

# 2012 SUSTENTABILIDADE REPORT





Walter Lidio Nunes  
*President and CEO*

# 2012 SUSTENTABILITY REPORT

The expansion potential of Brazilian businesses belonging to CMPC – Companhia Manufacturera de Papeles y Cartones was once again evident in 2012: initially with an investment of BRL 615 million to purchase 100,000 hectares of forestry assets – of which 39,000 have already been planted with Eucalyptus – from Votorantim in southern Rio Grande do Sul state, an area designated as part of the Losango project and inactive since 2009.

And subsequently, through the consolidation of the largest private investment in the history of Rio Grande do Sul – in the amount of BRL 5 billion – on a new cellulose production line in Guaíba, increasing the factory's current capacity to 1.8 million metric tons. At the construction site alone the project will employ more than 8,000 direct laborers, as well as a further 18,000 indirect workers, benefitting the entire length of a major supply chain in the state. Within this context, concern over avoiding the need to import labor for construction of the factory gave rise to training program in conjunction with the federal and state governments, as well as educational institutions from 23 cities close to Guaiba.

An agreement was also reached with the government of Rio Grande do Sul (RS) to prioritize local suppliers at the same competitive level as those from other states. To that end, the Desenvolve RS (Develop RS) program was created, aimed at developing a novel relationship between entrepreneurial companies based on a new concept applied by large projects: creating better conditions to bring suppliers and local companies together.

Its commitment to sustainability garnered the company an important achievement in 2012: Certification from the FSC® - Forest Stewardship Council, confirming that its forest management practices are planned and implemented to ensure its plantations produce products and services in a manner that is economically viable, environmentally sound

and socially just. The FSC is an internationally credible forest certification system due to its methodology of assessing forestry operations, which includes the participation of social groups potentially affected by the activities, as well as a stringent evaluation of environmental practices and an economic viability assessment of production. The company also ratified its commitments in accordance with the principles and criteria of Cerflor.

In the social and environmental arena we continue to encourage projects – both our own and those in conjunction with the 40 Rio Grande do Sul municipalities that make up our forestry base. These consist of social inclusion initiatives aimed at health, education, the environment and generating income. Particularly significant annual activities include the distribution of 250,000 school notebooks to the public school network; six metric tons of eucalyptus honey obtained by beekeepers from the plantations and delivered primarily to Apaes – Association for Friends and Relatives of the Disabled; the Forest is Life campaign, which promotes and supports environmental responsibility initiatives involving the school community; and the Fábrica de Gaiteiros (Accordion Factory), which aims at identifying Celulose Riograndense with the values of gaucho culture and consists of training student apprentices of the diatonic button accordion (8-bass accordion), made from Eucalyptus wood in partnership with the Renato Borghetti Institute.

As a result, the future promises both old and new challenges, where every person and institution involved in our business – employees, clients, NGOs, partners, suppliers and stakeholders – will play a fundamental role in the quest for opportunities and achieving results.







## ABOUT CELULOSE RIOGRANDENSE

**CELULOSE RIOGRANDENSE IS THE LARGEST MANUFACTURER OF BLEACHED SHORT FIBER EUCALYPTUS PULP IN THE STATE OF RIO GRANDE DO SUL, WITH A SIGNIFICANT PRESENCE ON BOTH THE BRAZILIAN AND INTERNATIONAL MARKET.**

