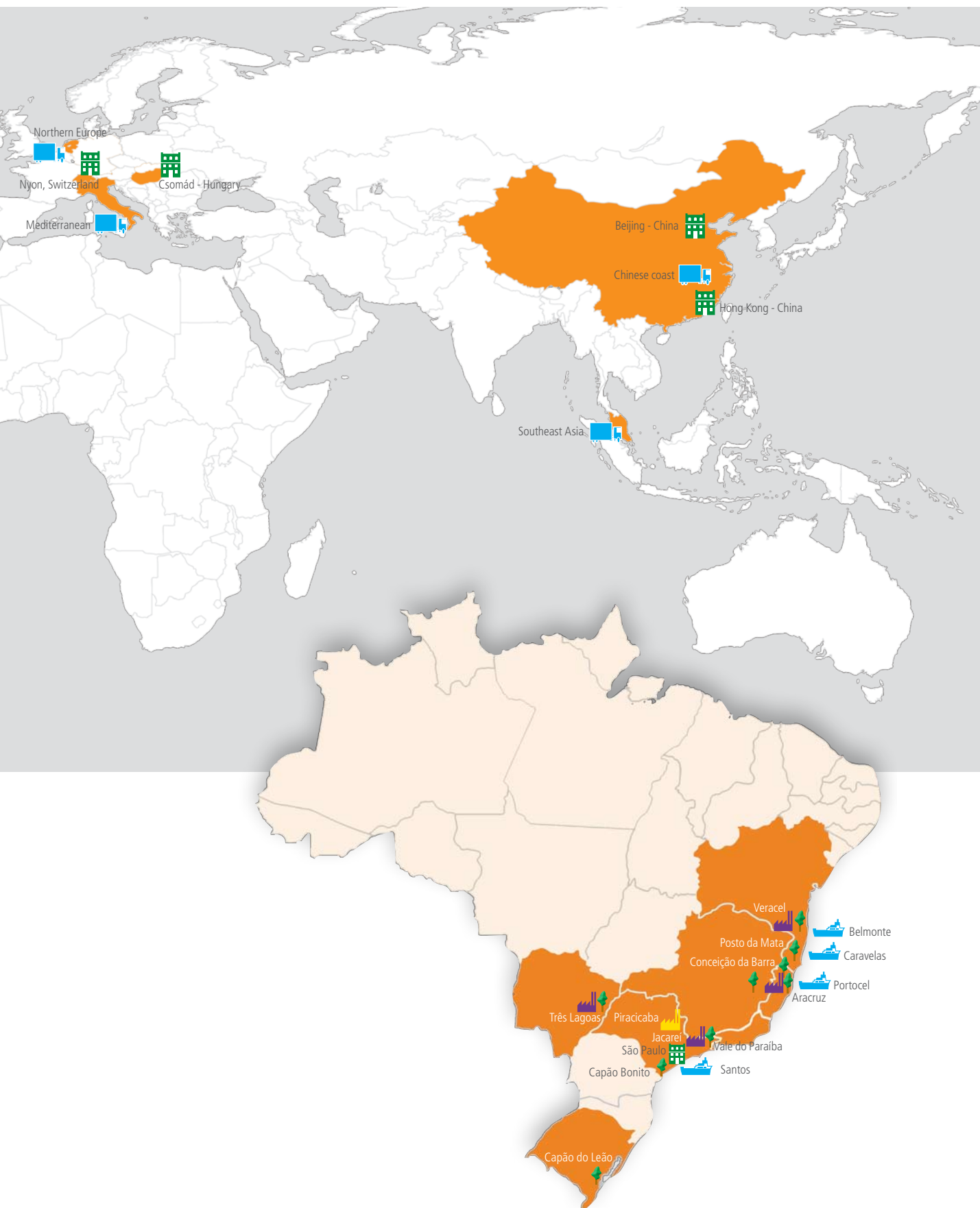
Port



Office



Distribution center





Taciana Sperandio Barone
President of the **Gimuhuna Community Association** in
Aracruz, Espírito Santo State

Governance

Code of Conduct

Fibra approved its Code of Conduct in February 2010. It establishes the ethical and behavioral standards for employee's personal and professional relationships, both inside and outside of the company. The standards apply to all employees, whether directly employed by Fibra or by contractors, at all levels of the hierarchy, without any exceptions. The full text can be found at the company's website at www.fibra.com.br. Every employee also receives a copy of the Code of Conduct upon joining the company, and is requested to sign a statement of understanding of the Code which becomes part of their employee record. A total of 3,204 employees (63.6% of the total) formally adhered to the new Code of Conduct, of which 383 are managers (GRI SO3). In addition, in 2010, 1,142 employees received formal training in the policies and procedures of the organization with regard to human rights issues (GRI HR3). Specifically, 107 of Fibra's own professionals (30% of the total) and outsourced employees (19% of the total) involved in the area of Corporate Security took part in human rights training (GRI HR8).

	2009	2010
Total number of safety personnel¹		
Own staff	5	40
Outsourced	N/A	493
Safety personnel trained in human rights²		
Own staff	0	12
Outsourced	0	95

1. The increase in the number of company staff in 2010 occurred due to the transfer of forest operators and mill workers in Espírito Santo and Bahia States to the Corporate Safety area.

2. Company and outsourced personnel from the Corporate Safety area were trained in Psychology and Interpersonal Relationships, including the themes of Value, Moral and Ethics. In 2009 no professionals underwent human rights training.

To enforce the implementation of the Code of Conduct, Fibra's Board of Directors established a Conduct Committee, comprised of company officers and managers. It is the Conduct Committee's job is to examine possible violations, confirm the validity of issues, assure the uniform application of the criteria, address cases not foreseen under the Code, and ensure the proper functioning of Fibra's Ombudsman Office. Fraud, embezzlement and property damage cases are dealt with by the Internal Audit area, guaranteeing the confidentiality of the identity of individuals involved in all situations.

Fibra's Code of Conduct is divided into three topics: "Stakeholders Relations", "Matters of General Concern", and "Clarifications and Whistleblowing".

"Stakeholder Relations" deals mainly with the company's relationship with its employees and explains the procedures in cases of conflict of interest; privileged information; off-duty conduct; prejudice; management attitude; harassment and abuse of power; use of alcohol, drugs, weapon carrying and merchandise trading; political participation; labor unions; company property; use of the electronic information systems; relationship with business partners and competitors; and selling of company products to employees. It also discusses Fibria's business relations with customers, communities, suppliers, governments, the advertising market and the press.

"Matters of General Concern" addresses topics such as company image and reputation; contracts and financial records; intellectual property; health, safety and the environment; promotional gifts and invitations.

Finally, "Clarifications and Whistleblowing" outlines the processes in place to uphold the Code; the Conduct Committee; audits; disciplinary measures; Code of Conduct management; Ombudsman and whistleblowing Channels (GRI SO3).

Concerns and allegations regarding violations of the Code can be made through three external communication channels (telephone, post-office box and the internet) and an in-company channel (intranet), and confidentiality is guaranteed.

Fibria's channels of communication with the Ombudsman:

Telephone	0800 891 1730 (Brazil) /For other countries: https://secure.ethicspoint.com/domain/media/en/gui/27629/phone.html
Letter	Ouvidoria Fibria Celulose S.A. Caixa Postal nº 72696
Internet	www.fibria.com.br > Institutional > Ombudsman
Intranet	Fibria Net > International Offices > Code of Conduct

Ombudsman

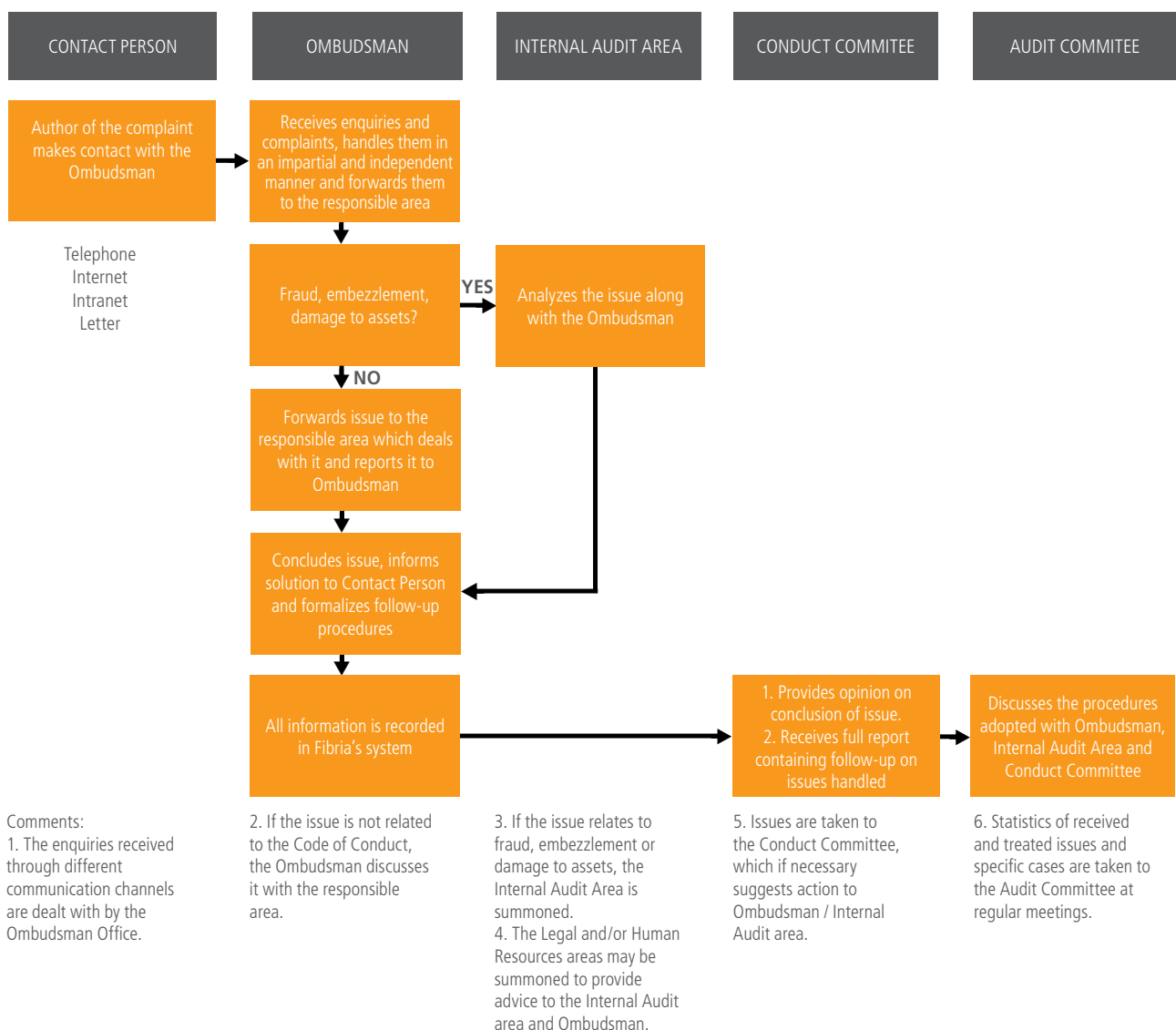
Issues forwarded to the Ombudsman are dealt with total confidentiality and protection of the identity of those who raise concerns. The computerized system permits exchange of messages between the originator of the allegation and the Ombudsman, as well as the attachment of relevant documents and photos in a wide variety of formats. The questions raised can be answered in a number of different languages. The Ombudsman is appointed by the Board of Directors and endorsed by the Executive Officers, and reports periodically to the Audit Committee, external auditors and to the Board.

The Ombudsman Office clarifies questions of interpretation and assesses allegations of breaches Code of Conduct, such as those where corruption, bribery, fraud, environmental negligence, false information, inadequate accounting practices, misuse of company assets, unethical behavior and procedures, and discrimination of any kind (race, color, religion, sex, physical or social condition, etc.) is suspected.

In 2010, Fibria's Ombudsman dealt with 211 cases, of which 192 (91%) were dealt with to completion and 19 (9%) remain under analysis. Of all of the cases registered, 40% involved clarification of ballots or requests for information, 18% referred to abuse of power or the conduct of managers, 11% were concerns about failure to comply with policies, 7% involved irregularities with respect to workplace health, safety and the environment, 7% regarded events affecting the image of the company or off-duty conduct of employees, 7% referred to inappropriate relationships with partners, competitors and the community and the remaining 10% encompassed other topics (GRI HR4).

Cases that were judged to have merit resulted in 32 recommendations for a review of policies and procedures or suggestions for improving internal controls. With regard to another 23 cases, the company applied the disciplinary measures considered appropriate, ranging from verbal warnings through to the dismissal of those involved (GRI HR4).

The doubts or complaints that are brought to the attention of the Ombudsman are dealt with as follows:



Anticorruption practices

Risks related to corruption are included in the Code of Conduct, and all Units are assessed by Fibria's Internal Audit area. The Code of Conduct is distributed to all employees upon joining the company and is emphasized in monthly result meetings at all Units.

During 2010 two individuals were investigated by the internal auditors for suspected fraud and bribery. One case was considered to have no merit while the other continued under evaluation at the year's end (GRI SO2 and SO4).

Risk management

In 2010, Fibria developed its Risk Management Policy and expanded its activities and autonomy in this area, which now reports directly to the CEO. The company also improved its risk control by adopting a new assessment tool, Control Self-Assessment - CSA, which will facilitate consultation, data update and correct any process non-conformity.

Classification of business-related risks

Market risk – Refers to fluctuations in variables such as interest rates and exchange rates, commodity and stock prices, which may affect the expected return on an investment. Fibria has exerted greater control on this type of risk through a new internal tool to calculate the mark to market of financial instruments (derivatives, cash and debt) and exposure to different risk factors (prefixed rate, spread rate, libor, PTAX, TJLP, CDI, etc.). Analyses of all risk management policies (cashflow, market, foreign exchange, interest rates, commodities and counterparties) are carried out on a weekly basis and published monthly. The data is forwarded to Fibria's Audit and Risk Committee, Finance Committee and Market Risk Committee. Also in 2010, Fibria developed the EBITDA@Risk tool, which is a Monte Carlo simulation of the impact of key variables on the company's cashflow (exchange rate, price and volume of pulp), testing different possibilities of hedging. The result generates an EBITDA probability curve, allowing the analysis of the impact in simulations of best FX hedging alternatives, break in commodity price regimen and changing of the expected production and selling volumes.

Credit risk – Is the possibility of non-payment of an agreed amount by the borrower of a loan, counterparty of an agreement or issuer of a security, not considering the expectation of recovery and pledge of collateral. Customers, banks, federal government, providers, insurers and specific contracts are some of today's credit exposures at Fibria. For each type of counterparty or credit exposure and for each type of contract a specific model for accounting is made for the risk assessment of the exposure and awareness of the limits. For example, in 2010 quantitative metrics were set up in order to gauge the Expected Credit Exposure (ECE) and Worst Credit Exposure (WCE) of all exposures to financial counterparties (applications and derivatives from banks) generating exposures by counterparty, which feed the accounting for overall credit consumption.

Compliance risk – This risk was incorporated into Fibria's new Risk Management Policy, and refers to legal, financial or moral sanctions that the company may face due to a regulatory noncompliance. In order to avoid this risk, the company continually monitors laws and

regulations, as well as compliance with policies and procedures. This control is documented and reported to the Management.

Operational risk – Results from the lack of integration of information systems and operations control, from failures in fund management, or from frauds that affect the company.

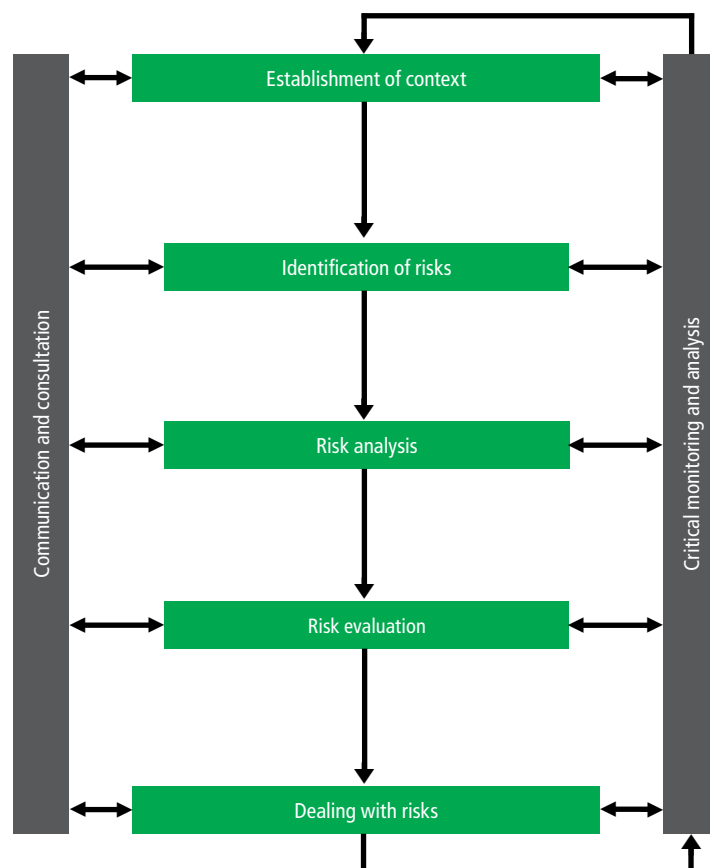
Event risk – Relates to events that compromise the reputation and sustainability of the company, such as those caused by climate change, social movements or trade union, shutdown of facilities, layoffs, leak of sensitive information, etc.

The company continually monitors its relationships in an effort to anticipate potential risks.

Fibria's Risk Management process was defined based on the ISO 31000:2009 standard (Principles and Guidelines for Risk Management) and has the following goals:

- To involve all of the agents in the structure at some stage;
- To standardize concepts and practices;
- To influence decision-making;
- To assure that Fibria's governance is continuously and critically analyzed;
- To offer a dynamic and efficient flow of information;
- To increase the company's transparency towards the financial and capital markets and other stakeholders.

Fibria's risk management process



Accountability levels in Risk Management

The **Board of Directors** defines the company's risk appetite by taking into account the risk-return ratio that the company is willing to assume and defines Fibria's risk management philosophy.

The **Risk and Audit Committee** oversees the activities of the internal control functions and the company's risk management activities, as well as compliance with laws, policies, standards and Fibria's internal rules and procedures at all levels. The Committee also assesses the adequacy of the company's financial risk management model and policies, as well as its resources and maximum tolerance, as determined by management. It also evaluates the human and financial resources dedicated to management of risk.

The **CEO** is ultimate responsibility for risk management. Besides setting guidelines, resources and goals that ensure the good functioning of the process and fosters integration of risk management with the company's planning and management cycles.

Executive Directors are co-responsible and committed to risk management through understanding of the issues and implementation of effective risk management governance.

The **Risk Management area** plans and ensures the implantation of risk management, taking into account all of the dimensions of the organizational structure, encompassing strategic, practical and operating activities. It also supports the Business Units in the identification, analysis and treatment of any risk that may affect Fibria's strategic goals, thereby maintaining the policy and verifying compliance within the set limits.

The **Internal Audit area** performs independent assessment and internal consulting with the purpose of adding value to and improving Fibria's operations. This helps the company achieve its goals by providing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management processes, internal controls and corporate governance.

Managers of business and functional areas identify and manage the risks in their areas according to the mitigation strategies. They also implement the plan and coordinate the corrective and preventive actions.

Corresponding business and functional areas act as the interface of their areas with the Risk Management area.

Fines and lawsuits

Legal actions for anticompetitive behaviour, anti-trust, and monopoly practices and their outcomes

– In 2010, Fibria became involved in two lawsuits related to violations of anti-trust laws. One of the lawsuits was dismissed¹ and another was pending² by year end 2010 (GRI SO7).

1. Administrative Procedure nº 08012.013439/2007-50 (Represented: Votorantim Celulose Papel). Status: On November 9, 2010, the Economic Rights Secretariat (SDE) issued a Technical Note deciding to close the current Administrative Procedure, attesting to the absence of indications of an infraction against economic order based on the the case records. Because it is merely an Administrative Procedure, the case evidence will not be forwarded for review Administrative Procedure ex officio by the board of the Economic Defense Administrative Council (Cade), definitively ending the case within the jurisdiction of the SDE.

2. Preliminary Investigation No. 08012.002921/2007-64 (Represented Party: Aracruz Celulose). Object: Investigation of cartel formation by producers and distributors of chlorine and its byproducts. Status: On December 15, 2008, the Brazilian Secretariat of Economic Rights (SDE) issued Order No. 909 ordering that a Secret Preliminary Investigation be conducted to investigate the alleged anti-competitive conduct.

Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations

– In 2010, Fibria was a party in six administrative processes¹, three of which were pending from previous years, which together amount to a monetary sanction of R\$522,362,819.37. There were no non-monetary sanctions during 2010 (GRI SO8).

Monetary value of fines (R\$)*

	2009	2010
Paid penalties	0,00	0,00
Pending by court order	521,828,348.70	522,362,819.37
Total	521,828,348.70	522,362,819.37

*The fines being discussed in processes pending decisions before 2010 could continue to be discussed in 2010, and therefore a same fine might be encompassed in different years.

1. PIS/Cofins - AIIM 16151.001084/2010-95 – Sentence passed on April 15, 2009, a determination that judged to be partially acceptable to exclude the amounts falling due in the period between 1996 to May 2000 (summary STF nº 8); fine maintained based on the fact that the Motion for Clarification on the Injunction has no suspensive effect. Currently, a decision is being awaited from the Fiscal Resources Administrative Council.

ICMS incurring on inputs used to produce immune paper - AIIM 3.032122-0 – On June 26, 2009 26/06/09 the agreement was published by the Tax and Duties Tribunal that established a Special Remedy for taxpayers, permitting exclusion of daily interest charges and legal fines. Currently the judgment of the remaining balance of the tax assessment is suspended until a definitive decision from the filing of a request for a court injunction nº 156/01.

ICMS incurring on inputs used to produce immune paper - AIIM 3.086053-2 – On October 1, 2010 we received a partly favorable decision, eliminating the fine and interest payments. The merit of the case regarding the reversal of the credits was not discussed, and in view of the fact that this subject was still being discussed by the courts.

IRPJ and CSLL - profits of the parent company obtained overseas - AIIM 16561.000136/2007-89 – The process is underway and is currently awaiting a decision on the part of the Fiscal Resources Administrative Council. The Relator's vote was entirely favorable to the company. Currently, due to a new request for a review the judgment has been suspended and there is no forecast of when it might end.

Infraction Notice no. 018768512 - On 29/04/2009, Fibria was served notice by the Regional Labor Superintendent in the State of Bahia, on the grounds of alleged unlawful outsourcing of forestry activities in the region. The company presented its defense arguing that forestry activities can be outsourced because they are not the company's core activity. Awaiting trial on 1st administrative level.

Infraction Notice no. 018184987 - On 25/11/2010, Fibria was assessed by Regional Labor Superintendent in the State of Mato Grosso do Sul, based on the alleged illegality in the outsourcing of forestry activities in the region. The company presented a defense arguing that forestry activities may be outsourced, because they are not the company's core activity. The Infraction Notice was made on defense held in the first degree and the company appealed to the superior administrative level.

Pulp bale at Três Lagoas Unit in
Mato Grosso do Sul State



Management and Strategies

Management systems

In 2010, Fibria took further steps to develop excellence in its management practices, improve processes and capture synergies by introducing the Six Sigma methodology in the Aracruz and Três Lagoas Units. The Six Sigma methodology uses data analysis to identify opportunities to improve processes in the business, delivering quantified financial benefits.

The Six Sigma methodology is now used by all Fibria Units across Brazil. 200 professionals within the company are trained to develop Six Sigma projects. Last year, the company completed 40 Six Sigma projects with a positive impact on its EBITDA in excess of R\$16 million.

Fibria's management systems

Fibria is a publicly held company, managed by a Board of Directors composed of shareholders' representatives and independent members. Its CEO is the president, who is supported by the directors of the following areas: Human and Organizational Development, Industrial Operations and Engineering; Forestry, Paper, Strategy & Supplies; Commercial and International Logistics, and Finance and Investor Relations. As a global leader in the pulp and paper industry, Fibria makes special efforts to advance the sustainability of its business by continually seeking to integrate and enhance economic, social and environmental policies.

Fibria's economic management is shared among officers of the following areas: Treasury, Investor Relations, Controllship, Budget and Performance, Audit, Strategic Planning, Supplies, Sales, and Global Logistics. The Sales and Logistics departments have offices in São Paulo, Miami (United States), Nyon (Switzerland), Csomád (Hungary), Beijing (representative office) and Hong Kong (China). Fibria's seven pulp distribution centers are based in North America, Europe and Asia.

Environmental management is conducted by the areas of Forest Environment, Industrial Environment, Technology, Sustainability, and Corporate Relations. These departments are responsible for monitoring consumption and disposal of materials, water and energy, biodiversity, water and air emissions, and solid waste production and transport. They are also responsible for compliance with environmental laws.

People management is led by the departments of Human and Organizational Development, Supplies, Sustainability and Corporate Relations, and Environment (Forestry and Industrial). Fibria's labor policy also involves contractors, who account for about two thirds of the company's 17,000 strong workforce.

Issues related to human rights, investment practices and procurement processes are handled by the departments of Supplies, Human and Organizational Development, Sustainability and Corporate Relations. The Sustainability and Corporate Relations department, supported by the Conduct Committee, the Ombudsman Office and by the Legal Department, is responsible for enhancing the relationship with neighboring communities and government agencies, as well as preventing corruption and unfair competition. The Paper, Occupational Health, Safety and Medicine (HSMT), and Commercial departments are responsible for product management.

Certifications

Fibria regards the certification of good business practices, issued by independent quality certification entities, as a powerful driver for business sustainability and market development. Certifications not only benefit the relationship with government agencies, neighboring communities and other stakeholders, but also contribute to regional development and the opening up of new market opportunities in Brazil and overseas, helping to boost shared gains.

Fibria's Certifications

Fibria is currently certified in five areas:

■ Quality Management System – ISO 9001

Certification valid for all the activities of the Aracruz Units (1993), Capão Bonito Forestry Unit (2006), Três Lagoas Forestry Unit (2008), Vale do Paraíba Forestry Unit (2006), Jacareí Industrial Unit (2000), Piracicaba Industrial Unit (1996) and the São Paulo Head Office (2006).

■ Environmental Management System – ISO 14001

Aracruz Unit (1996), Capão Bonito Forestry Unit (2006), Três Lagoas Forestry Unit (2008), Vale do Paraíba Forestry Unit (2006), Jacareí Industrial Unit (2004), Piracicaba Industrial Unit (2007), and Santos Port Terminal (2004).

■ Occupational Health and Safety Management System - OHSAS 18001

Santos Port Terminal has been OHSAS certified since 2006.

■ Custody Chain – FSC and CERFLOR

FSC – Certification by the Forest Stewardship Council (FSC) for the entire production process was granted to Jacareí Unit in 2006, Piracicaba Unit (2008), Três Lagoas Unit (2009), Fibria Trading International Kft (2008), Fibria Celulose (USA) Inc (2008). In January 2011, Fibria conducted the regrouping and amendment to these certifications and received multi-site recertification for its Piracicaba, CONPACEL and Santos Port Terminal Units, multi-site certification for the Jacareí, Três Lagoas and Santos Port Terminal Units, and formation of multi-site custody chain between Fibria Trading International Kft and Fibria Celulose (USA) Inc, which is valid for 5 years.

CERFLOR – The Brazilian Forest Certification Programme (CERFLOR) quality seal certifies that raw materials used by Fibria for its pulp production come from sustainably managed forests. The Aracruz Unit was certified by CERFLOR in 2006, the Três Lagoas Unit in 2009, Fibria International Trading and Fibria Celulose (USA) Inc in 2006, and Piracicaba Unit in 2010. All Units underwent a maintenance audit in 2010 to ensure the continuity of certification.

■ Forest Management - FSC and CERFLOR

FSC – Capão Bonito Forestry Unit has been certified since 2005, Três Lagoas Forestry Unit (2009) and Vale do Paraíba Forestry Unit (2006). In September 2010 all Units were FSC recertified.

CERFLOR – Aracruz Forestry Unit in Bahia and Minas Gerais State has been CERFLOR certified since 2004 and Aracruz Forestry Unit in Espírito Santo State since 2005, and Três Lagoas Forestry Unit since 2009. In 2010, the Aracruz Forestry Unit in Espírito Santo State was recertified in Forest Management, while the Aracruz Forestry Unit in Bahia and Minas Gerais States and the Três Lagoas Unit maintained its CERFLOR certification.

Certified Forest Area (2010)

Unit	Total Area ¹	FSC certified area	CERFLOR Certified Area
Três Lagoas (MS)	238,373.90	203,659.62	238,373.90
Jacareí (SP) ²	159,673.20	159,673.20	–
Aracruz (ES)	364,885.80	–	364,885.80
Capão do Leão (RS)	110,364.90	–	–
Total	873,297.80	363,332.82	603,259.70

1. Does not include 50% from Veracel and 50% from CONPACEL.

2. Includes Vale do Paraíba and Capão Bonito.

Forthcoming challenges

Fibria plans to have other Units certified in the coming years, while maintaining the certifications already achieved. The key priorities for the next phase of certification is to achieve FSC certification for the Aracruz Unit and its forest partners in all regions where the company maintains forest development programs, ISO 9001 and ISO 14001 certification for the Três Lagoas Industrial Unit, and OHSAS 18001 certification in all Fibria's Units.

To enable the FSC certification at Aracruz Unit, in May 2010 Fibria began to work with the Institute for Forest and Agricultural Management and Certification (IMAFLOA) , to identify areas of forest management that need improving, over an area totaling 365,000 hectares. This evaluation, known as SmartStep, resulted in a three-year action plan, in which the company pledges its commitment to achieving best sustainable management practices.

The virtuous cycle of forest certification

Social

- Respect for workers' legal rights
- Manpower skills and qualification (training)
- Improvement of working conditions and reduction of work-related accidents
- Operations with less social and environmental impact

Economic

- Access and permanence in markets (competitive advantage)
- Possible access to financing
- Improving image and communication with stakeholders
- Constant improvement of management

Environmental

- Compliance with current environmental laws
- Responsible forest management
- Maintenance of forest integrity
- Conservation of natural resources (biodiversity, water resources, soils, landscapes, and ecosystems)

Sustainability

Fibria has been strongly committed to sustainability since its foundation in September 2009. The company was born a market leader as the world's largest producer of hardwood pulp. This leadership position brings with it the responsibility to demonstrate the best possible sustainable practices for the whole industry. Fibria has therefore developed a sustainability goals and targets plan, which is renewed annually.

Fibria believes that sustainability is a broad concept and too important to be restricted to a specific area of the company. For Fibria sustainability includes: reducing waste, developing a skilled and engaged workforce, supporting projects that promote the growth and welfare of neighboring communities, preserving and recovering native forests, sustainable pest control, managing with transparency, and strengthening communication channels with civil society, the

government and media. In essence, Fibria believes that the practice of sustainable actions is part and parcel of its business. Sustainability embodies the recognition of public opinion, customer loyalty, employee pride and trust of partners and neighbors. Furthermore, it increases profitability and makes the company stronger to meet the needs of an increasingly demanding market that is mindful of the planet's delicate environmental balance.

The concept of sustainability began to be outlined during the latter half of the twentieth century. For many people its importance is still not recognized and hence there is a need to continually reinforce it with employees and business partners. What was once understood primarily as an environmental concern has evolved into a more general concern for the human capacity to meet its present needs without affecting the needs of future generations. Sustainability implies that nature should be conserved for the benefit of all. Consequently, it is also a tool for social inclusion and welfare of all people involved in this process as well as for building profit in a mutually beneficial and transparent manner.

Fibria understands sustainability as a goal that is constantly developing over time as society evolves and its values and demands change. To us, sustainability points to a particular direction rather than the setting of a defined goal. This requires permanent dedication to taking the appropriate course of action at every step.

In order to ensure compliance with the commitments assumed by the company, Fibria created an Internal Sustainability Committee comprised of managers from different areas of the business, who meet every two months. It also created an additional Sustainability Committee, made up of Fibria employees and non-employees from different fields of knowledge. This committee is presided over by Fibria's Chairman of the Board, José Luciano Penido, and plays an advisory role to the Board of Directors. The Sustainability Committee meets three times a year to assess the company's sustainability strategy.

Sustainability Context

José Luciano Penido, Chairman of the Board of Directors – *"Fibria has made an explicit commitment to the future. Helping to build a sustainable society is a precondition of our business strategy. It is a complex and extremely dynamic process, because society, its values and its demands are always evolving. We work in hundreds of locations in different parts of the country, many of which are in quite poor rural areas. Developing and maintaining harmonious relations with so many communities, is vital to the company's future, but represents a considerable challenge. Our top priority is resolving the social conflicts that persist in certain regions, most of which are the result of the complexity of a country of continental dimensions, such as Brazil. These are issues that end up affecting our social 'license to operate', with all the ensuing consequences, involving material losses, certification difficulties and potential damage to our reputation. We know that solutions will take time, because they involve building trust and increasing the breadth and intensity of our discussions with stakeholders. The wealth of knowledge and experience that has been assembled in our Sustainability Committee has provided the management with valuable perspectives and insights to help us attain our objectives."*

Carlos Aguiar, CEO – *“Fibria’s operations, future growth and market value are intrinsically connected with the issue of sustainability. Maintaining global leadership of such a competitive industry as ours requires a skilled and well motivated team, good relations with stakeholders, constant innovation and technological upgrading, close attention to costs and the ability, at all times, to grow along with our customers. It is, of necessity, a long term strategy that involves, among other things, the careful use and conservation of natural resources – in our particular case, of renewable forests and the rich biodiversity contained within them. Our forests and mills are located in regions where we are one of the few important economic agents and where there is still so much inequality. This frequently makes us the focal point for community demands, whether they relate to us or not. Building good relations with local communities is one of our top priorities at present, along with seeking ever more intelligent and economic ways to produce. As we grow, we want to be admired for our values and to show respect for individuals and for life in general.”*

Production chain

Fibria is involved in all stages of pulp and paper production, from the development of eucalyptus clones to final product delivery to buyers. In this process, there are a number of negative environmental impacts, which the company seeks to mitigate and offset in the best way possible by investing in modern technology, use of less invasive production methods, waste reduction and reuse, rational use of water, social and environment education, social integration of residents from local communities, synergy among its employees, and monitoring production and transportation risks. Furthermore, Fibria also invests heavily in sustainability with the purpose of safeguarding nature’s balance and the provision of renewable resources, as well as the welfare of all people involved in forestry and industrial operations.

The production process starts in the Technology area with the development of increasingly reliable eucalyptus clones that are more resistant to changes in climate, better adapted to each region and more efficient in water and input usage, ensuring greater productivity throughout the industrial process, improving yield and reducing consumption of chemicals. In 2010, Fibria planted over 87 million eucalyptus seedlings, 38% more than in 2009.

Eucalyptus crops take six to seven years to reach harvest point and require constant care. Therefore, eucalyptus forests employ most of the company’s contract workers. The forest grows with the help of chemical inputs and pesticides, but Fibria has gradually been reducing its environmental impact through initiatives such as the reuse of industrial waste as fertilizers and of biological agents for pest control.

Fibria has made successful experiments in occupying the empty areas around its eucalyptus crops after the first year of planting and filling them in with additional crops such as cassava and beans, opening new job and income opportunities for neighboring communities.

The harvest season bears the highest environmental impact, as it changes the landscape, uproots animals, and increases traffic of heavy-load vehicles around the community. The company is seeking to mitigate these effects by planning the harvest areas and seasons in advance. Furthermore, it maintains native forests interspersed with the plantations, disposes of eucalyptus leaves and bark on crop sites to act as natural fertilizers, uses equipment designed to reduce erosion and compaction of the soil, strengthens communication with neighboring communities, and exerts strict control on transportation safety. Whenever possible, the company replaces truck trips to the mills with barges – nearly 2 million tons of wood were transported by sea in 2010, a record-breaking freight volume for this type of product.

At Fibria's mills, concern with sustainability is mainly focused on diminishing water use and reducing residues, effluents and emissions. Figures show that the company is on the right track: its recently published carbon inventory shows that for every ton of pulp produced 3.17 tons of CO₂ equivalent are sequestered from forest plantations and native reserves. With regard to water use, the company currently consumes half of what it did in 2000 in order to produce the same amount of pulp.

Transportation from Fibria's mills to ports is relatively straightforward in the case of Aracruz Unit, which is 4.3 km from the Portocel terminal. However, greater care is required in journeys to carry products from the Industrial Units to the port of Santos, in São Paulo State. The longest freight journey to haul Fibria's products is between Três Lagoas, in Mato Grosso do Sul State, and Santos, a distance of more than 700 km by rail.

Fibria, its business and the future

Paper is present wherever quality of life counts – be it used for information, education, personal hygiene or wellbeing. For this reason, paper consumption by inhabitant per year is a key indicator of a country's socioeconomic development.

Fibria works to ensure that the growing global demand for paper can be met sustainably. Its customers comprise major manufacturers and distributors of products in key consumer markets, which include countries with large populations like China.

In this context, the company seeks to contribute to a sustainable society, providing economic efficiency and social and environmental responsibility to the preferred raw material used for the manufacture of paper today – eucalyptus pulp.

The table below shows how Fibria's business can benefit from its commitment to the future.

Commercial benefits	Opportunities
Gain support for Fibria's operations	<ul style="list-style-type: none"> – Ensure the supply of wood for current operations and future growth. – Build trust with strategic audiences (social license to operate). – Facilitate approval of government permits (legal license to operate). – Facilitate expansion of existing mills or construction of new facilities.
Facilitate access to capital	<ul style="list-style-type: none"> – Diversify the funding sources – attract long-term, sustainability oriented investors. – Meet the demands of multilateral banks. – Keep abreast with the concerns of foreign investors. – Improve Fibria's risk profile. – Reduce social and environmental risks.
Maintain market share	<ul style="list-style-type: none"> – Show continuous improvement in social and environmental performance. – Foresee and meet the purchase conditions of the main long-term customers. – Meet certification demands. – Add value to customers by keeping up with the latest trends and advances in the sustainability field.
Reduce costs	<ul style="list-style-type: none"> – Reduce costs arising from pressure groups, legal action and interference in business. – Foresee and meet the rightful concerns of stakeholders before costly mitigation measures are required. – Identify environmental or social improvements in forest handling, pulp production, and logistics that lead to financial gains.
Manage risk	<ul style="list-style-type: none"> – Identify potential risks and issues with enough time for planning and fund-raising (key requirements in the pulp industry) whenever changes are necessary – Increase the safety of wood supply. – Participate in public discussion and help define rules with other segments of society.
Motivate employees	<ul style="list-style-type: none"> – Encourage pride and loyalty among employees. – Encourage total commitment with maximum creativity.
Strengthen Fibria's reputation	<ul style="list-style-type: none"> – Send positive signs to the market, media, customers, government, etc. – Build trust and credibility bonds. – Foster open dialogue and constructive relationships.

Goals and targets

2010 Sustainability goals and targets

Fibra established nine goals for its sustainability policy in 2010. These goals were developed into 26 targets, covering several areas of the company. Most have been fully achieved, as shown below.

Goal 1 - Improve community relations through engagement and measures that promote their economic and social development.

Targets

● *Develop, approve and implement the new community relations model, thereby strengthening stakeholder engagement and local dialogue.*

Result: **Fully achieved target.** Meetings with local community members are already taking place, bringing the company closer to local communities and other stakeholders. This enables Fibria to convey messages in a transparent way, listen and respond to concerns and demands, and take them into consideration in decision-making, thereby building joint solutions that meet all parties' needs.

● *Contribute to easing social conflicts in rural communities of Espírito Santo and Bahia States by:*

a) Establishing of structured engagement with five communities in the Brazilian States where Fibria operates (Bahia, Espírito Santo, Mato Grosso do Sul, Rio Grande do Sul and São Paulo).

Result: **Fully achieved target.** Engagements were established according to the table below:

Community	Municipality
Piracicaba	Piracicaba (São Paulo State)
Pinheiro Machado	Pinheiro Machado (Rio Grande do Sul State)
Brasilândia	Brasilândia (Mato Grosso do Sul State)
Helvécia	Nova Viçosa (Bahia State)
Caravelas	Caravelas (Bahia State)
Juerana	Alcobaça (Bahia State)
Ibirapuã	Ibirapuã (Bahia State)
Barra do Riacho	Aracruz (Espírito Santo State)
São Mateus	São Mateus (Espírito Santo State)

The most advanced engagements are in the municipalities of Helvécia, Caravelas and Barra do Riacho, which have action plans underway for local development.

b) Spearheading sustainable development plans through the engagement with other stakeholders for the northern coast of Espírito Santo State and for Costa das Baleias (in the State of Bahia).

Result: **Partially achieved target.** The plan for Costa das Baleias is underway, whilst the project for development of the northern coast of Espírito Santo State coast has been delayed until 2011. The Sustainable Development Plan for the Costa das Baleias in southern Bahia State

“Sustainability is one of the factors that most influence the image and reputation of a company with consequences on its market value. So, sustainability is of high relevance to Fibria’s business.”

Carlos Alberto Roxo, general manager for Sustainability and Corporate Relations

is being prepared by the Bahia State Council for Economic and Social Development to improve the quality of life in the municipalities of Itamaraju, Teixeira de Freitas, Alcobaça, Caravelas, Prado, Nova Viçosa, Mucuri, Ibirapuã, Lajedão, Itanhém, Jucuruçu, Veredas, and Medeiros Neto. Fibria, together with the Bahia State Government, the Mayors' Association of Southern Bahia State Coast (APES), Suzano Group and ArcelorMittal, participates in the Management Committee, which is responsible for the financial feasibility of this project that envisages a series of partnerships and social actions with local communities until 2023. Similarly, the Development Plan for the Northern Coast of Espírito Santo State is an initiative of the Espírito Santo government with a future vision for 2025. The project will benefit the municipalities of São Mateus, Conceição da Barra, Pedro Canário and Jaguaré. Fibria participates in the preparation of this project represented by the Espírito Santo Business Movement and by the Northern Espírito Santo Business Association.

c) Implementing social and environmental investment projects resulting from two advanced engagement processes with the black community at Helvécia and the fishermen community at Caravelas (both in the State of Bahia). Result: **Fully achieved target** with the creation of working groups in charge of structuring Development Councils with the two communities. At Helvécia, the company has completed the architectural design of the local Cultural Center, and again sponsors the theater company *Auto de São Benedito*, which has performed in several cities, including Bahia State capital Salvador. Fibria has also laid the foundation stone for a new seedling nursery. At Caravelas, the company sponsored the renovation of the building of Colonia Z-25, a fishermen's colony, and the construction of a community kitchen which will benefit the local fishing community and generate revenue for the Fishermen's Association (APESCA). Ice is a high cost input for fishermen and approval is being sought for the construction of an ice factory.

d) Laying the foundation stone of the Helvécia Seedlings Production Unit in the municipality of Nova Viçosa (Bahia State), which is expected to create 250 jobs in 2011.

Result: **Fully achieved target.** The foundation stone of the Helvécia Seedlings Production Unit was laid on September 17, 2010. The development is expected to generate about 250 jobs in the community, whose members were trained to meet the company's demands. Besides the investment in excess of R\$30 million for the construction and hiring of personnel, the Unit hopes to generate about R\$2 million in tax revenues per month. The Helvécia Seedlings Production Unit will also comprise construction of a local community center. The space will be available for community members to undertake recreational, educational and cultural activities. An auditorium, library and recreational areas will be built in addition to a space for exhibition and sale of products sourced from job and income generation projects in partnership with Fibria. This space will also house a branch of the Center for Environmental Education (NEA) to serve as a base for various environment-related activities undertaken locally.

Goal 2 - Develop activities related to the climate change process.

Targets

- *Implement and audit the carbon inventory throughout the production process, from seedling nurseries to delivery to overseas ports, including all of Fibria's forestry and industrial production sites.*

Result: **Fully achieved target.** The inventory was conducted and audited, revealing that Fibria's planted and native forests absorb almost 25 million tons of carbon per year, while the company's forestry, industrial and logistics operations emit about 2 million tons of carbon from fossil fuels, which add up to 9 million tons of carbon emitted from burning biomass for energy generation. The carbon balance shows that 3.17 tons of carbon are sequestered for every ton of pulp produced. Results for the 2010 greenhouse gas (GHG) emission inventory (base year 2009) are described in the chapter on Climate Governance.

- *Participate in the Carbon Disclosure Project Investors edition.*

Result: **Fully achieved target.** Fibria's participation was done through a CDP questionnaire completed in June 2010.

- *Join BM&FBOVESPA's Carbon Efficient Index (ICO2).*

Result: **Fully achieved target.** Fibria's adherence was formalized in December 2010. Further information about Fibria's participation in the ICO2 Index is available in the Climate Governance chapter.

Goal 3 - Review forest development models by adapting them to new guidelines.

Targets

- *Review and implement forest development models identified as Forest Savings.*

Result: **Fully achieved target.** Former forest development models were reviewed and new ones were implemented. Previously, Fibria had several forest development models applied in the seven Brazilian States where the company operates. Those models were reviewed by a working group made up of professionals from various fields of activity, based on the model adopted in Rio Grande do Sul State (Forest Savings), which values, encourages and subsidizes parallel and integrated programs for production diversity, and other forest products i.e. honey, and environmental licenses. As of 2010, all Fibria's forest development models were unified and given a unique identity – Fibria Forest Savings program. Official procedures and policies were created for these partnerships. Furthermore, a model adapted to family farming was also created, entitled Family Forest.

- *Increase product diversification in partnerships established through agroforestry systems.*

Result: **Fully achieved target.** This initiative has the goal of contributing to local development in an integrated manner and shared with Fibria's neighboring rural communities through the promotion and diversification of rural economy and especially the strengthening of family agriculture. To do so, the company identified and assessed the main constraints, opportunities and synergies in income generation projects in the rural communities around Fibria's Units.

"We value sustainability and understand its impact on the company's reputation and economic performance. We are among the Brazilian companies with the most sustainable practices, but we must go further. We want to be recognized as world leaders in sustainability in the medium term."