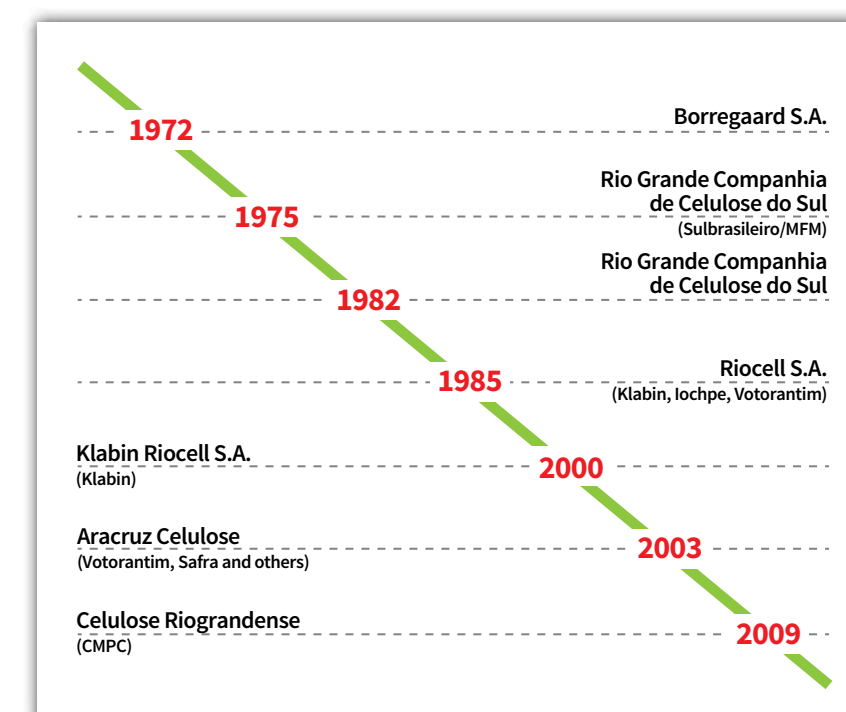
Its industrial unit in Guaíba operates an integrated cellulose production plant equipped with cutting edge technology and a production capacity of 450,000 metric tons of cellulose per year. Within the same factory complex is an additional unit that manufactures 60 metric tons/year of offset paper for the domestic printing and writing sector.

## ABOUT CMPC

**FULL EQUITY CONTROL OF CELULOSE RIOGRANDENSE IS HELD BY THE CHILEAN GROUP CMPC – COMPAÑIA MANUFACTURERA DE PAPELES Y CARTONES, ONE OF THE LARGEST FORESTRY COMPANIES IN LATIN AMERICA.**

The group has 25 factories in seven countries – Chile, Brazil, Uruguay, Peru, Colombia, Mexico and Argentina – and approximately 8,000 employees operating in five business sectors: CMPC Florestal, CMPC Celulose, CMPC Papéis, CMPC Tissue and CMPC Produtos de Papel. The organization enjoys a commercial relationship with more than 50 different countries on five continents.

### HISTORY OF CELULOSE RIOGRANDENSE





# MARKET

## CELLULOSE

The prices of major global commodities have been affected by the unstable macroeconomic climate in recent years. Nevertheless, the relationship between supply and demand in the cellulose sector has remained stable. Brazilian cellulose production for 2012 was 13.8 million metric tons, a volume which has remained at the same level for the last three years and kept Brazil in the fourth position on the global ranking, behind the United States, China and Canada.

In 2012, Celulose Riograndense produced 451,500 metric tons of bleached wood pulp, of which 297,400 metric tons was exported from the Rio Grande port primarily to countries on the following continents: Asia, Europe and Latin America.

From a logistical standpoint, the commercialization of cellulose destined for the domestic market is mostly transported from Guaíba by road. In 2012 the figure reached 121,000 metric tons, half of which was converted into printing or writing paper by the unit's own machinery.

## PAPER

In 2012 Brazilian paper manufactures produced a combined total of 10.1 million metric tons of paper, with half this volume

sold on the domestic market. Of the total volume produced, the printing and writing sector accounted for 2.6 million metric tons, with 1.68 million metric tons commercialized internally. During this period, Celulose Riograndense itself manufactured 59,500 metric tons, sold entirely on the internal market to distributors and companies from the printing, publishing and personalized prints industries.

## WOOD FOR SAWMILLS

The strategy of expanding forest resources combined with greater diversity in the use of its plantations has secured a place for Celulose Riograndense in the wood for sawmills sector in 22 municipalities of Rio Grande do Sul.

The company's forest plantations, distributed over 39 municipalities in the southern area of the state, play a significant part in the supply of logs for 44 small local industries, indirectly benefiting a supply chain that generates employment, income and taxes.

Volume of wood sold as logs  
to sawmills: 238,643m<sup>3</sup>



## SOCIAL

- 2,500 direct jobs; including own employees and direct service providers at factories and in forestry activities. Profit sharing: a total amount of BRL 7.93 million distributed.
- Skills management policy – shared by the human resources development sector and area managers.
- Pay in line with major companies in the industry and a separate training and human resource development program that, among other benefits, provides transport, medical and dental care, programs on health promotion, quality of life and a

- healthy balanced diet, group life insurance, and an occupational safety framework based on continuous improvement and the most advanced technologies available in forestry and industry.
- Relationship of mutual trust with service providers and outsourced company employees – an integral part of the organization's business strategy.
- Constant dialogue and negotiation with trade unions to ensure a healthy relationship between the company and workers.