Vinicius Nonino, general manager for Strategic Planning

These included:

- São Paulo State: Beehive Project, Production Belt, Forestry Hubs (ASSIM and COOPEMAD), planting under power lines, Seedling Project.
- Mato Grosso do Sul State: Beehive Project.
- Rio Grande do Sul State: Beehive Project and Forest at the Table Program.
- Espírito Santo State: Wood and Food Integrated Production (PIMA), Solidary Apiculture, planting in setback areas, Community Nurseries.
- Bahia State: Solidary Apiculture, planting in setback areas, Family Farming, Community Nurseries.

The purpose of the assessment was to develop structured support for family farming that would benefit from the experience gained by the company and based on the participatory process and autonomy of farmers. For this, a Rural Territory Development Program (PDRT) was created internally, featuring two main phases: first Fibria together with community members and farmers assess the situation to identify problems, constraints, opportunities and potential solutions. This is followed by an action phase to carry out jointly agreed plans. The PDRT is currently being implemented at the Aracruz Unit in Espírito Santo State. A pilot program was set up in local communities around Fibria's mills in southern Bahia State with the communities of Helvécia and Juerana as hubs and covering a total of 11 communities in four municipalities. Currently, the PDRT team is presenting the program to community members, and is working on the participative mapping of the territory and on the strengthening of associations. Agricultural activities are being planned and started in accordance with the methodology proposed by seeking the integration of agriculture with forest plantations.

- *Establish a methodology and certify agricultural products based on these systems.*

Result: **Partially achieved target.** Currently, two agricultural products (pumpkin and watermelon) derived from the Forest at the Table Program in Rio Grande do Sul State are certified. For the Forest at the Table Program – a joint initiative between Fibria, the Agency for Agricultural Technical Assistance and Rural Extension (EMATER) and forest partners – Fibria provides the seeds, while EMATER provides technical assistance to planting and crop planning, and local farmers grow their crops as per the technical recommendations. The Program was designed with environmental and social considerations taken into account in order to obtain certification of agricultural sustainability. Initially, the Program was certified by a local certifying agency (Instituto Certifica). Additionally, Fibria is in contact with the IMAFLORA certifying agency to begin the certification process of the Forest at the Table products through the Sustainable Agriculture Network (SAN) and later expanding this concept to other Fibria's income generation programs.

- *Create and implement a family forest model.*

Result: **Partially achieved target.** The model was created but not yet implemented.

“Sustainability is an ongoing concern for the area of technology. We develop eucalyptus clones adapted to each type of soil to consume less water and we seek to combat pests by using natural predators. Climate change is already affecting our business and we are aware that only with sustainable attitudes can we avoid greater natural disasters in the future.”

Ergílio Claudio-da-Silva Jr., general manager for Technology

Goal 4 - Restore natural forest areas.

Targets

○ *Restore 2,784 hectares of the Atlantic Rainforest biome at Fibria's Jacaré and Aracruz Units.*
Result: **Fully achieved target.** 2,930 hectares were restored at the Aracruz Unit and 474 hectares at the Jacaré Unit.

○ *Implement the Vale do Paraíba Ecological Corridor Project, São Paulo State.*
Result: **Fully achieved target.** The project launch was held in June 2010.

Goal 5 - Promote Fibria's supply chain development, awareness and engagement.

Targets

○ *Implement a Supplier Development Program (advanced module) at Fibria's Três Lagoas Unit.*
Result: **Fully achieved target.** The Advanced Supplier Qualification Program (PQF-Advanced) in Mato Grosso do Sul State was implemented in a similar way to the PRODFOR Program, a local certification of world-class quality in Espírito Santo State, which has served as a model for other Brazilian States since 1997. To implement the PQF-Advanced Program at Três Lagoas, Fibria plans to partner with the Mato Grosso do Sul State Federation of Industries and local companies, as well as seek support from the Três Lagoas city administration as a way to encourage the implementation of the Program across the State. In December 2010, the PQF-Advanced Program was presented to 75 regional vendors based on the ISO 9001-2008 quality.

○ *Engage the supply chain to reduce the carbon footprint through the Carbon Disclosure Project (CDP) Supply Chain.*
Result: **Fully achieved target.** The Carbon Disclosure Project (CDP) Supply Chain will become a permanent process to ensure that Fibria and its strategic suppliers are engaged and aligned with it. From the data obtained in the 2010 CDP event, joint targets and specific action plans for each vendor will be set in order to reduce their emissions over the coming years.

○ *Develop the Contract Services Commission to ensure the sustainability of Fibria's suppliers' contracts.*
Result: **Fully achieved target.** In December 2010, the new commission began to review the procedures for hiring, selecting and evaluating suppliers to align them to Fibria's sustainability philosophy in its supply chain.

○ *Revise and implement procedures for approval of suppliers to prioritize the hiring of local services, ensure legal compliance and continuously improve contracted services in terms of sustainability.*
Result: **Partially achieved target.** Implementation has already begun, and should be completed in the first semester of 2011 (for forestry suppliers) and in the second semester of 2011 (for industrial suppliers). Throughout 2011, we will also begin an *in situ* audit process with key suppliers to ensure, among other requirements, that they are not using child labor or adopting unfair working practices.

Goal 6 - Increase eco-efficiency.

Targets

- *Recycle solid waste through the conversion of 6% of industrial waste from the Jacareí mill, São Paulo State - dregs, grits, lime mud and ash - into soil amendments to be applied in the forest.*

Result: **Fully achieved target.** The project generated an increase of over 200% in waste conversion. Ash recycling was up from 701 tons in 2009 to 2,135 tons in 2010, while the reuse of lime mud went from 5,945 tons to 18,573 tons during the same period.

Goal 7 - Certify Fibria's forest areas.

Targets

- *Recertify Fibria's forest areas in São Paulo and Mato Grosso do Sul States on the FSC standard.*

Result: **Fully achieved target.** Results of the 2010 certifications are presented in the Management and Strategies chapter > Certifications.

- *Recertify the Custody Chain in those States.*

Result: **Fully achieved target.** Results of the certifications in 2010 are presented in chapter Management and Strategies > Certifications.

- *Perform diagnostics and devise an action plan for FSC certification of Espírito Santo and Bahia States' forest areas through the SmartStep program.*

Result: **Fully achieved target.** The action plan was accepted for FSC certification and the Aracruz Unit was included in the SmartStep program in June 2010. Developed by the Rainforest Alliance, a certifying agency represented in Brazil by IMAFLORA, the SmartStep program sets a pre-defined schedule for the achievement of FSC certification. A report prepared by IMAFLORA pinpointed 60 gaps to be filled at the Aracruz Unit. IMAFLORA follows up on the certification process by providing technical support and audit at each stage. Fibria created a working group made up of members from all areas to fill these gaps over a three-year period. IMAFLORA has approved the company's plan and published a "Certification in Progress" on its website (www.imaflora.org).

- *Perform diagnostic tests for FSC certification of forest development areas in all Brazilian States where Fibria operates.*

Result: **Fully achieved target.** Diagnostic tests were performed and results of the 2010 FSC certifications are shown in the Management and Strategies chapter > Certifications.

“As a world leader in hardwood pulp, Fibria needs to position itself as a forerunner in sustainable practices. Becoming a sustainability leader is also one of the challenges the company has taken on.”

André Luiz Gonçalves, general manager for Investor Relations

Goal 8 - Strengthen ties with civil society.

Targets

- Consolidate the partnership with the World Wide Fund for Nature (WWF) to define criteria for forest management certification of small farmers and service providers.

Result: **Fully achieved target.** The certification contract was formalized and criteria for the first certification protocol farmers were defined and a field test was scheduled.

- Participate in a study group for best forest management practices spearheaded by WWF's New Generation Plantation Projects (NGPP).

Result: **Fully achieved target.** Fibria attended all stages of the 2010 NGPP.

- Forge partnerships with social movements to promote the socioeconomic development of local communities.

Result: **Fully achieved target.** The project Sustainable Settlements with Agroforestry and Biodiversity was developed in partnership with the University of São Paulo and the Bahia State Government. The aim of the partnership is the construction of a methodology for the creation of rural settlements based on family farming, community production and environmental conservation.

- Actively participate in domestic and international discussion forums for best forest management and sustainability practices.

Result: **Fully achieved target.** Fibria actively participated in these forums. José Luciano Penido, Fibria's Chairman of the Board, was elected co-chair of the Sustainable Forest Products Industry Working Group (SFPI WG) of the World Business Council for Sustainable Development (WBCSD), which gathers together forest companies and likeminded entities associated with the Council. Carlos Alberto Roxo, Fibria's Corporate Relations and Sustainability general manager was elected co-leader of The Forests Dialogue (TFD) for a two-year term begun in October 2010. Roxo actively participated in the discussions of the new TFD Strategic Plan.

Goal 9 - Consolidate sustainability in Fibria's governance.

Targets

- Set up the Sustainability Committee (SC), made up of seasoned company and independent members, whose main goal is to advise Fibria's Board of Directors.

Result: **Fully achieved target.** Two SC meetings were held in 2010.

- Set up the Internal Sustainability Committee, comprised of managers from different areas of the company, whose main goal is to implement sustainability strategies for Fibria's management and operation.

Result: **Fully achieved target,** with three meetings held in 2010.

Sustainability Goals and Targets for 2011

Fibria maintained almost the same sustainability goals for 2011, developed into the 23 targets described below:

Goal 1 - Improve the relationship with neighboring communities through engagement and measures that promote their social and economic development.

Targets

- *Help finalize and implement the Sustainable Development Plan in northern Espírito Santo and southern Bahia State Coasts (Costa das Baleias Development Plan, under the leadership of the Bahia State Government, and North Coast Development Plan, under the leadership of the Espírito Santo State Government).*
- *Carry out the 2011 Community Relationship Plan by establishing a dialogue with neighboring communities around Fibria's Units in five Brazilian States at different levels, to discuss the impact of the company's forestry and industrial operations on those communities. Direct engagement with 10 communities is expected in 2011, in addition to dialogue with 75 other communities and a face-to-face agenda with the remaining communities.*
- *Implement the Rural Territory Development Program (PDRT) in 16 traditional communities (12 from Bahia State and 4 from Espírito Santo State) and priority groups based on the integrated agricultural production in conjunction with local partners, aimed at improvements in production, technical assistance, cooperative partnership, agricultural certification and differentiated sales.*
- *Devise and implement a benchmark settlement project model agroforestry production with biodiversity benefiting 800 families.*
- *Expand the Votorantim Partnership Project for Education from 7 to 13 municipalities, 2 of which in Espírito Santo, 3 in Bahia, 4 in São Paulo, 2 in Mato Grosso do Sul, and 2 in Rio Grande do Sul States.*

Goal 2 - Develop activities related to the climate change process.

Targets

- *Update the carbon inventory across the entire production process, from seedling nurseries to the ports of destination (Carbon Footprint).*
- *Engage Fibria's supply chain in the carbon footprint inventory through the Carbon Disclosure Project (CDP) Supply Chain.*

Goal 3 - Review the forest development models by adapting them to new guidelines.

Targets

- *Establish a methodology and certify agricultural products originated from these systems.*
- *Develop and implement a family forest model.*

Goal 4 - Protect and enhance natural resources¹.

Targets

- *Improve the quality of natural habitats through restoration of biodiversity in 4,000 hectares of degraded areas in São Paulo, Espírito Santo, Bahia and Minas Gerais States.*
- *Identify and assess the environmental services for natural ecosystems in Fibria's properties.*

Goal 5 - Promote the development, awareness and engagement of Fibria's supply chain.

Targets

- *Assess, develop and implement a socioenvironmental investment fund for suppliers to be applied to Fibria's priority environmental projects and actions.*
- *Implement a new sustainability questionnaire model for approval and conduct audit in 50 suppliers according to the sustainability criteria established by the Global Compact principles and FSC principles and criteria.*
- *Develop in conjunction with the WWF Brazil a national standard for FSC certification of groups of small forest producers and service providers.*
- *Raise awareness of and educate incentivized partners with regard to the FSC standards and criteria, based on 2010 diagnostic tests.*

"Sustainability does not translate into actions in the environmental arena alone, but it has a social and economic reach as well. Cleaner production, for example, saves money. An ecological corridor such as the Vale do Paraíba creates opportunities for neighboring communities. Good corporate practices drive Fibria's market even further."

Umberto Caldeira Cinque, general manager for Industrial Environment

Goal 6 - Increase eco-efficiency.

Targets

- *Identify the water footprint for wood pulp (Water Footprint).*
- *Implement solid waste facilities (dregs, grits, lime mud and ash) at Jacaré and Três Lagoas Units, so they can be applied as soil amendments in the company's forests thus reducing waste disposal in those Units' landfills by 30%.*
- *Prepare a Life Cycle Analysis of pulp, from the seedling nursery to the ports of destination.*

Goal 7 - Certify Fibria's forest areas.

Targets

- *Implement 100% of the actions planned for 2011 contained in the SmartStep Program Action Plan at the Aracruz Unit.*

Goal 8 - Strengthen the relationship with civil society.

Targets

- *Continue to participate in study groups of best forest management practices in WWF's New Generation Plantations Project (NGPP).*
- *Continue to actively participate in national and international forums for best practice in forest management and sustainability, particularly in The Forests Dialogue (TFD), the Brazilian Forest Dialogue, the Sustainable Forest Products Industry Working Group of the World Business Council for Sustainable Development (WBCSD) and the Global Compact.*

Goal 9 - Consolidate sustainability in Fibria's governance.

Targets

- *Conduct a discussion panel with Fibria's stakeholders.*
- *Develop and implement the "Educating for Sustainability"² Program with Fibria's employees and permanent outsourced personnel, in order to disseminate concepts and promote sustainability actions at all company levels, as well as other areas of Fibria.*

1. The goal of "restoring natural areas", set in 2010, was changed in 2011 to read "protect and enhance natural resources."

2. The "Educating for Sustainability" Program began in November 2010 and is currently being developed by a group of trainees. One of the main actions will be to create a plan for dissemination and awareness of sustainability issues with a defined budget, schedule, and people responsible for the company's internal areas and outsourced operations considered to be strategic for sustainability.

"To Fibria, sustainability is a matter of survival. The company works with renewable natural resources and this causes impacts. Its neighboring communities across Brazil are huge. Either it maintains a sustainable business or it will cease to exist."

Fausto Camargo, Sustainability manager

Main commitments (GRI 4.12 and 4.13)

Global Compact - Fibria is committed to the Global Compact, a United Nations initiative whose goal is to mobilize the global business community to adopt internationally accepted values in human rights, labor relations, environment, and corruption. These are reflected in the Global Compact's ten principles. Fibria's 2010 sustainability actions related to the Global Compact are listed in the chapter Content Index. Learn more about the Global Compact on www.unglobalcompact.org.

Na Mão Certa ("In the Right Direction") Program - Fibria joined the Na Mão Certa Program, a joint initiative between Childhood Brasil and the Ethos Institute for Business and Social Responsibility with technical support from the International Labour Organization (ILO). The Program aims to confront the sexual exploitation of children and teenagers along Brazilian highways. Learn more about the Na Mão Certa program on www.namaocerta.org.br.

Business Pact for Integrity and Against Corruption - Launched in 2006, this initiative stems from the fact that Brazil should not continue paying for the social, economic and political cost of successive corruption cases that regularly plague the country. Fibria voluntarily participates in this Pact in favor of ethics in business. This initiative is spearheaded by the Ethos Institute for Business and Social Responsibility, UniEthos - Training and Development of Socially Responsible Management Practices, Patri Government Relations & Public Policies, the United Nations Development Programme (UNDP), the UN Office on Drugs and Crime (UNODC) and the Brazilian Global Compact Committee. Learn more on www.empresalimpa.org.br/oprojeto.aspx.

National Pact for the Eradication of Slave Labor - Fibria took on this commitment in partnership with the Ethos Institute which, along with the International Labour Organisation (ILO) and the NGO Repórter Brasil, created this Pact against slave labor in Brazil. The document contains measures such as trade and financial restrictions on companies and/or individuals using working conditions characterized as slavery; regulation of labor relations in supply chains; provide information to vulnerable workers; professional training and development to freed workers; monitoring and evaluation of initiatives adopted over a one year period. Learn more on www.pactonacional.com.br.

CDP Investors - Fibria has been a member of the Carbon Disclosure Project (CDP) Investors since 2009 and was previously through the companies Aracruz and VCP, before the merger. The CDP is a global nonprofit organization, whose goal is to provide information and coach investors interested in understanding the risks and opportunities of climate change to make decisions about their investment portfolios. The entity, on behalf of 534 institutional investors worldwide, invites more than 3,000 companies listed on stock exchanges annually to provide data on their climate governance on a voluntary basis. Learn more on www.cdproject.net/en-US/Programmes/Pages/CDP-Investors.aspx.

CDP Supply Chain - Fibria was the first pulp and paper company worldwide to join the Carbon Disclosure (CDP) Supply Chain. In 2010, the company invited 76 of its key suppliers to report their greenhouse gas emissions and commit to best practices in managing climate change. In addition to reporting its climate governance practices, the company will include risk assessments, actions

and opportunities of the practices adopted by its main suppliers in its pulp business. Learn more on www.cdproject.net/en-US/Programmes/Pages/CDP-Supply-Chain.aspx.

Water Footprint Network - Fibria joined the Water Footprint Network (WFN) in March 2010, seeking to strengthen its commitment to sustainable development through strategic management and rational use of water, based on the WFN guidelines. The water footprint is an indicator of water consumption (water balance) of a product or process throughout its life cycle, considering direct uses (own) and indirect (supply chain). The company began a pilot project for water cycle assessment throughout the production cycle of one ton of pulp (base year 2010) at Fibria's Jacaré Unit in São Paulo State including the following variables: consumption of surface or underground water; cumulative water consumption (forest evapotranspiration rates, rain, etc.) and water volume needed for the neutralization of disposed waste. Results will be released after completion of the project. Learn more about the WFN on www.waterfootprint.org.

Forest Footprint Disclosure - The forest footprint is the deforestation caused directly or indirectly by a company or product. In January 2011 the second Forest Footprint Disclosure (FFD) report was published, an initiative that assesses a company's forest footprint. 78 companies worldwide responded to the survey, including Fibria, which uses wood solely from renewable forest plantations. The company has participated in this initiative since its inception (2009) and remains the only pulp and paper company to fully answer the FFD questionnaire. Learn more on www.forestdisclosure.com.

New Generation Plantations Project (NGPP) - Fibria actively participates in this project created in 2007 by the World Wide Fund for Nature (WWF) involving companies and government agencies to evaluate and establish the best forest management concepts that integrate into the forestry economic activity biodiversity conservation that meets human needs. The new generation of forest plantations is one that promotes integrity and high conservation values of ecosystems, involves stakeholders and effectively contributes to economic growth and job creation. The second phase of the project began in July 2009 and is scheduled to end in June 2011. Learn more about the NGPP on www.newgenerationplantations.com.

Sustainable Forest Mosaic Projects - Fibria has partnered with the Bioatlântica Institute (IBIO), Conservation International, The Nature Conservancy, Veracel, and Suzano to launch this initiative. The main goal is to encourage the diversification of land use for property owners and local communities, and consolidate results for large-scale conservation of the landscape drawing on the pulp and paper wood production process in forest mosaic systems. The three focus areas are located in southern Bahia State, in the Atlantic Rainforest and globally, seeking to replicate the model in other countries. The project gave rise to a number of benefits: the creation of more than 8,000 hectares of protected areas (legal reserves and private reserves) by partnering companies; restoration of 600 hectares in areas owned by partnering companies to create forest corridors and jobs and income for local communities; protocol for integrated planning and monitoring of biodiversity, including protected areas and forest restoration; and a consolidated database about the pilot region. The data was consolidated into the GeoAtlântica interactive system. For further information, log onto the link www.bioatlantica.org.br/geoatlantica.

"Fibria has increasingly incorporated a sense of doing what has to be done into its business practice and is legally and ethically accountable. We are still evolving, doing what we have to do and doing it very well."

João Carlos Augusti, Forest Environment manager

Pact for the Atlantic Rainforest Restoration - Fibria participates in the Pact for the Atlantic Rainforest Restoration. Its role is to communicate the vision of its companies and to help in the effective restoration of areas, as well as be a mobilizing agent in the areas it operates. The purpose of the Pact is to articulate public and private institutions, local governments, corporations, NGOs and landowners to join forces and resources in the successful restoration and conservation of biodiversity. The goal of the Pact is to restore 15 million hectares of forest areas by the year 2050 in the 17 Brazilian States where the Atlantic Rainforest biome occurs. For further information, visit www.pactomataatlantica.org.br.

Carbon Footprint – Fibria's Carbon Footprint final report published in 2010 (base year 2009) revealed a total of 25 million tons of carbon sequestered in planted and native forest areas. Together, the company's forestry, industrial and logistics operations at its Units in Jacaré (São Paulo State), Aracruz (Espírito Santo State), Três Lagoas (Mato Grosso do Sul State) and Guaíba (Rio Grande do Sul State) – the latter sold in December 2009 – emit approximately 2 million tons of carbon, which add to 9 million tons of carbon emitted from burning biomass to generate energy. Fibria's carbon balance shows that 3.17 tons of carbon are sequestered for each ton of pulp produced. In December, the company received the final audit report to validate its greenhouse gas emissions inventory certified by BRTÜV. The Carbon Footprint certification ensures that the inventory complies with ISO 14064 and GHG Protocol international standards. Learn more about Carbon Footprint on www.carbonfootprint.com.

Intangible assets

Fibria was formed from the merger between two Brazilian paper and pulp companies – VCP and Aracruz. Mergers between companies with different corporate cultures are always a complex and delicate process, and can take years to accomplish. Therefore, for Fibria the year 2010 was a year of unification; creating an identity, elaborating the company's Code of Conduct, and developing its methods, processes, policies, and strategic vision.

Fibria therefore undertook a series of initiatives to strengthen its position with its internal and external audiences as an entirely new company, and not as a mere successor to VCP and Aracruz. From these two companies, Fibria incorporated the best corporate practices, but with a very clear sense of renewal focused on expanding and deepening such practices from the beginning, while seeking innovative solutions to the issue of sustainability which has special meaning for Fibria.

Image assessment

The second survey to assess Fibria's institutional image was held in December 2010. In this survey, 2,410 people aged 16 and over were interviewed. The survey was restricted to those living in the following areas: northern Espírito Santo State, southernmost Bahia State, São Paulo State (Paraíba Valley), Rio Grande do Sul State (southern half), and Mato Grosso do Sul State (Três Lagoas area). For the overall data, the survey shows margin of error of 2.0% scaled up or down with a reliability margin of 95%.

- In most States surveyed, a change is observed in the perception of Fibria as a large pulp producer. In Mato Grosso do Sul State, for instance, this trend was completely reversed showing a greater assimilation of the new company name. In São Paulo State, there was a perception of Fibria's growth. Results of the December 2010 survey are presented below in column 2010/2 and are compared to the results of the survey conducted in March 2010 (column 2010/1):

What company grows eucalyptus and produces pulp in your State (% of respondents)?

Response	Bahia State		Espírito Santo State		Mato Grosso do Sul State		Rio Grande do Sul State		São Paulo State		TOTAL	
	2010/1	2010/2	2010/1	2010/2	2010/1	2010/2	2010/1	2010/2	2010/1	2010/2	2010/1	2010/2
Fibria	8.8	10.3	13.7	19.9	15.0	37.1	0.2	0.5	2.5	21.9	8.0	18.2

2010/1: Survey conducted in March 2010.
2010/2: Survey conducted in December 2010.

- Fibria was most highly rated in the State of Mato Grosso do Sul with over 80% of the responses ranging between excellent and good. In Espírito Santo State, there was a significant improvement over the previous survey.

How would you rate Fibria with regard to the company image?

Response	Bahia State		Espírito Santo State		Mato Grosso do Sul State		Rio Grande do Sul State		São Paulo State		TOTAL	
	2010/1	2010/2	2010/1	2010/2	2010/1	2010/2	2010/1	2010/2	2010/1	2010/2	2010/1	2010/2
Excellent/ Good	62.4	67.4	67.8	73.4	79.5	81.7	67.8	77.6	81.3	73.7	72.3	74.4

2010/1: Survey conducted in March 2010.
2010/2: Survey conducted in December 2010.

Media exposure

Fibria was quoted in 8,521 stories published in the Brazilian print and electronic media in 2010, most of the articles portrayed the company in a positive manner. Favorable news stories reached 68% of the total, while 8% can be classified as neutral, 5% as neutralized (with positive and negative aspects that offset each other) and 19% negative. The annual average image was 7.3 in 2010 against 7.1 in 2009, and therefore the company has maintained a good media exposure year on year.

Articles published on the internet accounted for 78% of the total, with the remaining 22% distributed among 575 national print media publications and 1,255 with a regional focus. The news flow reached 92% of the country, leaving out only the westernmost States of Acre and Roraima, where nothing was published about the company.

Advertising

Fibria Year 1 Campaign – On its first anniversary, Fibria created the campaign “Fibria Year 1: Thinking of tomorrow is our greatest present” which highlighted the company’s commitment to the perpetuity of the renewable forest business and how it contributes to protecting people and the environment. To capture the moment and convey Fibria’s message, the campaign portrayed six children from neighboring communities, who participated in projects sponsored by the company or environmental education programs. The campaign was launched in September 2010 in newspapers, radio and billboards in Brazilian cities where the company operates and in some nationwide magazines.



www.fibria.com.br

FIBRIA 1 ANO.
PENSAR NO FUTURO
É NOSSO MAIOR
PRESENTE.

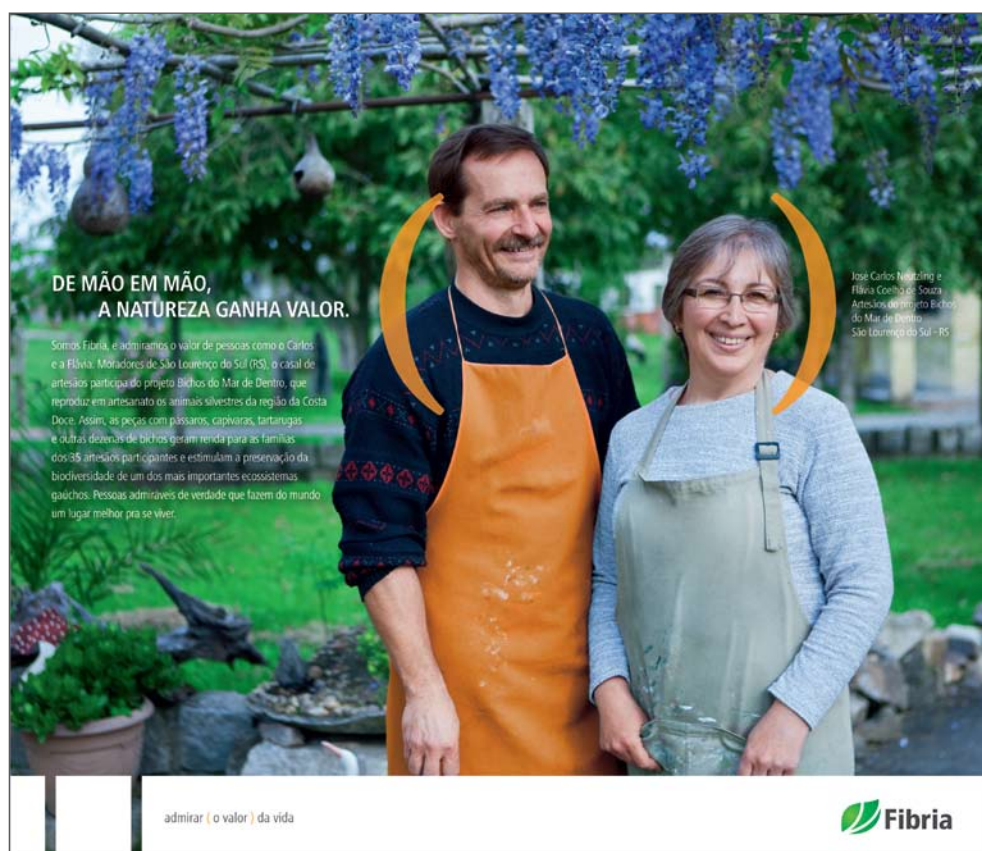
Empresas, assim como as pessoas, sonham, realizam, comemoram. Somos Fibria, uma empresa brasileira que investe no cultivo de florestas como fonte renovável e sustentável de vida. Neste primeiro ano, escrevemos histórias, compartilhamos conhecimento, continuamos aprendendo. Com um compromisso sempre presente: valorizar a vida das pessoas, valorizar a sua vida. E, assim, ajudar a construir um futuro melhor e crescer admirados pelo nosso valor.

Mayara Aparecida de Oliveira, 12 anos, vencedora do VIII Concurso NEA/Santa Branca de desenho 2010 - Tema "Meio Ambiente", Santa Branca - SP

admirar (o valor) da vida

 **Fibria**

Admirable People Campaign –There are people who make a difference and contribute to the development and welfare of local communities in every region where Fibria is present in Brazil. Based on this idea, the company sought stories in each of its neighboring communities in order to recognize and reward initiatives that can act as inspiring examples for others. There were seven outstanding life stories in different communities across Brazil. In September to October, a team made up of Fibria’s employees toured the States of São Paulo, Rio Grande do Sul, Espírito Santo, Bahia and Mato Grosso do Sul, capturing images and recording testimonials. An advertising campaign containing this material was launched for three months as of December 2010 in newspapers and radio stations in cities where the company operates and videos posted on Fibria’s website (www.fibria.com.br> Media>Videos) and on the YouTube page (www.youtube.com/fibriacelulose).



Innovation

The i9 Program – In praise of innovation

Fibria greatly values the generation of innovative ideas from its employees, and helps stimulate such developments through a specific innovation program known as i9. Initially, the i9 was implemented in the corporate area in Fibria’s Units at Jacareí and Piracicaba (São Paulo State) and in its forestry areas in São Paulo and Rio Grande do Sul States. In 2010, the program was extended to all the company’s Units across Brazil. The inclusion of employees from Aracruz (Espírito Santo State) and Três Lagoas (Mato Grosso do Sul State), as well as the forestry Units in Espírito Santo and Bahia States led to the relaunch of the program in the second half of 2010, which involved training of 1,500 employees in those Units.

“Mindful of the global scenario and in line with its values, Fibria created a specific department for Sustainability. It now hires executives with bonuses tied to their environmental performance and releases its financial and nonfinancial statements combined into a single report – the Sustainability Report.”

Everson Zaczuk Bassinello, Risk Management manager

Out of the 750 ideas generated by our staff in 2010, 300 were approved and 190 developed. The authors of the ideas received R\$686,000 in cash prizes from the company, which benefited not only from motivating its staff but also reaped financial gains – for every R\$1 invested in the program, Fibria had a return of R\$14.

The i9 Program seeks to create and foster a culture of innovation within the company aimed at increasing business value and making the workplace more stimulating and productive. Employees from all company areas can submit ideas, either individually or in teams. The suggestions are evaluated by managers, internally known as “proposal facilitators”, who take into account the benefits proposed and the technical and financial feasibility of the ideas.

The i9 has four strategic goals:

- Reduce fixed and variable costs;
- Increase equipment productivity and efficiency;
- Generate value for customers;
- Increase revenues.

Technological innovation

Significant advances were achieved by Fibria in 2010 in the fields of Genetic Enhancement, Soil and Nutrient Management, Forest Protection and Environmental Sustainability Technologies. The optimal results achieved were thanks in part to the alignment of the R&D area, which translated into a “Master Plan for Achievement of Higher Genetic Material”. The Plan sets strategies and key targets in forest technology for the next 20 years. One of the targets is to obtain gains from between 2% and 6% in the average yearly pulp yield (measured by volume in tons of pulp produced in one hectare of eucalyptus plantation) depending on the facility, through the use of new clones for operational plantations. For this, Fibria introduced nine clonal competition tests in all its Units using 50 top clones.

During 2010, biotechnology activities at the Aracruz Unit were transferred to the newly opened lab at the Jacaré Unit, São Paulo State. The new facility will focus on the exploration of new genes and marker-assisted selection of forestry and industrial interest in partnership with some of the best universities and research centers in Brazil and abroad.

Furthermore, research tests with degradable plastic tubes were concluded in 2010. These tubes will be deployed in seedling nurseries on a semi-operational scale in 2011. Also, recommendations were made for optimal water, light and nutrient use in Fibria’s nurseries.

Studies on the relationship between water and eucalyptus gained momentum in 2010 with the start-up of a new and well equipped experimental ground-water microbasin at the Aracruz Unit (Espírito Santo State). Studies to increase Fibria’s forest base with a focus on increased production of biomass for different uses, including energy, were also developed.

Campaigns to control pests and crop diseases were reinforced in 2010 with the diagnosis of all Fibria's nurseries, which resulted in technical recommendations for improvement of processes and structures. The company created a protocol for early diagnosis of rust resistance and produced a manual containing recommendations for the detection, monitoring and combating of the eucalyptus bronze bug.

In Soil and Nutrient Management, Fibria expanded the use of the Rotree system for planting in sloped areas, thereby paving the way for crop mechanization and improved soil preparation, reducing costs and increasing gains in safety and ergonomics. The company also developed a solution to transform industrial solid waste from its Jacaré and Três Lagoas Units into agronomic products, thus replacing fertilizers and soil amendments purchased on the market.

In 2010, the company recorded the presence of the duck hawk (*Spizaetus melanoleucus*), for the first time ever in its crop areas. Such a hawk is very rare and threatened bird species in Espírito Santo State. Fibria's biodiversity database now contains 540 animal species at the Aracruz Unit, of which 74 are endangered. The eucalyptus corridor for avifauna forest species proved to be effective, even with interspersed cleaning of 60% of the understory (vegetation that grows under tall trees) in between growing seasons. Concepts and tools of landscape ecology were analysed, generating important recommendations for adjustments in forest management at the Aracruz Unit.

Furthermore, the company undertook to further develop technological processes more aligned to operational excellence and social and environmental performance. Among the most relevant innovation projects is the enhancement of the wood cooking process, which brought about a significant reduction in variable costs through lower consumption of inputs, raw materials and black liquor, thereby contributing to the sustainability process. Another major addition is the biorefinery dedicated to new technologies in the bioenergy field which can increase the value of eucalyptus biomass. Advances were also made towards identifying new technologies that are in line with the process and can add value.

Product R&D continued to focus on modification and application of wood pulp for papermaking and on developing other pulp applications such as fiber cement. In this case, wood fiber can replace asbestos (a type of natural mineral) through specific technology. The company also continued to research new types of naturally renewable and sustainable products, which can be incorporated into Fibria's value building chain, in partnership with suppliers, customers and research centers. For traditional customers, research is being undertaken to look at alternatives to rationalize consumption of resources and maximize the desirable properties of paper. In other applications, the company seeks to explore the renewable nature of wood and pulp, which cause less environmental impact.



Carlos Manoel Constantino Damião
Member of the **Helvécia** theatre group that put on the play
"Auto de São Benedito" in Helvécia, Nova Viçosa, Bahia State

Social performance

Communication with stakeholders

Fibria deals with complaints and suggestions from internal and external stakeholders through an Ombudsman. The company also has specific channels for direct communication with other stakeholders interested in the business. All of its forestry and industrial Units have one or more toll-free numbers for neighboring communities, to report environmental, forestry and industrial incidents or wood transportation irregularities.

The company also provides email and exclusive telephone numbers, listed on its website (www.fibria.com.br) for contact in relation to personnel, supplies or press relations. Meanwhile, Fibria's investor relations department has its own website (www.fibria.com.br/ir) for the disclosure of information of interest to the financial market, in compliance with legislation governing listed companies.

Fibria uses a number of communication streams and tools to enable the flow of information between the company and its managers, employees, and external stakeholders, as can be seen in the table below.

Communication with stakeholders

Streams and tools	Name	Description	Periodicity
Bulletin board	<i>Informe-se</i>	Leaflets on notice boards placed in strategic locations where staff circulates, in the company's offices and mobile units (harvesting modules), containing information about regional and corporate events.	Weekly
Computer circulars	<i>Extra</i>	Email distribution of more urgent news, which might later be printed and put up on the bulletin boards.	—
	<i>Área</i>	Email distribution of information that is specific to a department. The aim is to inform staff about something important and in certain cases elicit a response, such as a change in procedure.	—
	<i>Gestores</i>	Email distribution to the company leadership of important information that fosters interaction between the management and their teams.	—
Printed corporate newspaper	<i>Vital</i>	Publication directed at Fibria's workers and their families, containing key company messages and the principal news at the Units.	Monthly
Intranet	Fibria Net	To make available and disseminate news, documents, services and systems. The aim is to facilitate access to information and reduce the flow of emails.	—
Face-to-face communication	"Encontro com o Presidente" ("Meet the CEO")	Regular meetings between the CEO and employees at the Units.	—
Internet	www.fibria.com.br	Fibria's main channel of communication with the outside audience. It contains all the information that the company makes public, such as notices, publications, institutional information, placements and content of specific interest, as well as serving as a channel of communication with stakeholders.	—
Newsletter	<i>"Fibria Notícias"</i>	Online newsletter directed at those who are registered on the Portuguese language page of the company's website, containing news about the main events involving Fibria.	Weekly
	<i>Fibria News</i>	Online newsletter directed at those who are registered on the English language page of the company's website, containing news about the main events involving Fibria.	Monthly
Sustainability Report	—	Publication that gathers and reports on the company's main results and challenges in the environmental, social and economic-financial spheres.	Annual
Specific publications	<i>JornalEco</i>	Publication on environmental education, directed at 5th and 6th grade students and teachers in schools of the public basic education network that serve neighboring communities of the company's forestry and industrial Units.	Monthly
	<i>"Na estrada com segurança"</i> ("Road Safety")	Publication aimed at transport drivers who provide services for Fibria, containing information about safety, health and good practices to follow when on the road.	Quarterly
	<i>"NaFolha"</i>	Publication aimed at visitors to the company's Units, containing a presentation of the company and serving as a memento of the visit.	—
	<i>"EcoCiente"</i>	Environmental education program aimed at employees and outsourced workers in the forestry area at the Aracruz Unit.	Monthly
Special publications	Public Summary of the Management Plan, institutional folder, and others	—	—
Videos	Institutional videos, on forestry and industrial safety, for training and on specific topics or areas relating to the company	—	—
Programmed visits	—	Program for receiving visitors that shows Fibria's forestry and industrial operations, as well as the company's socioenvironmental projects.	—

Communities

Relationship with communities

The goal of Fibria's socioenvironmental investment is to contribute to the development of communities in which the company operates. This involves generating profit associated with environmental conservation, social inclusion and improved quality of life, ensuring a social license to operate and the sustainability of the business in step with Fibria's mission, vision and principles. Such investment is developed according to the following strategic priorities:

- Education¹ – the training and creation of a qualified workforce, environmental education for sustainability, and capacity building for social entrepreneurship;
- Culture¹ - appreciation and recovery of local culture and folklore, conservation of places of historical and archaeological value;
- Sports¹ - promotion of sports activities of all types with educational training aimed towards young people;
- Generation of jobs and income¹ - the creation of job opportunities and income through diversification of forest use and land ownership, promotion of local entrepreneurship and new business opportunities linked to the company's businesses;
- Environment - conservation of natural resources, such as biodiversity, water and land, in all biomes in which the company has activities (Atlantic Forest, Cerrado, Pampas, and others), programs for payment of environmental services for environmental conservation purposes, reduction of emissions and carbon capture, encouragement of the use of renewable energy and implementation of practices for conscious consumption.

Fibria's major socioenvironmental projects are presented in the following table.

1. The Votorantim Institute was established in 2002 with the purpose of guiding social investment from the Votorantim Group, the controlling company of Votorantim Industrial, a shareholder of Fibria. Votorantim Institute programs are youth-oriented and are defined as "routes".

Jacaré Unit (São Paulo State)

Project	Scope	Management/ Partnerships	Goal
Ponto de Encontro – Educação	Caçapava	Instituto Votorantim (IV) Education routeChild Worker Support Group (GAMT)	Training young people in information technology and communication. Socialization and incentives for continuity of education through art, always focusing on local strengths.
Brazilian Cinema Caravan of Short Subjects	28 cities of the southern regions of Minas Gerais State, Mantiqueira Mountains, North Coast of São Paulo, Paraíba Valley and Alto Tietê in São Paulo State	IV (culture route) and Ivã Marcos de Souza	To take national cinema (feature and short films) to cities, always screening them in public, easily accessible places, thus democratizing culture and encouraging debate on controversial subjects displayed on the screens.
Guararema Film and Environmental Festival	Guararema and cities in the region	IV (culture route) and Raiz Produções Cinematográficas Ltda	Allow local residents, who have no movie theaters, to get to know Brazilian filmmaking and discuss it with representatives from the industry. Audiovisual workshops open to young people also stimulate a critical look at current issues.
Partnership Recycling Project	Santa Branca	Fibria and the Grupo Pró-Agenda 21	Empower residents to create the Association of Recyclable Material Collectors of Santa Branca, with a view to implementation of selective collection in the municipality.
Environmental Interpretation in three Acts	State and municipal schools (4 th grade)	Center for Environmental Education (NEA) Forest Environment area	Provide students with information, experience and practical activities in protection of the environment.
Technical visits	Vocational Schools and Universities	Center for Environmental Education (NEA) Forest Environment area	Learn about Fibria's Environmental Management.
Mobile Libraries	In-company public and communities	Center for Environmental Education (NEA) Forest Environment area	Provide and encourage reading of books, newspapers, magazines and technical publications.
The "Fresh Water" Project	Teenagers from outside organizations	Center for Environmental Education (NEA) Forest Environment area	Awakening a sense of responsibility for the sustainable use of natural resources, with emphasis on conservation of springs to ensure good water quality.
Historic Trail Project	Students, teachers and elderly in Santa Branca	Center for Environmental Education (NEA) Forest Environment area	Contribute to the preservation of the cultural heritage of the Paraíba do Sul Valley, through educational activities and by tracing the history and customs of past inhabitants.
The "Friends of Greenery" Project	Capão Bonito rural communities and children and monitors of the Santa Branca municipal shelter	Center for Environmental Education (NEA) Forest Environment area	Create public gardens and gardens with native species in the region, benefiting from the consumption of fruits and vegetables.
Entrepreneurship Project	Ação Jovem of Santa Branca	Center for Environmental Education (NEA) Forest Environment area	Foster the integration of residents in the labor market, enabling them to attend job interviews through group dynamics and non-verbal intelligence, logical reasoning and personality tests.
Environmental and Heritage Education at Fazenda S S Ribeirão Grande	Students from schools neighboring this farm in Pindamonhangaba	Center for Environmental Education (NEA) Forest Environment area	Provide knowledge about the natural and cultural riches of the region and highlight the importance of their preservation.
Environmental Training and Recycling	In-company audience	Center for Environmental Education (NEA) Forest Environment area	Promote recycling, according to the needs of each operational area, through lectures and practical activities.
Vegetable Garden Project	In-company audience, children in municipal housing, monitors and the community	Center for Environmental Education (NEA) Forest Environment area	Provide direct contact with the environment, through land preparation, planting and harvesting of vegetables and medicinal plants, and disseminating the benefits of these foods.

Conserv-Ação Project	Monitoring of fauna and flora in areas destined for conservation located on Fibria's plantations	Casa da Floresta Assessoria Ambiental consulting firm	Generating information and defining actions for the conservation of natural resources on Fibria's land.
The Muriqui Project	Study of autoecology of the murequi primate at Fazenda São Sebastião do Ribeirão Grande	Associação Pro Muriqui	Generation of information and establishing management actions for conservation of this species.
Seeding Sustainability	Farmers of São Luiz do Paraitinga, neighbors to the Serra do Mar State Park	NGO Akarui	Contribute to conservation of the <i>juçara</i> palm tree through its sustainable use.
Corners and Charms	Jacareí	LIC (Municipal Law for the Encouragement of Culture) - Casa Grande Cultural	Recounting the history of the city of Jacareí, from its founding until the present day, with development of characters and the creation of music and graphic files.
A Journey into the World of Music	Jacareí	LIC - Grupo Tecelagem	Provide contact with classical music through 24 performances of the concert "A Journey into the World of Music."
Casa de Barro	Jacareí	LIC - Grupo Tecelagem	Training workshops with actors manipulating and making masks and puppets, with a view to putting on 30 performances of the show "Monocle" in the city.
"Solos Itinerantes"	Jacareí	LIC - Paola Roberta Gonçalves	Contribute to the training of local artists with a systematic study of theatrical language.
Train Here	Jacareí	LIC - Izildinha de Oliveira Costa	Recover the cultural memory of the Jacareí railway station, with the creation of a theatrical performance to be presented in the city.
Basketball in Action	Jacareí	Life - Luis Fernando Andrade	Supporting training of the city's main teams and for grassroots groups.
Towards Employability	Jacareí	IV (Labor) and JAM - Jacareí Amparo ao Menor	Preparing young people through practical activities and exhibitions, to enter the Young Apprentice Project.
Fibria's Professionals	SP - Jacareí	Fibria	Promote environmental awareness and eco-efficiency activities for the company's professionals.
Community	SP - Jacareí	Fibria Partners: Municipality of the São Silvestre District, Associations, Jacareí City Hall, Department of the Environment, SENAC, SESI, Center for Youth Assistance Jacareí	Improve social-environmental and economic results of the community neighboring Fibria - Jacareí through group activities.
Formal Education	SP - Jacareí, São Jose dos Campos, Mogi das Cruzes, São Luiz do Paraitinga	Fibria Partners: Schools, universities, Vocational Schools, Subprefecture of the São Silvestre District	Organize awareness activities and environmental sensitivity actions.
NEA Educational Spaces	SP - Jacareí	Fibria	Providing spaces for learning, using tools such as demonstration and application of concepts for sustainability.
Spontaneous demands	SP - Jacareí, São Luiz do Paraitinga, Santa Branca, São José dos Campos, São Paulo, Mogi das Cruzes	Fibria Partners: Municipality of the São Silvestre District, Associations, Jacareí City Hall, Department of the Environment, SESI, Centre for Youth - Social Jacareí, Vale Verde, Schools, To Be Human Committee, Universities	Meet the demands and strengthen ties with the general public.

Capão do Leão Forestry Unit (Rio Grande do Sul State)

Project	Scope	Management/ Partnerships	Objective
Youth Sports Nucleus	Pelotas and Rio Grande	Sports	Develop educational and sports activities for 200 young people after school.
Life Plan	Arroyo Grande	VIA	Help 200 vulnerable young people through educational, sports, cultural and leisure activities after school.
"Bichos do Mar de Dentro"	Pelotas, Rio Grande, Piratini, Arroio Grande, São Lourenço do Sul and Camaquã	Culture	Empowering artisans and creating a children's book for the dissemination of regional fauna and conservation principles.
Environmental Education Program	Capão do Leão, Arroio Grande, Pedro Osório, Rio Grande, Morro Redondo, Pinheiro Machado and Pelotas	Fibria	Develop environmental education activities at schools, community and employees, promoting conservation concepts of the Environmental Education Program.
Costa Doce Crafts	Aceguá, Amaral Ferrador, Arroio do Padre, Arroio Grande, Candiota, Canguçu, Capão do Leão, Cerrito, Chuí, Cristal, Herval, Hulha Negra, Jaguarão, Morro Redondo, Pedras Altas, Pedro Osório, Pelotas, Pinheiro Machado, Piratini, Rio Grande, Santana da Boa Vista, Santa Vitória do Palmar, São José do Norte, São Lourenço do Sul and Turuçu.	Fibria and SEBRAE	Refine the techniques of local crafts through workshops and use of specialized consultants, to create a local identity to their works.
Apiculture	Aceguá, Arroio Grande, Candiota, Canguçu, Capão do Leão, Cerrito, Herval, Hulha Negra, Jaguarão, Pedras Altas, Pedro Osório, Pelotas, Pinheiro Machado, Piratini, Rio Grande and Santana da Boa Vista.	Fibria and CENAG Foundation - Agribusiness Center	Encourage the development of the chain of beekeeping, including the use of flowering eucalyptus trees on Fibria's farms while improving the techniques and organizing the beekeeping sector.
"From the Forest to the Table"	Bagé, Candiota, Canguçu, Dom Pedrito and Pelotas	Fibria	Grow food crops inside the forests, diversifying production and boosting the multiple usage of rural property.

Piracicaba Unit and the Capão Bonito Forestry Unit (São Paulo State)

Project	Scope	Management/ Partnerships	Goal
Knowledge Areas	Piracicaba	Industrial Environment	Discuss the water cycle, increasing awareness about the importance of the Piracicaba River to the city and raise the educational potential in the participants, through monitored visits.
Crafts Space	Piracicaba (Monte Alegre district, Bosques do Lenheiro and Jardim Gilda)	Fibria	Develop crafts training and income generation through specific techniques for creating products with good sales potential.
Wood at Price of Cost	Capão Bonito (six timber companies with 500 direct and indirect jobs)	Supported by the company's forestry operations	Encourage the timber industry in the Capão Bonito region with supply of wood at cost for a period of 10 years to the Capão Bonito Timber Industry Association
Sustainable Community Action	Capão Bonito (320 people from 80 families in the district of Ferreira das Almas)	Fibria	Organize families and leadership for agricultural planting activities by establishing criteria, documents, scheduling meetings, task forces and creating terms of commitments.
Wood at agreed prices	Capão Bonito (5 timber companies, with 100 direct and indirect jobs)	Supported by the company's forestry operations	Encourage the timber industry (eucalyptus and pine) with wood supply at an agreed price (R\$25.00/m ³ fine woodwork and R\$51.00/m ³ thick wood) for the regional cooperative for one year (until June 21, 2011).
Young Professionals	Piracicaba (Professional Education Center, Guarda Mirim)	Votorantim Institute (IV) External Social Investments (ISE) – Generation of jobs route	Encouraging vocational training for teenagers in the administrative area, facilitating their entry as apprentices into the administrative departments of renowned companies in the city, developing their critical sense with the association of theoretical content and practical learning.
"Som Maior"	Piracicaba	IV, with Rouanet Law incentives	Awakening in young people an interest in musical training through a series of lectures on musical topics (theory, quality, history, composition, rhythm, arrangement, staging) and behavioral (relationship, career management, violence, drugs, etc.).
Youth Space	Capão Bonito	IV ISE – Generation of Jobs route	Promote the training of people between the ages 16 to 24 years old, with free access and monitoring of attendance and school performance, through courses of Office Assistant (50 students), Sales Techniques (50 students), Screen Printing (30 students), Graphic Design/Photo Editing (40 students), Web Design (40 students) and Marketing/Advertising (50 students). Supplying 92% of young people for the vacancies offered; 82% attendance rate of the youth in the course activities; 13% truancy; and 35% of employment or creating of new projects after the learning period.
Votorantim Partnership for Education	Piracicaba and Capão Bonito	Votorantim Institute (Education route) with support from the MEC; Education For All Movement; Municipalities and Municipal Departments of Education; civil society	Sensitizing and mobilizing communities to improve the quality of basic education in public schools, assuring the right to learn to everyone.

Aracruz Unit (Bahia, Espírito Santo and Minas Gerais States)

Program / Project	Scope	Management / Partnerships	Goal
Rural Territory Development Program (PDRT) Family Farming	Municipalities of Nova Viçosa (Helmécia and Rio do Sul), Alcobaça (Constelação, Itaitinga, Novo Destino, Pouso Alegre, Ribeirão, Cana Brava), Caravelas (Juerana, Espora Gato) and Ibirapuã (Juazeiro and Vila Portela), in Bahia, in Bahia, and Conceicao da Barra (Coxi) and São Mateus (New Vista), Espírito Santo State	Fibria and associations of local small farmers (Espírito Santo and Bahia). Consulting company: Praxis	Participate with communities through rural development and local planning, supporting agribusiness and micro and small scale forestry, aimed at generating income and improving quality of life. The projects are developed in unused portions of the company's eucalyptus plantations.
PDTR Apiculture	Beekeepers in Espírito Santo, Bahia and Minas Gerais States	Fibria Partnership: SEBRAE and beekeeping associations	Encourage professional and sustainable production of honey in forest areas.
PDTR Integrated Production of Wood and Food - Pima	Cachoeirinha do Riacho, Assentamento, Sta. Rosa, Lagoa do Juara, São Geraldo and Gimuna (ES)	Fibria Partnership: Association of local producers Cedagro	Expand opportunities for income generation in rural communities by encouraging the cultivation of corn, beans and cassava interspersed with eucalyptus. Contribute to demonstrating that the land where eucalyptus is planted also supports the production of other crops.
PDTR Community Nurseries	Community - (ES) Angelin II (BA) and Ibirapuã and Aparaju Social - Children of the Earth (Linhares) and Sowing Freedom (Viana)	Associations of small producers of seedlings, the Friends of the Earth and the Viana Prison Farm	Create opportunities for employment and income for seedling producers in the communities involved and for prisoners working in the production of seedlings. Generate income for the Children of the Earth project, providing funding for its maintenance.
PDTR Cassava Production Arrangement	Novo Destino, Pouso Alegre, Itaitinga and Constelação (BA)	Associations of small rural producers	Support the development of a productive arrangement for cassava and its by-products in rural communities with a tradition in this culture.
Engagement Helmécia Empreendedora	Helmécia (Nova Viçosa – BA)	Fibria Partnership: Quilombo Association of Helmécia and Nova Viçosa local government	Strengthen and support community development through projects that value culture, local traditions and agriculture.
Engagement Juerana	Juerana (Caravelas – BA)	Fibria Community Associations and local civil society organizations. Consultants: BSD/IV	Develop engagement actions with stakeholders, strengthening relationships with the community and local development through operating licenses.
Engagement Barra do Riacho	Barra do Riacho (ES)	Fibria Local Community Associations and organized civil society Consultants: Diagonal	Develop actions to engage with stakeholders, strengthening relationships with the community and local development through operating licenses.
Engagement Caravelas Empreendedoras	Headquarters, Ponta de Areia and Barra de Caravelas - BA	Fibria Fishing Colony Z25 and APesca Association. Consultants: Myra	Support the structuring of a chain of fish production aimed at the economic and social development of Caravelas.

Who Reads Best Reads Life Project	São Mateus (ES)	Araçá Cultural Center (Votorantim Institute - Education route)	Contribute to social inclusion of children and teens in São Mateus - ES through the development of skills from new technologies and alternative media, including newspapers, radio, TV and the Internet.
Votorantim Partnership for Education	Municipalities of Alcobaça, Caravelas and Nova Viçosa (BA), Conceição da Barra and Vila Valério (ES)	Votorantim Institute with support from the MEC; Education For All Movement, Municipalities and Municipal Departments of Education, civil society (Education route)	Awareness raising and mobilizing of communities to improve the quality of basic education in public schools, ensuring everyone the right to learn.
Morro da Vargem Zen Monastery Environmental Education Center	Municipalities of Aracruz, Fundão, Ibraçu, Neiva and Santa Teresa Espírito Santo State	Morro da Vargem Zen Monastery	Promote courses and lectures on quality of life and environment for various groups Biosphere Reserve Outpost of the Atlantic Forest.
Augusto Ruschi Marine Biology Station	Municipalities within Fibria's area in Espírito Santo State	Marine Biology Station	Conduct environmental education activities with school students.
Forms of Nature	Oliveira Costa (BA)	Forestry Forum	Empower and encourage the production of handicrafts made out of eucalyptus wood, replacing timber from native species, enabling the generation of income through sustainability.
Strategic Plan for Capixaba (ES) Agricultural Development	Secretary of Agriculture of Espírito Santo State	Espírito Santo State Government	Implementing the integrated planning of rural properties, seeking alternatives for expansion of the area planted with forests in order to diversify the economy and the restore areas of environmental interest (donation of seedlings and wood).
Mangrove Swamp - Cepene	Caravelas (BA)	Cepene - IBAMA	Develop management and monitoring of natural resources for sustainable use by coastal communities in the Caravelas mangrove area.

Três Lagoas Unit (Mato Grosso do Sul)

Project	Scope	Management/Partnerships	Goal
Apiculture	Brasilândia, Três Lagoas	Own Associations SEBRAE	Local development and setting up of associations Generation of employment and income
Young Apprentice	Três Lagoas	Generation of jobs route Candeia - Grupo Assistencial Espírita Votorantim Institute (IV) AEMS - Faculdades Integradas	Professionalize young people through courses in Secretarial Administrative Assistant Logistics Assistant
Stakeholder Engagement	Brasilândia	Fibria BSD Consulting IV Associations Organized civil society Labor Union	Develop actions to engage with stakeholders on establishing closer relations with the local community, seeking to minimize the impacts of forestry operations to ensure a license to operate in the city.
Minors and Young Apprentices	Três Lagoas	Fibria SENAI	Train operators and mechanics of hydraulic equipment, Forestry/ Industrial Form administrative assistants for the industrial process
Industrial Improvement - Post-Vocational	Três Lagoas	Own SENAI	Local development by improving technical industrial manpower.
Environmental Education	Brasilândia, Três Lagoas	Fibria City Department of Education	To raise awareness about the importance of preserving natural resources
"Amigos do Verde"	Três Lagoas	Fibria Municipal Environmental Secretariat City Department of Education	Raise awareness amongst children of the importance of urban forestry by planting trees, to enrich the local flora using <i>cerrado</i> species contributing to the reduction of greenhouse gases and local warming
Reading Time	Rural School District of Garcia em Três Lagoas	Fibria City Department of Education	Fostering interaction between rural and urban school children
Eco Agents	Brasilândia Três Lagoas	Fibria Community Volunteers	Training and working in partnership with people in local community to develop actions that contribute to improving the quality of life in the city. There are also trained to distinguish odors and notify the company immediately if there is an occurrence.
"Silvopastoril"	Três Lagoas Água Clara	Fibria Cattle-raisers in the region	Leveraging opportunities from forest plantations integrated with cattle raising activities, encouraging crop growing in the state through the activity.
Education and Cultural Heritage	Três Lagoas Brasilândia Selvíria	Fibria Federal University of Mato Grosso do Sul (UFMS) MuArq - Museum of Archeology	Recovery of culture and history in Fibria's areas of operation.

Relationship with specific communities

Fibria faces many complex social challenges, particularly in the northern Espírito Santo and southern Bahia regions, which are particularly impoverished. The pulp industry has been engaged in fostering regional development in recent years. Much remains to be done however, to eliminate pockets of poverty generated by the model of occupation of these regions, in which companies are just one of the players.

The company acknowledges this difficulty and has been involved in partnerships with public, private and third sector institutions to develop projects that streamline the regional economy and promote greater social inclusion. At the same time, Fibria seeks to deepen engagement with local communities, to increase job opportunities and further entrepreneurship and income generation in these areas.

Relationship with black communities

In 2003, the federal government issued a decree (no. 4,887) which gave new meaning to the word quilombo, extending the rights of descendants of runaway slaves (known as quilombolas) beyond the land on which they lived. The legal provision further clarified that areas delimited as quilombola land, going beyond the rights established by the 1988 Constitution, could be expropriated by the government at market prices. Many parties understand that this decree contravenes constitutional rights and have taken the issue to the Federal Supreme Court (STF), which has yet to take a decision on the matter.

Since the decree was introduced, the Palmares Cultural Foundation has registered 1,408 communities throughout the country as quilombos (former slave havens). Of that total, 36 are located in municipalities where Fibria owns property - Espírito Santo (28), Bahia (7) and Minas Gerais (1) States - while 15 communities occupy areas adjacent to company plantations. In Espírito Santo State, the National Institute of Colonization and Agrarian Reform (INCRA) initiated processes to identify and delineated four of the quilombo territories that could affect Fibria in the north of the State. Two of these cases were reversed by court decisions (Linhares and São Jorge), one process has not yet been filed (Angelim) and another was recently published (São Domingos). In the latter two cases, the area belonging to the company that INCRA intends to expropriate consists of 15,732 hectares, in addition to other 9,606 hectares belonging to local farmers, including blacks who do not consider themselves to be quilombolas.

Fibria has always recognized the right of these communities over the lands they effectively occupy, as guaranteed by the Constitution, and seeks to maintain good neighborly relations with these families and contribute to their prosperity. But it has a legal responsibility to seek legal redress of the expropriation procedures laid down by Decree 4,887, safeguarding the company's interests and assets.

While the legal issue is taking its due course, Fibria seeks to strengthen the relationship and contribute to the development of these communities through engagement and social investment, with results in a number of communities in Bahia State.

Fibria organized training sessions in some communities to meet the manpower needs of the company itself, as is the case of Helvécia, whose population participated in courses to train seedling nursery employees for the Helvécia Seedling Production Unit. This project will generate 250 jobs. Furthermore, there is the Forest Monitor Project, which already employs 80 people from various locations, who are trained to track the socioenvironmental conditions of the forest plantations. More advanced courses, such as training for forest machinery operators and mechanics, are also being offered.

The Rural Territory Development Program (PDRT) is a rural production initiative conducted in 22 black communities in the south of Bahia State. Local agricultural and cultural activities being evaluation, integrated and enhanced through this project. The goal is to improve the conditions for the production and marketing of traditional local products in order to improve the quality of life of the residents who make use of facilities belonging both to local people and to Fibria.

Relations with Indian communities

In 2010, Fibria channeled R\$1.8 million to the Indian communities of Aracruz (Espírito Santo State)¹, completing the transfer of R\$3 million determined under the the Conduct Adjustment Agreement (TAC)² signed in 2007 by the company, the Brazilian Indian Foundation (FUNAI), the municipal government of Aracruz and the government of the State of Espírito Santo.

Under this accord, Fibria agreed to finance an ethnoenvironmental study by an entity chosen by FUNAI and the Indians, to identify the best alternatives for land use and community development. Upon the completion of the study by the National Association for Indigenous Action (ANAI), the company concluded its part of the agreement by completing the financing.

The company believes that it has taken an important step in the process of dialogue with the Indian communities. This is substantially different from the relationships of the past, where polarization and paternalism prevailed. The process also seeks to involve other actors who are able to contribute to the effective and sustainable development of these communities.

1. The municipality of Aracruz has approximately 3,000 Indians distributed between seven villages – four of Tupinikim origin (Caieiras Velhas, Pau-Brasil, Irajá and Comboios) and three of Guaraní origin (Boa Esperança, Três Palmeiras and Piraquê-Açu). In 1975, FUNAI acknowledged the existence of Indians in the State of Espírito Santo. The indigenous reservations were created in 1983 and expanded in 1998 and 2007.

2. The relationship between the company (at the time, Aracruz) and the indigenous communities of Espírito Santo State began in 1981 when the company donated part of the 4,500 hectares of land for the establishment of the villages. In 1998, pressured by the Indians, FUNAI recommended expanding the reservation established in 1981 by about 13,000 hectares. The Justice Minister accepted only part of this recommendation, increasing the reserve by 2,571 hectares. This was followed by an invasion of company areas, ending only after an agreement by which Aracruz agreed to transfer funds for investment in community projects. In 2005, the Indians broke their agreement and adopted pressure tactics (including invasions of both land and the mill and campaigns against customers), demanding expansion to the total acreage recommended by FUNAI in 1998. The dispute ended in 2007 when Justice Minister Tarso Genro, signed an order expanding the reservation to approximately 11,000 hectares. Although Aracruz had the option of appealing the court's decision, the company adopted a negotiation strategy that would ensure legal certainty that the area could no longer be expanded. This strategy was accepted by the government, Indians and public prosecutors, culminating in the signing of the Conduct Adjustment Agreement (TAC) on December 3, 2007, which ensured the expansion of reservations and gave Aracruz the legal assurance it required.

Relationship with landless movements

Given the history of conflict between the landless workers' movements and the companies that merged to form Fibria, since its creation the company has demonstrated its intention to enter into dialogue and work to seek understanding and solutions for the stakeholders who are most affected by the issue – the families who live off the land.

A project grew out of this dialogue – the Sustainable Rural Settlements with Agroforestry and Biodiversity Project – a joint proposal with the Bahia State government, the Luiz de Queiroz Agriculture School of the University of São Paulo (ESALQ/USP) and entities in the extreme south of the State of Bahia. It is currently under preparation and discussion with all the involved stakeholders.

This project is also seeking to create a model that can be reproduced elsewhere for the establishment of settlements where families can both farm for themselves and sell products, and communal enterprises, conservation and biodiversity can be advanced. The expectation is that hundreds of families will participate in the project, which can become a model in resolving land dispute issues.

Theft of wood

Fibria is facing serious problems in the north of Espírito Santo and extreme south of Bahia due to the theft of wood from company property. These illegal acts were until recently focused on native forests, but are now being carried out in eucalyptus plantations as well. Pig iron producers and illegal sawmills exploit poor communities to collect and produce charcoal and fuel wood. This is facilitated by an organization that works to “legalize” the theft of the product. The company estimates that 3,000 people are involved in this scheme, the majority coming from extremely poor communities, from which even children are being recruited.

In 2010, theft of wood affected 13,759 hectares of Fibria's forests, in early or advanced stages. The company estimates the volume of wood stolen from its plantations to be 320,000 m³, resulting in a loss of around R\$13 million to the company. This estimate does not include theft from stacks of wood alongside harvested stands, which is also frequent.

Cases of criminal arson in Fibria's forests also increased in 2010, particularly in the preservation areas, which saw a tripling of the number of incidents in comparison with 2009. In plantation areas, burned wood can be partially used for pulpmaking or to produce energy, depending on the age of the tree and fire intensity. To fight forest fires, the company provides water trucks, trained firefighters, fire towers for detection of targets and light vehicles to respond and initiate the first combat against outbreaks. Over 90% of the causes of fire are of unknown origin or criminal in nature.

Until recently, wood theft and arson relied on the absence of more systematic police actions to repress the crimes. This was coupled with a lack of economic and social development prospects for poor segments of the population, some of whom were enticed into participating in these illegal activities by organized crime groups. This atmosphere of impunity also encouraged other criminal acts, such as sexual exploitation, unhealthy working conditions, child labor and drug trafficking.

Fibria believes that a definitive solution to this situation requires structured action to generate alternative employment and income that promote development and social stability in the region; one of those is the social inclusion of poor communities and a crackdown on organized crime. As a way of promoting social inclusion, Fibria, together with other economic and social actors, opened up channels of dialogue with the governments of Bahia and Espírito Santo States, which have social inclusion among their priorities. Subsequently, the government of Bahia State launched its Plan for Development of the Costa das Baleias, and the government of Espírito Santo State was preparing to launch its Development Plan of the Northern Coast of the Espírito Santo State in early 2011. The social projects undertaken by Fibria in the north of Espírito Santo and southern Bahia are described in the chapter Social Performance > Communities > Community relations.

Incident in the South of Bahia State - On March 17, 2010, in the Nova Brasília region of the municipality of Mucuri in southern Bahia State, an incident involving Garra, a security company that provides services for Fibria in the region, resulted in the death of Henrique de Souza Pereira.

The incident occurred when a team of Garra employees came upon a group of people stealing wood from an area belonging to the company and asked them to leave the area. This led to aggressive behavior on the part of some members of the group that generated physical conflict, leading the Garra team to react, unfortunately causing the death of Souza Pereira.

According to a statement made to the police by Alexandre Santos Silva, one of the Garra security guards present at the scene, and recorded in a police report filed on April 21, 2010, the shot was fired in self-defence. Alexandre Santos Silva declared that when Henrique de Souza Pereira was approached by the Garra team he ran towards the security guard with the chainsaw he was using when he was caught stealing wood from Fibria property. As Alexandre Santos Silva turned away in the opposite direction to Henrique de Souza Pereira, he lost his balance and as he fell to the ground he was forced to shoot to contain Henrique de Souza Pereira's advance. Also, according to Alexandre Santos Silva's testimony, as he stood back up and realized that the man had been shot and had let go of the chainsaw, Alexandre Santos Silva and his colleagues walked over to the wounded man to help him.

Under the contract signed between Fibria and Garra, any abnormality observed by the security company's guards must be reported to police stations, which will investigate as necessary. In 2010, Garra filed 1,023 cases of alleged timber theft in local police stations without the occurrence of any serious incidents.

Furthermore, physical and verbal threats, forced interruption of work, kidnapping, and even death involving Fibria's employees and contracted workers have been registered with local and regional authorities. In the contract between Fibria and Garra, the latter declares to comply with the current Brazilian law regarding the possession and firing of weapons. Therefore, firearms should only be discharged in a defensive situation i.e. in self-defence.

Fibria laments the loss of life and is collaborating with the authorities in every way within its power to help clarify this case. The company awaits the conclusion of the investigation and the Brazilian Justice's verdict on this unfortunate.

Consultation with communities

Over the years, Fibria has expanded its relationship with its stakeholders. The company is continually seeking open dialogue and is interested in listening to criticisms and suggestions from representatives of neighboring communities. To provide a picture of how the company is seen by community leaders, Fibria hired external specialist consultants to interview some of those representatives. The ten priority topics in the company's Materiality Matrix were addressed: impact of eucalyptus plantations on biodiversity; certification and voluntary commitments; ethics; use of water; strategy/commitment to sustainability; relationship with neighboring communities; forest partners; environmental hazards; emissions, effluents and waste; and relationships with specific communities.. Out of the nine interviews conducted from February 14 to 21, 2011, six were face to face (in Espírito Santo and Bahia States) and three interviews were done by phone (in São Paulo, Mato Grosso do Sul and Rio Grande do Sul States). The following is a critical analysis prepared by the survey team based on the respondents' replies and a summarized version of the interviews. Full interviews and summarized versions in audio are available at www.fibria.com.br/rs2010.

Critical analysis of responses

A key aspect pointed out by respondents about Fibria's Commitment to Sustainability is that the company attracts people from local or neighboring communities interested in working for it, but for lack of skills or job posts, those people remain unemployed and alienated from society. Respondents say they are aware that the company is not obliged to train or employ local people, but nevertheless argue that it has a strong influence on certain government agencies and could help promote the inclusion of local community members in the job market.

According to respondents, communities expect the company to undertake projects that promote social skills, including traditional ways of generating income (fishing, handicraft) to meet the demand for employment and income. Another key point is the encouragement of proposals put forward by the community, rather than projects designed by external players.

With regard to Certifications, it became clear that many respondents did not know about the company's quality certifications nor what they are about. However, community leaders, especially indigenous leaders, see the certification as an empowerment tool to articulate and express their intent with the company, since it is their understanding that, in order to achieve certification, the company must comply with certain principles and criteria through indicators.

The theme of Ethics raised several positive responses regarding the company's position within local communities. On the other hand, not every respondent knew how the Incentivized Farmers system works, but some criticized the replacement of traditional farming with eucalyptus crops.

The vast majority of responses regarding the company's relationship with neighboring communities are extremely positive. This was a strong point observed in the interviews, especially regarding the changing views of community leaders after getting to know the company better. Some leaders report that Fibria has been increasingly concerned with understanding what changes are taking place in the social, economic and environmental arenas of neighboring communities.

The topic Specific Communities refers to traditional communities that relate directly or indirectly to the company's activities within their region. The critical points are related to land use and occupancy, traditional subsistence practices and income generation. One positive note is the incentives to encourage handicraft and the dissemination of local culture.

Aspects related to Biodiversity were highlighted in most interviews, especially in traditional communities whose biodiversity value is not only restricted to the value of existence, but its use for survival. Community leaders state that resources are becoming so scarce that wild animals can no longer find food in the forest and are moving towards small crops, orchards and backyards to look for food. Regarding the local flora, those interviewed showed concern over the extension of Fibria's eucalypt plantations.

Lastly, there was no concern about water contamination, which demonstrates the confidence of respondents over the water treatment adopted by the company. Many community representatives are concerned with the possibility of desertification and shortage of water for local residents. There are still many doubts about the impacts of eucalyptus plantations on available water resources.

The issue of odor was mentioned by some respondents, who reported that the smell coming from Fibria's mills is unpleasant. There were no critical responses regarding Environmental Risks.

Zélia Silva Lopes, also known as sister Zélia – representative of the Três Lagoas Artisans Association, Mato Grosso do Sul State

Zélia Lopes Silva, or Sister Zélia, as she is known in the Três Lagoas Artisans Association in Mato Grosso do Sul State says that the lack of technical training, worsened by the lack of nutrition, has prevented people in the region from filling positions offered by Fibria. "Many people see the city growing via industrialization with money being poured into commerce, but they don't reap the benefits. These are poor and unprepared people, who are not a part of this development. They can only watch," she says.

As a community leader, Sister Zélia recognizes that it is the Brazilian Government's duty to promote education, but in her view she believes that Fibria could help by talking to the local city council and other government agencies about improving the local populace's conditions. She points out the management of residential solid waste at Três Lagoas as an example of the initiative that could be implemented with the company's help. "I wouldn't say that Fibria should take on the entire recycling process, but to support us in performing this service. Maybe Fibria could use its influence with the city council, so that this can be implemented. We really don't know what to do about the waste and it continues to grow, because the population is also growing."

Another of Sister Zélia's concerns is environment conservation, especially in river basins and in the cerrado (savanna) areas. In her opinion, the fact that wild animals cannot find food in their own habitat forces them to invade the city. "Our fruit trees are all being decimated by macaws, toucans, parrots. The birds are eating fruit from our backyard, because they can no longer find food in their own habitats," the community leader says.

Sister Zélia appreciates that Fibria brings local development and several benefits to part of the population, but believes that more natural areas of the cerrado biome could be preserved.

“I think the company should pay more attention to our cerrado vegetation. Whenever they buy a piece of land, they should demand a part of the cerrado from the owner.”

José Carlos Neutzling – Representative of the artisans’ community Bichos do Mar de Dentro, in São Lourenço do Sul, Rio Grande do Sul State

José Carlos Neutzling is the leader of the artisans’ community Bichos do Mar de Dentro, which gathers 35 workers in São Lourenço do Sul and six other neighboring towns in Rio Grande do Sul State. Today he believes Fibria brings a lot of opportunities to his local community and tells us how he was approached by the company via a partnership in a social project: “When I started working with Fibria, my opinion about the company changed a great deal. We tend to think differently when we’re not involved, I mean, our view of the company was a little biased. As I’m closer to it now, and even closer to its technicians, we go into the core, hold meetings and see their work. I can say that this is a good company. Opinions change when we see how things are done. Sometimes we read bad things about the company in the press, which forms our views. But when we are a part of it, we see that it’s not like that.” To José Carlos, Fibria’s main challenge is to win over the community’s trust through hard work and presenting the results. In José Carlos’ opinion, this is already being done, and the company is trying to maintain a good relationship with the community through an ethical and responsible attitude towards the existing demand for information and clarifications: “I heard of a case in one of the nearby towns, where the community had a complaint and Fibria went there, explained what they were doing and took steps. In that particular case, people were not happy with what the company was doing, but I know that Fibria’s personnel went there and presented their case to the people and, it seems, resolved the problem.”

Regarding the benefits implemented by the company, José Carlos reports his personal experience when asked to talk about success:

“Blessed was the day when Fibria’s technicians saw our work at a regional trade fair and felt that we could forge a partnership. And this partnership started right there and then, and it has been great... we created a collection of 26 miniature animal species which are becoming endangered, using several techniques to show that these animals are on the verge of extinction. Fibria’s biologists helped us to sort out those animals... In my case, I’m retired and making a living is not my main objective in doing this work. I usually say that, if it just pays my bills it’s good, and if it doesn’t then that is ok too, as I’m doing my part in showing the animals to everyone and helping in their preservation. I’m contributing in terms of environment and sustainability. I think that’s it.”

Stela Maris – President of the Children and Teenagers Support Group from Barra do Riacho in Aracruz, Espírito Santo State

Stela Maris is a dentist and president of GAIA (Children and Teenagers Support Group from Barra do Riacho), in Aracruz, Espírito Santo State. She is married, mother of two, and represents the Catholic community in her region. Thanks to her social work, last year she was invited by Fibria to be part of the Reference Group of Companies and Sustainability (GRES), and also developed a Participative Integrated Diagnosis, as part of the work to engage the Barra do Riacho community. Her community work helped raise the perception that the company’s arrival represented development, but in her opinion, this growth has not always occurred in a sustainable manner. “Today I see that the community has developed in some aspects, but in a quite disorderly

manner. Yes, a fishing village became a relatively large district and this caused some problems, like people coming from other regions in search of a better life and having nowhere to return to once the jobs are gone. Thus, we don't have a good employability levels in our community." In her opinion, the economic development brought about by the company's presence has also changed the locals' way of life, though it did bring benefits: "I think that, economically speaking, yes, there has been development, but on the other hand the community lost its main commercial activity, which was fishing... several large boats come here and also heavy traffic in the port is causing the fish to leave the area. The community changed its vocation and that would have to come about with offers from other job sources too..."

Although she reports that some traditional activities have ceased, Stela Maris appreciates that the Fibria stimulates artistic expression and local culture: "They are recovering the artistic legacy and the culture of our people... There was something interesting about the recovery of the local culture, of the return of those things which once were and are no longer." In this context, the community leader mentions the staging of the play "Auto de São Benedito" by the Helvécia community, as an example of Fibria's partnership in cultural projects.

With regard to environmental impacts, Stela Maris says that the community is concerned with water, fearing that there may be a shortage in the near future. However, local people appreciate the company's efforts regarding this. Stela believes that the environmental certifications achieved by Fibria make the measures adopted towards the environment more trustworthy and facilitate inspections.

"I think environmental impacts happened when there wasn't any planning towards environment preservation. I believe today that they are adjusting better to this situation by minimizing these impacts... With these certifications, I think Company feels like it needs to comply with the standards, even if only just to sell its products. Companies not concerned with environmental sustainability can't find clients abroad nowadays."

Despite being confident in the important role that Fibria can play in her community's growth, Stela Maris believes that this partnership will only be possible through planning: "We first need to have a good structure so that we can work together and speak the same language, move in the same direction, deal with problems and find solutions identified by the community. Also, plan something feasible that the Company feels it can carry out."

Lizinete Serafim Blandino, also known as Dona Luzia – representative of the Sapê do Norte community in São Mateus, Espírito Santo State

Lizinete Serafim Blandino, or Luzia, as she is known in the Sapê do Norte community, municipality of São Mateus, Espírito Santo State, is very concerned about the conflicts involving her community and Fibria. She reports that, with Fibria's large eucalyptus plantations, the locals' alternatives for income are zero and, for this reason, there is constant conflict among the families who take the eucalyptus to make coal:

"People cut down the company's eucalyptus, make coal, and sell the wood. It's a war out there. In the community, before the company arrived, everyone lived off the land, worked and supported themselves and their wealth from their own land. But when the Company arrived, all this finished, because the tradition could no longer be maintained. Most people left... people talk a lot about the land. They want the land to grow their own crops."

Environmental issues are also a major concern for the Sapê do Norte community, according to Luzia: "People in this community suffer from water shortage. Water is a big concern for

the community. Drought and deforestation are drying up the water table and people are now making holes in the ground to get water.” Luzia recognizes, however, that the relationship with the company is still undergoing a consolidation phase, and she already sees positive changes. “After Fibria took over the area, it has changed. They are now acting differently. They are more participative, visit the community and talk to us. Fibria didn’t do this when they first arrived. They are going to renovate the local millhouse... Today they want a relationship with the community in order to solve existing problems... The company has also recognized the “quilombola” community (descendants from African slaves who came to Brazil)... Things have changed around here. The employees are the same, but today they see the community from a different perspective.” Luzia believes that the community’s relationship with the company can improve even further, especially if projects to generate income are stimulated. But she points out to the need for a broader and effective plan: “One project alone will not benefit everyone, as people only feel good doing what they enjoy. And one project cannot please everyone. In order to implement the project, one needs a place and space. Some people want to rear their own cattle, so they can give their children milk without having to buy it. Others want to grow their own crops, and not only cassava. Some of them are thinking about fish farming. This is why I say we need several projects, not just one, as this won’t work... I would like to see what the relationship with the company would be like if people had access to land. Today there is a lot of discussion about it and they often visit the community. I act as a go-between here. The company talks to me, and the community also talks to me.”

Paulo Henrique Vicente Oliveira – indigenous leader in Aracruz, Espírito Santo State

The indigenous leader, Paulo Henrique comments on the relationship between the Company and his community, in the town of Aracruz, Espírito Santo State: “Fibria is now closer to the community, thus the communities see the Company differently. I think more dialogue is necessary, so that everyone can see what it is really happening to the indigenous communities. After that, the communities will say: ‘we have a good neighbor which wants to help.’ He says the communities are divided into groups: “There are groups of women, youngsters, fishermen. Each one of these people should have access and be aware that Fibria is willing to help. I think that, from then on, we’ll truly have this good neighbor relationship, between the local community and the company.”

Paulo Henrique points out the positive and negative impacts of having the company in his region: “Among the negative environmental impacts, we have the forest issue. Many of our forests have been destroyed. Several rivers and animals no longer exist. This impact is due to the expansion of eucalyptus monoculture. On the other hand, we now have treated water and sewage in the communities.

This is the main impact on the community. The other is the social issue. Before, Pau Brasil and other local communities had the freedom to walk around in the forest, to hunt and fish. This was the social impact, part of our identity was lost and this is very strong identity, hunting, fishing, foraging for fruit in the forest.”

According to him, the positive impact was regarding job generation. “A door opened, which gave opportunity for the communities. The Company arrived and brought with it several other companies and this has brought the possibility to train labor. Several people managed to be trained and qualified. When a company arrives, it brings all these improvements, labor, jobs, and growth to the town. This increases tax, which is then transformed into improvements for the

community.” He gives the following example: “Before we had no treated water, no sewage, and now we have.”

Paulo Henrique also recognizes that Fibria plays an important social role among local indigenous communities: “Our Management Council was created along with Fibria, and this has generated several ideas to foster sustainability. This partnership, as some people refer to it, is good.

Sometimes companies or agencies roll up into town and just throw money around. Fibria is not doing that and I see this as a good thing. It didn’t come and say ‘take this money and go to work,’ instead it gives you an idea, gives you a direction. If I take the money and spend it all, it’s over. Now, it can refer me, introduce me to another agency and an investment is made in the community. This is important, as it will be opening the way for us.”

To Paulo Henrique, it’s time to think differently: “As soon the conflict was over, we had to think how to repair the damage caused both in the community and in the company. And the way to repair is to join forces in order to make up for the losses. We have everything going to maintain this “good neighbor” relationship, without conflict, without wanting to harm the other party, but it depends a lot on both sides being in a partnership, in a connection, as we have here.”

The indigenous leader, thus, concludes that Fibria’s greatest challenge is to get reacquainted with the community.

Maria Aparecida dos Santos, also known as Dona Tíndinha – President of the Quilombolas Association at Helvécia, Bahia State

Tíndinha Santos, from the city of Helvécia, interior of Bahia, is the president of the Quilombolas Association (descendants from African slaves in Brazil) and a principal at a local public school. She is optimistic regarding the company’s presence in the region, which has brought about cultural recovery and growth to her community. “Recognition for me, as a “quilombola”, is very important for our community. We notice that the progress is arriving thanks to this view of the future that we now have in Helvécia, and we also know that this is the consequence from the Fibria’s work and participation.”

However, Tíndinha mentions her concern over the extension of Fibria’s eucalyptus plantation areas, which prompted the community to rally and demand the company to take a stand regarding this impact: “We went to court, where people got to express their complaints about the company, and what they may be bringing to our community. Eucalyptus monoculture is very extensive...

Fibria’s eucalyptus occupies over 60% of the cultivated land. I am against this because we don’t know where this situation is heading, and what damage this may bring in the future...It’s a concern and this was the starting point for our organization, and to demand social responsibility from the company. Then they started to hold meetings with the community, to work, and they are complying with their commitment to social responsibility.”

Though she recognizes that Fibria contributes to the region’s progress, Tíndinha talks about how important it is to create direct jobs and she criticizes the outsourcing policy: “The company has brought progress to our community, provided jobs, which are now being outsourced. This for us is a negative point, as people had better health plans and salaries when they worked directly for the company. It would be better if the service was provided by the company directly, but it’s now being outsourced.”

Regarding the cultural expression of her community, Tíndinha stresses Fibria’s incentive, but stresses that it is essential for her community to participate in directing the activities and decision making processes: “The ‘Auto de São Benedito’, which is a stage play developed by the Helvécia

community, proposed to bring the theater to the locals, and I'm all for it, as I believe in theater to awaken critical thinking... I have always insisted that the projects had to be developed together with the community, instead of being brought to it and people accepting and doing what they are told. The results here are not that positive." In this sense, Tidinha suggests: "It doesn't need to be people from the community only. They can choose groups of people that, along with Fibria, define how these projects will be implemented."

As a community leader, Tidinha trusts the dialogue with the company: "Our community had the privilege of having an organized group, that's what we chose to do, to sit down, talk, negotiate and try and resolve things as best as we could, so that it meets the community's interests, and in a way that the company develops her work bringing progress, and I think that's the right way to go."

Rivael da Silva Pereira – manager of the NGO Legionaries for the Protection of Children and Young People, Capão Bonito, São Paulo State

Rivael da Silva Pereira is 36 years old and was born in Adrianópolis, in the State of Paraná. This is his first year working in the NGO "Legionaries for the Protection of Children and Young People", Capão Bonito, São Paulo State, where he studied when he was 10. He has been a partner in Fibria's social projects since 2005, when the company was still called Votorantim Celulose e Papel. His experience indicates that the company stimulates the eradication of the social problems in the region: "As the company supports the social projects of its surrounding community, it has already shown its commitment. In the community where I work, Fibria supports a project that assists youngsters, which is only possible thanks to its financial support," says Rivael, referring to the Projeto Espaço Jovem ["Youth Space Project"], offering free training courses, in order to insert youngsters into the labor market. According to him, however, dialogue between the company and the locals still needs to improve: "I would say that the company needs to employ a local person to start the dialogue with the community, where this is sorely missed. Personnel turnover makes this contact difficult, as whenever there is a leadership change, dialogue must be restarted, as well as the whole process of creating a new connection with the community."

Rivael appreciates, however, that Fibria is greatly concerned about environmental conservation: "The company contributes to the biodiversity. In the company's entire area, besides the legal reserve, there is a reserve which goes beyond what legislation imposes, and it also conserves the local species, forest, fauna and everything else. Besides this, there is a channel through which schools and children can visit the planted area, and the development of environmental measures." He mentions some of the programs that stimulate agricultural practices within the company's areas: "There are cultures between the rows of eucalyptus. These are mixed cultures, which allow, via leasing the land, farmers to plant some products between the rows of eucalyptus."

He also stresses that Fibria's environmental certifications have been reaching the desired goals: "They may add value to the company's products and generate cash to our municipality. And, with this, bring further opportunities for the company."

Antonio Carvalho, also known as Toninho – Indigenous leader from the Aldeia de Boa Esperança in Aracruz, Espírito Santo State

Toninho is an indigenous elderly from the Aldeia de Boa Esperança reserve and a member of the Aracruz Tupiniquim-Guarani Indigenous Association in the State of Espírito Santo. When he was 12 he was taught by his father how to defend his people. Today, a 46-year-old married man, with 7 children and 4 grandchildren, he is the spokesman for the Southern region tribes and the international representative of the Guaranis, besides coordinating the Guaraní Ywyeyupa Commission. With regard to Fibria's presence in his community, he says that the main impacts caused by the company's activities refer to the maintenance of the biodiversity: "When the company came to the city, it devastated the environment. We are having a lot of problems. We have no game, and the fish is not sufficient. There is a lake called Soer which has been greatly affected by the pollution. Our plants don't grow tall, they remain small and don't develop. This is our major concern." In his view, eucalyptus crops make it difficult to maintain the traditional activities of local indigenous people: "If planting continues, biodiversity may be harmed, as it is connected to the whole chain in nature, the river, the animals, the trees, everything that exists. It may be in the soil or in the vegetation." "I always say that, if the company wants to implement an awareness program with the communities, it must not only favor eucalyptus, but also a program to plant native trees, fruit-bearing trees, so that the animals come back to reproduce in these places. We have an area where we need to plant native and fruit-bearing trees, and also a part of the development with the Tupiniquim-Guarani Association, as there are places where we can't grow any other type of plants."

According to Toninho, some measures should be implemented to minimize these impacts: "Fibria has to sit down with the communities, the leaders, in order to use the areas that we need to reforest with native plants. So, Fibria needs to talk about this, so that we can develop this work. Because there are young people that need this work to develop the villages. Nowadays we're concerned about our young people, as our villages are surrounded by the districts Coqueiral and Santa Cruz. We need to keep them away from problems that may reach our villages, direct them away from drugs and alcohol. That's what we need to not have a lot of problems. And Fibria could help us, offering collective job opportunities for these young people and, therefore, helping these communities."

Toninho also reaffirms how important it is for Fibria to have regular dialogue with his community: "The main challenge is that nowadays the Tupiniquim-Guarani Association is no longer effective and we're discussing how to get that back. The association wants to further its dialogue with Fibria."

Emerson Pajehú – President of the Tupinikim-Guarani Indigenous Association at Aracruz, Espírito Santo State

Emerson Pajehú, 35 years old, is the president of the Tupiniquim-Guarani Indigenous Association at Aracruz, in the State of Espírito Santo. He is a married father of two, and since 1998 has taken part in indigenous struggles, heading movements such as the land occupation movement in 2005. Last year, Fibria contributed to speeding up the process of registering Indigenous land and by celebrating partnerships aimed at implementing projects and immediate actions, the company contributed to the better management of indigenous territory. Of the company's presence in his area, Emerson states that it has had positive and negative impacts on the indigenous community:

"There's a vast eucalyptus plantation area now, and this has caused a great impact on our natural habitat, as eucalyptus is not a native tree, it's an exotic tree. The positive impact is that nowadays we have a large number of people who depend on the extraction of these trees. The negative point is that we also have the eucalyptus plantation problem as it has had a great impact on our territory." Emerson explains that, not too long ago, there were several clashes between the local indigenous community and Fibria, then named Aracruz. However, he considers that this is a time for reconciliation, union and dialogue: "I've always said, through the commission now formed by nine chiefs, that we have to improve our relationship with Fibria, as we can only gain from that. We have nothing to lose as they are a great partner for us. Even after our relationship problems and conflict, they never abandoned us and helped us in our social projects and in other partnerships. Today, if I were Fibria, I would refrain from certain attitudes also with the indigenous community, mainly due to the problems we had before. But that period is over and we need to improve our relationship in order to work out the social, economic and other points within our community," he stressed. "I think that presently, Fibria can only do us good, but we must also work in a way that the company can help us. We now have a very good perspective and intend to replant eucalyptus in our territory, not in all of it but only in part of it, as it would bring more income to our community. And we hope that Fibria can come to us and improve this dialogue too so that we can have a better relationship and work with social issues. This is something that we need very much," Emerson concludes.

Among the projects developed with the company, Emerson mentions as a success case the Forest Development program: "I consider this an invaluable program. We, members of the tupiniquim-guarani tribe, had this program from 1998 to 2005 and it was very good economically and socially for us. That's a program I would suggest be implemented again. And I'm sure we'll manage, as we are very interested in having this program again."

In Emerson's opinion, improving the dialogue between the indigenous community and the company is their greatest challenge faced by Fibria: "I think one of the company's main challenges is the relationship with the indigenous community, due to the former disputes over territory, but this is a thing of the past. I've been with the Association for three months now and I've been working on the internal politics in our community to improve our relationship with Fibria".

Regarding the company, Emerson emphasizes: "I think Fibria is a great partner."

Socioenvironmental education

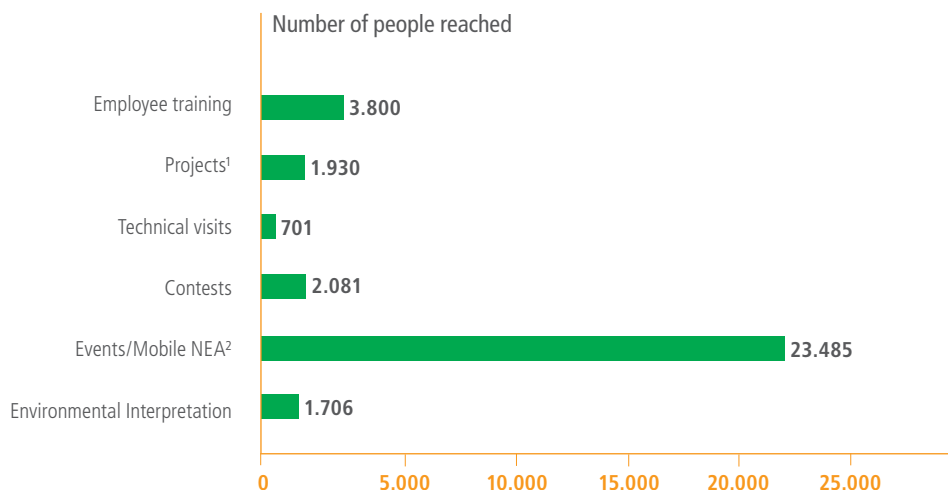
Forestry socioenvironmental education activities

Fibria understands that part of its role as a responsible company is to contribute to the socioenvironmental education of residents of neighboring communities. Therefore, it operates two important projects: the Center for Environmental Education (NEA), aimed at the population of the regions of Santa Branca and Capão Bonito in the State of São Paulo, and the Environmental Education Program (PEA) implemented by its Aracruz Unit in Espírito Santo State.