## MISSION, VISION AND VALUES

**CELULOSE RIOGRANDENSE IS ALWAYS ATTENTIVE TO THE DEVELOPMENT OF THE VALUABLE CHAIN TO WHICH IT BELONGS, CARRYING OUR CORPORATE GOVERNANCE INITIATIVES, KNOWLEDGE MANAGEMENT, RESEARCH AND TECHNOLOGICAL INNOVATION.**

Company operations are guided by the values and commitments that form part of its employee's everyday work routine on all levels.

Its mission is to supply products obtained sustainably from planted forests, generating economic, social and environmen-

tal benefits and contributing to the well-being and quality of life of people.

Its vision is to be recognized as a global producer of cellulose and paper, for excellence in its operating processes and the respect of stakeholders.

## THE ENVIRONMENT

Committed to sustainable development, biodiversity and the preservation of renewable natural resources as essential to the survival of its business, Celulose Riograndense strives to adapt its activities in order to minimize the environmental impacts of its operations as much as possible.

### ENVIRONMENTAL MANAGEMENT

The company operational efficiency concept aims to optimize production using a little resources as possible, particularly water and energy (in this regard the company is self-sufficient

for factory operations), as well as generating less air emissions, liquid and solid waste. Detailed information is provided on all legal aspects on the company website at [www.celuloseriograndense.com.br/meioambiente.php](http://www.celuloseriograndense.com.br/meioambiente.php), in accordance with the Operating License issued by Fepam (State Environmental protection Agency).

This information, consolidated on a monthly basis, concerns treated effluents and air emissions (stationary sources).

## FOREST LAND

**CELULOSE RIOGRANDENSE HAS FOREST LAND COVERING 222,800 HECTARES DISTRIBUTED OVER MORE THAN 500 PROPERTIES IN 39 MUNICIPALITIES OF RIO GRANDE DO SUL.**

Celulose Riograndense has forest land covering 222,800 hectares distributed over more than 500 properties in 39 municipalities of Rio Grande do Sul.

Of these, 190,000 hectares (86%) are owned by the company and the remaining 18,000 hectares belong to third parties under a forestry support regime or partnerships. The renewable eucalyptus plantations are alternated with native reserves, essential to the balance of the ecosystem. Together, the APPs (Permanent Preservation Areas) and legal reserve cover more than 99,000 hectares. In December 2012, planting volume reached 123,000 hectares, of which almost 5,500 hectares were collected and transported to the factory.

The company owns a nursery that specializes in producing eucalyptus seedlings (100% clones), located in the Horto Florestal Barba Negra in Barra do Ribeiro, 30 km from the factory. The site includes a mini clone garden and greenhouses for the staking, selection and shipping of seedlings, with installed capacity to produce 30 million seedlings a year.

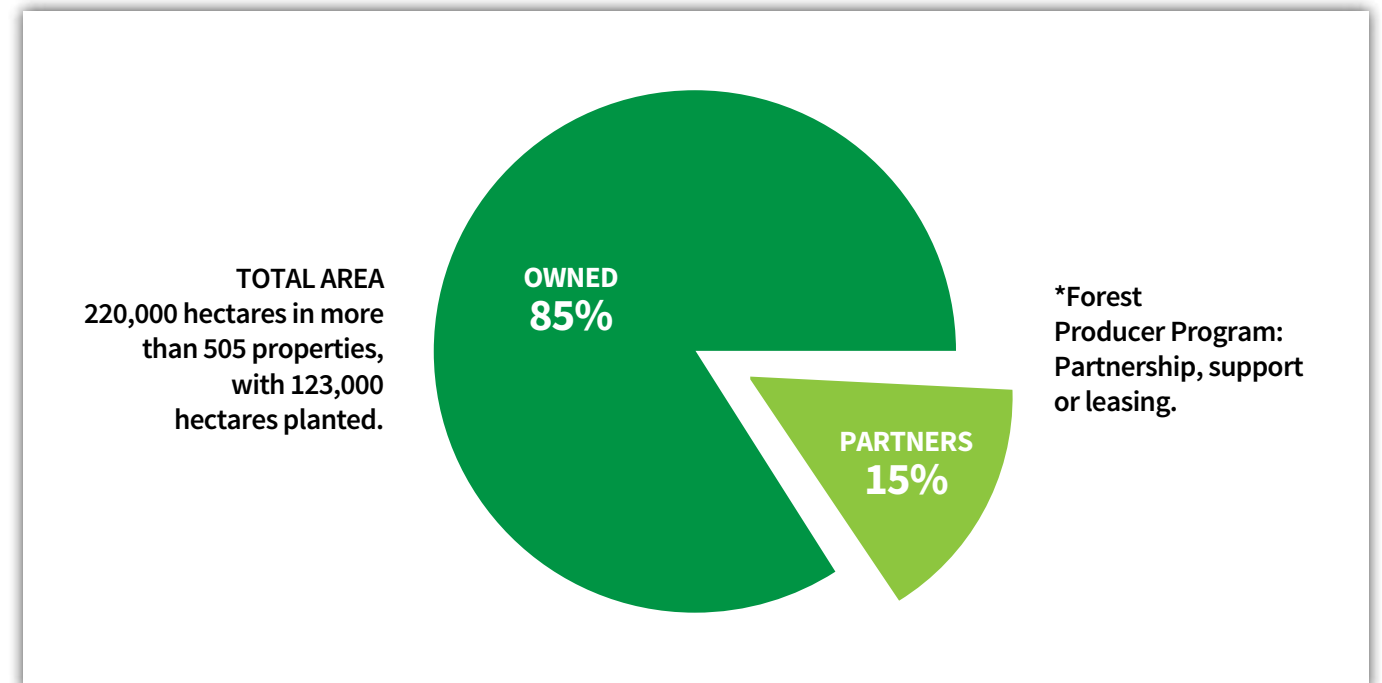
### FOREST MANAGEMENT

Alternating with native reserves, the renewable eucalyptus plantations – the sole source of raw material used by the fac-

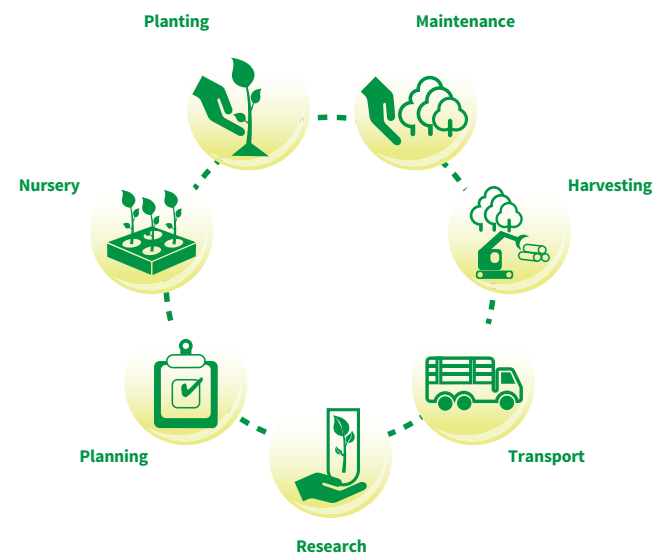
tory – are managed according to stringent standards that encompass environmental, social and economic elements. Of the total 220,000 hectares of owned (85%) and third-party (15%) properties in 39 municipalities, approximately 83,000 hectares consist of native vegetation in different stages of conservation, of which 415 hectares fall within the Atlantic Forest biome and 82,500 hectares in the Pampa biome.

Technical guidelines governing Celulose Riograndense's Forest Management activities are documented in a set of manuals distributed to service providers. Included in this documentation – also known as the Management Plan – are maps that guide operations and computerized systems that enable activities to be controlled and recorded. All forest workers, including those employed by third-party companies, receive instructions on the Management Plan in order to guarantee the quality of the plantations and the necessary environmental precautions.

In 2012, in order to fulfill forest management goals – supply the factory and clients in the short term and maintain the necessary base of plantations needed for future demands in the long term – around 6,300 hectares were collected and 8,800 planted in different regions of the operating area.







## FLORESTAL MANAGEMENT

**RESEARCH** Developing technology and innovation applied to forest management, sustainability, the development of products and processes for cellulose and new uses for the forest.