Center for Environmental Education (NEA) - The NEA develops the Environmental Education and Community Relations Program (PEARC), covering such diverse activities as the training of teachers on the issues of sustainability, environmental lectures for children and young people, films, implementation of nature trails and traffic/driver education courses. In 2010, 33,703 people participated in at least one PEARC activity in 21 municipalities in São Paulo State.

Municipalities where PEARC was active in 2010:

Santa Branca (SP)	Paraibuna, Taubaté, Santa Branca, Pindamonhangaba, Taubaté, Monteiro Lobato, Lavrinhas, Queluz, Roseira, Cruzeiro, Aparecida, Sapucaí Mirim, São Jose dos Campos, and Igaratá.
Capão Bonito (SP)	Araçoiaba da Serra, Capão Bonito, Itapetininga, Itapeva, Ribeirão Grande, Taquarivaí, and Votorantim.



1. Training: Integrations, technical lectures, exhibitions and Internal Accident Prevention in Rural Work Weeks (SIPATR).

2. Events: CineNEA, commemorative days, exhibitions, visits of NEA Mobile to communities and fairs.

Environmental Interpretation Program

One of the highlights of PEARC is Environmental Interpretation, aimed at public school students and teachers. A partnership with State and municipal departments of Education, this program aims to raise awareness about environmental issues in a playful way, through lectures, games and group dynamics. In 2010, this experience was extended to seven São Paulo State cities, involving 33 schools, 79 classrooms, 1,609 students and 97 teachers.

Events and competitions

Outside the classroom, the PEARC organizes workshops during holidays, screens films through CineNEA and runs contests on commemorative days. Among the actions undertaken in 2010 were:

- Day of Folklore - Typical foods of the Paraíba Valley
- The Spring Initiative - An exhibition of trees suitable for urban planting purposes
- Citizenship in Action II in Santa Branca
- ECOlony Vacation Camp for the children of employees
- Santa Isabel Community CineNEA
- Environment Week Exhibition
- Water Day
- Environment Week
- Biodiversity Day

Technical visits by universities

To extend the partnership between business and universities Fibria promotes visits of college students studying Environmental Management and Forestry to its Environmental Education Centers, as well as its industrial and forestry Units. In 2010, students of the Federal University of São Paulo (UNIFESP) visited the Santa Branca NEA while students of the Technology Faculty (FATEC) were shown the feller buncher training simulator for harvester and the Capão Bonito Nursery.

The “Friends of Greenery” Project

Designed to encourage the planting of organic gardens, the project was implemented in the Municipal Shelter of Santa Branca (SP) in 2010 in partnership with the Industry’s Social Services (SESI) of Jacaré. It also included a workshop on how to make full use of foodstuffs and a lecture about food cleaning techniques including the use of kitchen utensils for the shelter’s employees. The shelter has an unused area with great potential for the planting of an organic garden.

Historical trail

Aimed at 3rd year elementary school children, the program seeks to reinforce the importance of preserving the cultural heritage of Santa Branca. Students participate in creating an interpretive trail based on the historic site.

Entrepreneurship Project

In partnership with the Support Agency to Micro and Small Companies (SEBRAE) and the Social Promotion department of the municipality of Santa Branca in the State of São Paulo this project promotes the integration into the labor market of teenagers participating in the federal government’s Young Action program. Activities include practice interviews and workshops, intelligence and logical reasoning tests and contact with business professionals through visits and presentations about their professions. 25 teenagers participated in the project last year.

Driver Education - Santa Branca (SP)

Aimed at students, parents and teachers from three schools located along the route taken by trucks during the harvest season in Santa Branca, the project put on 32 presentations in classrooms, with a total audience of 1,330 people. Subjects included traffic safety, basic rules of traffic, accident prevention, safety awareness for cyclists, pedestrians and car passengers and drivers of horse-drawn carts. A brochure was also distributed to the students.

Driver Education - Capão Bonito (SP)

The project got underway in August 2010 and was expanded when the flow of trucks in the municipality increased. Meetings were held with teachers and school activities developed focused on traffic and driver’s education for young people. Fibria sent the NEA mobile unit to the location to demonstrate the pulp production process to the children.

Vegetable Garden Project

This program offers participants direct contact with the environment through land preparation, planting and harvesting of various vegetables and medicinal plants. It also demonstrates the benefits of these foods. The garden’s surplus is distributed through a “It’s a Fair Day” program to nursing homes, shelters and Social Services Reference Centers (CRAS).

Engaging employees

In 2010, many integration programs were held for new employees in the Harvest, Silviculture, Health and Medicine and Forestry Management areas. The activities took place in the NEA auditorium at Fazenda Nossa Senhora da Glória as well at the Seedling Nursery and in the field, involving 1,784 professionals.

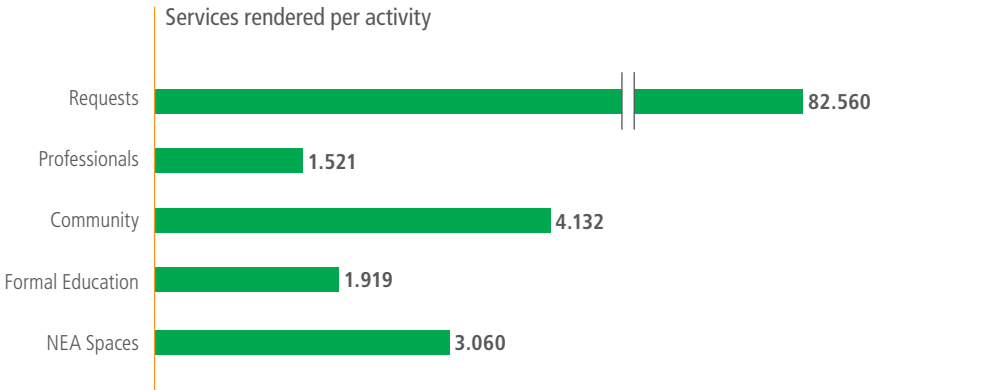
Training/Action	Requesting area	Cell/Team	Results	Number of participants
Importance of Legal Reserve and APPs/Environmental Aspects and Impacts (FSC)	Silviculture	8 classes, 2 for integrating new employees	Generate understanding about what Permanent Preservation Areas and Legal Reserve areas.	240
Consumer Awareness - Calculating the Ecological Footprint	Administrative Fazenda Glória and Fazenda Santa Inês	4 classes	Encourage providers to think about consumer habits and enhance sustainability in the workplace and family.	53
Aspects and impacts on the land	Harvest (Operation)	Module 1, 2 ,3	Train professionals to identify the main crop residues and the correct procedures for storage and disposal.	NA
Waste management training	Silviculture	Supervisors and Technicians	Enable employees to identify the main crop residues and the correct procedures for storage and disposal.	29
Basic understanding of community relationships	Silviculture and Harvest	Technicians and Supervisors	Enable employees to receive/respond to demands (suggestions, questions and complaints) from communities neighboring the company's plantations.	11
Rehabilitation of degraded areas	Silviculture	2	NA	NA
Accidents with poisonous animals	SIPATR	All SIPATR participants	NA	1,204
Collection and separation of harvest residues (dynamic)	Silviculture	Field	Enable employees to identify key residues from silviculture and the correct procedures for storage and disposal.	247

Environmental Education Program (PEA) – This program seeks to convey to residents the importance of biodiversity conservation and management of environmental impacts, contributing to the strengthening of the relationship between the company and its stakeholders. It is aimed at the communities in the municipalities where Fibria conducts silvicultural operations in Espírito Santo, the south of Bahia and Minas Gerais States. In 2010, four Environmental Education projects were conducted.

PEA Forest	Encourages positive change in behavior in the day-to-day lives of forest workers and contractors, with the aim of reducing accidents and incidents of non-compliance in the workplace, ensuring the long-term sustainability of forestry operations. Every six months, the Aracruz Unit's Forest Environment area conducts a training session for its Forestry Unit on an environmental theme for the project's group of multiplier agents, who are chosen from among the pool of forestry workers. Each month, these multipliers organize Direct Environment Dialogues involving some 7,000 employees.
PEA Forest Partners	Incentivizes the legalization of the properties that are part of the Forest Partners Program run by Fibria's Aracruz Unit. Analysts from the forestry partner operations are trained to conduct environmental education sessions for the forest farmers who join or renew contracts in the Program. The environmental induction process consists of a presentation on legal requirements and the importance of environmental restoration of APPs and Legal Reserves, and the distribution of leaflets on conservation and environmental recovery actions. After this process, the partner decides whether or not to receive native species seedlings provided free by the company. In 2010, about 60 producers participated in the induction program.
PEA Communities	Aimed at public school students and teachers of the 5 th and 6 th grades in communities that have relationships with the company. The PEA Communities program distributed a brochure on important environmental topics, such as waste management and biodiversity. Furthermore, school lectures and guided technical visits are scheduled every two months for students and teachers, community members and business partners to different areas within the company, where the topics covered in the classroom can be experienced. For this project, in 2010, the company counted on the consulting services of CEPENE, IBAMA, Ekológica and of two NGOs, Ekobé and IPEMA, in this project. In 2010, two schools participated from the municipality of Aracruz (ES), from the Vila do Riacho and Barra do Riacho districts; one school from the Juerana district of Caravelas (BA); one from Itaúnas (Conceição da Barra, ES); and one from Vila Gabriel Passos (Nanuque, MG), for a total of 40 teachers and 400 students.
PEA Social Projects	In 2010, two meetings were organized with beneficiaries of the Program for Integrated Production of Wood and Food (PIMA) - which consists of planting crops such as corn and beans between rows of young eucalyptus trees - to discuss the conservation and environmental impacts of agricultural activities and forestry. Fifty producers participated in the meetings at Gimuhuna, Santa Rosa, Cachoeiro do Riacho, Assentamento Nova Esperança, Lagoa do Juara and São Geraldo in the municipalities of Aracruz, Serra and São Mateus, in Espírito Santo State. At the end of the meetings, the group drew up an action plan listing mitigating and preventive measures in order to improve socioenvironmental aspects of the PIMA.

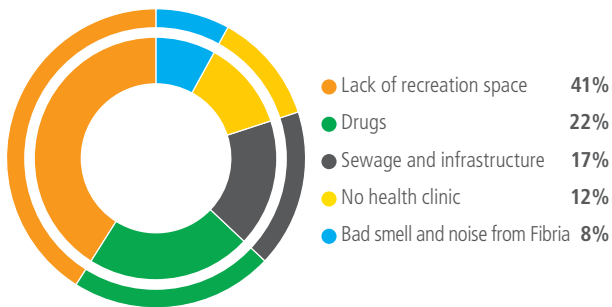
Industrial socioenvironmental education activities

Jacareí NEA – During 2010, the Jacareí Unit’s Environmental Education Center (NEA) interacted with 93,192 people through a variety of social and environmental education activities. About 78,000 people came into contact with the company’s projects during the Jacareí Agricultural and Industrial Fair (FAPIJA). The following chart shows the distribution of services over the months.

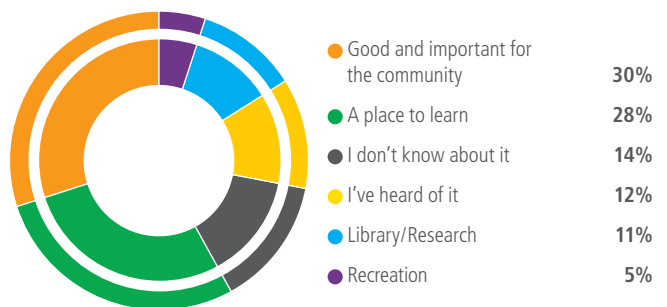


In 57 state schools in Guararema, Santa Isabel, Arujá, Santa Branca, Igaratá and Jacareí, activities organized by the Jacareí NEA included vegetable garden and selective waste collection workshops, training of teachers for environmental education, and lectures on the importance of sustainability. It also conducted an extensive survey of the socioeconomic conditions of neighboring communities, directly interviewing 1,107 people. The following charts show the main results of this survey.

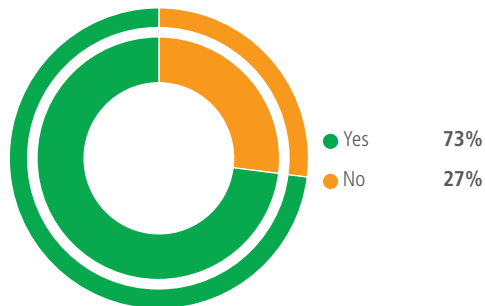
What are the main problems in your neighborhood?



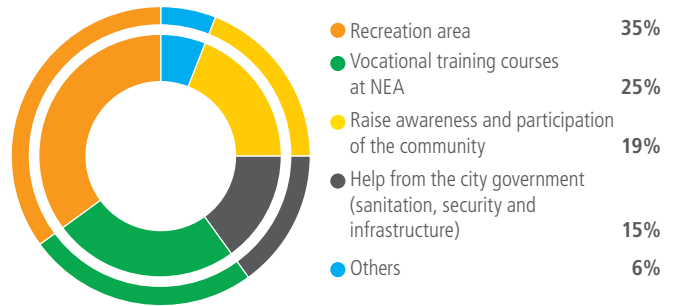
What does NEA mean for you?



Does someone in your family participate in NEA activities?



What could we do together to improve the community?



The Jacaré NEA established the following targets for 2011:

- Survey residents of surrounding neighborhoods and conduct training activities regarding employment opportunities;
- Run a course on entrepreneurship for young people in partnership with SENAC/SEBRAE/SENAI;
- Promote digital inclusion for research and homework;
- Expand partnerships to assist young people;
- Organize computer workshops, sports events, dance and theater performances and youth meetings for discussion of a wide variety of issues;
- Promote partnerships to improve the forest area and build a recreation center.

Três Lagoas PEA – In the Três Lagoas Unit, Mato Grosso do Sul State (MS), the Industrial Environmental Education Program (PEA) works with schools, communities and employees. In schools, the main action is the construction of educational spaces in which teachers and students of all classes participate in activities in a coordinated and cooperative manner. In 2010, four public schools in Três Lagoas entered the program, joining another four in the town of Brasilândia where these spaces had already been implemented in 2009.

The Três Lagoas Community PEA organizes monthly meetings with environmental and social multipliers - so-called "eco-agents" - to discuss environmental actions that lead to an improved quality of local life.

One of the initiatives of this PEA is the Odor Perception Network (OPN) composed of 76 representatives from neighboring communities who help identify odors emanating from the pulp production industrial process. If they perceive an odor, they contact the company's mill through a toll-free number. This triggers a series of assessments of the process involving the atmospheric dispersion of the mill's emissions. Once the analysis is complete, the company's industrial environment area contacts the network participant to report the outcome and actions taken. The members of the OPN participate in a twice-a-year review of the activities and undergo renewed training every year.

For its part, the Employees' PEA promotes awareness activities for staff and contractors. This training focuses on the environmental aspects of pulp production, in addition to educational theater performances and external events involving contact with nature.

Dialogue with NGOs and participation in forums (GRI 4.3)

In 2010, Fibria expanded its participation in dialogues and forums dedicated to sustainability, both in Brazil and abroad, assuming important positions in some of them. For example in November, José Luciano Penido, Chairman of the Board of Directors, was named chairman of a working group of the **World Business Council for Sustainable Development (WBCSD)**. The institution, based in Switzerland, brings together representatives of 145 global companies focused on sustainability.

Fibria's general manager for Sustainability and Corporate Relations, Carlos Alberto Roxo, was elected co-leader of the Steering Committee of **The Forests Dialogue (TFD)**, an international multi-stakeholder organization dedicated to dialogue, reflection and promotion of collaborative forestry solutions. His nomination came in April 2010, and he took office in October of that year. The TFD, of which Fibria has been a full member since 2005, has representatives from important forestry companies, NGOs, intergovernmental bodies, trade unions and universities. Since its establishment in 2000, it has engaged 2,000 leaders from around the world in 35 dialogue processes. Learn more about this organization by accessing <http://environment.yale.edu/tfd>.

In Brazil, Fibria actively participates in forums sponsored by the **Ethos Institute for Social Responsibility** and **The Atlantic Forest Dialogue**, which brings together representatives of non-governmental environmental groups, forestry companies, universities and research centers. Supported by the TFD, The Atlantic Forest Dialogue looks into issues related to forest resource use and conservation of biodiversity, with a focus on the Atlantic Forest. The institution worked in partnership with Fibria in the Ecological Corridor Project in the Paraíba Valley.

Fibria also has a presence in such regional forums as: the Espírito Santo State Forestry Forum; the South and Far South of Bahia State Forestry Forum; and the São Paulo State Forestry Forum. All include the participation of the forestry business sector and NGOs. More information about these forestry forums can be found in the link www.dialogoflorestal.org.br.

Suppliers

Carbon Disclosure Project (CDP) Supply Chain - In July 2010, 76 of Fibria's suppliers took part in a workshop, focused on the Carbon Disclosure Project (CDP) Supply Chain. The goal was to engage with Fibria's main stakeholders so that they identify and disclose their greenhouse gas emissions.

The CDP Supply Chain process is now being integrated into the company's ongoing engagement with its main suppliers. Based on the data from the 2010 questionnaires, joint targets will be established and specific action plans in order to reduce their emissions in the coming years.

Service Contract Commission (CCS) - The CCS was established in January 2011 with the goal of ensuring consistency in the process used to contract services that are permanently critical to Fibria, mitigating their risks and aligning the selection and evaluation of suppliers with the company's sustainability strategy.

Approval and audits - The new Sustainability Assessment Form, currently under development, will be part of the approval process for suppliers and covers major sustainability indicators and principles, including the UN Global Compact's. The new methodology will allow for the creation of action plans for companies that fit the criteria established by Fibria. In 2010, we started the audit process to ensure that suppliers are not using child labor (GRI HR6) and slave or forced labor (GRI HR7).

Fibria adopts a number of measures to mitigate the risk of hiring child or forced labor in its industrial and forestry activities, as contained in the Draft Contract and Evaluation Form for Social Responsibility, where there is a declaration signed by the supplier - declaration of non-recruitment of minors, except as apprentices.

Two other mandatory contracting requirements are compliant with Fibria's environmental policies and criteria for transportation safety (Safe Road Program). All contracts with suppliers and other business partners are accompanied by the Fibria Code of Conduct or refer to it. The Code reinforces the prohibition of discriminatory practices or violation of existing legislation. The document also contains a specific clause about the protection of labor, rejecting slave labor and requiring suppliers to comply with the labor and social security laws, as well as observing human rights.

The approval of suppliers pursuant to the Social Responsibility form is conducted every two years. In November 2010, we had 590 approved suppliers, representing 78.47% of Fibria's total supplier base.

Contractual clauses and assessments related to human rights (GRI HR2)

	2009	2010
Number of contracts	797	1,218
Percentage of contracts with significant suppliers and contractors that included criteria or evaluation of human rights ¹	78.24%	78.47%
Percentage of contracts with significant suppliers and contractors that were rejected or required performance conditions, or have been subject to other actions such as a result of evaluation concerning human rights ²	2.62%	10.34%

1. Both VCP and Aracruz used distinct processes to qualify their suppliers. With the merger of the two companies, resulting in Fibria, it was decided to adopt the stricter criterion, adding some improvements. From June 2010, vendors began the process of being evaluated through the Fibria process. With the adoption of a single criterion for approval, it was natural that the indicator (base index of approved suppliers) would decline, since all suppliers had to be evaluated by the new criterion.

2. Suppliers approved with restrictions in the social responsibility evaluation. This evaluation does not decline the supplier in the approval process.

Measures taken by the organization to contribute to the abolition of child labor and abolition of forced or conditions analogous to slave labor:

	2009	2010
Preventive and corrective measures for direct hires	<ul style="list-style-type: none"> • Fibria Standard Draft Contract. • Corporate Policy Supplier Approval: Corporate Policy that addresses Fibria's standards for recruitment and approval of suppliers, including assessment of Social Responsibility. • Standard Operational Approval of Suppliers: Corporate procedure contemplating a systematic approach for recruitment and approval of Fibria's suppliers, including assessment of Social Responsibility. • Social Responsibility Evaluation Form: Evaluation Form for Social Responsibility of Fibria's suppliers encompassing: Environmental, Labor and Job Relation legislation; Forced Child Labor; Protection and Integration of Persons with Disabilities, Social Discrimination and the right to Trade Union Membership. These requirements are regulated under the UN Conventions, the International Labor Organization - ILO and Brazilian law. 	<p>All measures presented in 2009, as well as the item below:</p> <ul style="list-style-type: none"> • Start of the audit process <i>in loco</i> to ensure that suppliers are not using child labor for rendering services in various locations.
Preventive and corrective measures for outsourcing contracts	All of the above measures.	All of the above measures.
Preventive and corrective measures for suppliers	All of the above measures.	All of the above measures.
Measures to promote the rights of children, teenagers and young people	All of the above measures.	All of the above measures.

Implementation of the Qualification Program for Suppliers in Três Lagoas (MS) - In the State of Mato Grosso do Sul Fibria produced a training project for local suppliers in conjunction with the National Industry Service (SENAI). The first class of the Supplier Development Program (PQF) graduated in March 2010.

Designed to transform Três Lagoas into the PQF hub in the State, in 2010 the scope of the Advanced PQF (an advanced module of the PQF) in Mato Grosso do Sul was defined and the transfer of the Program for the Development of Suppliers (PRODFOR) methodology of Espírito Santo State to the Advanced PQF in Mato Grosso do Sul was agreed.

Local suppliers - In 2009, Fibria spent R\$2.17 billion (38% of total spending) with local suppliers and R\$2.50 billion (66% of the total) in 2010. The factors influencing the selection of suppliers, along with their geographical location, are: level of service, impact on local economy (promoting the development of local suppliers), delivery time, ability to implement innovations, pricing and payment terms. With the practices currently implemented, PRODFOR and Advanced PQF, local suppliers are given priority if they meet the requested requirements.

Percentage of local purchases by State (GRI EC6):

	2009	2010
Value of purchases required by the Unit (R\$)	2,168,036,068	2,503,353,309
Value of purchases met by local suppliers in SP (R\$)	1,492,353,578	465,542,465
% of purchases provided by local suppliers in SP	81.31%	77.32%
Value of purchases met by local suppliers in MS (in R\$)	223,633,914	334,581,729
% of purchases met by local suppliers in MS	16.63%	37.90%
Value of purchases from local suppliers in ES and BA (R\$)	452,048,576	703,229,115
% of purchases met by local suppliers in ES and BA	17.72%	68.68%

The increase in purchases in Mato Grosso do Sul State from 2009 to 2010 can be explained by the fact that the Unit only began its operations in March 2009, plus the fact it did not have a General Maintenance Shutdown that year. The PQF contributes to the increased use of suppliers in the State. With the launch of the Advanced PQF, the trend is for this percentage to continue rising.

The percentage of utilization of suppliers in the State of São Paulo, in turn, remained stable in 2010 because there was no significant change (it was about 4% lower than in 2009).

It is not possible to analyze the evolution of the indicator for purchases in Espírito Santo and Bahia States, as the indicator for 2009 contains data from the Guaíba Unit (RS), sold in December 2009.

Government

Contributions to political campaigns

Fibria does not carry out any political party activities, but participates in the electoral process by financially supporting some candidates. The company makes donations to campaigns in a transparent manner in line with the principles of its Code of Conduct. The company supports political actors it believes are committed to sustainable development and improvement of public governance, and thus may contribute to a political-institutional environment that is beneficial to society. The choice of candidates awarded funds by the company takes into account the following criteria:

- Strict compliance with existing legislation;
- Donations only for candidates or parties whose campaign finance committees are registered with the Electoral Courts;
- Transparency and traceability of donations that have been made;
- Improvement in public governance at the federal, state and municipal levels;
- Promotion of sustainable development;
- Strengthening of citizenship and democracy.

Donations to political campaigns are part of the General Political Donations Plan, pursuant to specific company policy approved by the Executive Officers. In 2010, Fibria's donations for this purpose totaled R\$7.125 million, in the form of bank electronic and paper transfers. The full listing of Fibria's donations to election campaigns in 2010 is available to all stakeholders through the Supreme Electoral Tribunal's website (www.tse.gov.br) (GRI SO6).

Public Policies

Fibria interacts, through organizations that represent different sectors, with forums for public policy development at the federal and state levels.

At the federal level, this includes the Silviculture Sector Chamber, the Industrial Development Plan (IDP) and the Congressional Forestry Front.

With regard to the Silviculture Sector Chamber, which includes representatives of the entire forest production chain, Fibria is represented by the Brazilian Planted Forests Producers Association (ABRAF). The Ministry of Agriculture, Livestock and Supplies (MAPA) created the Silviculture Sector Chamber in 2008 for the purpose of presenting proposals, and supporting and following-up with actions for the development of the planted forest segment in Brazil. The record of its resolutions can be found on the ABRAF (www.abraflor.org.br) and MAPA (www.agricultura.gov.br) websites.

The Industrial Development Plan (PDI) is a forum of the Ministry of Development, Industry and Foreign Trade (MDIC) intended to debate and formulate public policy proposals for the pulp and paper industry. Fibria is represented through the Brazilian Pulp and Paper Association (BRACELPA).

Established in 2003 by the Chamber of Deputies, the Silviculture Parliamentary Front is made up of federal deputies from different political parties that are interested in defending silvicultural activities in the country. Fibria is represented by ABRAF on this forum, which supports this parliamentary initiative by providing updated information and relevant forest sector studies. The activity of the Silviculture Parliamentary Front and the positions of the industry can be obtained through the ABRAF website.

Of note at the state level, Fibria is involved with the Bahia Planted Forests Producers Association (ABAF) and the São Paulo Planted Forests Producers Association (Florestar São Paulo).

In Bahia, Fibria occupies the presidency of ABAF for the 2010 to 2012 period, represented by its Corporate Affairs manager, Leonardo Genofre. ABAF comprises companies with forestry operations in the State of Bahia and is part of the network of state agencies affiliated with ABRAF. Currently the company participates in the following public policy development panels: the Silviculture Sector Chamber, linked to the Secretary of Agriculture of the State of Bahia, and the Pulp & Paper Industry Chamber, linked to the Bahia State Secretariat of Industry, Commerce and Mining.

Established in 2010 and linked to MAPA's Federal Silvicultural Chamber, the Bahia State Silvicultural Chamber represents the forestry chain of production in the State in order to influence development of policies for the activity in the region. In 2010 the Chamber contributed to the preparation of the State's Agricultural-Livestock Strategic Plan.

In 2010, the Secretary of Industry, Commerce and Mining of the State of Bahia set up the Pulp & Paper Industry Chamber, part of the Secretary's Council for Industrial Development (CDI). Coordinated by the Paper, Pulp and Cardboard Industry Owners Union, and with participation of ABAF, the Chamber seeks to develop this industrial activity in the State.

In the State of São Paulo, represented by its Forestry Environment manager, João Carlos Augusti, Fibria occupies the presidency of the São Paulo Planted Forests Producers Association (Florestar São Paulo), an organization that brings together companies with operations in the forest area in the State. It is also a member of a network of state associations affiliated with ABRAF, as well as organizations, associations and stakeholder groups interested in forestry development and environmental conservation. Florestar São Paulo actively represents and defends the interests of members engaged in activities related to the sustainable management of planted forests (GRI 4.13 and SO5).

Personnel management

Setting up Fibria, in September 2009, involved huge efforts to integrate the two sets of professionals from organizations with their own strong cultural legacy, all within a very complex economic scenario. This process was carried further in 2010, with synergies being derived in all the company's sectors and policies being defined to consolidate and enhance all the best practices that had been adopted by VCP and Aracruz.

Notable activities in the Human and Organizational Development area in 2010 were introduction of the programs "Semear (Seeding)", Training of Operators and Mechanics for Forest Harvesting Machinery and Forest Monitor.

Also in 2010, Fibria launched the Volunteer Program, which encourages employees to donate their skills and part of their available time for the benefit of other people, communities, organizations or social causes. Among the successful actions coordinated by the Human and Organizational Development area last year were the campaigns to collect food for the homeless and victims of floods, the work of volunteer-oriented high school students to create and sell products, and the establishment of the Angels of Joy group to visit hospitals, nursing homes and orphanages, bringing messages of hope, humor and support.

Workforce

Human and Organizational Development Data	2009	2010
Company staff (GRI LA1)	4,749	5,037
Aracruz Unit (ES/BA/MG)	1,603	1,647
Três Lagoas Unit (MS)	879	982
Jacareí Unit (SP)	1,148	1,214
Piracicaba Unit (SP)	558	566
Central Administration (SP)	246	313
International offices	31	45
Capão do Leão Forest Unit (RS)	55	34
KSR	229	236
Permanent outsourced staff (GRI LA1)	9,518	11,919
Aracruz Unit (ES/BA/MG)	4,929	5,619
Três Lagoas Unit (MS)	2,189	2,633
Jacareí Unit (SP)	1,872	3,003
Piracicaba Unit (SP)	282	353
Central Administration (SP)	27	47
International offices	0	0
Capão do Leão Forest Unit (RS)	142	182
KSR	77	82
Total direct jobs (GRI LA1)	14,267	16,956

Remuneration (company staff) ¹	R\$ thousand	R\$ thousand
Pay, payroll charges and short-term benefits	388,723,260	421,242,170
FGTS* and severance indemnity	24,214,258	41,816,566
Social security costs	80,255,263	89,954,947
Defined contribution pension schemes	11,197,705	9,246,472
Total	504,390,486	562,260,155

*Severance Pay Fund.

Selected statistics (company staff)		
Admissions	585	649
Average nominal monthly pay (R\$)	3,605.23	3,588.48
Total number of employees who received training on aspects of human rights that are relevant to the company's operations (GRI HR3)	768	1,142
% of professionals who received training (GRI HR3)	16%	23%
Hours devoted to training and professional development (GRI LA10)	258,358	133,188
Average hours of training and development per employee (GRI LA10)	51	26
Total hours of training and development per functional category (Executive Directors, Managers, Administrative, Operational and Supervisory and Technical) (GRI LA10)		
Executive Directors	0	3
Managers	4,868	2,516.50
Administrative	51,657	18,066.35
Operational	149,626	87,072.20
Supervisory/Technicians	52,207	25,529.53
Average hours of training and development per functional category (Executive Directors, Managers, Administrative, Operational and Supervisory and Technical) (GRI LA10)		
Executive Directors	NA	0.50
Managers	NA	20.13
Administrative	NA	13.74
Operational	NA	27.84
Supervisory/Technicians	NA	55.14

(continued)

	2009	2010
People served by programs for skills management and continuous learning programs in support of continued employability (GRI LA11)	NA	5%
Programs for skills management and learning in preparation for retirement (GRI LA11)	NA	NA
Percentage of employees who regularly receive performance appraisal and career development (GRI LA12)	100%	0
Number of company staff from the local community (GRI EC7)		
North	17	18
Northeast	209	354
Mid-West	338	779
Southeast	2,328	3,384
South	74	73
Proportion of company staff from the local community (GRI EC7)		
North	1%	0
Northeast	7%	8%
Mid-West	11%	17%
Southeast	78%	73%
South	2%	2%
Age group		
Under 30 years old	1,267	1,326
From 30-50 years old	3,012	3,123
Over 50 years old	470	588
Age group (%)		
Under 30 years old	26.68%	26.33%
From 30-50 years old	63.42%	62.00%
Over 50 years old	9.90%	11.67%
Number of members of the senior management from the local community (GRI EC7)		
North	1	0
Northeast	8	0
Mid- West	1	0
Southeast	166	28
South	4	0
Proportion of members of the senior management from the local community (GRI EC7)		
North	1%	0
Northeast	4%	0
Mid-West	1%	0
Southeast	92%	100%
South	2%	0

Private pension scheme (GRI EC3)

Estimated value of the obligations of the organization	R\$74,595,523.33	R\$101,031,159.73
Net Asset Value	R\$78,526,269.40	R\$105,609,422.72
Number of professionals that are active participants ²	3,861	3,548

2. 2009: Arus + Funsejem; 2010: Funsejem.

Total number of employees covered by collective bargaining agreements with unions (GRI LA4)	4,289	4,950
Proportion of employees covered by collective bargaining agreements with unions (%) (GRI LA4)	90.32%	98.30%
Minimum pay level (R\$) (GRI EC5) ³	725.00	603.00
Lowest annual remuneration paid by Fibria vs annual remuneration based on the national minimum wage (GRI EC5)	1.82	1.18

3. The minimum wage in force in Brazil on December 31, 2010 was R\$510.00.

(continued)**2009****2010****Diversity (GRI LA13)**

Proportion of women	13.02%	14.40%
Proportion of whites (%) ⁴	74.11%	72.92%
Proportion of blacks and mixed race (%) ⁴	24.97%	24.00%
Others - (Asians/Indians) (%) ⁴	0.92%	1.77%
Undeclared (%) ⁴	0	1.31%
Proportion of employees with disabilities (%)	3.29%	4.10%
Employee average age	36.4	37.3
Employee average length of service	8.6	10.0
Ratio of basic salary of men to women (overall) (GRI LA14)	0.97	0.93
Ratio of basic salary of men to women (executives) (GRI LA14)	1.19	1.26
Ratio of basic salary of men to women (administrative and operational) (GRI LA14)	0.96	0.90

4. According to the criteria of the Brazilian Institute of Geography and Statistics IBGE).

Staff Turnover (GRI LA2)

Admissions	585	649
Dismissals	726	387
Resignations	68	144
Total permanent staff	4,749	5,037
Average accumulated turnover rate ⁵	14.52%	11.71%
Men	NA	367
Women	NA	164
Under 30 years old	NA	220
From 30-50 years old	NA	253
Over 50 years old	NA	58
Aracruz Unit	NA	158
Jacareí Unit (Industrial/Forestry)	NA	87
Piracicaba Unit	NA	42
Três Lagoas Unit	NA	80
Capão do Leão Unit	NA	23
Central Administration Office / KSR / International offices	NA	141

5. Turnover = $\frac{[(\text{admissions} + \text{total terminations}) / 2] / \text{effective total}}{1} \times 100$

Education (completed) (GRI LA13)

Basic education	675	613
Secondary education	2,710	2,775
Higher Education	1,426	1,631
Specializations (post-graduate, master's and doctorate)	231	238

Education (completed) - % (GRI LA13)

Basic education	14.2%	12.5%
Secondary education	57.1%	55.1%
Higher Education	30.0%	27.7%
Specializations (post-graduate, master's and doctorate)	4.9%	4.7%

1. The benefits granted to all employees include: medical, dental, child care assistance, special child assistance, transportation, meals, basic necessities hamper, pharmacy assistance, pension plan, Christmas hamper, Christmas toys, school kits, supplementary disease aid, executive check-up, funeral plan, life insurance. The benefits granted to full-time employees, but are not provided to temporary or part-time workers are: life insurance, health insurance, coverage for incapacity/disability, maternity/paternity leave, and retirement fund (GRI LA3). The average remuneration of the members of the Board of Directors represents 53% of the average remuneration of Executive Board members (GRI 4.5).

Training and development

The **Semear Program** was set up to assist the integration of Fibria's professionals. Workshops were held for 1,060 management and administrative employees from all the company's Units, split into 50 groups.

The **Forest Harvesting Machinery Operators and Mechanics Training Program** was developed in Espírito Santo and Mato Grosso do Sul States in partnership with SENAI. A total of 752 residents of communities within the vicinity of the company applied for the program, of which 122 received training and 99 were hired in Mato Grosso do Sul State, while 195 are undergoing training in Espírito Santo State.

The **Forest Monitor Program** being conducted in Espírito Santo and Bahia States aims to promote income generation through the hiring of professionals from neighboring communities and to strengthen the monitoring of the company's forestlands. Already conducted in the municipality of Conceição de Barra (Espírito Santo State), the program had 290 individuals enrolled for the training course, of which 33 were selected for training and subsequently hired. In Bahia State there were 1,190 enrollments and 55 employed.

Fibria has offered professional qualification programs to the local communities, young professionals, and recent graduates of distinctive colleges through the **Trainee Program**. It also advances employee professional development through the **Postgraduate Diploma in Pulp and Paper Technology** and the granting of **Scholarships and Language courses**.

Fibria developed its **Apprentice** and **Internship Programs** to help prepare teenagers and young people for the job market. The Apprentice Program is supplemental to the requirements of Law 10.097/2000, which deals with the recruitment of young people and offers teenagers and young adults between the ages of 14 to 24 basic professional training in the company's administrative and operational areas. In addition to technical content the program focuses on social, cultural and citizenship values, thus contributing to social inclusion. The Internship Program is intended for training and development of students from technical level schools and universities, preparing them for the labor market and, at the same time, identifying potential recruits for the future.

In the last quarter of 2010, 36 employees from different areas of Fibria attended a course on **Responsible Management for Sustainability**, which was specially developed by Fundação Dom Cabral, a renowned business school. The course was divided into three modules, covering the concepts, practices and references of sustainability applied to the pulp industry. Representatives of all of Fibria's Units could delve deeper into the debate about sustainable practices and learn to identify the tools and techniques most useful for implementing them. At the end of the course, they were challenged to design an ideal company with a responsible management model.

The modules were supplemented with online activities. The company expects that employees who participated will now apply the knowledge acquired in their Units, passing along what they learned to colleagues and acting as multipliers.

Internal opinion survey

In order to develop a better understanding of the needs and expectations of its employees, and thus work toward building an ever more harmonious and productive working environment, Fibria conducted extensive research on the organizational climate in the second half of 2010. The survey, whose results were released in February 2011, had five main goals:

- Identify issues that contribute or hinder the engagement of employees with the company's goals and strategies;
- Evaluate the conditions of organizational assistance to support the effectiveness of people's work;
- Understand the difference in perception between hierarchical levels and areas;
- Compare Fibria's results to the Pulp and Paper Industry and the companies that comprise the Hay Group database (General Market and Best Market Practices), considered a benchmark in good corporate practices;
- Guide the prioritization of post-survey improvement actions and action plans.

A total of 79 issues were addressed on various aspects of the company's operations, with the participation of 3,722 employees (77% of the total of 4,839 people who could participate, excluding those who were on holiday and on leave during the survey period), of which 2,359 responded to the print version and the remaining 1,363 over the Internet. To ensure confidentiality, results by area were opened only when the groups presented at least 10 respondents.

The survey found that the favorability (or approval) of the company, i.e. the average level of satisfaction of the employees consulted covering all Units and all aspects investigated, was 59%. The issues notable for the greatest or lowest levels of agreement among the interviewees were the following.

Top 10 results

Issue	Favorability
I understand how my role contributes to achieving the company's business goals	90% agree
The products and services provided by the company are of high quality	84%
I am proud to work for this company	84%
The company has clearly defined principles and values	82%
The people on my team are committed to delivering quality products and services	81%
The company provides high quality support to customers	80%
Safety rules are applied within the company	79%
I am optimistic about the company's future	78%
I would recommend this company to my family or friends as a good place to work	78%
The company appropriately addresses the issues related to work safety	76%

The top 10 challenges

Issue	Favorability
The level of motivation in the company is high	35% agree
The company handles its relations with labor union in a suitable manner	40%
I get sufficient feedback on the quality of my work	41%
My immediate superior discusses with me my strengths and needs in order to advance my professional development	41%
The company is adept at retaining high performing employees	41%
My immediate superior creates new professional opportunities to subordinates who excel in their work	42%
My immediate superior explains the criteria used to monitor my performance	42%
I participate in the definition of my targets with my immediate superior	42%
My immediate superior encourages integration between the areas	43%
My immediate superior plans training sessions or involves me in activities so that I can enhance my knowledge and skills to improve my development	44%

Next Steps

The survey revealed several positive features that the company will try to strengthen, and others that need to be corrected and improved. Based on these results, Fibria will organize discussion groups in different areas and Units, coordinated by the managers, creating the opportunity for everybody to contribute an opinion and make suggestions for improving the workplace environment.

Health and safety

As a company that values quality of life, Fibria believes that safety and health are strategic issues. We have therefore developed many programs in these areas, based on four pillars:

- 1. Leadership and responsibility:** definition of roles, guidelines and practices, aligned and based on management initiatives. The commitment of leadership with issues related to health and safety, such as prevention and learning – should inspire and mobilize employees for a sustained and common purpose;
- 2. System:** the establishment of practices, programs and tools to support the attainment of the goals. 17 critical processes had their guidelines standardized, aiming to align to global benchmarks. System maintenance is conducted by a steering committee composed of representatives of health and safety from all Units;
- 3. Behavior and performance:** the continuous monitoring of performance indicators and the workplace near-miss procedures, are complemented by internal and external audits, that seek continuous improvement of the system;
- 4. Synergy and recognition:** information about managing risk of fatalities is shared by identifying and updating of internal and external best practices (benchmarks) in all Units.

The adherence to and continuous improvement of Occupational Health and Safety Management System guidelines have contributed to Fibria's various certifications such as sustainable forest management (FSC and CERFLOR), as well as OHSAS 18001 in the Santos Port Terminal (SP).

Among the tools available in the Occupational Health and Safety Management System that permeates all Units and processes at Fibria are:

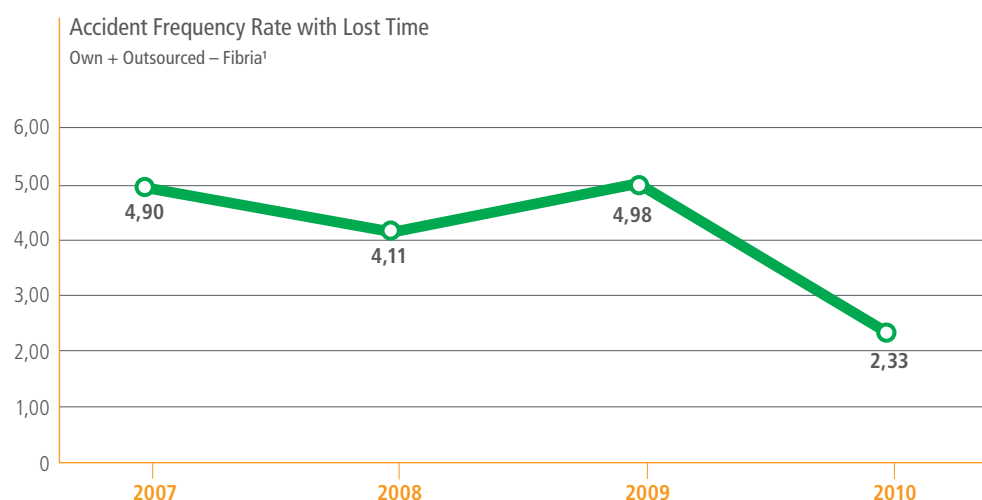
- The Alert Movement - communication program, awareness and engagement in safe behavior;
- Safety Tours - safety inspections conducted by managers;
- Safe Road and Safe Forest - models of safety management in transportation activities and forest areas;
- Golden Rules - management system for adherence to safety guidelines in activities deemed to be of critical risk, such as working at heights and in confined spaces, electrical hazards, handling of suspended loads.

In order to improve standards of workplace safety and health, the company encourages communication of Substandard Conditions and Practices, making regular and random safety inspections, while encouraging the work of the Internal Accident Prevention Commissions, namely the Committee for the Prevention of Domestic Accidents (CIPA), and Internal Commission for Accident Prevention in Rural Work (CIPATR), as well as the Safety Committees. The workers are represented by various internal committees associated with managing workplace health and safety - committees in areas/cells, of ergonomics, quality of life management (led by the general manager of the Unit or process) - and also by the CIPAs and CIPATRs. Over 75% of employees are represented by these committees in all Units of the company (GRI LA6).

Each month the Central Committee of Workplace Safety and Health evaluates working conditions and formulates solutions. Coordinated by the corporate manager of Health, Safety and Occupational Medicine, the committee counts on the participation of safety engineers, safety specialists, doctors and nurses of the industrial and forestry Units.

There are three other levels of committees: Cell Safety, involving representatives of safety, environment and ergonomics of each production Unit; Safety Management, led by Unit managers, with the participation of managers and the hygiene, safety and occupational medicine area; and Outsourced Workers' Safety, a committee that seeks to assess the working conditions of outsourced employees. Minutes of all of the meetings of the committees are made available over the company's internal computer network.

Since the merger on September 1, 2009, Fibria's management of workplace safety and health has reduced the accident frequency rate with own or outsourced employees by 53% in 2010. The index, as can be seen on the chart below, fell from 4.98 to 2.33 accidents per 1 million man hours worked.



1. Indicators for 2007 and 2008 reflect events involving VCP's and Aracruz's own employees and subcontracted companies. On September 1, 2009, the management model was unified and began to reflect Fibria's own performance.