**PLANNING** Forecast for short, medium and long-term activities, management and environmental licensing.

**NURSERY** Clone production of eucalyptus seedlings in our own nursery.

**PLANTING** Planting, replanting or rebudding, cultivation practices and monitoring.

**MAINTENANCE** Restoration and conservation of planting/rebudding and native areas.

**HARVEST** Cutting into logs, peeling and forwarding.

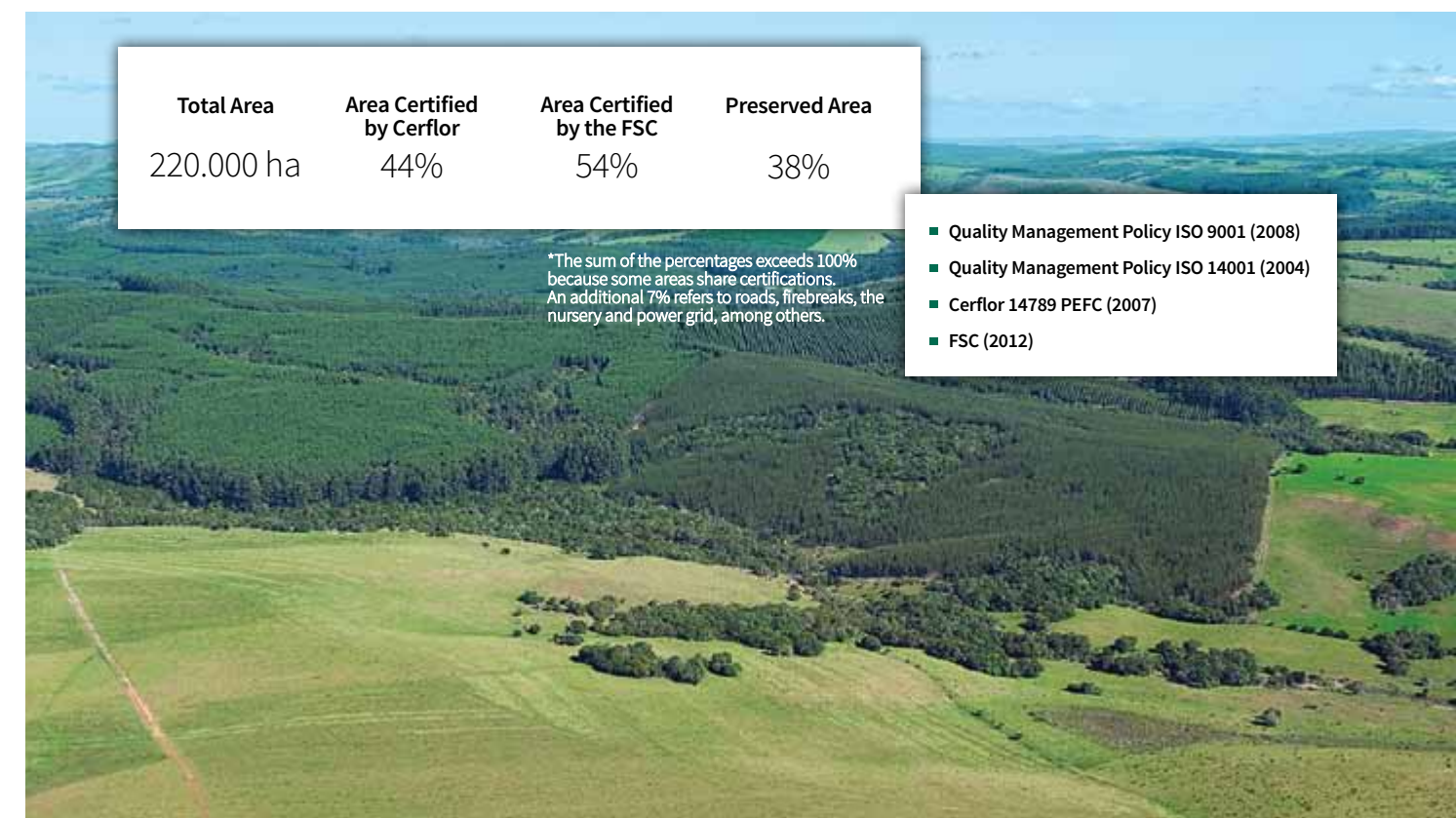
**TRANSPORT** Moving the wood from the plantation area to the factory or sawmills.



## CERTIFICATIONS

An important achievement by Celulose Riograndense in 2012 was its Certification from the FSC® – Forest Stewardship Council,

an independent non-profit NGO created to encourage the responsible management of the world's forests.



**AS A SET OF TECHNIQUES AND DECISIONS APPLIED TO FOREST PLANTATIONS INTEGRATED WITH FRAGMENTS OF NATIVE VEGETATION, FOREST MANAGEMENT MUST UNCONDITIONALLY RESPECT THE MECHANISMS THAT SUSTAIN THE ECOSYSTEM.**

Economic aspects are associated with the efficiency of production processes that ensure – in the long-term – the supply of factories through renewable eucalyptus plantations, as well as providing clients from the sawmill industry with wood.

Social assets involve the mapping of potential impacts – positive and negative – and establishing mitigating measures involving operational controls and communication with the parties affected, in the case of negative impacts; and constant assessment of the means for strengthening positive impacts, such as generating employment and income and allocating resources to social and environmental projects.

Environmental issues are present in all phases of the planning and execution of activities, based on an assessment of the potential impacts. The operations involved in managing Celulose

Riograndense's forest plantations affect 39 municipalities in Rio Grande do Sul, with total forestland covering 220,000 hectares, distributed over owned areas and those belonging to third parties (through partnerships and leasing). These are renewable eucalyptus plantations alternating with native reserves.

Technical guidelines governing forest management activities are documented in a set of manuals distributed to service providers. Known as the Management Plan, the material instructs operational teams via computerized systems that allow procedures to be controlled and registered. All forest workers – including those employed by outsourced companies – receive these instructions so as to maintain the quality of plantations and ensure the necessary environmental precautions.





## CONSERVATION AREAS

Throughout the anthropization process, part of these areas experienced some form of degradation and requires recovery. These are included in the environmental adaptation program, which stipulates the characterization of plant conditions and defines adaptation techniques that favor natural regeneration or enable the establishment of vegetation compatible with the region. Since 2010, more than 3,200 hectares of permanent preservation areas have already received some type of treatment to favor the development of native vegetation.

In the most critical cases, intervention can include planting native species. In less complex cases, simply isolating the area is enough.

## ENVIRONMENTAL MONITORING

Different forms of monitoring are used to identify the effects of forest plantations in the physical and biotic environment. The aim is to diagnose the interaction between plantations and different groups of fauna – particularly birds, although mammals, reptiles and amphibians are also included. The results have already enabled the implementation of measures capable of maintaining and even improving conditions for certain populations of rare, endemic or endangered species.

The study includes measurements related to water resources, soils and biodiversity to enable steps to be taken to control negative impacts and means of strengthening positive impacts.

# BIODIVERSITY

## BIRDS HAVE ALWAYS BEEN THE SUBJECT OF OBSERVATION ON PROPERTIES MANAGED BY CELULOSE RIOGRANDENSE.

Monitoring has been in place since 2006 in locations that are representative of the environmental conditions in the company's areas of activity. Work was initially carried out using mist or bird nets that allow the animals to be captured without harming them. This method, used until 2010, involved tagging and the collection of biometric, reproductive and population data, recording information for each bird registered in a data-bank. From 2011 onwards, new counting and audiovisual observation techniques have been adopted. These do not require that the animals be captured and cover a wider area that includes neighboring properties of the plantations, typically used for agricultural activities. This monitoring shall continue for the next seven years, covering all the eucalyptus cultivation phases on each of the selected farms. In light of regional seasonality (summer and winter), work is carried out twice a year.

The forest gardens, with their mosaic of native vegetation interspersed among the eucalyptus plantations, are considered a single unit and represent the forestry production model. The areas surrounding the properties, which also contain crops and native remnants, are units that represent other annual cultivation and/or livestock operations, in accordance with the region of each farm monitored. As such, the analysis extends to the diversity of birds present in the different production models.

Results obtained up to the end of 2012 enabled some important decisions to be made. One such decision is that of invest-

ing in conservation programs for endangered species and re-assessing the plantation areas to ensure the maintenance of specific habitats, such as grass fields without livestock in the São Gabriel region, important to the conservation of species like the Sharp-tailed Grass Tyrant and Double-collared Seed-eater.