Injury rate (GRI LA7)	2007	2008	2009 ³	2010
Number of Injuries	37	29	143	101
Rate of Injuries (TL) ¹	0.36	0.29	0.89	0.47
Number of Occupational Diseases	4	3	2	6
Rate of Occupational Diseases (ODD)	0.039	0.03	0.012	0.034
Number of Days Lost	7,646	959	9,475	21,725
Days Lost Rate (LDR) ²	74.32	9.45	58.73	100.25
Number of Days of Absence	4,210.84	5,703.69	6,300.99	7,265.85
Absenteeism rate (TA) ²	0.09	0.14	0.169	0.171
Absolute Number of Deaths	1	0	2	3

1. Note: % compared to the total situation.

2. Note: The factor 200,000 is derived from 50 working weeks of 40 hours per 100 employees.

3. Includes Guaíba Unit (RS), sold in December 2009.

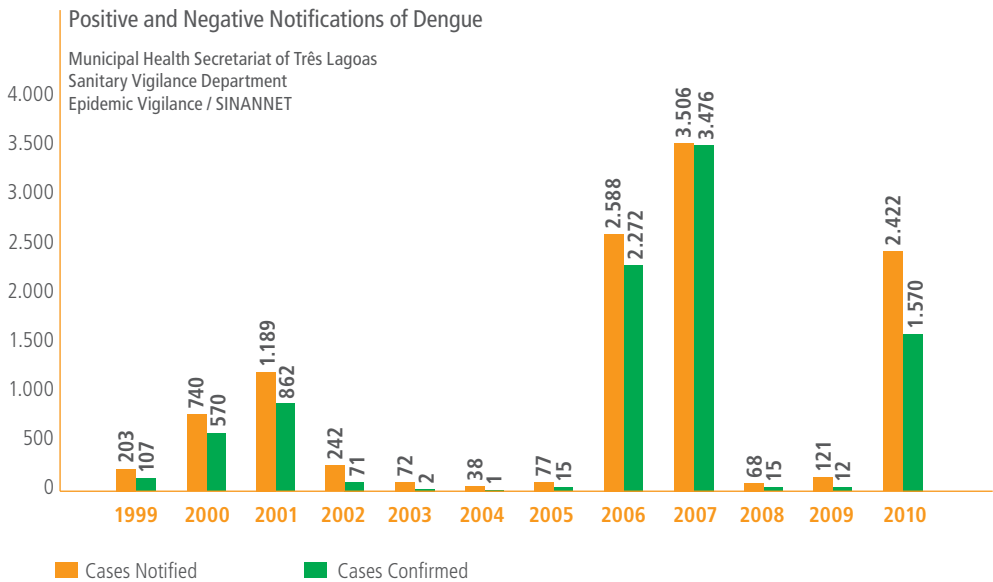
Dengue and leishmaniasis

Since the early stages of construction of the new plant in Três Lagoas (MS) in 2007, the prevalence of dengue fever and leishmaniasis in the city, motivated Fibria to, alongside the public sector, offer local authorities technical and scientific as well as financial support to combat these endemics.

Implemented in 2007, and still valid in 2010, the *Aedes aegypti* Intelligent Monitoring System allowed Três Lagoas to improve its control over the disease, compared to other municipalities in the State.

Dengue fever prevention included distribution of informational materials, the use of traps to capture pregnant females of the dengue-transmitting mosquito species (the aforementioned *Aedes aegypti*) and the use of a computerized geo-referencing system for real-time monitoring and control of mosquitoes in areas at risk of the disease.

Despite the increase in the number of dengue cases in the municipality of Três Lagoas (MS), the chart shows that the levels of infestation of pregnant *Aedes aegypti* females remained within acceptable levels (moderate) in the region.



Source: TL/SMS/VIGEP/SINANNET

(Data updated through January 21, 2011, subject to change)

In 2007 the company donated Excalibur® collars containing a chemical substance that protects healthy dogs against the infestation of the parasite leishmaniasis (*Leishmania braziliensis*). This has allowed the Três Lagoas Secretary of Control of Zoonosis to control and reduce the number of occurrences in the city. By means of epidemiological analysis, dogs that should receive the collars are identified, thus avoiding subsequent human infection.

Quality of life

All initiatives directed at improving quality of life were unified in 2010 under the “+Vida (Life Plus)” Program, which includes a series of preventive health actions and encourages physical activity and a healthy diet; assistance during pregnancy; and psychological and social counseling and legal and financial advice for all employees and their legal dependents. The employees are also encouraged to adopt a proactive attitude, by means of campaigns and activities to promote health.

Major actions in 2010 (GRI LA8):

	Number of persons	Target audience	Region applied
AIDS The company holds an annual awareness campaign coinciding with World AIDS Day (December 1). The subject is also broached on the occasion of the Internal Accident Prevention Weeks (SIPATs and SIPATRs) both in the industrial and forestry areas. It also guarantees the jobs of affected employees who present clinical and psychological conditions compatible with their professional activities, without any discrimination and providing all necessary follow-up	All employees and outsourced workers	All employees and outsourced workers	Fibria's Units in Brazil ¹
Chemical Dependency Fibria has an agreement with a specialized clinic for treatment of chemical dependency, whether inpatient or outpatient, for all its employees and respective family members.	58 human and organization development personnel were trained and one admission made	Employees and family members	Fibria's Units in Brazil ¹
Children and Teens Educational activities with children of employees from 7 to 17 years of age. Goal: To raise awareness of best practices for a healthy lifestyle. Action: Live event at major Units, with physical activities, healthy meals and awareness-raising about healthy habits. A Cultural Drawing and Writing Contest is organized for the children and teens who do not attend the live event.	1,000 participants	Children of employees from 7 to 17 years old	Fibria's Units in Brazil ¹
Financial Life Lectures on the conscientious use of money in family financial management. Goal: Assist in planning of financial life, for a balanced and appropriate family management Action: Behavioral training divided into three modules: basic, intermediate and advanced levels, taught by multiplying the Life Plus Program. In 2010, 19 multipliers were trained.	19 multipliers trained	Employees, contractors and family members	Fibria's Units in Brazil ¹
Move Yourself! Workplace Goal: Encourage physical activity during work hours. Action: Gymnastics lessons at the workplace	75%	Own employees and outsourced workers	Fibria's Units in Brazil ¹
Move Yourself! Gym Goal: Encourage physical activity. Action: Grant of 50% of the monthly payment limited to R\$100 oriented physical activity.	465 employees active in the program	Employees	Fibria's Units in Brazil and abroad
Course for Expectant Mothers Goal: Professional guidance for pregnant women and their spouses Action: Course taught in modules, covering topics such as pregnancy, signs and symptoms of labor, mode of delivery and anesthesia, birth, postpartum, breastfeeding, baby care and mother-infant interaction. Company nurses provide training. In the forestry and industrial units, our health professionals teach the course internally. In other Units, a pregnant woman can request a reimbursement of courses held in maternity hospitals. All pregnant women receive an educational booklet.	24 women participated in the training procedure, 5 patients received reimbursement for courses taught in a maternity hospital	Employees, wives of employees, daughters of employees, outsourced employees and wives of outsourced employees	Fibria's Units in Brazil ¹
Employee Assistance Program (PAE) Goal: To provide professional assessment service, referral and brief counseling to help employees and their families in resolving personal problems. Action: professional and confidential counseling for any kind of personal problem that could compromise the health and welfare of employees, be they emotional, financial, social or legal.	472 professionals and families assisted through September/2010	Employees, spouses and children up to 21 years of age (or 24 years at university)	Fibria's Units in Brazil ¹

Light Life - Nutritional Guidance Goal: Nutritional Guidance. Action: personalized clinical care.	590 employees assisted generating 2,495 consultations	Employees	Fibra's Units in Brazil ¹
Ergonomics Process Goal: Improvement of working conditions, following changes in technological, organizational and work processes. Action: Setting up of ergonomics committees to study improvements in working conditions.	31 employees trained as ergonomics consultants	Employees and outsourced workers	Fibra's Units in Brazil ¹
Immunization A flu vaccination campaign against influenza A H1N1 in partnership with the Secretaries of Health, to ensure immunization of all Fibria employees with the specific H1N1 vaccine.	2,448	Employees	Fibra's Units in Brazil ¹

1. The Life Plus program is fully implemented at the Central Administration Office and at the Forestry and Industrial Units. At Units with fewer employees (e.g. the KSR branches and the Caravelas port terminal) implementation of the program is partial due to logistical reasons. These offices implement a significant part of the actions: Move Yourself! Gym, Employee Assistance Program (PAE), Cultural Contest for Children and Teens, refund of the Course for Expectant Mothers.

Relationship with labor unions

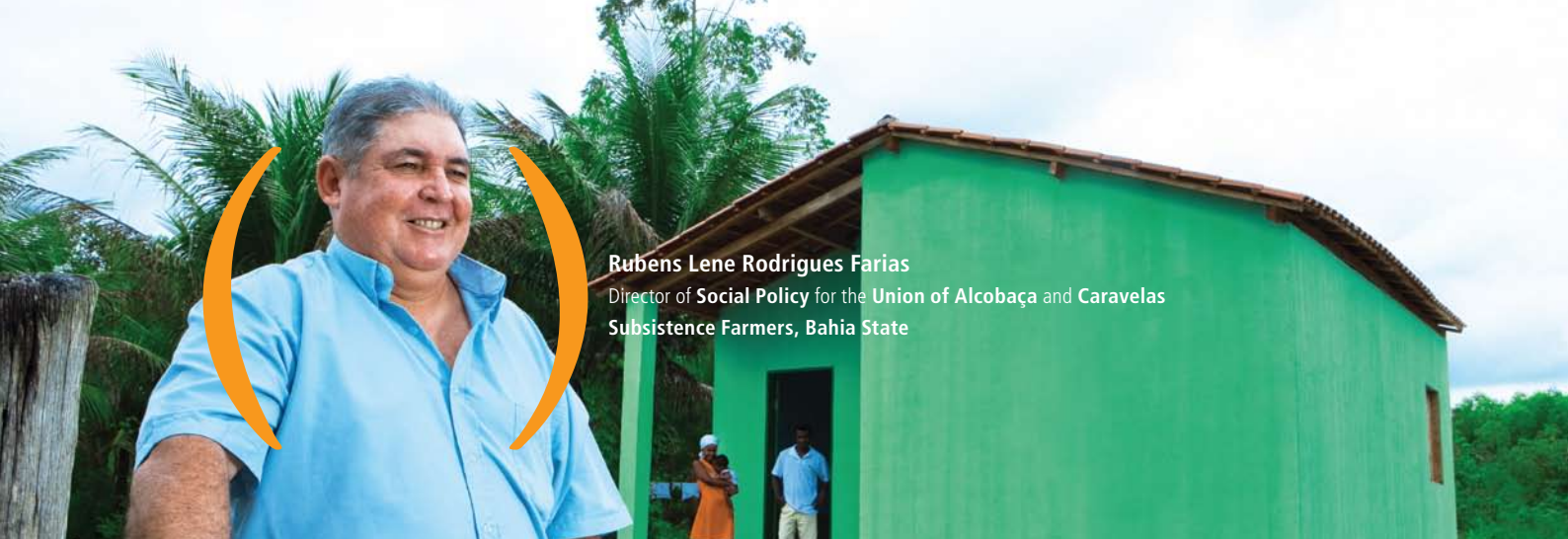
Fibria's employees are represented by labor unions and are covered by collective bargaining agreements or similar contracts. The company deals directly with trade unions on issues such as salary adjustment base-date, the definition of work shifts, the profit sharing plan and any other questions raised by these organizations on behalf of their members.

Fibria presents no obstacles to the exercise of labor union activities within the company and negotiates suitable spaces and times for this to take place. Equally, it allows trade unions to disseminate information of interest to employees on the company's bulletin boards.

The company informs new employees at the outset of the labor unions that represent their category and profession, enabling the employee to choose which of these unions to join. Fibria does not dismiss or retaliate in any way against employees who exercise leadership positions in the trade unions they belong to. These employees are guaranteed the rights assured to them under law during the period they hold a management position in a trade union. In 2010, Fibria's Ombudsman received no denunciation of any violation of the right to free association and collective bargaining (GRI HR5).

The minimum advance notice for operational changes is four weeks for major changes, such as the sale of Units or the closing of branch offices, as evidenced by the cases of the sales of CONPACEL and KSR. The material fact regarding these sales was filed on December 21, 2010 and the closing of the sale was scheduled for January 31 (CONPACEL) and February 28 (KSR). In addition, all major changes in work processes – such as exchanging equipment and layout changes – are communicated to the affected employees and employee representatives (GRI LA5).

The formal agreements with trade unions cover issues relating to health and safety. The employee Profit Sharing Plan (PPR) contains an indicator that deals with worker safety and health. This indicator is discussed by a committee of employees and union representatives elected specifically for this purpose (GRI LA9).



Rubens Lene Rodrigues Farias
Director of **Social Policy** for the **Union of Alcobaça and Caravelas**
Subsistence Farmers, Bahia State

Environmental Performance

This chapter discusses the key challenges and material environmental issues of Fibria's forest management and industrial operations in 2010. The key environmental performance indicators (KPIs) selected by the company are highlighted. Other environmental indicators can be found in the chapter Annex: GRI performance indicators.

Forest management

Wood production and supplies

During 2010, Fibria's industrial Units consumed 21 million cubic meters of wood; around the same level as the previous year. 81% of which came from its own plantations while supplies from outsourced producers rose from 5% to 19% of the total, to make up for the reduction in the company's forest base as a result of the sale of the company's stake in CONPACEL.

There was also an increased investment in new eucalyptus plantations, expanding the total from 7,000 hectares, in 2009, to 47,000 hectares at the end of last year. At the same time, the technique of re-sprouting, which is more economical but less productive, was applied to over 22,000 hectares in 2010, compared with 39,000 hectares in the previous year.

Land area (December/2010)¹

Own/Leased/Partnership

Unit	State	Net Area Area (ha)	Preservation/ Reserves ² Area (ha)	Roads Area (ha)	Other Purposes Area (ha)	Total Area (ha)
Aracruz	Bahia	98,442	62,998	7,948	3,412	172,800
	Espírito Santo	96,731	56,821	7,681	3,533	164,765
	Minas Gerais	7,808	8,605	597	159	17,170
Sub-total		202,981	128,424	16,226	7,103	354,735
Jacareí ³	Minas Gerais	5,459	4,197	209	236	10,101
	Rio de Janeiro	1,696	1,467	114	137	3,413
	São Paulo	80,650	57,534	4,907	4,637	147,727
Sub-total		87,804	63,197	5,229	5,011	161,241
Três Lagoas	Mato Grosso do Sul	156,862	71,858	6,053	13,682	248,456
Sub-total		156,862	71,858	6,053	13,682	248,456
Capão do Leão	Rio Grande do Sul	46,599	59,725	1,828	2,211	110,363
Sub-total		46,599	59,725	1,828	2,211	110,363
Total		494,246	323,205	29,337	28,007	874,795

1. Does not include 50% stakes in Veracel and CONPACEL.

2. Represents 37% of the total area. There is 1 hectare of natural reserves for every 1.6 hectares of eucalyptus plantations.

3. Includes both Vale do Paraíba and Capão Bonito.

Forest Partnership

State	Unit	Area Under Contract (ha)	Area Under Contract %
Bahia	Aracruz	35,506	30.8
Espírito Santo	Aracruz	39,677	34.4
Rio de Janeiro	Aracruz	545	0.5
Minas Gerais	Aracruz	10,715	9.3
	Jacareí ¹	1,480	1.3
Sub-total		12,195	10.6
São Paulo	Jacareí ¹	10,306	8.9
Mato Grosso do Sul	Três Lagoas	1,431	1.2
Rio Grande do Sul	Capão do Leão	15,737	13.6
Total		115,396	100.0

1. Includes both Vale do Paraíba and Capão Bonito.

Seedlings

	2009	2010
Production of eucalyptus seedlings	33,000,000	89,017,808
Planting of eucalyptus seedlings	30,000,000	63,137,817
Donations of eucalyptus seedlings	4,000,000	1,426,630
Production of native tree seedlings	400,000	956,762
Donations of native tree seedlings	193,000	50,007

Wood supplies from third parties

In 2010, Fibria stepped up its Forest Savings Program, under which the owners of rural properties are encouraged to participate in the production chain by supplying wood to the company. The program augments the supply of eucalyptus to Fibria's industrial Units, and is also an important stimulus to regional development, generating local income and employment.

The Program made significant advances in 2010, with its launch in the Vale do Paraíba region of São Paulo State, supported by CATI (Technical Support Coordination), an arm of the São Paulo State government's Department of Agriculture and Supplies. Technical experts assess the feasibility of planting eucalyptus on the properties seeking registration under the program, then Fibria offers the producer a package covering financing guarantees, the supply of seedlings and a commitment to purchase the wood at the end of the seven year cultivation period.

The Program has also innovated in 2010 by offering the certification of foods produced in eucalyptus forests in Rio Grande do Sul State. This project, named "Floresta à Mesa (from the forest to the table)", receives technical support from the Agency for Agricultural Technical Assistance and Rural Extension (EMATER) and is audited by the Instituto de Avaliação da Qualidade de Produtos da Cadeia Agroalimentar, the institute responsible for certifying crops that are cultivated in an ecologically-friendly manner.

In Rio Grande do Sul State, producers have been planting crops alongside first year eucalyptus since 2006, over a total area of 10,000 hectares. With the added stimulus of certification, which offers enhanced profitability, the figure is expected to exceed 13,000 hectares by the end of 2011. Watermelon, pumpkin and maize in the regions of Bagé, Candiota, Pelotas and Dom Pedrito have been the most successful crops so far.

Fibria has signed a total of 3,797 contracts with wood suppliers in the States of Espírito Santo, Bahia, Minas Gerais, Rio de Janeiro, Rio Grande do Sul, Mato Grosso do Sul and São Paulo, covering a total area of 115,396 hectares. In the contracts with these independent producers, the company seeks to:

- Consolidate long-term partnerships, with a view to integration between the local community and the forestry business, thereby contributing towards the social inclusion of local residents, environmental conservation and rural development;
- Promote planned and organized occupation of the rural landscape;
- Respect local culture and encourage agroforestry systems that add value to the forest and other crops;
- Promote socially conscious attitudes, through sharing resources, winning new markets and certification of forest and agricultural products;
- Provide full technical support for forest and agricultural production;
- Promote environmental development, through the encouragement of conservation, offering higher prices for the wood, the legal normalization of the rural properties and the monitoring of the fauna, flora and water resources;
- Offer a good deal to both small-scale farmers and major producers;
- Establish small-scale forestry, with the possibility of allocating some of the wood for other uses, with support through financing and related social projects.

Wood logistics

Most of the wood coming to Fibria's industrial Units arrives in trucks, as the road infrastructure is the prime option in Brazil. The company has tried, as much as possible, to increase its use of barges for transportation, since this is more cost effective and has less environmental impact. At present however, this type of transportation is only feasible between the ports of Belmonte and Caravelas, which receive the wood harvested from the plantations in Bahia, and the maritime terminal of Portocel, in Espírito Santo State, bound for the Aracruz Unit. During 2010, a total of 1.98 million tons of wood were transported over this route, 132,000 tons more than in 2009. The Aracruz Unit has four barges and two push tugs providing this transportation.

In 2010, the Jacaré Unit received 3.63 million cubic meters of wood. There was a low level of accidents recorded during this transportation, equivalent to 0.7 per 1 million kilometers travelled, well below the world average of 1.0 accident per 1 million kilometers of road transportation. The total toll-free calls in 2010 to report incidents came to 378, 12% fewer than in 2009, when 429 calls were received.

At the Três Lagoas Unit, a total of 4.31 million cubic meters of wood were transported. The construction of a bridge, involving a R\$8 million investment by Fibria and a partnership with the Julio Simões Group, enabled the transport distance to be reduced by 35 km. This allowed the transportation fleet to be reduced by 20 vehicles.

Management of water resources

Fibria constantly monitors the situation in the watersheds where it operates, in order to be able to take appropriate measures regarding any changes in water quantity or quality that might be related to the company's forest management. The most recent results of this monitoring indicate that the forestry operations have not had any significant impact on the local water reserves, although heavy rainfall can lead to soil being washed into rivers and lakes. Whenever this occurs, the turbidity of the water is assessed by experts in the environmental and operational areas, who make recommendations for procedural adjustments, such as for example, improving road conservation practices.

At the Aracruz Unit, whose lands extend into the States of Espírito Santo, Bahia and Minas Gerais, the monitoring of water quantity and quality in the forests is carried out within 12 watersheds, by the company's own team. This control system has recently been enhanced, with the setting up of a 220 hectare experimental area that allows for more detailed analysis of the environmental impact of the plantations, taking into consideration the water cycle, biodiversity, flora and soil. In addition, another six piezometers were installed within the company's areas in Espírito Santo State, to assess the level of the water table and the quality of the groundwater.

At the Jacaré Unit (São Paulo State), two watersheds are being monitored by REMAM (Catchment Area Environmental Monitoring Network), under the River Basin Environmental Monitoring Program (PROMAB) of the Forestry Science and Research Institute (IPEF/ESALQ-USP). According to a report issued by PROMAB/REMAM the company's forestry operations associated with the Jacaré Unit did not alter the quality or quantity of the available water in of their watersheds during 2010.

In 2010, the Três Lagoas Unit (Mato Grosso do Sul State) began monitoring the water quality in seven of the region's watershed areas, registering no significant changes brought about by the forest management. Quantitative monitoring of surface water will begin in 2011.

Integration of the methodology for the monitoring and study of the water resources at Fibria's Units began in 2010, with technical support from the Federal University of Viçosa (UFV), the Australian Commonwealth Scientific and Industrial Research Organization (CSIRO) and the IPEF. The company expects to complete this process by the end of 2011.

Forest protection

At Fibria, protection of the forests against pests, disease, weeds and fires is based on a strategy involving continuous cycles of prevention, monitoring and control. The company is making ongoing efforts to select and plant ever more resistant plant strains, and is also concerned with preserving an ecological balance and acquiring the know-how to make improvements in forest management.

Integrated monitoring of the forest facilitates detection of any threats to the eucalyptus and the efficient management of the system, reducing the areas affected by pests, and the use of pesticides. The teams responsible for this control are also equipped to handle the initial stage of fighting forest fires, which considerably reduces both wood losses and environmental impact. Decision making, planning and pest, disease and weed control all comply with technical, environmental and legal principles, as well as forest certification restrictions.

Research activities in 2010 gave priority to managing a new eucalyptus pest, improving genetic resistance to diseases, identifying new herbicides with forest applications and introducing new monitoring technology, including satellite images. All the recommendations for pest and disease management were reviewed and consolidated into a single new model, bringing operational gains and reducing the demand for inputs. Advances were also made in the process of diagnosis at all the company's nurseries, which should lead to more efficient management of pests and diseases during seedling production.

Particular attention focused on controlling infestation by the bronze bug (*Thaumastocoris peregrinus*) with recommendations made for detecting and combating this new pest. Studies were carried out on how best to implement biological and chemical controls and the teams were trained in the techniques for management at all of the company's operational Units.

This new forest protection strategy includes procedures for early diagnosis of resistance to rust disease in eucalyptus. A bank of disease resistant clones has been established to support the genetic improvement program.

The Aracruz Unit's forest monitoring model has been implemented at the Três Lagoas Unit, which should help to reduce the use of pesticides such as ant bait, as well as bring down costs. 500 professionals undertook a total of 3,200 hours of training, spread over 20 sessions, to perfect the techniques for fighting forest fires. The teams controlling ants also received retraining, with 15 training sessions for 580 professionals. The practical and theoretical classes examined the biology of leafcutting ants, and specifics of control techniques, as well as aspects of environmental and work safety. All the pest records were evaluated, confirming the effectiveness of the action taken.

Performance indicators were also defined and approved. These took into consideration the most important issues relating to forest protection activities. Among the chosen indicators, which will be reviewed on a monthly basis, are the percentage area affected by the pest; the intensity of the outbreak; the effective consumption of pesticides; the holding of training sessions; and the cost of operations for the integrated management of pests, diseases and weeds, and the prevention and fighting of forest fires. Regular analysis of these indicators should help to improve the forest protection management at Fibria.

Soil management

Fibria understands that the sustainability of its plantations depends, among other factors, on the application of appropriate soil management practices. These practices include choosing the planting areas, following a soil survey, and preparing the site, taking into consideration the environmental restrictions that could affect the growth of the plants. Soil conservation, replacing nutrients by means of the judicious use of fertilizers, and handling the harvesting waste, are all normal practices. Application of these techniques takes into consideration the environmental distinctions between the different regions in which the company operates, the peculiarities of different genetic strains and the results of the research and monitoring carried out during the planting cycles.

To meet the objectives for soil management, the company continues to invest in mapping areas for the expansion of the Três Lagoas Unit. The information obtained over the last 20 years has been recorded in a database, enabling Fibria to compile the technical classification of the different soils. As a result, the recommended practices for soil preparation and management in use by the company have been confirmed and retained.

Increasing the productivity of the forest plantations is crucial to the company's competitiveness. This is especially difficult under an intensive management regime, which requires ever more use of specialized and, at the same time, conservationist technology. A good example of this is the use of the "Rotree" system for site preparation on sloping terrain, allowing combined soil preparation and the application of fertilizers and herbicides, leading to significant gains in planting quality, safety and ergonomics.

Last year saw the extension of studies into new tools for the analysis of eucalyptus nutritional requirements and the nutritional efficiency of superior clones, as well as models for quantifying soil compaction and soil and water losses through hydric erosion, and for the use of controlled release fertilizers. Based on the fertilizer response potential verified in previous studies, improvements were also made in the program for applying fertilizers during planting and maintenance, mainly at the Três Lagoas Unit. Improvements in logistics, application safety and cost have been achieved, as a result of the reduction in the number of NPK (nitrogen, phosphorus and potassium) formulas in the plantations and expansion of the automatic system of fertilizer management and control.

The Aracruz Unit reutilizes waste from pulp production to fertilize its plantations. In 2010, the technical, economic and environmental feasibility of extending this practice to the company's other Units was confirmed. A corrective agent for soil acidity that uses ash, dregs and sludge, is in the process of being licensed.

Biodiversity

Conserving biodiversity is a fundamental aspect of Fibria's sustainability strategy. The company operates in regions where the native vegetation is extremely fragmented, as a result of the traditional occupation of land in Brazil. Since the company's forestry activities are licensed by the relevant bodies and are the object of meticulous socioenvironmental planning, the situation within the company's areas is significantly different, with large areas of native forest species interspersed with eucalyptus plantations, forming mosaic-like patterns. Fibria seeks to conserve its protected areas, in the form of Legal Reserves, Permanent Preservation Areas (APPs) and Private Natural Heritage Reserves (RPPNs). It does this by protecting, restoring, managing and integrating them with the forest plantation matrix, while also striving to minimize the outside pressures and degradation factors that could affect these areas. The present challenge is to conserve the diversity of flora and fauna, by fine tuning the management and carrying out studies into the forest dynamics.

Actions such as forming ecological corridors and staggering harvest so as to minimize the impact on the local fauna are planned and carried out based on a scientific approach towards the landscape. This approach integrates the results of studies and monitoring of the fauna and flora (especially birdlife, our principal bio-indicator) with aspects of the forest management and the type of ecosystem in question. Fibria's Program for the Conservation of Biodiversity, which is nearing completion, includes the study of endangered species and fauna with strong public appeal, in order to promote the safeguarding of habitats and attract support for management projects aimed at conservation.

Conservation Areas

Fibria is a founding member of the country's most ambitious project for the regeneration of the Atlantic Rainforest, which was launched in 2010, in partnership with the Ethos Institute, the Oikos Institute and Banco Santander, and supported by the SOS Atlantic Rainforest Foundation, the Tomie Ohtake Institute and PricewaterhouseCoopers. This initiative, which has been under development since 2006, has the goal of preserving and restoring 150,000 hectares of Atlantic Rainforest in the portion of the Paraíba do Sul river basin located within the State of São Paulo, over the next ten years.

The Vale do Paraíba Ecological Corridor will comprise 122,000 hectares of Atlantic Rainforest (with an average of 1,660 trees per hectare, making a total of 202 million trees by the end of the period) and 28,000 hectares of eucalyptus forests.

To stimulate the involvement of local communities and farmers in the recuperation of this important biome, the Vale do Paraíba Ecological Corridor Association will pay for the ecological services provided and encourage the planting of native species and those of economic utility (eucalyptus). More detailed information about the project can be obtained from the website at: www.corredordovale.org.br.

Fibria already has three Private Natural Heritage Reserves (RPPNs)¹ in areas of the Atlantic Forest within the State of Espírito Santo. The largest of these is the Recanto das Antas (Tapir Retreat), covering 2,202 hectares in the municipality of Linhares, which owes its name to the abundance of this large mammal in the region. According to the Instituto BioAtlântica (IBio), this reserve is the largest RPPN in Espírito Santo and one of the ten largest within the Brazilian Atlantic Forest biome. The company's other RPPNs are Restinga de Aracruz, covering 296 hectares of the municipality of Aracruz, and Mutum Preto, with an area of 379 hectares, which is also located in Linhares.

In 2011, the company intends to finalize the management plan for the Restinga de Aracruz RPPN and to obtain legal recognition of three new RPPNs, covering a total area of 3,757 hectares. The reserves in question are Esperança do Beija-Flor, covering 2,925 hectares of the municipality of Teixeira de Freitas, in the State of Bahia; Torrinhas, with an area of 162 hectares in Pinheiro Machado (Rio Grande do Sul State); and São Sebastião do Ribeiro Grande, in Pindamonhangaba (São Paulo State), covering an area of 603 hectares.

1. Conservation Area on private property, registered in perpetuity, for the purpose of conserving biological diversity. Creating an RPPN is a voluntary act on the part of the landowner, who decides to dedicate all or part of his or her property to this purpose, without prejudice to his or her property rights (IBAMA).

RPPN (origin of name)	Municipality / State	Area (ha)	Status	Biome	Fauna (highlight)	Flora	Other relevant details
Restinga de Aracruz (salt marsh - typical coastal vegetation within the Atlantic Forest biome)	Aracruz - Espírito Santo	296	Officially declared an RPPN in May 2007.	Atlantic Forest Salt Marsh	One of the few conserved areas of arboreal salt marsh on the northern Espírito Santo State coast.	Contains arboreal salt marsh, located within a high-priority mini-corridor (Ministry of the Environment and SEMA-ES) comprising the Goytacazes National Forest and Comboios Biological Reserve conservation areas (UCs).	The identified areas are at the limit of the Atlantic Rainforest Central Corridor. Comboios Tupiniquim Indian Community.
Mutum Preto (endangered species - bare-faced curassow - habitat)	Linhares - Espírito Santo	379	Officially declared an RPPN in January 2007.	Atlantic Forest	Home of the bare-faced curassow (<i>Crax blumenbachi</i>), a critically endangered endemic species.	Remnants of dense tropical rainforest in the Espírito Santo section of the Atlantic Rainforest.	The identified areas are at the limit of the Atlantic Rainforest Central Corridor. The Recanto das Antas and Mutum Preto RPPNs are linked to the Sooretama Biological Reserve (Sooretama) and Reserva da Vale (Linhares) conservation areas, forming the largest fragment of Atlantic Rainforest in the State of Espírito Santo.
Recanto das Antas (endangered species - tapir - habitat)	Linhares - Espírito Santo	2,202	Officially declared an RPPN in July 2007.	Atlantic Forest	Home of the tapir (<i>Tapirus terrestris</i>), an endangered species, one of the largest mammals in the Americas.	—	The identified areas are at the limit of the Atlantic Rainforest Central Corridor. The Recanto das Antas e Mutum Preto RPPNs are linked to the Sooretama Biological Reserve (Sooretama) and Reserva da Vale (Linhares) conservation areas, forming the largest fragment of Atlantic Rainforest in the State of Espírito Santo.
Esperança do Beija-Flor (endangered species - hook-billed hermit - habitat)	Teixeira de Freitas – Bahia	2,925	Formal request submitted in October 2006.	Atlantic Forest	Home of the hook-billed hermit (<i>Glaucis dorrnii</i>), an endangered endemic species of hummingbird.	One of the last remaining protected forest remnants of the Atlantic Rainforest tableland.	The identified areas are at the limit of the Atlantic Rainforest Central Corridor.

RPPN (origin of name)	Municipality/ State	Area (ha)	Status	Biome	Fauna (highlight)	Flora	Other relevant details
São Sebastião do Ribeirão Grande (name of the former coffee plantation)	Pindamonhangaba - São Paulo	603	Formal request submitted in December 2009.	Atlantic Rainforest	Home of the woolly spider monkey (<i>Brachyteles arachnoides</i>), Brazil's largest primate.	One of the best preserved Atlantic Rainforest remnants, on the slopes of the Mantiqueira mountain range, the area comprises lowland, hillside and highland formations. The area is one of the points connecting the Serra da Mantiqueira and Serra do Mar mountain ranges, under the Paraíba Valley Ecological Corridor Project.	Contains the ruins of the old farmhouse, for which a preservation order has been issued by CONDEPHAAT (Council for the Protection of Brazil's Historical, Archaeological, Artistic and Touristic Heritage). The identified areas are at the limit of the Atlantic Rainforest Central Corridor.
Torrinhas (name of local geological formation)	Pinheiro Machado -Rio Grande do Sul	162	Formal request submitted in December 2009.	Pampa	Home of the pampas cat (<i>Leopardus colocolo</i>), a feline that inhabits open environments and is endangered within this biome, as well as other endangered species.	One of the few remaining well-conserved grassland fragments in the regional landscape, containing endemic rupestrine flora.	The area is close to the Historical-Cultural Site of the Battle of the Porongos, an important event near the end of the "Revolução Farroupilha (Revolt of the Ragamuffins)".

Forest environment performance indicators

GRI EN8 - Total water withdrawal, by source

Unit	Source ¹	Annual forestry volume (m³)
Jacareí	Surface water	201,312 (Capão Bonito)
	Groundwater	204,660 (Vale do Paraíba)
Aracruz	Surface water	307,487
Três Lagoas	Surface water	287,535
	Groundwater	36,962

1. Does not include surface water for forestry at the Jacareí and Aracruz Units, as in 2010 only the Três Lagoas Unit had this control. In the other Units the control was implemented in 2010, but no data was generated for that period. Surface water in multiple areas.

GRI EN9 - Water sources significantly affected by withdrawal of water

The reference used by Fibria to estimate whether a water body is being affected is in the success in being issued a grant, that requires a hydrogeological study. The company believes that the environmental agency only issues a grant that respects the sustainable limit of the water body. The hydrologic parameters established by the Department of Water and Power (DAEE) are: long period average flow, which interprets the water availability in a watershed and indicates the upper limit of its usable water potential, and the minimum flow, that characterizes the availability of water in times of low rainfall.

GRI EN11 - Location and area of land owned, leased or managed within or adjacent to protected areas or those outside the protected areas that nevertheless have a high level of biological diversity

	Own, Leased or Partnerships (ha)	Forest partnership (ha)	Total (ha)	Own, Leased or Partnerships (km²)	Forest partnership (km²)	Total (ha)
Within	20,964.8	7,524.4	28,489.2	209.6	75.2	284.9
Adjacent	161,801.2	15,852.2	177,653.4	1,618.0	158.5	1,776.5

Areas (in hectares) within Conservation Area buffer zones (Owned, Leased, or Partnerships)

Location	Aracruz	Capão Bonito	Jacarei	Capão do Leão	Três Lagoas	Total
APP	156.3	–	–	–	–	156.3
ZA - APP Bananal do Norte	147.4	–	–	–	–	147.4
ZA - APPES Pico do Ibituruna	8.9	–	–	–	–	8.9
ARIE	1,206.6	–	–	–	–	1,206.6
ZA - ARIE Morro da Vargem	1,206.6	–	–	–	–	1,206.6
Bem Tomb	881.2	–	–	–	–	881.2
ZA - Ilha do Gambá	6.1	–	–	–	–	6.1
ZA - Monte Aghá	12.6	–	–	–	–	12.6
ZA - Morro do Cruzeiro	5.2	–	–	–	–	5.2
ZA - Pedra do Elefante	575.6	–	–	–	–	575.6
ZA - Sumidouro e Cachoeira do Funil	281.6	–	–	–	–	281.6
Esec	9.9	15.7	–	–	–	25.6
ZA - Esec da Barra Nova	3.8	–	–	–	–	3.8
ZA - Esec de Bauru	–	15.7	–	–	–	15.7
ZA - Esec Papagaio	6.1	–	–	–	–	6.1
Flona	18,439.4	12,058.2	1,754.6	–	–	32,252.2
ZA - Flona Capão Bonito	–	12,058.2	–	–	–	12,058.2
ZA - Flona Floresta Nacional de Goytacazes	821.5	–	–	–	–	821.5
ZA - Flona Passa Quatro	–	1,754.6	–	–	–	1,754.6
ZA - Flona Rio Preto	17,617.9	–	–	–	–	17,617.9
Parec	11.8	–	–	–	–	11.8
ZA - Parec de Jabaeté	11.8	–	–	–	–	11.8
Parmu	13.3	–	–	–	–	13.3
ZA - Parmu do Itabira	9.3	–	–	–	–	9.3
ZA - Parmu do Morro da Mantiqueira	4.0	–	–	–	–	4.0
Parna	14,785.7	–	1,237.0	–	–	16,023.4
ZA - Parna Pontões Capixabas	962.6	–	–	–	–	962.6
ZA - Parna da Serra da Bocaina	–	147.1	–	–	–	147.1
ZA - Parna de Itatiaia	–	1,090.6	–	–	–	1,090.6
ZA - Parna do Caparaó	697.8	–	–	–	–	697.8
ZA - Parna do Descobrimento	2,231.6	–	–	–	–	2,231.6
ZA - Parna Marinho dos Abrolhos	10,771.7	–	–	–	–	10,771.7
ZA - Parna Monte Pascoal	122.1	–	–	–	–	122.1
PES	22,617.5	2,726.9	9,009.9	–	–	34,354.3
ZA - PES Campos do Jordão (PE)	–	–	2,063.8	–	–	2,063.8
ZA - PES Carlos Botelho	–	1,019.7	–	–	–	1,019.7
ZA - PES da Cachoeira da Fumaça	360.1	–	–	–	–	360.1
ZA - PES da Serra do Brigadeiro	11.5	–	–	–	–	11.5
ZA - PES de Itaúnas	21,490.7	–	–	–	–	21,490.7
ZA - PES de Mata das Flores	12.7	–	–	–	–	12.7
ZA - PES de Pedra Azul	654.3	–	–	–	–	654.3
ZA - PES de Sete Salões	81.7	–	–	–	–	81.7

Areas (in hectares) within Conservation Area buffer zones (Owned, Leased, or Partnerships)

Location	Aracruz	Capão Bonito	Jacarei	Capão do Leão	Três Lagoas	Total
ZA - PES Ilha das Flores	4.2	—	—	—	—	4.2
ZA - PES Intervalos	—	468.5	—	—	—	468.5
ZA - PES Juquery	—	—	25.4	—	—	25.4
ZA - PES Mananciais de Campos do Jordão	—	—	2,214.6	—	—	2,214.6
ZA - PES Nascentes do Tietê	—	—	50.8	—	—	50.8
ZA - PES Paulo César Vinhas	2.2	—	—	—	—	2.2
ZA - PES Serra do Mar	—	—	4,655.4	—	—	4,655.4
ZA - PES Turístico do Alto Ribeira	—	1,238.6	—	—	—	1,238.6
PNM	—	—	—	—	3,110.6	3,110.6
ZA - PNM do Pombo	—	—	—	—	3,110.6	3,110.6
RDS	9,881.8	—	—	—	—	9,881.8
ZA - RDS Manguezais do Piraquê-Açu	9,881.8	—	—	—	—	9,881.8
Rebio	29,287.6	—	—	2,072.6	—	31,360.2
ZA - Rebio Córrego do Veado	2,011.7	—	—	—	—	2,011.7
ZA - Rebio Córrego Grande	5,614.7	—	—	—	—	5,614.7
ZA - Rebio de Augusto Ruschi	548.6	—	—	—	—	548.6
ZA - Rebio de Comboios	8,399.4	—	—	—	—	8,399.4
ZA - Rebio de Duas Bocas	105.5	—	—	—	—	105.5
ZA - Rebio de Sooretama	12,607.7	—	—	—	—	12,607.7
ZA - Rebio do Mato Grande	—	—	—	2,072.6	—	2,072.6
Resec	11.8	—	—	—	—	11.8
ZA - Resec de Jacarema	11.8	—	—	—	—	11.8
Resex	48,302.7	—	—	—	—	48,302.7
ZA - Resex Cassuruba - Área 1	52.3	—	—	—	—	52.3
ZA - Resex Cassuruba - Área 2	46,899.1	—	—	—	—	46,899.1
ZA - Resex Ponta do Corumbau	1,351.3	—	—	—	—	1,351.3
ZA - Córrego Sumidouro	61.6	—	—	—	—	61.6
Total	145,667.2	14,800.8	12,002.2	2,072.6	3,110.6	177,653.4

Key

APA	Environmental Protection Area
APP	Permanent Preservation Area
ARIE	Area of Ecological Interest
BEM TOMB	Beautiful Scenery (Natural Heritage)
ESEC	Ecological Station
FLONA	National Forest
PAREC	Ecological Park
PARMU	Municipal Park
PARNA	National Park
PES	State Park
PNM	Municipal Natural Park
RDS	Sustainable Development Reserve
REBIO	Biological Reserve
RESEC	Ecological Reserve
RESEX	Extractivist Reserve

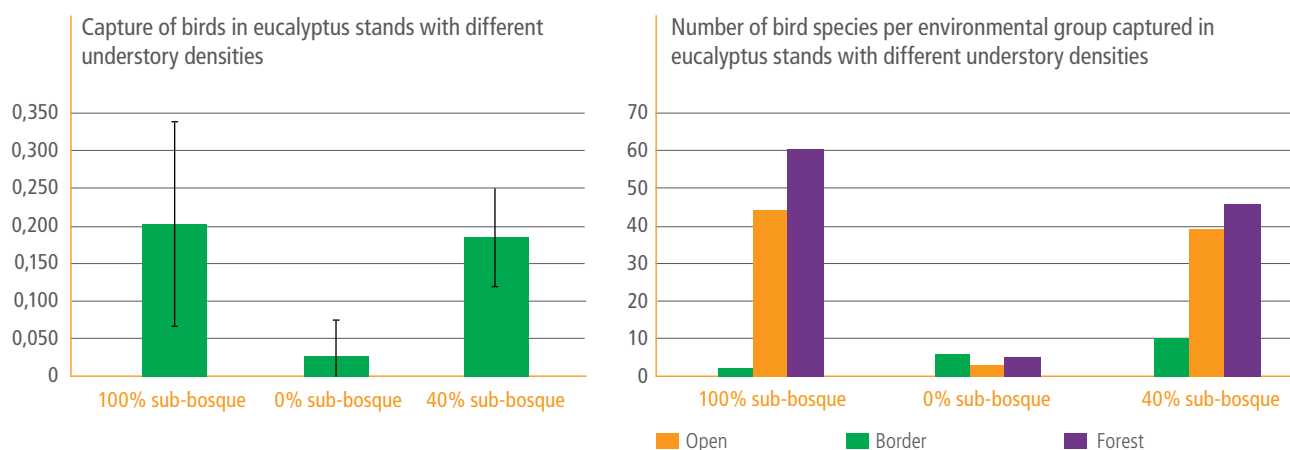
GRI EN12 - Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas

Because of their sensitivity to environmental disturbance, birds are considered to be a reliable indicator of the impact of forestry activities on biodiversity. The common presence of bird species in Fibria's forests (see GRI EN15) reflects the influence of the company's forest management. In contrast to the previous degraded pastures (lacking in birds), eucalyptus plantations provide a choice of habitat for a variety of species, as can be seen below.

Richness of bird life (2003-2010) on the Boa Esperança and Santa Inês farms, including the number of bird species recorded in the native forest fragments and eucalyptus plantations, in 2010, at Capão Bonito, in the State of São Paulo

		Total	Fragment (2010)					Eucalyptus plantation
			Suiná	Tijuco	Deserto	Prainha	Rancho	
Number of species		284	101	80	78	44	73	37
Endemic to the Atlantic Forest		49	21	17	14	8	18	1
Endemic to the Cerrado (savannah)		1	0	0	0	0	0	0
Endangered		11	1	2	2	1	2	1
Sensitivity to disturbance	Low	154	55	3	44	19	3	29
	Average	118	42	42	32	23	42	8
	High	12	4	2	2	2	28	0
Forest dependence	Dependent	127	57	52	46	31	6	18
	Semi-independent	70	26	12	17	10	18	10
	Independent	87	18	15	15	3	49	9
Diet	Carnivorous	22	3	4	2	0	0	5
	Scavengers	2	0	0	1	0	0	1
	Frugivorous	8	4	4	4	2	5	0
	Graminivorous	18	7	4	6	1	1	6
	Graminivorous-frugivorous	13	5	5	3	2	5	2
	Insectivorous	114	42	33	31	22	31	7
	Nectarivorous	19	8	5	4	3	5	3
	Omnivorous	79	32	25	27	14	25	13
	Piscivorous	8	0	0	0	0	1	0
	Malacofagous	1	0	0	0	0	0	0

Although less populated than the fragments of native forest, planting in mosaics creates ecological corridors that facilitate the movement of specimens from one area to another. In 2010, studies at the Aracruz Unit on the relation between the eucalyptus and the conservation of biodiversity revealed the importance of the understory to birds.



These results show the capture frequency of the different species in relation to the density of the understory and in different parts of the eucalyptus stands. All this knowledge is utilized to minimize the disturbance to the ecosystems caused by forestry operations. The information obtained from the studies is transformed into environmental recommendations to the company's operational areas.

GRI EN13 - Habitats protected or restored

This indicator takes into consideration the total Permanent Preservation Areas (APP) and Legal Reserves (RL). According to Brazilian law, 20% of the area of a rural property must be set aside as a Legal Reserve. Permanent Preservation Areas, meanwhile, are those located around springs, headwaters and along the edge of bodies of water. Fibria keeps an average of 37% of its area for conservation purposes (APP+RL).

		Aracruz Unit (ES, MG, BA)	Jacaré Unit (SP) ¹	Três Lagoas Unit (MS)	Unidade Capão do Leão (RS)
Area of protected habitat (km ²)	Atlantic Forest	1,235.7	557.7	62.8	—
	Cerrado (savannah)	—	74.2	655.8	—
	Mangrove	—	—	—	—
	Restinga	47.9	—	—	—
	Pampa	—	—	—	597.3

1. Vale do Paraíba and Capão Bonito.

GRI EN14 - Strategies, current actions, and future plans for managing impacts on biodiversity

The company's active presence in ecosystems that have already been exploited to exhaustion by other land uses requires the implementation of special management practices, involving socioenvironmental considerations and restoration programs. The company's Forest Environment and Operational Planning teams work together to define actions that will reduce the impact of operations. The factors assessed include harvesting in a mosaic pattern, conservation of biodiversity, ecological corridors, direction of harvesting, water supplies to neighboring communities and other social aspects.

Fibria's actions within the protected areas for conservation of the ecosystem are always in compliance with the prevailing legislation; they involve eliminating exotic trees and replacing them with native species, including, in some cases, the management of endangered species.

During 2010, Fibria's restoration program recovered the following areas:

Unit	Total area (ha)
Jacaré ¹	474
Aracruz	2,900
Três Lagoas	—

1. Vale do Paraíba and Capão Bonito. Including both newly restored areas and activities to protect previously restored areas.

In the case of the Três Lagoas Unit, which is located within the *cerrado* biome, the suppression of disturbances is yielding positive results in the restoration process. The capacity for regeneration is good, and is positively influenced by the region's existing remnants.

Fibria is engaged in improving its processes for the analysis, monitoring and selection of conservation projects, in order to meet the commitments undertaken in the Business Charter for the Conservation and Sustainable Use of Biological Diversity, which it signed during the Conference of the Parties (COP-10) of the UN Convention on Biological Diversity, held in Nagoya (Japan), in 2010. These commitments are additional to the sustainable forest management practices verified under the company's FSC and CERFLOR (PEFC) certifications. They are also in alignment with the national goals for the conservation and use of biological diversity.

The ongoing projects at the company's Units will be maintained in 2011, allowing a deepening of Fibria's knowledge of the biomes in which it operates. For example, the Três Lagoas Unit has the following projects for recovering the native vegetation of the Cerrado (savannah):

- Implementing Permanent Areas for Investigating Methods for Recovering the Cerrado (savannah);
- Program for Monitoring the Local Fauna (Fazenda Barra do Moeda);
- Program for the Analysis, Monitoring and Restoration of Natural Vegetation (Fazenda Barra do Moeda);
- Ecological gradients and the conservation of communities of mammals from the southeast of Brazil that are found in the Pantanal and Cerrado (savannah) biomes;
- Influence of the presence of certain trees in eucalyptus stands on the genetic structure of *Caryocar brasiliense* populations within adjacent fragments.

GRI EN16 and GRI EN17 - Total direct and significant indirect emissions of greenhouse gases, by weight

(tCO ₂ eq)	Fibria	Jacareí	Aracruz	Guaíba	Três Lagoas
Direct emissions - scope 1	1,496,215	372,557	493,328	463,961	166,369
Indirect emissions - scope 2	7,220	3,953	890	2,215	162
Indirect emissions - scope 3	627,147	125,869	306,649	67,007	127,622
Total	2,130,582	502,378	800,867	533,183	294,153
Direct emissions from biomass burning	9,060,139	1,959,125	5,077,182	494,299	1,529,530
Carbon removal	25,510,216	4,404,006	9,176,490	5,485,101	6,444,617
Production	4,518,820	1,070,197	2,203,125	439,268	806,230

Note: covers forestry, industrial and logistics activities.

Fibria – Performance 2008/2009

	Unit	2008	2009	%
Direct emissions - scope 1	Aracruz	532,050	493,328	-7%
	Jacareí	377,355	372,557	-1%
	Três Lagoas	0	166,369	–
	Guaíba	425,821	463,961	9%
	Fibria	1,335,225	1,496,215	12%
Indirect emissions - scope 2	Aracruz	2,027	890	-56%
	Jacareí	3,184	3,953	24%
	Três Lagoas	0	162	–
	Guaíba	5,376	2,215	-59%
	Fibria	10,587	7,220	-32%
Indirect emissions - scope 3	Aracruz	200,063	306,649	53%
	Jacareí	123,167	125,869	2%
	Três Lagoas	0	127,622	–
	Guaíba	86,063	67,007	-22%
	Fibria	409,293	627,147	53%
Biomass	Aracruz	4,581,464	5,077,183	11%
	Jacareí	2,039,263	1,959,126	-4%
	Três Lagoas	0	1,529,531	–
	Guaíba	767,717	494,299	-36%
	Fibria	7,388,444	9,060,139	23%

The emission data relate to the base year 2009 inventory, which was validated by BRTÜV audit in December 2010. Two details are worth mentioning: it includes the Guaíba Unit, which was owned by the company until mid-December of 2009; and the Três Lagoas Unit, which started operating in 2009 and shows the data for the first nine months of its operations.

Moreover, it is possible to note variations in scopes 1 and 2, which are due to cost reduction, circumstances at the mills and external factors. There was a notable 50% reduction in emissions from the Brazilian power network. The sequestration data includes sequestering from preservation areas, using standard Intergovernmental Panel on Climate Change (IPCC) factors. Due to the uncertainties inherent in this process, only 50% of the total was considered in the final result for sequestration.

For more information, please refer to the Fibria Carbon Footprint 2010, at www.fibria.com.br > Environment > Climate change.

GRI EN18 - Initiatives to reduce greenhouse gas (GHG) emissions and reductions achieved

Initiatives already implemented to reduce GHG emissions are still in process and have therefore not yet produced results. Registration of the projects mentioned last year, such as the two Clean Development Mechanism (CDM) projects, is yet to be approved by the UN.

- CDM Projects – Composting and Reutilization of exhaust heat
- Projects for improving the drainage of lime sludge
- Refurbishing of Mill A at the Aracruz Unit: modernization of bleaching process, using more efficient equipment
- Expansion of the GTV biomass boiler at the Jacaré Unit: increasing its biomass burning capacity)

GRI EN22 - Total weight of waste, by type and disposal method

	Method	Unit of measurement	Aracruz Unit (ES, MG, BA)	Jacareí Unit (SP) ¹	Três Lagoas Unit (MS)
Hazardous waste	Re-refined	t	375.19	20.31	–
	Recycled	t	–	74.92	28,020
		parts	–	422	1,587
	Re-utilized	t	–	6.2	–
	Re-utilized	parts	–	–	–
	Incinerated (used as fuel)	t	–	114.43	178
	Vitória Ambiental landfill	kg	251,610	–	–
	Stored on site	t	–	–	15,860
	Sold	t	3.18	–	–
Non-hazardous waste	Composted	t	5,953	–	–
	Re-utilized	parts	129	39	–
		t	3,262	–	–
	Recycled	t	95	75	67,138
	Landfill	kg	79,270	–	–
		m³	–	80.98	–
	Other	t	–	475	–

1. Vale do Paraíba and Capão Bonito.

GRI EN30 - Total investment and spending on environmental protection, by type

	Description	Aracruz Unit (ES, MG, BA)	Jacareí Unit (SP) ¹	Três Lagoas Unit (MS)
Costs	Waste	R\$768,208.62	R\$119,017.41	R\$120,978.22
	Emissions	–	R\$103,222.49	–
	Environmental studies and monitoring (fauna, flora and water resources)	R\$769,890.44	R\$1,117,079.68	–
	Revegetation of degraded and protection areas (APP and RL)	R\$6,813,029.54	R\$1,512,487.14	–
	Environmental management (fixed cost)	R\$1,364,837.28	R\$1,934,654.50	R\$836,912.14
	Surveillance	–	–	–
	Others	–	–	–
	Total	R\$9,715,965.88	R\$4,786,461.22	R\$957,890.36

1. Vale do Paraíba and Capão Bonito.

Industrial operations

Industrial environment performance indicators

Energy

Fibria's pulp production is based on a sustainable energy matrix, using renewable natural resources (wood and liquid biomass) and fuels with a lower carbon content, such as natural gas. Nearly all the energy produced at Fibria is obtained from byproducts of the production process.

At the Jacareí Unit, some of the energy is generated from natural gas, which has a low environmental impact. In its quest to make continual improvements, the Unit is working on a project for the reutilization of biological sludge. This sludge is the waste product of the treatment of effluents from the production process, and can be utilized to generate energy.

The sustainable nature of the energy produced by Fibria yields additional gains at Units that generate a surplus and sell the electricity to the national power grid, as is the case at Aracruz and Três Lagoas Units. The price is higher precisely because this is energy from a sustainable base; feeding this energy into the network avoids the need to generate that same volume by other means, which would almost certainly have a greater environmental impact. Together, the annual surplus production from the Aracruz and Três Lagoas Units amounts to 30 megawatts (8% of the company's total production), which is enough to power a city of 500,000 inhabitants over the same period.

GRI EN3 - Direct energy consumption, by primary energy source

Direct energy consumption

			Unit							
			Jacareí		Aracruz		Três Lagoas		Piracicaba	
			2009	2010	2009	2010	2009	2010	2009	2010
Non-renewable	Coal	t	—	—	—	—	—	—	—	—
	Natural gas	m³	71,108,037	82,094,664	96,310,401	96,550,367	37,341,979	57,683,440	23,493,195	27,258,320
	1A oil	t	—	—	11,597	7,951	—	—	—	—
	3A oil	t	14,456	5,118	—	—	16,504	7,167	—	—
	7A oil	t	32,812	33,076	—	—	—	—	—	—
	Diesel	litres	—	—	13,953	32,114	320,521	252,041	10,800	10,800
	Liquefied petroleum gas	t	—	—	—	—	—	—	161.54	197.38
Renewable	Liquid Biomass	TDS	1,516,200	1,569,452	3,546,777	3,591,580	1,354,243	1,913,445	—	—
	Solid Biomass	t	47,939	19,326	669,794	644,854	101,247	106,590	—	—
	Methanol	t	5,366	3,670	10,987	11,505	5,761	9,728	—	—

TDS - Tons Dry Solids
Values from 2009 were reviewed.

Direct energy consumption in gigajoules

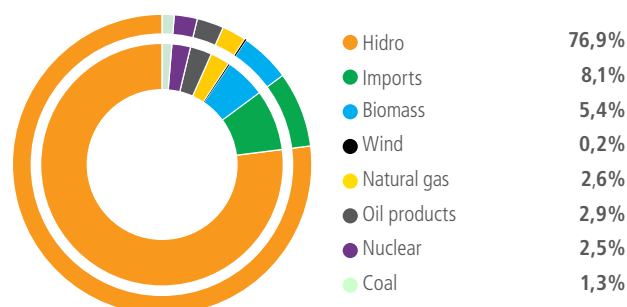
			Unit							
			Jacareí		Aracruz		Três Lagoas		Piracicaba	
			2009	2010	2009	2010	2009	2010	2009	2010
Non-renewable	Coal	GJ	—	—	—	—	—	—	—	—
	Natural gas	GJ	2.465.071	2.845.940	3.338.750	3.347.069	1.294.518	1.999.686	814.428	990.567
	1A oil	GJ	—	—	464.469	318.425	—	—	—	—
	3A oil	GJ	573.027	202.878	—	—	654.219	284.094	—	—
	7A oil	GJ	1.294.427	1.304.850	—	—	—	—	—	—
	Diesel	GJ	—	—	498	1.147	11.451	9.004	386	386
	Liquefied petroleum gas	GJ	—	—	—	—	—	—	7.340,38	8.968,95
Renewable	Liquid Biomass	GJ	19.862.220	20.559.821	44.334.713	44.894.750	16.250.916	22.961.334	—	—
	Solid Biomass	GJ	536.437	216.258	7.494.995	7.215.916	1.132.954	1.192.739	—	—
	Metanol	GJ	—	—	—	—	—	—	—	—

GRI EN4 - Indirect energy consumption, by primary energy source

Industrial (Electricity MWh)							
Jacareí Unit (SP)		Aracruz Unit (ES)		Três Lagoas Unit (MS)		Piracicaba Unit (SP)	
2009	2010	2009	2010	2009	2010	2009	2010
160,466	225,442	35,537	32,722	6,458	7,446	119,265	118,174

The energy is bought from the electricity grid and added to the Fibria energy matrix. It is therefore not possible to identify the primary energy source inside the Brazilian electricity supply.

Brazilian electricity supply



GRI EN6 - Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives

Aracruz Unit

We are in the process of replacing the old bleaching line (Fiberline A) with a new one that will bring gains in terms of reduced energy, water and chemical consumption.

Jacareí Unit

Internal Cleaner Production and Six Sigma work was carried out, with the aim of reducing energy consumption. These efforts led to small specific reductions (KWh/ton of pulp), but the Unit's gross consumption was nevertheless higher than in 2009 (according to GRI EN4).

Três Lagoas Unit

There were no initiatives in 2010 that led to energy savings.

Piracicaba Unit

The Unit has set up an Internal Energy Conservation Committee to encourage initiatives aimed at reducing energy consumption.

Water

One of Fibria's main environmental challenges is to optimize water consumption in the pulp manufacturing process. The consumption levels of the company's three pulp production Units are already lower than the best available practices and technology benchmarks.

The Jacareí Unit, in the state of São Paulo, is a global benchmark, consuming an average of 20.0 m³ of water for every ton of pulp produced. The Três Lagoas Unit, in Mato Grosso do Sul State, consumes an average of 31.97 m³ of water per ton of pulp. Meanwhile, the Aracruz Unit, in Espírito Santo State, which has three mills, consumes 35.6 m³ of water for every ton of pulp manufactured. 15 years ago the volume was much higher. Producing a ton of pulp today requires little over half the volume of water that was needed at that time.

Water capture to supply the mills is carried out under grant schemes, in accordance with the environmental legislation governing each location and the Units' operating licenses.

GRI EN8 - Total water withdrawal, by source

Aracruz Unit

(in m³)	2009	2010
Total	108,394,560	110,395,296
Groundwater source	0	0
Surface water source	108,394,560	110,395,296
Rainwater source	0	0
Waste water from another organization	0	0
Utilities water source	0	0
Groundwater source (lowering of water level)	0	0
Surface water source (lowering of water level)	0	0
Water sourced for third party	0	0
Consumption of water		
Volume consumed (m³/day)	217,964	219,705

Jacarei Unit

(in m³)	2009	2010
Total	26,654,814	25,535,665
Groundwater source	0	0
Surface water source	26,654,814	22,963,844
Rainwater source	0	0
Waste water from another organization	0	0
Utilities water source	0	0
Groundwater source (lowering of water level)	0	0
Surface water source (lowering of water level)	0	0
Water sourced for third party	NA	2,571,821
Consumption of water		
Volume consumed (m³/day)	73,027	69,961

Três Lagoas Unit

(in m³)	2009	2010
Total	NA	47,553,023
Groundwater source	NA	0
Surface water source	NA	47,553,023
Rainwater source	NA	0
Waste water from another organization	NA	0
Utilities water source	NA	0
Groundwater source (lowering of water level)	NA	0
Surface water source (lowering of water level)	NA	0
Water sourced for third party	NA	0
Consumption of water¹		
Volume consumed (m³/day)	NA	129,926

1. The consumption volume is based on the capture, since not all the operational consumers have water balance data.

Piracicaba Unit

(in m ³)	2009	2010
Total	4,973,027	4,940,778
Groundwater source	41,153	43,778
Surface water source	4,890,721	4,853,222
Rainwater source	0	0
Waste water from another organization	0	0
Utilities water source	0	0
Groundwater source (lowering of water level)	0	0
Surface water source (lowering of water level)	41,153	43,778
Water sourced for third party	NA	NA
Consumption of water¹		
Volume consumed (m ³ /day)	41,153	43,778

1. Potential water recovery points were gradually added to the water segregation system during the period 2009/2010, allowing a greater volume of water to be recovered, as the figures show, and professional staff also received training under cleaner production projects, involving the reutilization of water in their production areas.

GRI EN9 - Water sources that have been significantly affected by water withdrawal

Aracruz Unit

Our surface water is taken from the River Gimuhuna (Mãe Boa point of capture), which is affected by agricultural fertilizing in the Gimuhuna river basin and significant contributions from the Caboclo Bernardo Canal (River Doce). Studies are getting under way into the water balance of the river basin, which will determine the shares and contributions. No water resources are presently affected by the company's water capture.

Jacareí Unit

The average water capture rate is 0.7 m³/s, while the average flow rate of the River Paraíba do Sul, which is the source of water for the Jacareí Unit, is 75 m³/s. In essence, our withdrawal represents 0.93% of the river flow. Although there is no impact on the body of water, we conduct environmental monitoring, for the purpose of prevention and control, checking for possible changes. Water samples are taken for qualitative and quantitative analysis of the physical and chemical, biological and microbiological parameters.

Três Lagoas Unit

The average water capture rate is between 1.3 and 1.5 m³/s, while the average flow rate of the River Paraná, which is the source of water for the Três Lagoas Unit, is 9,500 m³/s. In other words, our withdrawal represents 0.01% of the river flow. Although there is no impact on the body of water, we conduct environmental monitoring, for the purpose of prevention and control, checking for possible changes. Water samples are taken for qualitative and quantitative analysis of the physical and chemical, biological and microbiological parameters.

Piracicaba Unit

According to the definition in the protocol, the effluent discharge by Fibria's Piracicaba Unit has no significant impact on the River Piracicaba (rate of discharge averages 0.15 m³/s, while the average rate of flow of the River Piracicaba is 142.75 m³/s). Although there is no impact on the body of water, as with other areas we conduct environmental monitoring, for the purpose of

prevention and control, checking for possible changes. Water samples are taken for qualitative and quantitative analysis of the physical, chemical and microbiological parameters.

GRI EN10 - Percentage and total volume of water recycled and reused

Aracruz Unit

	2009	2010
Percentage of recycled and reused water (%)	76	76

Jacarei Unit

	2009	2010
Percentage of recycled and reused water (%)	84	84
Total volume of recycled and reused water (m ³)	163,987,200	163,987,200

The Unit has been annually seeking continuous improvement of its processes, in order to identify opportunities for the reduction of water consumption. This is the result of a series of studies conducted using the Six Sigma and Cleaner Production (CP) methodologies.

Três Lagoas Unit

The Unit does not have an operational tool for the reuse and recycling of water other than those already used in the pulp production process.

Piracicaba Unit

	2009	2010
Percentage of recycled and reused water (%)	73	77
Total volume of recycled and reused water (m ³)	3,580,972	3,725,216

Potential water recovery points were gradually added to the water segregation system during the period 2009/2010, allowing a greater volume of water to be recovered, as the figures show.

GRI EN21 - Total water discharge, by quality and destination

Aracruz Unit

	2009	2010
Planned discharging of waste water		
Destination	Atlantic Ocean	Atlantic Ocean
Treatment method	Biological	Biological
Was it utilized by any other organization?	No	No
Total volume discharged (m ³ /year)	67,911,745	67,955,571

Jacarei Unit

	2009	2010
Planned discharging of waste water		
Destination	River Paraíba do Sul	River Paraíba do Sul
Treatment method	Two-stage activated sludge	Two-stage activated sludge
Was it utilized by any other organization?	No	No
Total volume discharged (m ³ /year)	29,213,243	25,421,226

There was a reduction in the generation of treated effluents due to the reduction of water consumption and also studies conducted using Six Sigma and CP (Cleaner Production) methodologies.

Três Lagoas Unit

	2009	2010
Planned discharging of waste water		
Destination	NA	Effluent Generated
Treatment method	NA	Activated sludge subjected to prolonged aeration
Was it utilized by any other organization?	NA	Yes
Total volume discharged (m ³ /year)	NA	47,553,023

Piracicaba Unit

	2009	2010
Planned discharging of waste water		
Destination	River Piracicaba	River Piracicaba
Treatment method	Conventional physical-chemical treatment and activated sludge	Conventional physical-chemical treatment and activated sludge
Was it utilized by any other organization?	No	No
Total volume discharged (m ³ /year)	4,704,265	4,792,333

Emissions

Because of the nature of its business, based on commercial forest plantations in association with native vegetation restoration and conservation areas, Fibria has a positive balance between its emissions and the carbon sequestered from the atmosphere.

According to Fibria's greenhouse gas (GHG) emissions inventory for 2010 (base year 2009), the company sequestered the equivalent of around 25 million tons of carbon through its eucalyptus plantations and native forest reserves. Emissions from the operations of the Aracruz, Três Lagoas, Jacareí and Guaíba (sold in December 2009) Units came to around 2 million tons, on top of the roughly 9 million tons emitted by the burning of biomass to generate electricity. Consequently, for every ton of pulp that it produces, Fibria sequesters 3.17 tons of carbon within its forest areas. Learn more about this topic in the chapter entitled Climate Governance.

In addition to seeking to control and reduce the sources (equipment and processes) that generate odors, the company maintains an Odor Perception Network (RPO), comprising volunteers in the neighboring communities who are trained to identify odors and advise the company when such detection is made in the vicinity of the mill. Both the Aracruz and Três Lagoas Units currently have local RPOs, with 36 and 76 volunteers, respectively, who last year made 22 contacts to the company regarding odors. The Aracruz Unit also has an internal RPO, comprising 18 employees who have volunteered to communicate odors detected within the industrial area.

GRI EN19 - Emissions of ozone-depleting substances by weight

Aracruz Unit	Tons of CO ₂ eq	kg of NOx (NO and NO ₂)	kg of SOx (SO ₂ and SO ₃)
2009			
Emissions of substances that deplete the ozone layer	—	663,000	113,990

2010			
Emissions of substances that deplete the ozone layer	—	663,509	168,850

(in kg)

	2009	2010
Substances	Emissions	Emissions
141 B (SUVA)	44.5	60
134 A (SUVA)	340	1,863.4
R-22 (FREON)	1,176.4	926.2
SUVA 407C and MP 39	38.8	8
Total	1,599.7	2,857.6

Jacarei Unit	Tons of CO ₂ eq	kg of NOx (NO and NO ₂)	kg of SOx (SO ₂ and SO ₃)
2009			
Emissions of substances that deplete the ozone layer	249,785	882	389

2010			
Emissions of substances that deplete the ozone layer	286,187	1,073	338

(in kg)

	2009	2010
Substances	Emissions	Emissions
141 B	69.4	153
134 A	6	11
Gas R-22	1,532	1,629
Total	1,607	1,792

The Unit now uses less damaging gases, such as R141B and R134A, compared with 2009.

Três Lagoas Unit	Tons of CO ₂ eq	kg of NOx (NO and NO ₂)	kg of SOx (SO ₂ and SO ₃)
2009			
Emissions of substances that deplete the ozone layer	NA	NA	NA

2010			
Emissions of substances that deplete the ozone layer	126,519	—	—

Piracicaba Unit	Tons of CO ₂ eq	kg of NO (NO and NO ₂)	kg of SO (SO ₂ and SO ₃)
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2009

Emissions of substances that deplete the ozone layer	NA	55,293	NA
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2010

Emissions of substances that deplete the ozone layer	NA	82,196	NA
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(in kg)

	2009	2010
Substances	Emissions	Emissions
Gas 141 B	—	—
Gas 134 A	—	—
Gas R-22	770.02	585.02
Total	770.02	585.02

There was a reduction in the use of refrigeration gases, due to the reduced need for maintenance of the refrigeration equipment and, consequently, replacement of the gas.

GRI EN20 - NOx, SOx, and other significant air emissions, by type and weight

Aracruz Unit

	2009	2010
Significant atmospheric emissions	Weight (kg)	Weight (kg)
NOx (direct emissions)	663,000	663,509
NOx (indirect emissions)	data not available	data not available
NOx (other indirect emissions)	data not available	data not available
SOx (direct emissions)	113,990	54,302
SOx (indirect emissions)	data not available	data not available
SOx (other indirect emissions)	data not available	data not available
Persistent organic pollutants (POP)	data not available	data not available
Volatile organic compounds (VOC)	data not available	data not available
Hazardous air pollutants (HAP)	data not available	data not available
Chimney and fugitive emissions	data not available	data not available
Particulate matter (PM)	706,000	523,909
Others (TRS)	6,220	6,064

Jacarei Unit

	2009	2010
Significant atmospheric emissions	Weight (kg)	Weight (kg)
NOx (direct emissions)	882,129	1,073,522
NOx (indirect emissions)	data not available	data not available
NOx (other indirect emissions)	data not available	data not available
SOx (direct emissions)	388,596	338,046
SOx (indirect emissions)	data not available	data not available
SOx (other indirect emissions)	data not available	data not available
Persistent organic pollutants (POP)	data not available	data not available
Volatile organic compounds (VOC)	data not available	data not available
Hazardous air pollutants (HAP)	data not available	data not available
Chimney and fugitive emissions	data not available	data not available
Particulate matter (PM)	1,040,750	1,376,321
Others (TRS)	20,893	14,736

Três Lagoas Unit

	2009	2010
Significant atmospheric emissions	Weight (kg)	Weight (kg)
NOx (direct emissions)	NA	2,176,567
NOx (indirect emissions)	NA	data not available
NOx (other indirect emissions)	NA	data not available
SOx (direct emissions)	NA	66,760
SOx (indirect emissions)	NA	data not available
SOx (other indirect emissions)	NA	data not available
Persistent organic pollutants (POP)	NA	data not available
Volatile organic compounds (VOC)	NA	data not available
Hazardous air pollutants (HAP)	NA	data not available
Chimney and fugitive emissions	NA	data not available
Particulate matter (PM)	NA	286,048
Others (TRS)	NA	57,154

Piracicaba Unit

	2009	2010
Significant atmospheric emissions	Weight (kg)	Weight (kg)
NOx (direct emissions)	55,293.48	82,196.40
NOx (indirect emissions)	data not available	data not available
NOx (other indirect emissions)	data not available	data not available
SOx (direct emissions)	Not applicable - boiler powered by natural gas	Not applicable - boiler powered by natural gas
SOx (indirect emissions)	Not applicable - boiler powered by natural gas	Not applicable - boiler powered by natural gas
SOx (other indirect emissions)	Not applicable - boiler powered by natural gas	Not applicable - boiler powered by natural gas
Persistent organic pollutants (POP)	Not applicable - only paper production	Not applicable - only paper production
Volatile organic compounds (VOC)	data not available	data not available
Hazardous air pollutants (HAP)	data not available	data not available
Chimney and fugitive emissions	data not available	data not available
Particulate matter (PM)	Not applicable - boiler powered by natural gas	Not applicable - boiler powered by natural gas
Others (TRS)	data not available	data not available

There was an increase in NOx emissions, due to increased consumption of natural gas as a result of increased production and modified product mix. The AALBORG boiler, which wasn't used in 2009, came back into operation in 2010.

Waste

Fibria has been endeavoring to utilize pulp production waste, which is transformed into products that can be used in the forestry area. Approximately 47,000 tons a year of dregs, grits, lime sludge and boiler ashes produced at the Aracruz Unit are used to correct the acidity of the soil in the company's eucalyptus plantations. This practice yields both environmental and economic gains, with reduced waste disposal in landfills and the substitution of purchased raw materials with reutilized waste in the silviculture operations.

GRI EN22 - Total weight of waste, by type and disposal method

Aracruz Unit

(in t)	2009	2010
Total	626,237.00	688,629.43
Quantity of hazardous waste generated	604.00	533.77
Quantity of non-hazardous waste generated	625,633.00	688,095.66
Quantity of HAZARDOUS waste, by final disposal method	604.10	748.42
Reutilized	—	—
Re-refined	189.50	195.32
Reprocessed/recycled	—	—
Composted	—	—
Co-processed	414.60	183.05
Biologically treated	—	—
Incinerated	—	—
Internal industrial landfill	—	—
External landfill	—	370.05
Quantity of NON-HAZARDOUS waste, by final disposal method	625,633.00	688,095.66
Reutilized	392,960.00	469,269.00
Reprocessed/recycled	88,800.00	76,946.86
Composted	18,976.00	26,267.80
Internal industrial landfill	124,897.00	114,139.00
Others	—	1.473

Jacareí Unit

(in t)	2009	2010
Total	95,255.00	140,989.00
Quantity of hazardous waste generated	137.00	181.00
Quantity of non-hazardous waste generated	95,118.00	140,808.00

Quantity of HAZARDOUS waste, by final disposal method	137.00	181.00
Re-refined	44.00	38.00
Reprocessed/recycled	54.00	69.00
Co-processed	39.00	74.00

Quantity of NON-HAZARDOUS waste, by final disposal method	95,118.00	140,808.00
Reprocessed/recycled	45,644.00	84,205.00
Internal industrial landfill	29,566.00	33,321.00
External landfill	19,908.00	23,282.00

With regard to non-hazardous (non-industrial) waste, special mention should be made of the unit's Selective Waste Collection Program, which achieved excellent results to the end of December 2010, collecting 145 tons of plastic and 100 tons of paper/cardboard, as well as 289 tons of scrap metal, all of which was recycled. There was an increase in the generation of non-hazardous (industrial) waste in 2010, over the 2009 figure, due to the following:

Emergency stoppages of the lime kilns over the course of the year caused an increase in waste generation (calcium carbonate and dregs/grits). Production losses caused by unusually heavy rainfall in the period January to March 2010 also led to increased waste generation, and disruption at the effluent treatment plant also caused increased waste generation (biological sludge). Despite these increases in waste generation, it should be pointed out that there was also a significant increase in waste recycling.

Três Lagoas Unit

(in kg)	2009	2010
Total	NA	151,569,412.00
Quantity of hazardous waste generated	NA	92,942.00
Quantity of non-hazardous waste generated	NA	151,476,470.00

Quantity of HAZARDOUS waste, by final disposal method	NA	92,942.00
Re-refined	NA	42,102.00
Co-processed	NA	50,840.00

Quantity of NON-HAZARDOUS waste, by final disposal method	NA	151,476,470.00
Internal industrial landfill	NA	151,227,730.00
Others	NA	248,740

There was a relative increase in waste generation between 2009 and 2010, as a result of adjustments in the operational procedures for measurement and control and not due to the specific generation of more solid waste.

Piracicaba Unit

(in kg)	2009	2010
Total	10,086,207.80	9,417,829.68
Quantity of hazardous waste generated	57,397.52	76,091.91
Quantity of non-hazardous waste generated	10,028,810.28	9,341,737.77
Quantity of HAZARDOUS waste, by final disposal method	57,397.52	76,091.91
Re-refined	8,310.00	3,890.00
Reprocessed/recycled	1,076.40	1,088.00
Co-processed	47,980.00	71,058.00
Incinerated	31.12	55.91
Dissolved	–	–
Others	–	–
Quantity of NON-HAZARDOUS waste, by final disposal method	10,028,810.28	9,316,519.77
Reutilized	89,307.05	72,016.70
Reprocessed/recycled	520,453.23	610,153.07
Composted	5,290,520.00	3,608,310.00
Co-processed	3,885,180.00	4,825,620.00
External industrial landfill	243,350.00	200,420.00

Investment

Fibra invested a total of R\$139 million in 2010 (R\$83,635,126 at the Jacareí Unit; R\$19,842,578 at the Aracruz Unit; R\$29,601,779 at the Três Lagoas Unit and R\$6,496,797 at the Piracicaba Unit) in processes and equipment for the purpose of improving the eco-efficiency of its industrial operations.

Another important field for Fibria's activities is socioenvironmental education for internal stakeholders (employees and contract workers and local communities). The goal of the programs is to inform, and stimulate the adoption of sound environmental practices, in regard to both professional activities and personal lifestyle choices.

GRI EN30 - Total environmental protection expenditures and investments by type

Aracruz Unit

(in R\$)	2009	2010
Total	NA	19,842,578.00
Investments	NA	10,253,000.00
Investment - waste	NA	450,000.00
Investment - emissions (gas and liquid)	NA	9,745,700.00
Investment - water resources	NA	57,300.00

Expenditures	NA	9,589,578.00
Costs - waste (transport, disposal, licenses)	NA	3,538,445.00
Costs - emissions (gas, effluent)	NA	2,455,565.00
Costs - water resources (monitoring)	NA	2,481,049.00
Costs - environmental management (fixed cost)	NA	411,575.00
Other environmental costs	NA	702,944.00

Investment highlights:

- Cleaning and desilting of ponds of Effluent Treatment Station (ETE);
- Implementation of an electronic control system of electrostatic precipitators;
- New milk lime plant.

Jacarei Unit

(in R\$)	2009	2010
Total	60,978,546.00	83,635,126.00
Investments	41,129,767.00	56,173,000.00
Investment - waste	18,729,743.52	28,537,000.00
Investment - emissions	6,785,013.00	8,116,000.00
Investment - water resources	14,842,285.00	19,280,000.00
Investment - restoration of degraded areas and forest protection	296,000.00	240,000.00
Other environmental investment	476,725.48	0.00

Expenditures	19,848,779.00	27,462,126.00
Costs - waste (transport, disposal, licenses)	6,924,469.00	8,812,543.00
Costs - emissions (effluent)	547,013.00	972,843.00
Costs - water resources (monitoring + effluent treatment plant)	11,758,235.00	16,880,625.00
Costs - environmental management (fixed cost)	619,062.00	796,115.00

Investment highlights:

- Implementation of sectorial effluent treatment;
- New electrostatic precipitator chamber;
- Upgrading of GTV Boiler for burning of renewable fuels.

Três Lagoas Unit

(in R\$)	2010
Total	29,601,779.83
Investments	3,955,379.00
Investment - restoration of degraded areas and forest protection	2,621,000.00
Other environmental investment	1,334,379.00
Expenditures	25,646,400.83
Costs - waste (transport, disposal, licenses)	3,736,002.86
Costs - emissions (effluent)	15,422,795.97
Costs - water resources (monitoring)	628,223.00
Costs - restoration of degraded areas and forest protection (restoration)	2,621,000.00
Costs - environmental management (fixed cost)	1,904,000.00
Other environmental costs	1,334,379.00

Investment highlights:

- Plan for the Recovery of Degraded Areas drawn up, using modern engineering techniques from which clay was obtained during construction of the mill;
- Purchasing of an air quality monitoring station, which was installed in Três Lagoas, and a meteorological station, which was set up in the industrial area;
- The costs of managing and operating the industrial landfill and transportation for the removal of Class I waste were included in the solid waste costs;
- The cost of operating the effluent treatment plant and variable costs (in R\$/m³ of effluent generated) were included in the effluent costs.

Piracicaba Unit

(in R\$)	2009	2010
Total	2.750.733,29	6.496.797,15
Investments	1.500.000,00	5.155.000,00
Investment - waste	150.000,00	530.000,00
Investment - emissions	1.300.000,00	0
Investment - water resources	0	1.145.000,00
Investment - restoration of degraded areas and forest protection	0	0
Investment - environmental management	50.000,00	0
Other environmental investment	0	3.480.000,00
Expenditures	1.250.733,29	1.341.797,15
Costs - waste (transport, disposal, licenses)	440.990,79	492.450,51
Costs - emissions (effluent)	572.336,50	600.680,49
Costs - water resources (monitoring)	75.046,20	62.810,15
Costs - environmental management (fixed cost)	162.359,80	185.856,00

Investment highlights:

- Sub-station overhaul, involving replacement of the oil-filled transformers;
- Development of new waste receptors;
- Improvements at the effluent treatment and water treatment plants;
- A study was conducted on Fibria's cleansing and disposal of effluent into the River Piracicaba.

Climate governance

Climate change can affect Fibria's economic and financial results, as the basis of the company is the use of natural resources. Fibria is exposed to risks in relation to alterations in the climate that can affect the equilibrium of the ecosystems, the productivity of plantations and the availability of water and energy for industrial processes. However, there are also opportunities for the company to earn credits in the financial market, since planting forests on an industrial scale allows Fibria to achieve a positive carbon balance, as the forests grow and organic matter accumulates in the soil.

The regulatory and physical risks and opportunities in relation to climate change are fully integrated into Fibria's business strategy. The company is not only alert to the issues surrounding international agreements such as the Kyoto Protocol, but also to regulatory measures that are being developed in the Brazilian municipal, state and federal spheres, such as the National Climate Change Policy and the São Paulo State Climate Change Policy.

The company's attention to the physical risks associated with climate change relate mainly to variations in water availability and alterations in the climate. These can have a negative impact on ecological services, such as regulating the regional climate and water production, which have a direct effect on the company's activities.

Fibria also assesses the possible scale of environmental impact and the period in which these morphological events might take place. The company adopts the precautionary approach (GRI 4.11) to the management and operation of its industrial and forestry activities, adopting production control and monitoring measures, such as agronomic studies and genetic improvements in eucalyptus production. These measures are aimed at adapting the species to different climatic conditions and monitoring water consumption in forest areas. The preparation of the inventory of GHG emissions from Fibria's activities is also a part of this management process (GRI EC2).

Indeed, the GHG inventory is just one of a series of Fibria initiatives aimed at attaining eco-efficiency. The company is seeking to reduce emission levels per ton of product manufactured, reduce and reutilize waste, improve energy efficiency, explore new modes of transport, and evaluate alternative fuels, and reduced consumption opportunities.

The company participates in some of the principal international initiatives in relation to disclosure and environmental management, looking both to reducing the risk and impact of climate change and to help eliminate the anthropic causes of changes in the world's climate:

Carbon Efficient Index (ICO2) – Fibria was the only forestry sector company selected for the Carbon Efficient Index (ICO2), launched in 2010 by the BM&FBOVESPA and the Brazilian Development Bank (BNDES). The first edition of the index had a portfolio of 42 companies, all listed on the IBr-X50 (the 50 most heavily traded shares listed at the São Paulo Stock Exchange). The aim of the ICO2 is to stimulate corporate commitment to environmental management practices that are geared to climate change and prepare the market for a low carbon economy.

CDP Investors – see the chapter Management and strategies > Sustainability > Principal commitments undertaken.

CDP Supply Chain – see the chapter Management and strategies > Sustainability > Principal commitments undertaken.

Water Footprint Network – see the chapter Management and strategies > Sustainability > Principal commitments undertaken.

Forest Footprint Disclosure – see the chapter Management and strategies > Sustainability > Principal commitments undertaken.

Carbon Footprint

In 2010, Fibria completed its second GHG emissions inventory, based on the company's emissions in 2009. The company received Carbon Footprint certification, issued by BRTÜV, the Brazilian subsidiary of the German company TÜV Nord. The 2010 inventory considered the forestry and industrial operations of the Aracruz (ES), Três Lagoas (MS), Jacaré (SP) and Guaíba (RS) Units, the latter having been sold in December 2009, as well as the logistics operations surrounding the exporting of pulp produced at the four Units. Since the Três Lagoas Unit only came into operation in March 2009, the calculations took into account the emissions from its production process and the carbon sequestering by its forests during the last nine months of the year.

Fibria's 2010 GHG emissions inventory used a variety of calculation methods, including those of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), adapted for the pulp and paper sector by the International Council of Forest and Paper Associations (ICFPA).

The preparation of this inventory was based on the following documents developed by the WRI and the WBCSD:

- The Greenhouse Gas Protocol – a Corporate Accounting and Reporting Standard, revised edition;
- Calculation tools for estimating greenhouse gas emissions by pulp and paper mills, by the ICFPA Climate Change Working Group, version 1.3;
- Calculation Tools for Estimating Greenhouse Gas Emissions from Mobile Combustion, version 1.2;
- CO₂ Emissions from Business Travel, version 2.0.

Fibria reports the direct emissions from its industrial and forestry operations (Scope 1), from energy imports (Scope 2), and from other sources attributable to the company, such as transportation in vehicles not belonging to the company's fleet and whose operations are not controlled by the company (Scope 3), as well as those used for exporting company products or for journeys by employees. Fibria considers the sequestration of carbon equivalent by its eucalyptus plantations and native reserves.

Chart 1
Origin of direct emissions (%)

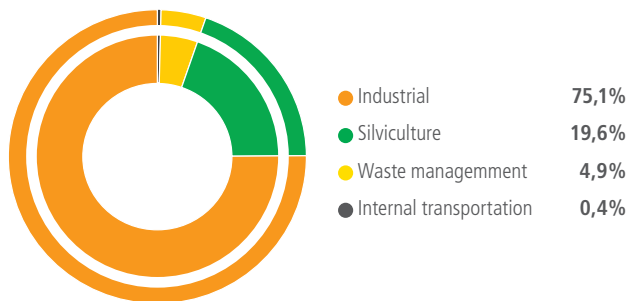


Chart 2
Emissions by fuel type (%)

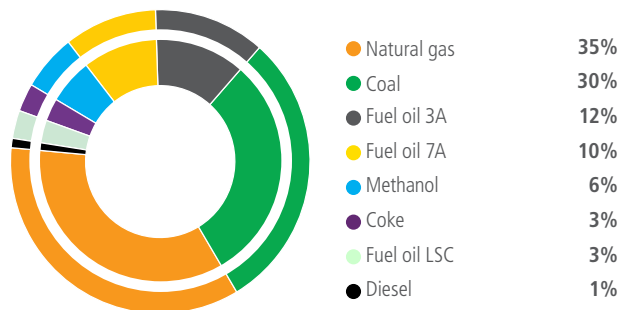


Figure 1, referring to Scope 1 emissions, shows that direct emissions from industrial sources represent 75% of the total.

Figure 2, referring to Scope 2 emissions, shows emissions from stationary equipment, according to the type of fuel used, and demonstrates that fuel oil produces more GHG per unit of energy generated than natural gas.

Chart 3
Indirect emissions per type of transportation

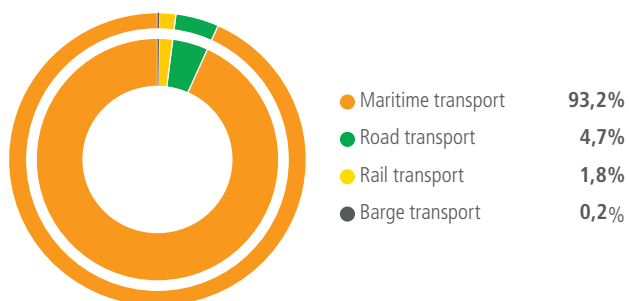


Chart 4
GHG emissions from forestry activities

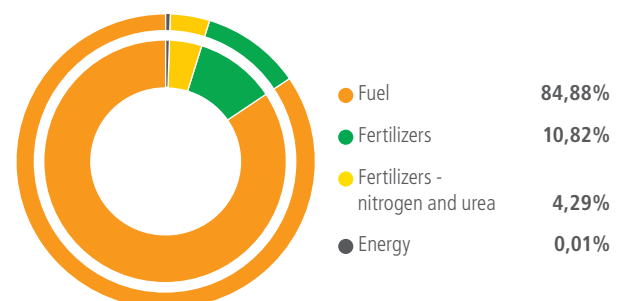


Figure 3, referring to Scope 3 emissions, shows that maritime transportation accounts for 93% of all emissions.

Figure 4 shows that the emissions produced by fuel consumption represent more than 80% of the total emissions from forestry operations.

The principal results of the 2010 GHG emissions inventory, base year 2009, may be summarized as follows:

- The company's forestry, industrial and logistics operations emitted a total of 2,130,582 tons of carbon equivalent (t/CO₂eq);
- To this amount should be added the 9,060,139 t/CO₂eq emitted by the burning of biomass to generate energy for the mills;
- The forest plantations and native reserves sequestered 25,510,216 t/CO₂eq, of which 24,985,243 t/CO₂eq was by the eucalyptus plantations and 1,049,946 t/CO₂eq by the conservation areas;
- The balance between CO₂ emissions and CO₂ sequestration shows that for every ton of pulp produced, 3.17 t/CO₂eq were sequestered.

Summary Chart – Carbon Footprint Inventory 2009

Business Units			Jacareí	Aracruz	Guaíba	Três Lagoas	Fibra 2009	Fibra 2008
Production		ADT/y	1,070,197	2,203,125	439,268	806,230	4,518,820	3,638,545
Forestry emissions (operation + transportation)	Fossil fuel	tCO ₂ eq	64,391	138,880	21,559	28,330	253,160	224,075
	Fertilizers	tCO ₂ eq	2,854	4,767	25,778	11,678	45,076	94,234
	Electric energy	tCO ₂ eq	5	16	3	4	28	39
	Total forestry	tCO ₂ eq	67,250	143,662	47,340	40,012	298,265	318,348
	Share	%	23%	48%	16%	13%	100%	1%
	Specific forestry emissions	tCO₂eq/t Cel	0.06	0.07	0.11	0.05	0.07	0.09
Industrial emissions (BEKP)	Stationary combustion	tCO ₂ eq	300,401	275,524	414,738	125,943	1,116,606	947,137
	Waste (landfill + lagoons)	tCO ₂ eq	3,388	70,594	689	0	74,671	110,433
	Internal transportation	tCO ₂ eq	1,524	3,563	1,197	417	6,701	3,329
	Imported electricity	tCO ₂ eq	3,947	874	2,212	159	7,192	10,547
	Industrial total	tCO ₂ eq	309,260	350,556	418,836	126,519	1,205,170	1,074,606
	Share	%	26%	29%	35%	10%	100%	1%
	Specific industrial emissions	tCO₂eq/t Cel	0.29	0.16	0.95	0.16	0.27	0.30
Logistics emissions (BEKP)	Highway transportation	tCO ₂ eq	3,783	661	320	24,912	29,675	3,730
	Railroad transportation	tCO ₂ eq	3,409	0	0	8,155	11,564	2,133
	Barge transportation	tCO ₂ eq	0	0	1,375	0	1,375	1,373
	Shipments	tCO ₂ eq	118,677	305,988	65,313	94,555	584,533	402,057
	Total logistics	tCO ₂ eq	125,869	306,649	67,007	127,622	627,147	409,293
	Share	%	20%	49%	11%	20%	100%	1%
	Specific logistical emissions	tCO₂eq/t Cel	0.12	0.14	0.15	0.16	0.14	0.11
Operational emission	Share	%	24%	38%	25%	14%	100%	100%
	Total emissions	tCO ₂ eq	502,378	800,867	533,183	294,153	2,130,582	1,802,248
	Specific emissions	tCO₂eq/t Cel	0.47	0.36	1.21	0.36	0.47	0.50
Forestry CO ₂ sequestration (base CIA including conservation areas)	Eucalyptus forest	tCO ₂ eq	4,204,043	8,940,685	5,485,101	6,355,414	24,985,243	15,867,205
	Conservation areas	tCO ₂ eq	399,927	471,611	0	178,408	1,049,946	0
	Share	%	18%	36%	21%	25%	100%	100%
	Specific sequestration	tCO₂eq/t Cel	4.30	4.27	12.49	8.10	5.76	4.36
Balance	Total reduction	tCO ₂ eq	1,942,502	3,298,441	4,457,619	4,620,933	14,319,495	14,064,958
	Balance (sequestration - emissions)	tCO ₂ eq/t Cel	1.82	1.50	10.15	5.73	3.17	3.87
	Ratio sequestration/emission	n	5 : 1	5 : 1	9 : 1	17 : 1	8 : 1	9 : 1

For more information about the GHG emissions inventory, access Fibria's website at: www.fibria.com.br > Environment > Climate change.



Forestry area in
Espírito Santo State

Financial-economic performance

Market situation

Global scenario – The higher than projected global economic recovery in 2010 was mainly due to the good performance seen in more mature economies coupled with consistent growth in some emerging markets. This favored the performance of the commodity market, including the demand for pulp and paper.

The paper pulp industry underwent two distinct periods in 2010. During the first half, growth was limited by the earthquake in Chile which affected the country's industry, and by production problems. During this period demand remained at the same level as in 2009. Consequently, global stocks of pulp producers were reduced to 25 days of supply. This situation was reflected in commodity prices, which in June hit US\$920 per ton of eucalyptus pulp (list price) in Europe, a level not seen since 1995. The second half of the year, on the other hand, was characterized by a reduction in China's pulp imports. With production reverting to normal levels, global stocks were back to average, increasing to 34 days of supply by the end of 2010.

The year ended with good prospects for the pulp market in 2011, in particular eucalyptus fiber, whose supply is predicted to grow at a slower pace than that of demand.

Performance Analysis

The analysis of the company's performance in 2010 and 2009, presented below, takes into consideration the consolidated financial data prior to the reclassification of CONPACEL's and KSR's results. In the financial statements and their respective explanatory notes, results of these operations are presented under the net income of the year generated by discontinued operations after the 2010 net income. The individual results of these operations are presented in the explanatory note No. 35 in the financial statements.

In 2010, Fibria's **production** totaled 5,231 million tons of pulp and 311,000 tons of paper in its six industrial Units. In comparison to 2009, the 1% growth in pulp production was due to the additional production line at Três Lagoas Unit (Mato Grosso do Sul State), which went on stream at the end of March 2009, besides increased productivity in all Units, thus offsetting the non-participation of Guaíba Unit (Rio Grande do Sul State), which was sold. The 16% reduction in Fibria's paper production reflects the production unaccounted for from the Guaíba Unit.

Sales per region

Asia	22%
Europe	39%
North America	28%
Latin America	11%

In 2010, Fibria's **pulp sales volume** reached 5 million tons, 4% lower than in the previous year, due mainly to lower demand from Asia in 2H10. Exports accounted for 89% of total pulp sales. Europe was the most important region as Fibria was its main global supplier of hardwood pulp; European countries accounted for 39% of the total sales volume, 7% higher than in 2009. Sales to North America accounted for 28% of Fibria's sales volume, a 5% increase over 2009. After an atypical performance in 2009, Fibria's sales to Asia went down following the global trend. In 2010, the total exported volume to Asian countries was 22% of the sales, a 14% drop over the previous year. The domestic market accounted for 11% of the company's sales, and Fibria was the main supplier of market pulp in Brazil.

Sales distribution by end-use

Tissue papers	55%
Printing and writing	28%
Specialty papers	17%

The market for high quality tissue paper remained the largest segment in Fibria's sales by end-use, accounting for 55% of the total. The printing and writing paper segment, on the other hand, had a 28% market share. Other high added value paper, such as specialty paper, accounted for 17% of total sales.

Paper sales volume totaled 376,000 tons, a 10% reduction over the 2009 sales due to the non-participation of Guaíba Unit.

The **net operating revenue** totaled R\$7,050 million in 2010, 18% above that registered in 2009. This result was positively affected by a 23% increase in the net average price in reais, which compensated for the 4% drop in the volume of pulp sales.

The **cost of goods sold** totaled R\$5,285 million, a 4% increase against 2009, having been mainly affected by (i) a greater impact from depreciation and depletion (due to forest reassessment through the adoption of CPC 29), (ii) an impact from higher costs related to maintenance shutdowns, (iii) increase in wood cost, and (iv) increase in loss provision for ICMS tax credits.

Administrative expenses totaled R\$325 million, a 6% increase against 2009. This result may be explained by the effects of hiring consulting firms and services, besides donations made in 2010.

Sales expenses totaled R\$324 million, a 2% reduction against 2009, due to lower sales volume.

The **EBITDA** reached R\$2,749 million, with a 39% margin. The EBITDA in the period was 62% higher than the R\$1,697 million recorded in 2009 (a 28% margin), due chiefly to the higher net average price, which was partially offset by the foreign exchange rate.

The **net financial result** totaled expenses in excess of R\$364 million, when compared to the revenues of R\$1,594 million in 2009. This can be explained by revenues from foreign exchange fluctuations in the same year totaling R\$2,861 million, due to 25% appreciation of the Brazilian real against the US dollar over the period, when compared with revenues of R\$302 million in 2010. **Financial revenues** totaled R\$510 million, and **financial expenses**, R\$1,176 million. The result from currency and foreign exchange rate variations totaled R\$302 million in revenues, once again due mainly to the 4% appreciation of the real over the foreign currency debt inventory during the period.

As a result, the **net income in 2010** was R\$603 million compared to an income of R\$2,589 million in the previous year, due chiefly to the effect of the initial adoption of CPCs in 2009.

Logistics

Fibra celebrated an international logistics service agreement with the South Korean company STX Pan Ocean, one of the largest shipping freight companies in the world, for maritime transportation of pulp. With a 25-year term, starting in 2012, the agreement – under the CVC (Consecutive Voyage Contract) category – is an important instrument to consolidate Fibra's long term commercial strategy, as it ensures operating stability, predictability and competitive costs.

Capital Investments

In 2010, Fibra's capital investments reached R\$1,066 million and were allocated as follows:

Investments (R\$ million)	2010
Industrial Expansion	25
Forest Expansion	29
Subtotal Expansion	54
Safety/Environment	85
Forest Enhancement	502
Maintenance, IT, R&D, Upgrades	291
Subtotal Maintenance	878
<i>Subsidiaries, Joint Ventures and Others</i>	<i>134</i>
Total Fibria	1,066

Debt Management

During 2010, Fibria continued to implement its debt management plan started in 2009, with the goal of settling or refinancing loans in order to reduce costs and extend terms that are compatible with the company's current credit risk. A major step was taken in April 2010 when the company raised funds abroad through bond issuance totaling US\$750 million, with a ten-year maturity term and a half-yearly coupon period of 7.5% per annum. We refinanced the debt generated from the loss on derivatives of the former Aracruz, which eliminated a series of restrictive contractual covenants and released collateral pledged to that transaction. Furthermore, Fibria allocated several Pre-Export Financing (PPE) lines over the year with the aim of improving its debt profile and maintaining a cashflow reserve for short term obligations.

Fibria's cashflow position in the year ending December 31, 2010 was R\$2,208 million and accounted for 1.1 times the loan parcel due over the next following 12 months. The company's net debt was R\$9,852 million, an 11% reduction against 2009. The combination of debt reduction with high cashflow generation over the last 12 months contributed to a drop in the company's leverage level, whose net debt/EBITDA indicator went down from 6.5 times in 2009 to 3.6 times by year end 2010. Also thanks to the debt management plan, the debt cost in foreign currency was reduced from 7.1% at the end of 2009 to 5.9% on December 31, 2010. The average loan maturity term was extended to 74 months when compared to 60 months in 2009.

Dividends

The company's bylaws ensure an annual minimum dividend corresponding to 25% of the net income, adjusted by transfers of reserves as provided for in Brazilian corporate law. The company's management will propose, at the General Assembly Meeting scheduled for April 28, 2011, the distribution of dividends for the year ending December 31, 2010 worth R\$0.30 per share, totaling R\$142,179 thousand.

Despite the favorable result at year end 2009, after considering its commitments, its debt level, its management strategy for financial liabilities, and the company's business plan, Fibria's management refrained from proposing dividends as per Article 202, Clause 4 of Law No. 6404/76. By December 31, 2010, the special reserve balance of R\$121,958 thousand (R\$ 0.26 per share) was transferred to current liabilities under dividends payable.

Capital Markets

Share performance – The company's shares listed on the BM&FBOVESPA under the code FIBR3 closed the year priced at R\$26.49 per share. On the New York Stock Exchange, the ADRs level III, traded under the code FBR, were priced at US\$16 on December 31, 2010. The company believes that the continued implementation of its strategic plan will have an impact on the share price.

The average daily volume of securities traded on BM&FBOVESPA and NYSE was 3.6 million, a 69% increase over 2009. The average daily financial volume in the two exchanges was US\$64 million in 2010.

Total Free Float	467,934,646 common shares (ON)
ADR (American Depositary Receipt)	1 ADR = 1 common share
Market Value	R\$12.4 billion
Average daily financial volume in 2010 (BM&FBOVESPA and NYSE) ¹	US\$64 million

1. Source: Bloomberg.

Governance – On May 20, 2010, Fibria migrated to the Novo Mercado – BM&FBOVESPA's highest level of corporate governance. This segment emphasizes commitment to the best governance practices aimed at creating a trading environment that guarantees the same rights for all shareholders with transparent information provided by the companies. Among the voluntary commitments accepted at this level, we highlight the fact that only common shares are issued, thus ensuring that each share is entitled to one vote; 100% tag along guarantee; and Fibria's adherence to the Arbitration Chamber to resolve any dispute under the terms of Novo Mercado regulations.

In July 2010, Fibria's Board of Directors approved the company's Corporate Governance Policy. In line with the best practices of the Brazilian Institute for Corporate Governance (IBGC) and the Organization for Economic Cooperation and Development (OECD), the document formalizes and consolidates Fibria's governance practices. At the same time, the Board of Directors approved the review of the Information Disclosure Policy and Policy for Trading in Securities issued by Fibria.

As provided in Fibria's Governance Policy, between November and December 2010 Board of Directors members had their performance assessed by an independent consulting firm. At that time, the committees that assist the Board were also evaluated. The result will be used to set the targets for these bodies in 2011.

Recognitions – Fibria was mentioned by the *Institutional Investor* magazine for its Investor Relations (IR) program. Based on a perception survey carried out with investors and market analysts regarding the performance of IR departments of Latin American companies, the company stood out in the pulp and paper sector in the following categories: Best Investor Relations Team (first place according to sell-side and buy-side analysts), Best Investor Relations Professional (first place according to sell-side analysts and second place in the opinion of buy-side analysts), Best CEO (ranked second place according to sell-side and buy-side analysts) and Best CFO (ranked second place according to sell-side analysts and third place in the opinion of buy-side analysts).

Carlos Aguiar, Fibria's CEO, was honored as the Finance Person of the Year by the Brazilian Financial Executives Institute (IBEF) in recognition for his contribution to the country's economic development.

Fibria was also recognized in the Best Environmental Sustainability category, among the top five companies listed for the *IR Magazine* Award sponsored by IBRI and *Revista RI*. Also, the company ranked third place in Latin America in the Financial Communication and Disclosure category for the IR Global Rankings award.

The company also received the Latin Finance Deals of the Year Awards 2010, from the *Latin Finance* magazine, for the international swap offer of bonds issued in 2009 for new bonds issued in 2010 with high investors' adherence.

These recognitions stress Fibria's commitment to transparency and accountability in its relationship with the financial community and the capital markets.

Sustainability – In September 2010, Fibria gained inclusion in the 2010/2011 portfolio of the Dow Jones Sustainability Index (DJSI World). The company obtained optimal results in the paper and forest sector, for which only three companies were selected from a total of twelve assessed. In November, the company was again selected to join BM&FBOVESPA's Corporate Sustainability Index (ISE). This index portfolio gathers together companies with shares listed on the São Paulo Stock Exchange that show a strong commitment to sustainability and corporate governance practices.

Fibria was also announced as one of the 42 publicly held companies listed on the Carbon Efficient Index (ICO2), which was launched by BM&FBOVESPA with the goal of fostering the adoption of environmental management practices dedicated to climate change.

These recognitions confirm Fibria's commitment to the renewable forestry business as a source of value generation in the long term for shareholders and society.

Synergies

Fibria is committed to capturing synergies in all its activities. By year end 2010, over 180 initiatives undertaken by the company had been mapped out in the Commercial, Logistics, Industrial, Forestry, Technology, Supplies and Finance areas. In 2010, gains in excess of R\$2.7 billion in Net Present Value (NPV) were accounted for nearly R\$300 million above our estimated curve of captured synergies. These actions have contributed to strengthening Fibria's leadership and competitiveness in the pulp market. We maintain our projection of R\$4.5 billion in NPV, since the synergies forecast to be captured over the next few years are more complex.

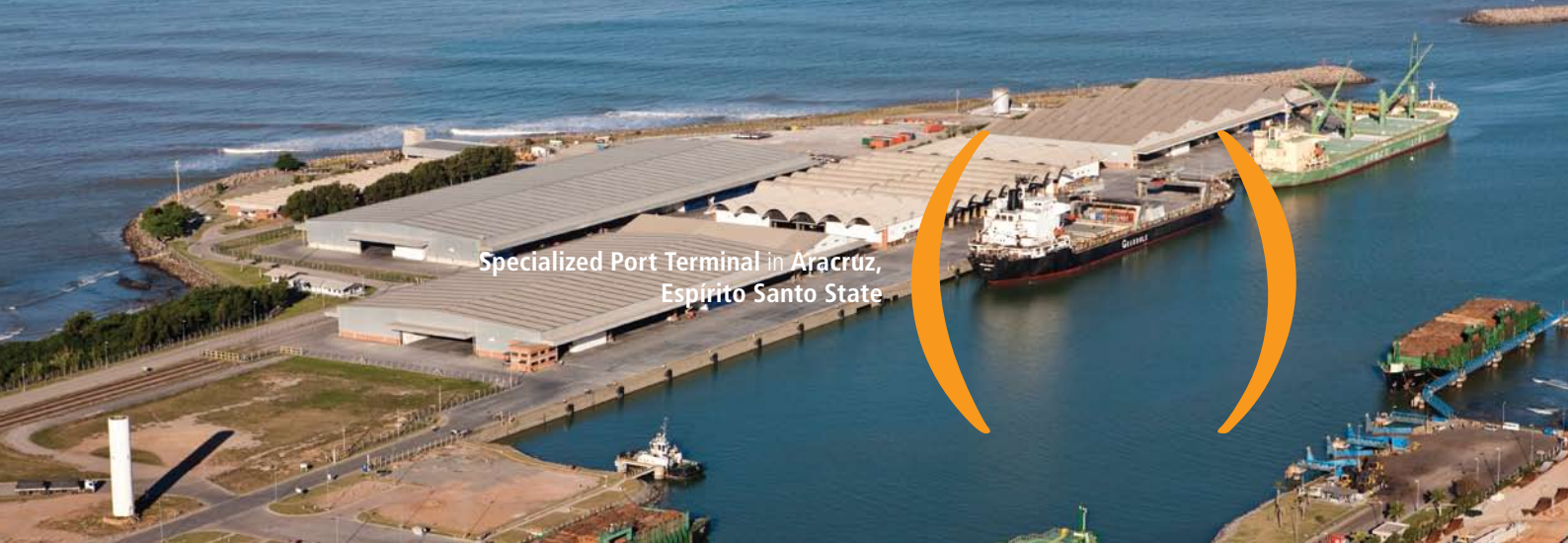
Relationship with Independent Auditors

The company's policy when hiring audit services from independent auditors which are not related to external auditing is based on the principles that preserve these professionals' independence. These internationally accepted principles consist of: (a) auditors must not audit their own work, (b) auditors must not hold managerial positions at their client, and (c) auditors must not promote the interests of their client. In this respect, in 2010 our external auditors have only carried out work related to auditing our financial statements.

Public Financing (GRI EC4)

Fibra was granted a loan from the Constitutional Financing Fund of the Central-Western Region (FCO) to purchase parts and pieces for caustification, lime kiln and bleaching processes for its Três Lagoas Unit. The loan agreement was entered into in December 2009 and by year end 2010 had a balance of R\$73 million with final maturity in 2017. The goal of this fund is to contribute to the economic and social development of the Brazilian Central-Western Region.

Since it is mainly an exporting company, in 2010 Fibria enjoyed a tax deduction with the Brazilian Tax Office exempting it from payment of PIS/COFINS taxes (9.25%) when purchasing industrial inputs, intermediate and packaging materials and their respective freights, as well as on plant, property and equipment.



Specialized Port Terminal in Aracruz,
Espírito Santo State

Portocel

In 2010, the specialized port terminal belonging to Fibria (51%) and CENIBRA reached the milestone of 60 million tons of pulp exported since its operations began in 1978.

During the year, Portocel's capacity was significantly expanded through the inauguration of a third ship berth and the increase of its draft to 12.8 meters. With final official sanctioning of the work carried out, the port is now authorized to operate three vessels simultaneously and to receive ships of up to 70,000 tons.

Also, in 2010, the port registered another record: the quantity of wood received via barges. The volume of eucalyptus logs transported from Fibria's forest plantations to Portocel reached 1.98 million tons, which was 132,000 tons higher than the movement in the previous year.

A history of Portocel

1976	Creation of Portocel
1978	Startup of operations
1985	Privatization (Aracruz: 51% and CENIBRA: 49%)
1994	10 million tons of pulp shipped out (accumulated)
1996	Inauguration of a second berth for ships
2000	20 million tons of pulp shipped out (accumulated)
2003	Inauguration of the Barge Terminal (start of the operations of wood barges)
2004	30 million tons of pulp shipped out (accumulated)
2005	Inauguration of berth for wood pulp barges (start of the operations of wood pulp barges)
2006	Record of pulp shipped in one 24-hour period (35,000 tons)
2007	40 million tons of pulp shipped out (accumulated)
2009	50 million tons of pulp shipped out (accumulated)
2011	60 million tons of pulp shipped out (accumulated)

Located 4.3 km from the Aracruz Unit's pulp mill in Espírito Santo State, Portocel is responsible for shipping approximately 70% of all pulp exported from Brazil. In 2010, 5.6 million tons of pulp left the terminal for the international market, including shipments by Fibria, CENIBRA and other companies in the industry that use the port's services.



Rosinei Aparecida dos Santos and her daughter **Mariana**
Residents of Jacareí (SP)

Independent assurance



INDEPENDENT ASSURANCE STATEMENT – BUREAU VERITAS CERTIFICATION

Introduction

Fibra Celulose S.A. (Fibra) contracted Bureau Veritas Certification Brasil (Bureau Veritas) to conduct an assurance evaluation of its 2010 Sustainability Report (hereinafter called the Report), encompassing evaluation of content, quality and limitations, covering the year 2010. Information published in the Report is the sole responsibility of Fibra's management. Our responsibility was limited to the independent evaluation in accordance with the scope defined below.

Scope of work

Fibra asked Bureau Veritas Certification to include the following in its assessment scope:

- Data and information contained in the Report for 2010;
- Adequacy and reliability of the systems and underlying processes used to collect, review and compile the information reported;
- Evaluation of the Report pursuant to the principles of Materiality, Stakeholder Inclusion, Sustainability Context, Comprehensiveness, Balance, Comparability, Accuracy, Frequency, Clarity and Trustworthiness, as defined in the Global Reporting Initiative™ Guidelines for GRI G3 Sustainability Reports (2006).

Excluded from the scope of this work was any assessment of information related to:

- Activities outside the defined assessment period;
- Statements of position (expressions of opinion, belief, goals or future intentions) by Fibra, as well as statements of future commitments;
- Economic-financial information contained in this Report, extracted from the financial statements that were evaluated externally by independent auditors;
- Statements of future commitments.

Methodology

Our work was conducted in accordance with a Bureau Veritas protocol for Independent Evaluation of Sustainability Reports based on best current practices¹, covering the following activities:

- Interviews with people involved (responsible for process) in preparing the Report;
- Analysis of evidentiary documents produced by Fibria for the period reported (2010);
- Evaluation of information and performance data in relation to the principles that ensure the quality of the Report, pursuant to the GRI G3;
- Site visits to the Aracruz, Jacaré, Piracicaba and Três Lagoas Units and head offices in São Paulo;
- Analysis of Fibria's stakeholder engagement activities;
- Evaluation of the system used to determine the material issues contained in the Report, considering the context of sustainability and comprehensiveness of the information published.

The activities were planned and implemented to provide a reasonable assurance, rather than an absolute evaluation, offering an acceptable basis for our conclusions.

Technical opinion

- According to the scope of the work, the information and data presented in the Report were considered to be exact, free of significant errors or false declarations and understandable to the different stakeholder groups;
- The internal mechanisms of data collection, analysis and compilation of published information, as well as control of relevant documents and the possibility of tracking them can be considered reliable;
- The Report evolved significantly compared to the previous year, with regard to the presentation of performance within the sustainability context. The previous Report published a number of indicators and results separately, which in this edition has been integrated fully;
- Because it is a new company, the historical period is limited to a maximum of two years, demonstrated through a number of the published indicators;
- The Materiality Matrix used in 2009 to guide the subjects for the Report was used again as the basis for the 2010 Report. Fibria understands that the topics that were identified continue to be the most important ones. In addition, the company demonstrated it had consulted nine representatives of communities neighboring its operations, who learn about their opinion of the 10 most important points brought up by internal and external stakeholders in the Materiality Matrix;
- The Report made significant advances with regard to the presentation of future sustainability goals and targets and the status of the meeting of established targets during the 2010 period;
- The Report reflects positive and negative aspects of the organization in a balanced manner, being impartial and objective with regard to the information presented;
- Fibria's self-evaluation, pursuant to the GRI G3 Guidelines, demonstrated through the cross referenced table of contents, was confirmed by us, which gives this company a B+ rating.

1. The Bureau Veritas protocol of independent evaluation is based on the International Standard on Assurance Engagement - ISAE 3000 (Assurance Engagements) and the GRI G3 Sustainability Report Guidelines.

Recommendations for the next report

- We continue to reinforce the need for Fibria to prioritize the training of those responsible for information related to performance indicators for the GRI. The generation of data adhering to the “Set of Performance Indicators” of the Guidelines for Sustainability Reporting - GRI G3, is of great relevance for the publication of the Report;
- A clearer presentation with regard to water availability in its forest areas, such as the amount of water available in the Aracruz Unit’s areas and more explanations regarding the quality of water at this Unit;
- Go into greater detail about environmental Risks, considered by Fibria to be one of the 10 priorities basing the company’s sustainable strategy;
- Plan the preparation of the Report in more detail, including internal and external evaluations, among other steps necessary to achieve desired results.

Declaration of independence and impartiality

Bureau Veritas Certification is an independent professional services firm specializing in Quality, Health, Safety, Social and Environmental Management with almost 180 years of experience in independent evaluation services.

No member of the evaluation team has commercial links with Fibria. We conducted this assessment independently, understanding that there was no conflict of interest.

Bureau Veritas Certification has implemented a Code of Ethics throughout its business activities to maintain high ethical standards among its staff.

Contact

Bureau Veritas Certification is available for further clarifications through the website www.bureauveritascertification.com.br/faleconosco.asp, or by telephone +55 11 5070-9800.



Wood yard and mill at Aracruz Unit, Espírito Santo State

External views

We invited two experts to make a critical reading of Fibria's 2010 Sustainability Report.

Fibria's 2010 Sustainability Report covers a very wide range of topics, focusing on the issues that are most certainly central to the company's desire to weave sustainability into the very fabric of the company.

Fibria achieves two important things with its most recent Report. First, it provides substantial details about a wide range of sustainability questions. I offer some thoughts on how it approaches those specific issues below. But what is perhaps most unique about the Report is Fibria's balanced and honest approach, and its willingness to take on complex issues related to child labor, landless people, economic inequality. This overall strength is underlined by the personal statements by the company's Chairman and CEO, and responsible executives for various aspects of its operations. In short, there is a human dimension here that is often missing in sustainability reports, and that is very welcome.

Fibria's 2010 Report has numerous strengths, and as always, areas where the company can improve its reporting in future years. What follows is my assessment of both the positive aspects to the Report, as well as areas where I see opportunities for Fibria to go further in subsequent reports. First, the noteworthy positive aspects of the Report:

- The materiality assessment presents a clear picture of the ten priority issues for the company, as well as the stakeholder-driven process for setting these priorities. It is easy for readers to understand what the company sees as most important, and even more importantly, the Report is focused on the most material issues.

- Fibria does an excellent job of presenting its vision of why sustainability is important to its business. I have seen few companies present such a clear statement on this topic.

- The comprehensive description of how the Code of Conduct is disseminated and enforced, and how risk is measured and managed is exemplary. These sections provide readers with good insight into how the company puts its values into action.

- The Report is very candid in describing the company's relations with economically disadvantaged communities. Most companies' reports shy away from sensitive issues like economic inequality, and the Fibria Report notes how this affects its actions and operating environment in numerous places.

- The Report provides particularly useful detail on biodiversity, water, and energy use, all of which are central questions for Fibria. The mix of data and text provides readers with good insight into performance.

- Throughout the Report, there is excellent use of polling data to provide perspectives from employees, communities, stakeholders and the public on Fibria's performance. The section on community survey data is particularly good at providing insights into how people affected by Fibria's activities understand the company's strategy and actions, and the comments from individuals in that section are very worthwhile.

There are also areas where I would like to see Fibria improve its reporting process in the future, to build on the strengths present in this year's Report:

■ While Fibria provides a comprehensive definition of how it views sustainability, it would be even more helpful to provide a more concise definition that is less of a list of issues, and more of a statement of intent that differentiates Fibria's approach from other companies.

■ While the Report does an excellent job of describing relevant activities for 2010, it should provide more insight into the company's priorities for future years.

■ Fibria does a good job of describing how it performed regarding its 26 sustainability targets. In future years, it would be very useful to present more information on the impact of these targets. Because most of these goals relate to processes, it is hard for the reader to understand their impact on sustainability performance.

■ Diversity data could be stated in terms of background, rather than the color of peoples' skin (e.g., "Asian background" instead of "Yellow"), to increase the dignity of all groups represented in the survey.

■ Fibria provides considerable information about its expectations of suppliers, but provides little information about the actual performance suppliers achieved in 2010. More should be provided in the future.

Fibria has a unique vision about the importance of sustainability for its business, and our world, and a refreshingly candid voice in describing that vision. I greatly appreciate this opportunity to comment on Fibria's 2010 Sustainability Report, and look forward to future reports – and future progress – on its sustainability goals.



Aron Cramer

President and CEO, Business for Social Responsibility (BSR)

Five key points are clearly outlined in the Report: 1) The complexity of Fibria's governance environment, not only for the nature of its business, but also for the diversity of its communities living around its Units; 2) The large number of external stakeholders, their cultural and behavioral patterns, and their action and reaction patterns; 3) The company's attitude – defined by a difficult but well-balanced combination of serenity, steadfast strength and legal compliance – towards the dominant thinking approach and towards the manifestations, expectations, attitudes, claims and more aggressive behavior from those stakeholders, especially the most needy; 4) The changes in place after the merger between Aracruz and VCP clearly perceived as positive in the definition of processes, in the course of business relations and in the dialogue with neighboring communities; and 5) The willingness of the company to listen to all its stakeholders – both internally and externally, upstream and downstream in its value chain – combined with its ability to listen.

In addition to these five points, also notable in Fibria's 2010 Sustainability Report is the amount of space dedicated to social and environmental issues, in detriment to economic-financial issues, notwithstanding the balance that should underpin corporate governance in the adoption of triple bottom line concepts. The severity of the governance environment in which Fibria operates and which reflects the adverse set of institutional and structural conditions in Brazil, certainly contributes to this apparent imbalance. The thought, commitment and priorities set out by Fibria's Senior Management (the chairman, CEO and five directors) are grounded in the shared belief that the company's guiding purpose is to achieve results that have a positive global reach and can be enjoyed by society as a whole. The concepts of "hard earned profit" and "worthy company" are connected with this higher purpose. The Report shows that the management of long-term results and business risks – including risks related to the company's image and reputation worldwide – is closely related to the commitments and priorities set out by the Senior Management.

And it is exactly for the perception of the company's guiding purpose that I would like to make a suggestion, founded on the principles of corporate governance as defined by business expert Michael Jensen. Based on a global reach study, Jensen warns that "companies will not be able to

maximize their market value if they fail to take into account the interests of all their stakeholders." He demonstrated that the maximum long-term total return is increasingly converging with the legitimate demands of all stakeholders, but to a limited extent. If this is exceeded, there might be increasingly conflicting interests, leaving all stakeholders unattended. In this case, the result curve would be shifted downward.

The proposal to produce bigger and better results for the conciliation of internal and external interests and demands is called enlightened value maximization. This "enlightened" guideline – which implies the difficult maximization of multiple goal functions – may, once the limit is exceeded, compromise the results anticipated by investors and destroy value. Based on this understanding, which can be empirically proven, I suggest that some quantified targets should be set for each of the company's actions toward stakeholders, especially the more complex relationships with the neighboring communities living around Fibria's Units. The resources used and the actions chosen should produce increasingly positive results, also among some particular communities that physically damage the company's property and cause material loss – theft, arson and exorbitant and recurring demands as examples. I would recommend greater transparency to the triad consisting of defined goals, resources employed and results achieved. Let us assume that, due to their scattered benefits, not all social and environmental programs led by Fibria can be specifically and quantitatively measured. But those programs which can be measured should be systematically monitored and highlighted from the programs with scattered benefits.

As a supplement to my suggestion, I recommend the study undertaken by Michael E. Porter and Mark R. Kramer (Harvard Business Review, April 2007) which maps out, provides strategic guidance and return on corporate social responsibility actions. Fibria has a well-founded segmentation of such actions in place focused on a 5-axis strategy defined by the company, as well as a list of 7 benefits unfolded into 24 opportunities, resulting from exemplary sustainability management practices associated with operational support, access to capital, market share, costs, risks, and reputation. However, the combination of these elaborate definitions supported by the Porter-Kramer contribution may further bear good fruit.

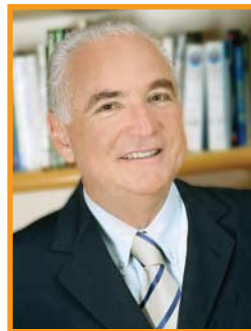
One of the attributes of Fibria's 2010 Sustainability Report is its thorough and extensive reporting of the company's comprehensive concept of sustainability. The resulting social and environmental actions associated with this concept are also described thoroughly. But for their scope and complexity, those actions should be summarized in matrix tables, charts or block diagrams for a complete view of the set in an opening chapter that would provide an objective and managerial reading of Fibria's excellence in the management of its formidable commitment to sustainability. The Materiality Matrix partially serves this purpose. Similar tools that provide objective views of all the company programs could be used creatively. Access to the Porter-Kramer model could also further serve this purpose.

Another area of the Report, which may include suggestions for improvement, is Fibria's Code of Conduct. The creation of the Code of Conduct, as well as the Conduct Committee and the Ombudsman, is a measure in line with the dissemination of company values and their strict compliance. The description of the contents of the Code suggests that it is sufficiently comprehensive. We also feel that the constitution of the Conduct Committee meets best practices. However, I believe that some benefits might ultimately be derived from setting up an independent external Ombudsman to handle issues of greater complexity. When only an internal Ombudsman is appointed, some constraints may occur during the examination of a complaint or in the adjudication and imposition of a penalty as it involves people from the same work environment who maintain social relationships outside the company. An external Ombudsman would work

solely on issues addressed to him as a support to the Internal Audit and Conduct Committee, which would be in charge of evaluating and adjudicating violation cases and penalties suggested by independent agents.

Finally, I would like to make two more suggestions regarding the definitions of "corporate governance" and "stakeholders" found in the Glossary. The definition of governance is limited to relationships within the "tripod" Board of Directors, Executive Board and Control Bodies. We suggest that governance should be based upon a "quadripod" consisting of Shareholders, Board of Directors, Executive Board and Other Stakeholders. The definition of stakeholders, on the other hand, should be more explicit to include individuals, groups or institutions with legitimate interests at stake in the company and which affect or are affected by guidelines set, actions taken and results achieved. I believe these two ideas are more attuned with Fibria values and commitments.

Sincerely,



José Paschoal Rossetti
*Professor and researcher at
Fundação Dom Cabral*



Viviane Louzada Volz and her daughter **Manuela**
Residents of **Pelotas (RS)**

Awards and recognition in 2010

- Carlos Aguiar, CEO of Fibria – Espírito Santo Ambassador (Leadership Meeting)
- Carlos Aguiar – Financial Personality of the Year (IBEF)
- Carlos Aguiar – Paper and Pulp Industry Leader at the 33rd Business Leaders Forum
- Fibria – Best Supplier in the Printing Paper (uncoated) category, in the 20th Fernando Pini Graphic Excellence Prize of the Brazilian Graphic Industry Association (ABIGRAF) and Brazilian Graphic Technology Association (ABTG)
- Fibria – Highlight, Brazilian Company Management Practices survey by the Getúlio Vargas Foundation (FGV), Management Observatory
- Fibria – Most Admired Company in the Country, in the Paper and Pulp Manufacturer Category, “The Country’s Most Admired Companies” survey, 13th edition, *CartaCapital* magazine
- Fibria – Indicated to be part of the 2010/2011 Dow Jones Sustainability Index World
- Jacareí Unit (SP), Fibria – Top Vale 2010, Prize, Socially Responsible Company and Company that Respects the Environment categories, *Valeparaibano* magazine
- Fibria – Corporate Citizen Seal, Municipal Chamber of Jacareí (SP)
- Piracicaba Unit (SP), Fibria – 12th Environmental Prize of the Piracicaba Municipal Council Environmental Defense Council (COMDEMA) in the Corporate category, in recognition of environmental education work on the part of the local NEA through the public school network in the city, its own professionals and third parties
- Fibria – Elected one of 20 model companies in terms of sustainability, according to the *Exame Sustainability Guide 2010*, published by *Exame* magazine
- Fibria – Latin American highlights in the pulp and paper sector in the following categories: “Best Investor Relations Team” (1st place according to analysts and investors); “Best Investor Relations Professional” – André Luiz Gonçalves, Investor Relations general manager (1st place according to analysts and 2nd place according to investors); “Best CEO” – Carlos Aguiar (2nd place according to analysts and investors) and “Best CFO” – Carlos Aguiar, CEO (interim) and João Elek, CFO and Investor Relations Officer (2nd place according to analysts and 3rd place according to investors), *Institutional Investor Magazine*

- Fibria – Sustainability Report 2009 among the 29 best in Brazil, according to the study “The path to credibility: a survey of sustainability reports in Brazil,” evaluated by SustainAbility, the international consulting company, in partnership with the Brazilian Foundation for Sustainable Development, (FBDS)
- Fibria – Sector Highlight Prize 2010, Brazilian Pulp and Paper Technical Association (ABTCP), in the Market Pulp Manufacturer and Graphic Paper Manufacturer categories
- Fibria – Winner of the 10th edition of the “The 100 + Innovators in the use of IT” in the Industry category: Plastics, Rubber, Paper and Pulp, *InformationWeek Brasil* magazine
- Fibria Investor Relations Department – Among the five best companies in 2009 in the “Best Socioenvironmental Sustainability” category, by the IR Magazine Awards Brazil 2010, a survey conducted by the Brazilian Economy Institute (IBRE) and the Getúlio Vargas Foundation (FGV)
- Environmental Education Program (PEA) of Fibria’s Jacareí Unit (SP) – Recognized by the 16th FIESP Environmental Merit Prize 2010, with an honorable mention in the Medium and Large Company category, organized by the Environmental Department of the São Paulo Industrial Companies Federation
- Fibria – The only Brazilian company in the pulp and paper industry on the Ranking 2010 of the 2,000 largest companies in the world, organized by *Forbes* magazine (Fibria was in 980th place. Included on the list were 33 Brazilian companies)
- Reges Echer, ecologist and sustainability analyst at Fibria’s Capão do Leão Unit (RS), one of eight professionals linked to the Votorantim group in Latin America who were winners of the 3rd edition of the Social Leader Prize 2009, organized by the Votorantim Institute
- Honey by the Beekeepers Association of Aracruz (APIARA) produced on Fibria land was selected the best in the country, during the Própolis Northeast Seminar and the 4th National Meeting of Polen Producers, Ilhéus (BA)
- Fibria – Best Liability Management 2010, *Latin Finance* magazine
- José Luciano Penido, chairman of the Fibria Board of Directors – Elected one of the 50 most influential people in global industry by *PPI Magazine*, a publication of RISI. Penido came in 4th place among the best CEOs of the world
- Fibria – The only company in the forestry industry to be on the Efficient Carbon Index (ICO2), of the BM&FBOVESPA and the Brazilian National Economic and Social Development Bank (BNDES)
- Cleaner Production Program of Fibria’s Jacareí Unit (SP) – Recognized as the best environmental project by the São Paulo Center of Industrial Companies (CIESP)
- Fibria – Selected for the Business Environmental Index (ISE) of the BM&FBOVESPA of the São Paulo Stock Exchange
- Fibria – 3rd place overall in Latin America and 4th place in the world ranking, in the “Financial Disclosure and Communication” category of the Basic Materials study produced by the MZ consulting company



Content Index

1. Strategy and Analysis		Where found
1.1	Statement from the most senior decision maker of the organization	Message from the management p. 6-7
1.2	Description of key impacts, risks, and opportunities	Message from the management p. 6-7 About this Report p. 10-12 Risk management p. 25-27 Sustainability p. 32-46 Climate governance p. 134
2. Organizational profile		Where found
2.1	Name of the organization	Fibria Celulose S.A.
2.2	Primary brands, products, and/or services	About Fibria p. 18-21
2.3	Operational structure of the organization	About Fibria p. 18-21 Fibria's management systems p. 30-31
2.4	Location of organization's headquarters	About Fibria p. 18-21
2.5	Number of countries where the organization operates and names of countries	About Fibria p. 18-21
2.6	Nature of ownership and legal form	Fibria's management systems p. 30-31
2.7	Markets served	About Fibria p. 18-21
2.8	Scale of the reporting organization	Main results p. 15-17 About Fibria p. 18-21
2.9	Significant changes in 2010	Message from the management p. 6-7
2.10	Awards received in 2010	Awards and recognition in 2010 p. 153
3. Report Parameters		Where found
Report Profile		
3.1	Reporting period	2010
3.2	Date of most recent previous report	2009 Sustainability Report, launched in May 2010
3.3	Reporting cycle	Annual
3.4	Contact point for questions regarding the report or its contents	comunicacaofibria@fibria.com.br
Report Scope and Boundary		
3.5	Process for defining report content	Message from the management p. 6-7 About this Report p. 10-12
3.6	Boundary of the report	About this Report p. 10-12
3.7	State any specific limitations on the scope or boundary of the report	Covers the whole range of the company's relevant economic, social and environmental impacts
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	About this Report p. 10-12

















3.9	Data measurement techniques and the bases of calculations	About this Report p. 10-12
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	About this Report p. 10-12
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	About this Report p. 10-12
GRI Content Index		
3.12	Table identifying the location of the Standard Disclosures in the report	Content Index
Assurance		
3.13	Policy and current practice with regard to seeking external assurance for the report	Independent assurance statement p. 146-148
4. Governance, Commitments, and Engagement		Where found
Governance		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Management structure p. 13-14
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	NA
4.3	Number of members of the highest governance body that are independent and/or non-executive members	Management structure p. 13-14
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Management structure p. 13-14
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Workforce p. 90-92
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Code of Conduct p. 22-23 Ombudsman p. 23-24 Anticorruption practices p. 25
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	Sustainability p. 32-33
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	About Fibria p. 18-21 Code of Conduct p. 22-23 Ombudsman p. 23-24 Anticorruption practices p. 25
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	Management structure p. 13-14
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	Management structure p. 13-14
Commitments to external initiatives		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Climate governance p. 134
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	Main commitments p. 47-49
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	Main commitments p. 47-49 Public policies p. 88-89

Stakeholder engagement

4.14	List of stakeholder groups engaged by the organization	Message from the management p. 6-7 About this Report p. 10-12 Sustainability p. 32-46 Communities p. 57-84 Suppliers p. 85-87 Government p. 87-89 Personnel management p. 89-100
4.15	Basis for identification and selection of stakeholders with whom to engage	About this Report p. 10-12 Goals and targets p. 37-46
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Message from the management p. 6-7 About this Report p. 10-12 Sustainability p. 32-46 Communities p. 57-84 Suppliers p. 85-87 Government p. 87-89 Personnel management p. 89-100
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	About this Report p. 10-12



















Economic Performance Indicators		Where found	Compliance	Global Compact (Principle)
Economic Performance				
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	Main results p. 15-17		2
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Climate governance p. 134		7
EC3	Coverage of the organization's defined benefit plan obligations	Workforce p. 91		
EC4	Significant financial assistance received from government	Public financing p. 144		
Market Presence				
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	Workforce p. 91		
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	Suppliers p. 87		
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	Workforce p. 91		
Indirect Economic Impacts				
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement	Main results p. 17		
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Other performance indicators - GRI SO1 p. 178 Goals and targets p. 37-46 Communities p. 57-84 Suppliers p. 85-87		



Environmental Performance Indicators		Where found	Compliance	Global Compact (Principle)
Environmental Performance				
Materials				
EN1	Materials used by weight or volume	Other environmental indicators > Forest environment p. 163		8
EN2	Percentage of materials used that are recycled input materials	Other environmental indicators > Forest environment p. 163 Other environmental indicators > Industrial environment p. 170		8 and 9
Energy				
EN3	Direct energy consumption by primary energy source	Environmental indicators > Industrial environment p. 119-120 Other environmental indicators > Forest environment p. 163		8
EN4	Indirect energy consumption by primary source	Environmental indicators > Industrial environment p. 120 Other environmental indicators > Forest environment p. 164-165		8
EN5	Energy saved due to conservation and efficiency improvements	126,061.82KJ saved at the Aracruz Unit (an ecoefficiency gain representing 0.2%). No energy saving was quantified in the other Units. Other environmental indicators > Forest environment p. 165		8 and 9
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Environmental indicators > Industrial environment p. 121 Other environmental indicators > Forest environment p. 165		8 and 9
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	There were no initiatives to reduce indirect energy consumption in either forestry or industrial operations in 2010.		8 and 9
Water				
EN8	Total water withdrawal by source	Environmental indicators > Forest environment p. 110 Environmental indicators > Industrial environment p. 122-123		8
EN9	Water sources significantly affected by withdrawal of water	Environmental indicators > Forest environment p. 110 Environmental indicators > Industrial environment p. 123-124		8
EN10	Percentage and total volume of water recycled and reused	Environmental indicators > Industrial environment p. 124 The forestry operations do not recycle or reuse water.		8 and 9
Biodiversity				
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environmental indicators > Forest environment p. 110-112		8
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Environmental indicators > Forest environment p. 113-114		8
EN13	Habitats protected or restored	Environmental indicators > Forest environment p. 114		8
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Environmental indicators > Forest environment p. 114-115		8



A EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Other environmental indicators > Forest environment p. 166		8
Emissions, effluents and waste				
G EN16	Total direct and indirect greenhouse gas emissions by weight	Environmental indicators > Forest environment p. 116-117 Climate governance p. 134		8
G EN17	Other relevant indirect greenhouse gas emissions by weight	Environmental indicators > Forest environment p. 116-117 Climate governance p. 134		8
A EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Environmental indicators > Forest environment p. 117		7, 8 and 9
G EN19	Emissions of ozone-depleting substances by weight	Environmental indicators > Industrial environment p. 126-127		8
G EN20	NO, SO, and other significant air emissions by type and weight	Environmental indicators > Industrial environment p. 127-128		8
G EN21	Total water discharge by quality and destination	Environmental indicators > Industrial environment p. 127-128 Other environmental indicators > Forest environment p. 167		8
G EN22	Total weight of waste by type and disposal method	Environmental indicators > Forest environment p. 118		8
G EN23	Total number and volume of significant spills	There were no significant spills in 2010.		8
A EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Fibra does not transport waste deemed hazardous under the terms of the Basel Convention.		8
A EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	Environmental indicators > Industrial environment p. 171		8
Products and Services				
G EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Environmental indicators > Forest environment p. 167 Environmental indicators > Industrial environment p. 172		7, 8 and 9
A EN27	Percentage of products sold and their packaging materials that are reclaimed by category	We do not reclaim packages of pulp bales, as the packaging itself is made of pulp.		8 and 9
Compliance				
G EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	Environmental indicators > Forest environment p. 168 Environmental indicators > Industrial environment p. 173		8 and 9
Transport				
A EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	Environmental indicators > Forest environment p. 169 Other environmental indicators p. 174		8
Overall				
A EN30	Total environmental protection expenditures and investments by type	Environmental indicators > Forest environment p. 121 Environmental indicators > Industrial environment p. 136-138		7, 8 and 9

Labor Practices and Decent Work Performance Indicators		Where found	Compliance	Global Compact (Principle)
Employment				
LA1	Total workforce by employment type, employment contract, and region	Workforce p. 90	●	
LA2	Total number and rate of employee turnover by age group, gender, and region	Workforce p. 92	●	6
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Workforce p. 92	●	
Labor/Management Relations				
LA4	Percentage of employees covered by collective bargaining agreements	Workforce p. 91	●	1 and 3
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	Relationship with labor unions p. 100	●	3
Occupational Health and Safety				
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Health and safety p. 96	●	1 and 3
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities by region	Main results p. 17 Health and safety p. 97	◐	1
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Quality of life p. 99-100	◐	1
LA9	Health and safety topics covered in formal agreements with trade unions	Relationship with labor unions p. 100	◐	1
Training and Education				
LA10	Average hours of training per year per employee by employee category	Workforce p. 90	●	6
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Workforce p. 91	●	
LA12	Percentage of employees receiving regular performance and career development reviews	Workforce p. 91	●	
Diversity and Equal Opportunity				
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Main results p. 17 Workforce p. 92	◐	1 and 6
LA14	Ratio of basic salary of men to women by employee category	Workforce p. 92	●	1 and 6
Human Rights Performance Indicators		Where found	Compliance	Global Compact (Principle)
Investment and Procurement Practices				
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	No significant investment was made in 2010.	●	1, 2, 3, 4, 5 and 6
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	Suppliers p. 86	●	1, 2, 3, 4, 5 and 6
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Code of Conduct p. 22 Workforce p. 90	●	1, 2, 3, 4, 5 and 6

Non-discrimination				
■ HR4	Total number of incidents of discrimination and actions taken	There were no registered incidents of discrimination in 2010 p. 24	●	1, 2 and 6
Freedom of association and collective bargaining				
■ HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	Relationship with labor unions p. 100	●	1, 2 and 3
Child Labor				
■ HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	Suppliers p. 85-86	●	1, 2 and 5
Forced and Compulsory Labor				
■ HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	Suppliers p. 85-86	●	1, 2 and 4
Security Practices				
■ HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	Code of Conduct p. 22	●	1 and 2
Indigenous Rights				
■ HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	There were no incidents of violations involving rights of indigenous people in 2010.	●	1 and 2
Society Performance Indicators		Where found	Compliance	Global Compact (Principle)
Community				
■ S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	Other performance indicators - GRI S01 p. 178-180	●	
Corruption				
■ S02	Percentage and total number of business units analyzed for risks related to corruption	Anticorruption practices p. 25	●	10
■ S03	Percentage of employees trained in organization's anti-corruption policies and procedures	Code of Conduct p. 22-23	●	10
■ S04	Actions taken in response to incidents of corruption	Anticorruption practices p. 25	●	10
Public Policy				
■ S05	Public policy positions and participation in public policy development and lobbying	Contributions to public campaigns p. 87-88 Public policies p. 88-89	●	1 and 5
■ S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	Contributions to public campaigns p. 87-88	●	10
Anti-Competitive Behavior				
■ S07	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	Fines and lawsuits p. 28	●	
Compliance				
■ S08	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	Fines and lawsuits p. 28	●	

Product Responsibility Performance Indicators		Where found	Compliance	Global Compact (Principle)
Customer Health and Safety				
 PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Performance indicators relating to product responsibility p. 175		
 PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Performance indicators relating to product responsibility p. 175		
Product and Service Labeling Core				
 PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Performance indicators relating to product responsibility p. 175		
 PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Performance indicators relating to product responsibility p. 176		
 PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Performance indicators relating to product responsibility p. 176		
Marketing Communications				
 PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Performance indicators relating to product responsibility p. 176		
 PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	Performance indicators relating to product responsibility p. 177		
Customer privacy				
 PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Performance indicators relating to product responsibility p. 177		1
Compliance				
 PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	Performance indicators relating to product responsibility p. 177		

 Fully reported
 Partially reported
 NR Not reported

NA Does not apply
 Core indicator
 Additional indicator



Forestry area
in Rio Grande do Sul State

Annex: GRI performance indicators

Other environmental performance indicators

Forest Environment

GRI EN1 - Materials used by weight and volume

Materials		Units	Aracruz (ES, MG, BA)	Jacareí (SP) ¹	Três Lagoas (MS)	Capão do Leão (RS)	Total
Direct	Eucalyptus seedlings	Units	20,262,773.00	22,178,750.00	20,974,612.00	1,502,754.00	64,918,809.00
	Wood	m³	8,530,900.00	3,841,448.00	4,173,431.46	—	16,545,779.46
Non-Renewable	Lubricating oil	liters	42,081.62	154,837.50	136,190.47	—	333,109.59
	Hydraulic oil	liters	46,725.10	119,109.20	71,372.30	—	237,206.60
	Diesel oil	liters	38,951,266.72	26,682,441.60	14,219,598.30	—	79,853,306.62
	Vegetable oil	liters	—	122,02.07	203,320.00	—	325,342.07
	Other oils	liters	—	3,130.00	1,065.30	—	4,195.30
	Pesticides	liters	34,757.00	2,907.58	50.00	1	37,715.58
	Pesticides	kg	761,930.07	193,343.75	358,600.02	14,323.85	1,328,197.70
	Fertilizers	kg	26,274,837.83	10,272,115.09	11,317,798.39	726,606.88	48,591,358.19
	Limestone	kg	1,434,275.00	13,200,854.00	18,762,127.00	17,980.00	35,195,256.00
	Gasoline	liters	15,401.69	—	—	—	15,401.69
	Grease/ Lubricants	kg	20,740.00	13,960.00	4,388.95	—	39,088.95
	Chemicals in general	kg	7,602,892.52	102,529.78	874,380.67	141,214.88	8,721,017.84
	Chemicals in general	liters	12.00	272.71	3.00	—	287.71
	Substrate	m³	2,231.80	1,612.51	483.00	7,791	4,335.10
	Substrate	liters	—	345,840.00	—	—	345,840.00
	Substrate	kg	55,000.00	23,325.00	49,056.00	—	127,381.00
	Rice Derivatives	m³	897.70	143.81	240.00	—	1,281.50

1. Vale do Paraíba and Capão Bonito.

GRI EN2 - Percentage of materials used that are recycled input materials

Fibra does not use recycled materials in the forest areas. The principal inputs (fertilizers, fuels) are always used with care. In some Units, byproducts of the pulp manufacturing process are also used as fertilizer.

GRI EN3 - Direct energy consumption by primary energy source

Direct energy consumption

			Forestry					
			Jacaré Unit (SP) ¹		Aracruz Unit (ES)		Três Lagoas Unit (MS)	
			2009	2010	2009	2010	2009	2010
Non-renewable	Coal	t	—	—	—	—	—	—
	Natural gas	m ³	—	—	—	—	—	—
	1A oil	t	—	—	—	—	—	—
	3A oil	t	—	—	—	—	—	—
	7A oil	t	—	—	—	—	—	—
	Diesel	litres	22,279,904	26,682,442	40,606,708	38,951,267	9,336,209	14,219,598.30
	Liquefied petroleum gas	t	—	—	—	—	—	—
Renewable	Liquid Biomass	TDS	—	—	—	—	—	—
	Solid Biomass	t	—	—	—	—	—	—
	Methanol	t	—	—	—	—	—	—

TDS - Tons Dry Solids.

1. Vale do Paraíba and Capão Bonito.

Direct energy consumption in gigajoules

			Forestry					
			Jacaré Unit (SP)		Aracruz Unit (ES)		Três Lagoas Unit (MS)	
			2009	2010	2009	2010	2009	2010
Non-renewable	Coal	GJ	—	—	—	—	—	—
	Natural gas	GJ	—	—	—	—	—	—
	1A oil	GJ	—	—	—	—	—	—
	3A oil	GJ	—	—	—	—	—	—
	7A oil	GJ	—	—	—	—	—	—
	Diesel	GJ	795,954	953,236	1,450,683	1,391,542	333,538	507,998
	Liquefied petroleum gas	GJ	—	—	—	—	—	—
Renewable	Liquid Biomass	GJ	—	—	—	—	—	—
	Solid Biomass	GJ	—	—	—	—	—	—
	Metanol	GJ	—	—	—	—	—	—

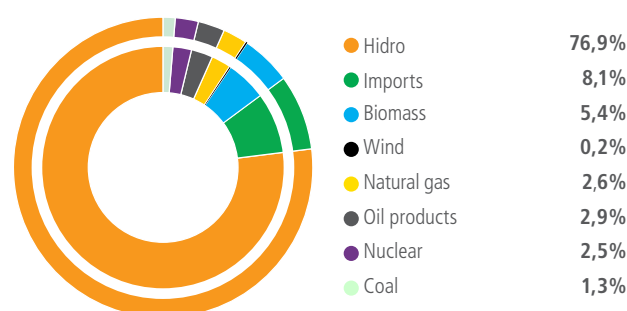
GRI EN4 - Indirect energy consumption, by primary energy source

Forestry (electricity MWh)							
Capão do Leão Unit (RS)		Jacaré Unit (SP) ¹		Aracruz Unit (ES)		Três Lagoas Unit (MS)	
2009	2010	2009	2010	2009	2010	2009	2010
478	449	215	980	648	4,382	144	1,025

1. Vale do Paraíba and Capão Bonito.

Indirect consumption of energy occurs mainly in the operating offices and seedling nurseries belonging to the company. This power is bought from the electricity grid and added to the Fibria energy matrix. It is therefore not possible to identify the primary energy source inside the Brazilian electricity supply.

Domestic electricity supply by source - 2009



GRI EN5 - Energy saved due to improvements in conservation and efficiency

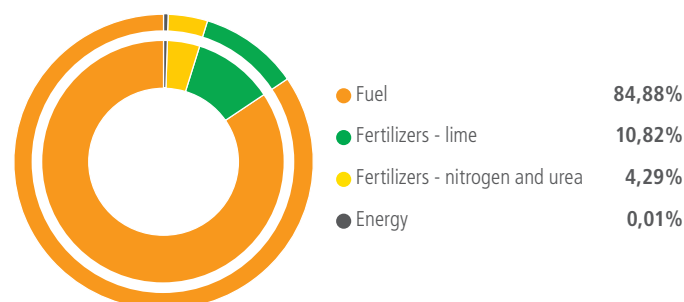
Fibria has already incorporated the use of energy efficient equipment and gives priority to fluorescent lighting in its project designs.

GRI EN6 - Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives

The main sources of greenhouse gases (GHGs) in Fibria's Forestry Units, according to an inventory by the company are diesel, fertilizer, lime and electric power. With the aim of reducing these harmful emissions, the company adopted the following initiatives:

- Diversification of transportation logistics, including the increased use of barges for carrying timber;
- Addition of a 5% biodiesel to diesel mix;
- Optimization of the average radius of forest – factory distance to the facilities.

GHG emissions from forestry activities



GRI EN7 - Initiatives to reduce indirect energy consumption and results achieved

No measures were implemented to reduce indirect energy consumption in 2010.

GRI EN15 - Number of species on the IUCN Red List and IBAMA Conservation Lists of species with habitats in areas affected by operations, by level of risk of extinction¹

IUCN Category	Group	Jacareí(SP) ²			Três Lagoas (MS) ²		Aracruz (ES, MG, BA) ³
		IUCN	IBAMA	SP	IUCN	IBAMA	IUCN
Critically Endangered	Plants	1	–	0	0	–	7
	Amphibians	–	–	–	0	0	0
	Reptiles	–	–	–	0	0	0
	Birds	0	0	1	0	0	17
	Fish	0	0	0	0	0	0
	Crustaceans	0	0	0	0	0	0
	Mammals	0	0	1	0	0	1
Endangered	Plants	5	7	7	1	1	29
	Amphibians	–	–	–	0	0	0
	Reptiles	–	–	–	0	0	0
	Birds	2	0	5	1	0	15
	Fish	0	0	0	0	0	1
	Crustaceans	0	0	0	0	0	0
	Mammals	1	1	3	0	0	5
Vulnerable	Plants	10	–	14	6	–	30
	Amphibians	–	–	–	0	0	1
	Reptiles	–	–	–	1	0	2
	Birds	3	4	16	0	0	25
	Fish	0	0	0	0	0	0
	Crustaceans	0	0	0	0	0	5
	Mammals	4	9	8	5	7	7
Near Threatened	Plants	18	–	0	6	–	1
	Amphibians	–	–	–	0	0	0
	Reptiles	–	–	–	0	0	1
	Birds	16	–	11	4	–	10
	Fish	0	0	0	0	0	0
	Crustaceans	0	0	0	0	0	0
	Mammals	7	–	10	3	–	0
Minimum Concern, or Lack of Sufficient Data, Or No Evaluation by ICUN	Plants	1200	1227	1213	368	380	797
	Amphibians	–	–	–	27	0	48
	Reptiles	–	–	–	37	38	49
	Birds	344	361	332	288	288	446
	Fish	0	0	0	0	0	84
	Crustaceans	0	0	0	0	0	67
	Mammals	23	37	25	59	60	67
Total Species	Plants	1,234			381		864
	Amphibians	NA			27		49
	Reptiles	NA			38		52
	Birds	365			289		512
	Fish	NA			NA		85
	Crustaceans	NA			NA		72
	Mammals	47			67		80

1. Corresponds to an analysis considering all lists.

2. Accumulated species, that is, registered since the beginning of monitoring conducted by Casa da Florestal (in SP since 2001 and MS since 2007).

3. For the Aracruz Unit, species were classified by the IUCN, IBAMA and IEMA (ES) lists. Only the highest critical and threat levels indicated by the lists was used for each species.

GRI EN21 - Total water discharge by quality and destination

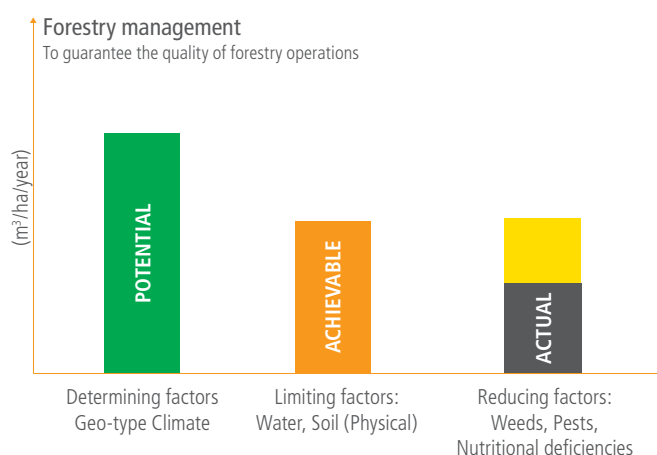
The water discharged in the nurseries comes from two sources: irrigation and domestic effluent. In the Forestry Unit in the Vale do Paraíba, water is dropped in an infiltration pond. At the Capão Bonito Forestry Unit disposal is done in an infiltration trench. In the Três Lagoas Unit, the domestic wastewater is routed to septic tanks, and irrigation, after going through a separation box, infiltrates the soil. In the Aracruz Unit, before being dumped, the effluent passes through a gravel box for retention of solids. A new system for effluent treatment at the Aracruz nursery is being is under analysis to meet new legislation. The volume of water disposed in forestry operations is not representative compared with the industrial operations. It is equivalent to approximately 1% of the volume disposed in factories.

GRI EN26 - Initiatives to mitigate the environmental impacts of products and services, and extent of impact mitigation

Fibra pulp and paper is made from the wood harvested from eucalyptus plantations, which takes an average of seven years to reach the harvesting point. To ensure the highest productivity of renewable forest resources, the company uses three basic measures when planting:

- Technical standards, which show the average amount of fertilizer and other chemicals to be applied per hectare;
- Genetic engineering to enhance productivity and improve the resistance of eucalyptus in different soil types;
- Specific targets for fuel consumption.

Fibra also has a forestry quality control function, which monitors the growth of seedlings to keep them free of pests and other harmful agents. This team supplies forestry operations teams with information to help solve problems quickly and accurately, using chemicals only when necessary. Of the 21,100 hectares recently examined in the São Paulo Forestry Units, 4,300 hectares were considered free from weeds, eliminating the use of herbicides – which in addition to economizing the use of manpower represented a considerable savings to the company.



Other initiatives that ensure the sustainable use of resources are the monitoring of compliance with technical recommendations in the field and avoiding wasteful use of fertilizers and other products. The correct dosage of inputs requires measurements and calibration as well as fine tuning of equipment, in addition to identifying the equipment that can be demobilized.

The quality of the forest is measured by other indicators monitored and recorded daily. The results are compiled and combined into a single indicator, the Performance Index for Forestry Operations (IDSO), which enables goals to be set for each Unit.

This control model was introduced two years ago and is already used in all of Fibria's Forestry Units. Given the positive results obtained, the company will extend the use of these advanced quality measurement tools to new operational areas, ensuring the sustainable use of resources throughout the forest production chain.

GRI EN28 - Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

The process of completing the Compliance Corrective Action (CARs) and CERFLOR and FSC audits will be completed by March 2011. The results of this process will be disclosed in the next Sustainability Report.

GRI EN29 - Significant environmental impacts from transporting products and other goods and materials used in the operations of the organization, as well as the transportation of workers

Significant Aspects and Impacts – Forestry Logistics (SP):

Activities/Scope	Aspects	Impacts	Control (internal norms)
Machinery and equipment fueling/inputs	Explosion	Chemical/physical/microbiological change of the soil; change of wild fauna/flora; pollution of springs; change of water characteristics.	Emergency Operating Procedure Fire Fighting and Explosion of Inflammable Products control of reception, unloading and supply of diesel oil
	Fire	Change in air quality; change in water characteristics; pollution of springs; change in water characteristics	Emergency Operating Procedure Accidents With Victims Fire Fighting And Explosion Of Inflammable Products Control Of Reception, Unloading And Supply Of Diesel Oil Approval Of Suppliers
	Leak-Overflow	Change in air quality; pollution of springs; change of water characteristics; change in wild fauna/flora; Chemical/physical/microbiological change of the soil	Emergency Operating Procedure Fighting Chemical Product Leaks Transportation of chemical, liquid fuels and forest input products; Control Of Reception, Unloading And Supply Of Diesel Oil Approval Of Suppliers
Transportation maintenance (machinery)	Noise generation	Nuisance to neighbors	(Stakeholder Communications) will be put into action; complaints received through a toll-free number Approval Of Suppliers
	Particulate emissions	Change in air quality;	Management of sources and emissions; Approval Of Suppliers; Safe Highway Program
	Collision/Rollover	Change in water characteristics; Chemical/physical/microbiological change of the soil; change in wild fauna/flora; pollution of springs	Emergency Operating Procedure; Dangerous Products Transportation Accident; Accident with Victims; Approval Of Suppliers Safe Highway Program
	Fire	Change in air quality; change in water characteristics; pollution of springs; change in water characteristics	Emergency Operating Procedure Accidents With Victims Fire Fighting And Explosion Of Inflammable Products Control Of Reception, Unloading And Supply Of Diesel Oil Approval Of Suppliers
	Leak-Overflow	Change in air quality; pollution of springs; change of water characteristics; change in wild fauna/flora; Chemical/physical/microbiological change of the soil	Emergency Operating Procedure Fighting Chemical Product Leaks Transportation of chemical, liquid fuels and forest input products; Control Of Reception, Unloading And Supply Of Diesel Oil Approval Of Suppliers
	Use of land	Chemical/physical/microbiological change of the soil; Compactation/recovery; Erosion/filling in	Construction and maintenance of roads Soil Conservation Practices; Approval Of Suppliers

Industrial Environment

GRI EN2 - Percentage of recycled materials used

Aracruz Unit

The Unit does not use recycled raw materials.

Jacareí Unit

The Unit does not use recycled raw materials.

Três Lagoas Unit

The Unit does not use recycled raw materials.

Piracicaba Unit

(in t)	2009	2010
Total weight of direct materials	137,291.00	148,248.76
Total weight of recycled raw materials	2,382.97	5,031.67
Percentage of recycled raw materials	2.06%	3.39%

GRI EN21 - Total water discharge by quality and destination

Aracruz Unit

Planned water disposal

	Destination	Method of treatment	Was it used by another organization?	Total volume of discharge (m³ / year)
2009	Atlantic Ocean	Biological	No	67,911,745
2010	Atlantic Ocean	Biological	No	67,955,571

Jacareí Unit

Planned water disposal

	Destination	Method of treatment	Was it used by another organization?	Total volume of discharge (m³ / year)
2009	Rio Paraíba do Sul	Two Stage Activated Sludge	No	29,213.243
2010	Rio Paraíba do Sul	Two Stage Activated Sludge	No	25.421.226

There was a reduction in the generation of treated effluents through the reduction of water consumption and also by using both Six Sigma and CP (Cleaner Production) methodologies.

Três Lagoas Unit

Planned water disposal

	Destination	Method of treatment	Was it used by another organization?	Total volume of discharge (m³/year)
2009	NA	NA	NA	NA
2010	Effluent Generated	Activated sludge with extended aeration	Yes	47,553,023

Piracicaba Unit

Planned water disposal

	Destination	Method of treatment	Was it used by another organization?	Total volume of discharge (m ³ /year)
2009	Rio Piracicaba	Physical-chemical and conventional activated sludge	No	4,704,265
2010	Rio Piracicaba	Physical-chemical and conventional activated sludge	No	4,792,333

GRI EN25 - Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by discharges of water and runoff by the organization reported.

Aracruz Unit

NA

Jacareí Unit

This indicator is not applicable, since the average flow rate of water intake is 0.7 m³/s and the average flow of the Paraíba do Sul river, which is the source of water for the Jacareí Unit has an average flow of 75 m³/s. In other words, the water intake is 0.93% of river flow where the protocol indicates 5%. Although there is no significant impact on the body of the river we carry out environmental monitoring to monitor possible changes. These consist of collecting water samples, sampling plankton and fish for verification of the biological community by ensuring there are no changes. In addition, the company also monitors the APP, as required by law.

Três Lagoas Unit

NA

Piracicaba Unit

According to the definition of significance in the protocol, the disposal of effluents from the Unit has not significantly impacted the Piracicaba River, since the percentage of its flow in relation to the river flow represents 0.17%, the flow of sewage discharge is on average 0.15 m³/s and the flow rate of the Piracicaba River is 142.75 m³/s.

GRI EN26 - Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation

Aracruz Unit

What do we consume?	Water	Energy	Materials
What we do to optimize the consumption?	We focus on reducing losses so that the specific fuel consumption was lower than the previous year.	We focus on reducing energy consumption by optimizing resulting in lower consumption of fuel oil and biomass.	Implementing new destinations for the waste of bark, and increase reuse of waste. The recycling index was greater at its greatest historical value
What do we discard?	The effluents were discharged / treated and released at sea.	–	Waste has been disposed of in properly licensed landfills.
What we do to reduce the impacts of disposal?	We carry out monitoring of effluents in the marine ecosystem: Physical Oceanography, Chemical, Biological and Geological.	–	The landfills are monitored, a condition of licensing. We focus on raising the level of recycling year by year.

Jacaré Unit

What do we consume?	Water	Energy	Materials
What we do to optimize the consumption?	Cleaner Production and Six Sigma works are conducted annually in the quest for reduced consumption of raw material, water and energy. All indicators decreased, with highlight on the specific water and wood consumption. The Unit was already in 2009 a benchmark for both indicators and both were reduced further in 2010. In the case of water consumption it was due to an increased activity in closed-loop bleaching and extraction, and in the case of wood, work was conducted between the pulp production cell (CPC) and the forestry area.		
What do we discard?	Effluents	Solid residue	Atmospheric emissions
What we do to reduce the impacts of disposal?	As mentioned above, although the Unit is recognized as a global benchmark in water consumption and effluent generation, there was a reduction decreased in 2010. Specific work for closing the circuit in the bleaching process was conducted during the year.	Despite the specific generation of waste not having reduced in 2010, significant work was carried out in order to cut waste disposal in landfills. The recycling of waste in 2010 was approximately three times greater than 2009 in absolute numbers, due to the internal work and the development of new uses of the material.	The emission of TRS (Total Reduced Sulfur) reduced significantly in 2010. This reduction was due to a large study conducted mainly in lime kilns. We also worked on the issue of fugitive emissions, with significant results for the year.

Três Lagoas Unit

What do we consume?	Water	Energy	Materials
What we do to optimize the consumption?	The Três Lagoas Unit does not have any program to optimize the consumption of water, energy and materials.		
What do we discard?	Of the total water captured for consumption only 20% is discarded, representing water evaporation and water in the final product.	All residual energy is sold.	Only products past their due date.
What we do to reduce the impacts of disposal?	Discharges related to water, energy and materials are managed, so that there is no disposal, as follows: Water - The residual water is treated and returned to the receiving body that is the same of the catchment. Disposal of energy is sold and used by a power utility and the inputs / materials are used in the process.		

Piracicaba Unit			
What do we consume?	Water	Energy	Materials
What we do to optimize the consumption?	1 - Segregation of water for reuse in the factory (45% reuse) 2 - Exhibitions, and lectures to build awareness on the rational use of water; 3 - Participation of representatives of the Unit in the Technical Chamber of Use and Conservation of Water of the Piracicaba, Capivari and Jundiá Basin Committee, established in 2008 4 - Training in Cleaner Production	1 - Work to improve energy efficiency in the Unit, as per EN5 2 - Frequent meetings of the internal Commission of Power Consumption (CICE).	1 - Work to reduce consumption of raw materials 2 - Development of raw materials with less environmental impact.
What do we discard?	Effluent from Effluent Treatment Plant.	Energy loss.	Refuge, with residual raw material effluent.
What we do to reduce the impacts of disposal?	Practices in optimizing fuel consumption, as per studies described above.	Practices in optimizing consumption, as per studies described above.	Practices in optimizing consumption, as per studies described above.

GRI EN28 - Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.

Aracruz Unit

In 2009 and 2010 no penalties, warnings, or any other sanctions relative to the environment were imposed.

Jacaré Unit

In 2009 we received a CETESB warning for the release of liquid effluents in violation of the law. Currently we have in place a TAC concerning the landfill accident that occurred in 2005, in addition to two inquiries related to Pollution Plumes and Odors, and another regarding the disposal of industrial waste. They are under review by the Public Prosecutors Office and present all evidence requested in the investigation and are being forwarded to the appropriate areas for problem resolution.

Seven notifications were received of which 6 were IAFI (Notice of Infringement and Enforcement Penalty) and a AIIPM (Notice of Infringement Penalty Imposition of Fines). In each case a technical explanation and suggestions for routing solutions was presented. Despite the major environmental indicators showing a positive trend between 2009 and 2010, we suffered assessments for solid waste, water emissions and atmospheric emissions.

Três Lagoas Unit

In 2009 we received two notifications from the Mato Grosso do Sul State Environmental Institute. One for improper disposal of industrial waste in the landfill, and the other for the occurrence of odor in the city of Três Lagoas, due to an overrun of evaporation, totaling R\$340,000.

Piracicaba Unit

In 2009 and 2010 we received no penalty, warning, or any other penalty for environmental infractions.

Other environmental indicators

GRI EN29 - Significant environmental impacts of transporting products and other goods and materials used in the operations of the organization, and transport workers

Emissions:

Forest transportation

Black smoke: this refers to the emission of exhaust (black smoke) by trucks transporting timber from the farms to the final destination (lumber yard). It also covers the emissions of the machinery used in loading and unloading lumber as well as the emissions generated by machines (cranes) used in lumber yards and bus passenger transport. Mitigation: this item is monitored by sampling using the Ringelmann scale. The "Safe Road" program requires that the trucks pass a monthly inspection to ensure they are always properly regulated in order to reduce diesel consumption and greenhouse gas emissions from burning fuel.

Waste: Soil waste from construction activities and road maintenance is mostly recycled through chemical treatment or mixing with other soil types. Wood residues (chips, chips, stacks, etc.) from transportation. Mitigation: They are removed from the main access roads to the factories by sweeping and removal of waste to be sent to a landfill. Tires replaced in the fleet. Mitigation: The "Road Safe" program includes controls on the disposal of tires.

Dust: It mainly occurs during the transportation of wood and is more pronounced during the dry season. Mitigation: This is monitored by means of complaints on the toll-free telephone line, and in response we spray the roads that pass through communities surrounding the farms where transportation takes place.

Noise Pollution: Noise generated by trucks and buses to transport employees and machinery for road construction. Mitigation: This is monitored through dialogue facilitated by Fibria's environmental teams, and through visits to the places where we have the transport operations. Feedback is also received through a toll-free telephone number and complaints, requests and compliments are sorted and sent to relevant managers for resolution.

Spills: Refers to the risk of leakage of fuels and oil from trucks, buses and machinery for loading and unloading timber. It covers the risk of leakage of machines (cranes) used in the mill yards. Mitigation: Emergency kits are carried by each vehicle. In addition specialized response can be activated via the toll-free telephone line, and we also periodically carry out simulated training for field teams.

Transportation of Pulp

Fibria has age limits for the fleet that provides overland transport for the company. The current limit is five years, which means that vehicles that have the latest technology and are in compliance with the most recent laws of the Brazilian regulatory agency.

The transportation service providers are approved and evaluated (periodically) following the highest standards of safety and sustainability.

Because Fibria is a relatively new company, systematic measurement and monitoring of environmental impacts in this area are still being discussed.

Performance Indicators relating to product responsibility

GRI PR1 - Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.

Pulp is a stable product under normal handling and storage and poses no hazard to health and safety of the client.

Impact on health and safety

	Pulp	Paper ¹
Phases		
Development of product concept		
Research and development	Yes	NA
Certification	Yes	NA
Manufacturing and production	Yes	NA
Marketing and promotion	Yes	NA
Storage, distribution and supply	Yes	NA
Use and service	Yes	NA
Disposal, reuse or recycling	Yes	NA

1. Paper products pose no risk to health and safety.

GRI PR2 - Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes

There is no history of non-compliance with regulations and voluntary codes related to the impact caused by the pulp in health and safety during the life of this product.

Any problem with pulp that causes complications due to use, customer product damage, or whose specification is not consistent with those established with the customer (technical, logistics, packaging etc.), or that causes segregation and/or separation by the client, is formally registered in the Complaints System applicable for each Unit. According to internal procedures, customer complaints – internal and external markets, are analyzed so that the complaint will result in a technical report. This material is documented and is filed with the commercial area of the Unit.

GRI PR3 - Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements

All pulp produced carries the Fibria logo with three characters that indicate the product description (the production unit, the type of product and certification) and the tracking information (year, production date, baling line, lot number and unit number), as well as the bar code that stores all this information.

Most of our paper products are not destined for final users and as such do not have information requirements. However, for cut-size products (Copimax and Maxcote) the correct way to handle boxes is illustrated, so as to avoid accidents.

GRI PR4 - Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes

There is no history of non-compliance with regulations and voluntary codes related to information and labeling products and services.

GRI PR5 - Practices related to customer satisfaction, including results of surveys measuring customer satisfaction

Fibria has a high concentration of sales: about 20 customers account for about 80% of sales. Account Managers therefore serve the customer from the beginning to the end of the process. The Account Managers perform daily tracking of sales, delivery and product development to these customers. Thus, feedback from customers is constant and response time is immediate.

In 2011, Fibria will conduct its first customer satisfaction survey, run by an external company, and that will cover the company's client base. The results will assist the company in developing an action plan for 2012. A satisfaction survey will be conducted every two years.

GRI PR6 - Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship

To carry out its communication and institutional marketing activities, Fibria follows the Brazilian Self-Regulation Advertising Code and its Code of Conduct, launched in 2010. There are no records of fines arising from advertising or marketing activity in 2010.

Codes and voluntary standards related to marketing communication	Frequency with which compliance is assessed	Does the organization sell products that are banned in certain markets? If yes, describe how the organization responds to these concerns about the product.	Does the organization sell products that are the subject of questions from stakeholders or public debate? If yes, describe how the organization responded.
Brazilian Advertisement Self-regulation Code	No complaints were filed with CONAR	No	No
Fibria's Code of Conduct	Launched in 2010	No	No

GRI PR7 - Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes

Fibria has never had a case of non-compliance concerning the actions of communication and/or marketing. More importantly, Fibria condemns deceptive advertising and marketing initiatives and is known for its respect for the current law, ethics and standards of local and international references.

There are no records of fines arising from advertising or marketing activities in 2010. To carry out the activities of communication and institutional marketing, Fibria follows the Brazilian Self-Regulation Advertising Code, its Code of Conduct The Code and Brazilian Advertising Self-Regulation, which among other things, consider:

- The guidelines of the advertising legislation of the country, especially chapters in Law No. 4680 of June 18, 1965, and Decree No. 57690 of February 1, 1966;
- The recommendations of the International Chamber of Commerce (ICC) and the guidelines of the International Code of Advertising Practice, published originally in 1937 and revised in 1949, 1955 and 1966 and finally in 1973 during the Congress held in Rio de Janeiro and whose terms have been adopted by Brazil and more than 250 entities from 40 countries;
- The guidelines of the International Advertising Association (IAA - International Advertising Association) and its World Congresses, especially those in his study "Effective Advertising Self-Regulation", published in 1974, and the recommendations of the XXV World Congress held in Buenos Aires in 1976.

GRI PR8 - Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data

There were no complaints regarding breaches of privacy or loss of customer data. All customer information is treated confidentially; in other words in no case is information of any kind provided to the market, associations, suppliers etc.

GRI PR9 - Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

There are no records of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services in 2010.

Other performance indicators

GRI SO1 - Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting

Programs in place to evaluate impacts of operations on local communities

In the States where it has operations, Fibria has set up its Relationship Model, which includes tools called Operational Dialogue, Face-to-Face Agenda, Engagement and Community Meetings, which are planned each year according to the company's forestry operations and its presence in certain communities.

- **Operational Dialogue:** This involves direct dialogue, as a systematized procedure itself, in communities impacted by planned forestry operations. It is a compulsory activity made in all communities located in the vicinity of the company's operations.
- **Face-to-Face Agenda:** provides the experience of reality to the company through the constant contact and presence of company representatives in communities. It is designed to ensure that all communities participate in the relationship process.
- **Engagement:** a deeper, structured relationship, that is inclusive and continuous, establishing Fibria as a partner in local development. It involves the company's efforts to understand and engage its stakeholders on the progress of its activities and decision processes. It occurs in communities that are most impacted by Fibria.
- **Community Meetings:** dialogue with leaders and opinion makers in municipalities where the company is present. The aim is to inform of the company's actions, highlighting the creation of wealth, income, taxes, jobs, socioenvironmental projects and other topics of collective interest, allowing them to exchange information of common interest.

Annually, the Community Relationship Plan defines the prioritization and the type of relationship the company will maintain its operations with neighboring communities. The main results of this type of relationship are reported in "Sustainability> Goals and targets" and "Communities".

Before entering the community	The application of the tools of relationship before starting any forestry operation is essential to establish what will be done to mitigate impacts such as noise, dust, truck movement etc. The meetings with the communities are recorded with minutes of what was agreed.
While operating in the community	At least two meetings are held during operations to monitor whether what was agreed in advance with the community is occurring and possibly redefine action plans.
While making decisions to exit the community	At the end of each forestry operation a closing meeting with the community presents a balance of what happened. At each meeting, it is expected that the community will be increasingly appropriating of the process, significantly improving the dialogue.

How and by whom data is collected for such programs

For the whole process of structured relationship with neighboring communities there are a number of official internal policies and norms in Fibria Management System, namely:

- Description of Business
- Manual of sustainability management
- Socioenvironment Investment Policy
- Social policy
- Operating Procedure: Dialogue
- Operating Procedure: Local Relationship Committee
- Operating Procedure: Face-to-Face Agenda
- Engagement Manual
- Operating procedure: assessment and monitoring of socioenvironmental impacts
- Operating Procedure: Matrix prioritization of relationship - Communities
- Operating Procedure: Matrix prioritization of investment - Municipalities
- Operating Procedure: Matrix identification of stakeholders
- Operating Procedure: Management land conflicts
- Operating Procedure: Land conflict management
- Operating Procedure: Stakeholder System (SISPART) – Selection of Socioenvironmental investment projects
- Operating Procedure: Stakeholder System (SISPART) - Social initiatives

How are community members selected (individually or in groups) from whom the information is collected

Participation is open to all community members, and invitations are sent to the local population at every meeting.

Number and percentage of transactions for which the programs are applied

The Relationship Model is applied to 100% of forestry operations, in the silviculture and harvesting phases.

Report whether the organization's programs to manage impacts on the community in mitigating the negative impacts and maximize positive impacts, including number of people affected

For over five years, Fibria's Relationship Model has significantly decreased negative impacts and enhanced positive ones. An indicator that exemplifies this is the number of complaints received via telephone, letters, personal contact etc.

The most affected negative impacts were:

- generation of dust;
- noise generation;
- obstruction of roads;
- various contaminations.

The most affected positive impacts were:

- employment opportunities;
- provision of services.

In 2010, socioenvironmental programs and initiatives, including health, education and training, environment, economic development and sociocultural, impacted approximately 150,000 people.

Report examples of how feedback and analysis of data on community impacts have informed steps toward further community engagement on the part of the organization

Information is collected on the operations and their impacts and other needs and concerns of communities. These data are used in decisions to conduct social and environmental projects in the company's areas of operation.

GRI Application Level

This document follows the Sustainability Reporting Guidelines (G3) issued by the Global Reporting Initiative (GRI)¹. It was submitted for independent external assurance by Bureau Veritas Certification and met the B+ requirements.

		C	C+	B	B+	A	A+
Mandatory	Self declared				Fibria self-declares a B+ application level.		
Optional	Third party checked		Report externally assured		Bureau Veritas Certification assured this Report and confirmed that it is an application level B+.		Report externally assured
	GRI checked						

		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures	Report on: 1.1; 2.1 a 2.10; 3.1 a 3.8, 3.10 a 3.12; 4.1 a 4.4, 4.14 a 4.15	Report Externally Assured	Report on all criteria listed for level C plus: 1.2; 3.9, 3.13; 4.5 a 4.13, 4.16 a 4.17	Report Externally Assured	Same as requirement for level B	Report Externally Assured
	G3 Management Approach Disclosures	Not Required		Management Approach Disclosures for each indicator Category		Management Approach Disclosures for each indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators including at least one from each of: Economic, Social and Environmental		Report on a minimum of 20 Performance Indicators including at least one from each of: Economic, Environmental, Human Rights, Labor, Society, Product Responsibility		Report on each G3 and Sector Supplement Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission	

1. Multi-stakeholder organization that brings together - business, civil society, universities, nongovernmental organizations, among others - to discuss, refine and disseminate a methodology for the reporting of sustainability. The GRI guidelines provide principles for defining both content and quality assurance of information. Learn more at www.globalreporting.org.

Glossary

Agroforestry system: system of production that combines the simultaneous cultivation of fruit and/or timber trees with agricultural practices.

Apiculture: also known as beekeeping, it is the name given to the system of raising bees to produce honey and related products.

APPs (Permanent Preservation Areas): sites with or without vegetation, located close to water sources, on the banks of rivers and streams, around reservoirs, in salt marshes (*restingas*), on the fringes of tableland, areas above 1,800 meters in altitude, slopes of 45° or more, and the tops of hills, the environmental function of which is to preserve water resources, the landscape, geological stability, biodiversity, and the genetic flux of fauna and flora, to protect the soil and ensure the well-being of the human population.

Archaeological sites: locations where there are vestiges of pre-historic human occupation.

Atlantic Forest biome: a collection of forests and pioneer formations (such as salt marshes and mangroves) found along the Brazilian coastal belt, between the states of Rio Grande do Sul and Piauí.

Barges: also known as lighters, these are flat bottomed boats with a shallow draft, which Fibria uses to transport forest products (wood and pulp) from Bahia to Portocel, the maritime terminal located in Aracruz (Espírito Santo State). Fibria's barges are not self propelled, but are pushed by tugs.

Biodiversity: the combination of life forms (living organisms and ecological complexes) and genes contained within each individual, and their inter-relationships, or ecosystems, whereby the existence of any given species directly affects the others. UN Convention on Biodiversity definition: the variability among living organisms from all sources and the ecological complexes of which they are part, including diversity within species, between species and of ecosystems.

Biodiversity corridors: strips of vegetation linking large forest fragments (or blocks of native vegetation) that have become isolated by human activity, thereby providing local fauna with unhindered movement between these fragments and consequent genetic exchange between populations.

Biomass: organic matter used to generate electricity, through burning, or the burning of fuel derivatives (oils, gases, alcohol), and employing special techniques and technology. Part of the energy consumed at Fibria's industrial units is generated from biomass, such as wood residues and the waste from the manufacturing process (black liquor).

Biotechnology: technology that employs biological agents (organisms, cells, organelles or molecules) to produce useful products.

Bleached eucalyptus pulp: the product of the industrial extraction and subsequent bleaching of cellulose fibers from wood. The transformation of the wood into bleached pulp (pulp) involves four main processes: reducing the wood to chips; cooking the chips to extract the brown stock; bleaching the brown stock; and drying and baling of the bleached pulp.

CERFLOR: The Brazilian Forest Certification Programme (Cerflor) was conceived by the Brazilian Society for Silviculture (SBS), with collaboration of several associations, entities, research institutes and NGO's, as a voluntary national forest certification programme, in 1991.

Chain of Custody (CoC): certification of the traceability of forest raw materials through all the stages until it reaches the end customer.

Clean Development Mechanism (CDM): The CDM allows emission-reduction projects in developing countries to earn certified emission reduction (CER) credits, each equivalent to one tonne of CO₂. These CERs can be traded and sold, and used by industrialized countries to meet a part of their emission reduction targets under the Kyoto Protocol.

Cloned seedlings: seedlings of plants that are genetically identical, developed from the cells or fragments of a "donor" plant.

Cloning: process whereby one obtains a clone – a genetically identical copy. In the case of the eucalyptus, cloning is performed using cuttings from selected mother trees.

Corporate governance: system whereby organizations are run, monitored and stimulated, involving relations between the stakeholders, Supervisory Board, Management Board and internal and external regulatory bodies.

EBITDA: stands for "earnings before deducting interest, taxes, depreciation and amortization". The term is utilized in the analysis of the accounting statements of publicly listed companies.

Eco-efficiency: providing goods (or services), at competitive prices, that satisfy human needs and yield quality of life, involving a steady reduction in environmental impact and the consumption of natural resources in the manufacturing, transporting and commercializing of said goods (or services).

Edaphic resources: qualities of the soil, such as mineral content, texture and drainage, particularly in regard to its usefulness to humans.

Effluent: liquid waste that is discharged into the environment, usually bodies of water.

Emissions: the discharging into the atmosphere of any solid, liquid or gaseous material.

Forest management: the management of a forest in order to obtain economic and social benefits, while respecting the mechanisms that sustain the ecosystem.

Forest partnerships: the sponsored production of wood on private rural properties in order to supply the forestry industry (pulp mills, sawmills, steel plants, etc.).

Forest protection: set of activities designed to protect forests from pests, diseases, fires and weeds or anything else that might come to threaten forest assets.

Forest Stewardship Council (FSC): established in 1993, the FSC is an independent, non-governmental, not-for-profit organization established to promote the responsible management of the world's forests.

Genetic improvement: the use of science for the selection and reproduction of plants or animals bearing desirable characteristics, based on knowledge about the heredity of such characteristics.

Genetic material: the material found in cells that contains the genetic information of living organisms.

Global Reporting Initiative (GRI): a network-based organization that pioneered the world's most widely used sustainability reporting framework.

Hectare (ha): a unit of measurement of area, corresponding to 10,000 m², approximately equivalent to the area of a soccer field.

Herbicides: chemical product used to control or eliminate undesirable plants or weeds.

HCVAs (High Conservation Value Areas): an area that has certain biological, ecological, social or cultural attributes that are considered to be exceptional or critical, from a global, national, regional or local perspective, and are therefore places of special interest to the local community or to society in general. Such areas need to be managed in a suitable manner, in order to maintain or enhance their conservation value.

Hydrographic watershed: a small drainage system, basically comprising gullies, springs, brooks and streams.

Joint-venture: a business enterprise in which two or more companies are involved in a partnership.

Legal Reserve (RL): an area of any given rural property, not including APPs, which is set aside for the sustainable use of the natural resources, the conservation and rehabilitation of the ecological processes, the conservation of the biodiversity, and the sheltering and protection of the native fauna and flora. The Brazilian

law specifies that the legal reserve must represent not less than 20% of the total area of the rural property.

NGO (Non-governmental organization): a non-profit civil society association set up for a public purpose.

Pesticides: products used for the extermination of pests or diseases that attack agricultural crops.

RPPNs (Private Natural Heritage Reserves): conservation units located on private land and set up at the initiative of the landowner.

Stakeholders: interested parties who affect and/or are affected by the company's activities.

Sustainability: a concept that gained force in the 1980s, through the expression "sustainable development", meaning being able to satisfy one's needs without diminishing the opportunities of future generations (Brundtland Report, 1987). Sustainability is based on three pillars: environmental, social and economic (hence the expression "triple bottom line"). For an activity to be sustainable, it must promote economic growth while, at the same time, respecting the environment and satisfying human needs and aspirations.

tCO₂eq: measurement for converting and standardizing greenhouse gases in terms of carbon dioxide (CO₂), taking into consideration the potential greenhouse effect of each gas. By reducing the causes of the greenhouse effect to a single factor, it facilitates the measuring of the impact a given activity can have on the temperature of the earth's atmosphere.

tCO₂eq /t pulp: Tons of carbon dioxide equivalent per ton of pulp.

TRS (Total Reduced Sulfur): a range of sulfur compounds that are generated in the pulp production which, under certain circumstances of the process, mill location and meteorological conditions, can release a characteristic odor into the atmosphere.

Waste: materials in a solid or semi-solid state, generated by the activities of a community, industrial or commercial business, homes, hospitals, agriculture, services and street cleaning. The term also includes certain liquids that, due to their characteristics, should not be disposed of in the public sewage system, much less bodies of water.

Water cycle: the set of different phases through which water passes under natural conditions, chief among which are: rain, evaporation, transpiration, infiltration, surface run-off and underground seepage. This cycle occurs within the atmosphere (air), the hydrosphere (water) and the lithosphere (land), extending between a depth of around 1 km into the lithosphere and roughly 15 km into the atmosphere.



■ Central Administration Office

Alameda Santos, 1357 – 6º andar
São Paulo/SP
CEP 01419-908
Tel. +55 11 2138-4000
Fax: +55 11 2138-4000

■ Industrial Units

Aracruz

Rodovia Aracruz-Barra do Riacho, s/nº, Km 25
Aracruz/ES
CEP 29197-900
Tel. +55 27 3270-2122
Fax +55 27 3270-2136

Jacareí

Rod. Gal. Euryale Jesus Zerbini, Km 84 - SP 66, São Silvestre
Jacareí/SP
CEP 12340-010
Tel. +55 12 2128-1100
Fax +55 12 3957-1261

Piracicaba

Via Comendador Pedro Morgante, 3393
Piracicaba/SP
CEP 13415-900
Tel. +55 19 2106-9200
Fax. +55 19 2106-9619

Três Lagoas

Rodovia MS 395, Km 20, Zona Rural, Caixa postal 529
Três Lagoas/MS
CEP 79601-970
Tel. +55 67 3509-8041

■ Forestry Units and Offices

Capão Bonito

Rodovia Raul Venturelli, Km 210, Caixa postal 28
Capão Bonito/SP
CEP 18300-970
Tel. +55 15 3653-9227 / 15 3653-9594
Fax +55 15 3543-9424

Capão do Leão

Estrada BR 116, Km 532, nº 293
Capão do Leão/RS
CEP 96160-000
Tel. +55 53 2123-1995

Conceição da Barra

Rodovia BR 101 Norte, Km 49 (trevo), Caixa postal 010
Conceição da Barra/ES
CEP 29960-000
Tel. +55 27 3761-4777
Fax +55 27 3761-4715

Posto da Mata

Rodovia BR 418, Km 37 – Posto da Mata
Nova Viçosa/BA
CEP 45928-000
Tel. +55 73 3209-8444
Fax +55 73 3209-8307

Três Lagoas

Rodovia MS 395, Km 20, Zona Rural, Caixa postal 515
Três Lagoas/MS
CEP 79601-970
Tel. +55 67 3509-1082
Fax +55 67 3509-1001

Vale do Paraíba

Estrada Municipal do Barreiro, 3000 – Bossoroca
Taubaté/SP
CEP 12283-470
Tel. +55 12 2125-9899
Fax +55 12 2128-1721

■ Commercial and Representative Offices

USA

18851 NE 29th Avenue Suite 530
Aventura, FL - 33180 – USA
Tel. +1 305 940-9762
Fax +1 305 940-9763

Europe

Av. Reverdil, 12-14
CH-1260 – Nyon, Switzerland
Tel. +41 22 994-9030
Fax +41 22 994-9040

Hungary

Akácok út 11 – H-2161
Csomád – Hungary
Tel. +36 28 566-576
Fax. +36 28 566-575

Beijing

Towercrest Plaza, Suite 724
3, Mai Zi Dian West Road
Chao Yang District
Beijing 10006 – China
Tel. +86 10-6467-4339
Fax +86 10-6467-4339

Hong Kong

2501-2 Great Eagle Centre
23 Harbour Road
Wanchai, Hong Kong, SAR
Tel. +852-2866-7956
Fax. +852-2865-2423