According to data observed in the field the representativeness of birds is high in the forest environment, open and aquatic areas. Around 208 species of bird have already been identified in the mid-west monitoring region, accounting for 33% of the total listed for Rio Grande do Sul. Particularly noteworthy in this study is the fact that 11 species considered endangered were found in the state. The Muscovy Duck (*Cairina Moschata*) for example, found in the Barba Negra Forest Garden in Barra do Ribeiro, is one of the species listed and rarely registered in the state. The main species catalogued are: the red-legged seriema, yellow-browed woodpecker, hooded berryeater, azure jay, green-chinned euphonia, found in the Mangueira de Pedra I (Arroio dos Ratos) and Petim II (em Guaíba) Forest Gardens; the greater rhea, muscovy duck, sooty-fronted spinetail, giant antshrike, indigo grosbeak, violaceous euphonia, rufous-breasted leaftosser, found in the Barba Negra Reserve (Barra do Ribeiro); and the common toucan, capped seedeater, sedge wren, rusty-collared seedeater, sharp-tailed tyrant, cinereous harrier, azure jay and the crane hawk on properties in the region of São Gabriel.





PAPAGAIO-CHARÃO

After identifying the relevance that areas under forest management situated in the IBA (\*) Mid Camaquã River could have for the conservation of the red-spectacled amazon (Amazona pectrei), a conservation program was established for the species in partnership with the Association for Friends of the Environment (AMA). This IBA, situated in the southeastern highlands of Rio Grande do Sul, was created precisely because of the red-spectacled amazon, a species found almost exclusively and endemic to Atlantic Forest.

The project, initiated in 2008, executed by AMA and coordinated by the Pro-Nature Foundation (Funatura), evaluated the areas within and/or around the IBA that had the greatest potential for occurrence of this species. A total of 97 areas were visited for the initial assessment, of which 78% showed high or good potential for the presence of the species, which was

effectively verified on 12 farms. Nests were found on four of these.

The results of the first surveys led to changes in plantation management in order to benefit the species by altering the season and maximum area of harvest in locations with established nests. In the second phase of the project, executed in partnership with AMA, in addition to maintaining monitoring of the species, nest boxes are being installed (28 installed and 52 forecast) to increase the number of reproduction sites available for the species.

Given that one of the threats to the species is the habit of capturing chicks to be raised as pets, the project is also investing in environmental education in order to deter the practice and break the cycle of capture and illegal trade.

\*acronym for Important Bird Areas, recognized as important for the conservation of bird populations.



IN ADDITION TO BIRDS, MAMMALS, REPTILES AND AMPHIBIANS ARE ALSO INCLUDED IN THE MONITORING ACTIVITIES UNDERWAY SINCE 2011.



In the case of herpetofauna (reptiles and amphibians), the main areas and municipalities included in the sample are the Forest Gardens of Cerro da Lagoa (Santana da Boa Vista), Mon Nou II (Caçapava do Sul) and Vila Palma II, and Santa Amália (São Gabriel). Together they comprise more than two thousand hectares. The methodology of this type of monitoring is based on lines where different habitats are sampled, both in and outside the forest units, in order to make comparisons between the groups of species present for each type of soil. The areas were also assessed before the installation of the plantations so as to identify the impacts of management on the animals during the course of settlement.

After six monitoring campaigns, the data obtained have not yet been able to identify significant changes in reptile and amphibian communities. Before and during the planting period, differences observed in relation to reptile abundance and richness appear to be attributable to natural variations in the activity and behavior of the species due to regional seasonality.

For mammals, three campaigns have been conducted in seven planting areas, both in the Guaíba region and surrounding areas, such as São Gabriel and Encruzilhada do Sul (west). The monitoring operation used sampling on foot and camera trapping.

To date 19 species of mammals have been identified in these areas, with particular prominence for the endangered species Leopardus wiedii (the margay), Leopardus tigrinus (the oncillus), Agouti paca (paca) and Mazama gouazoubira (the gray brocket).



# THE BARBA NEGRA

NATURAL HERITAGE RESERVE







Located in Barra do Ribeiro, next to Lagoa dos Patos (Duck Lagoon), the 2,379 hectare area was officially recognized as the Barba Negra Natural Heritage Reserve (RPPN) by SEMA Decree No. 48 of September 28, 2010, based on State Decree 46.519 of July 22, 2009.

In accordance with legal guidelines for Conservation Units, the company shall compile a Management Plan to define the possible uses of each portion of the RPPN, in order to maintain and increase the value of the area in support of local biological diversity.

The surveys begun in 2011, for zoning of the area and defining the possible uses of each portion of the RPPN, were concluded in 2012 and a preliminary version of the Management Plan has been compiled and shall be submitted for analysis by the Conservation Units Division of the State Environmental Department – DUC / SEMA.

In compliance with legal obligations for Conservation Units, during this period in which the Management Plan for the RPPN was compiled, the company only carried out research activities in the area in 2012.





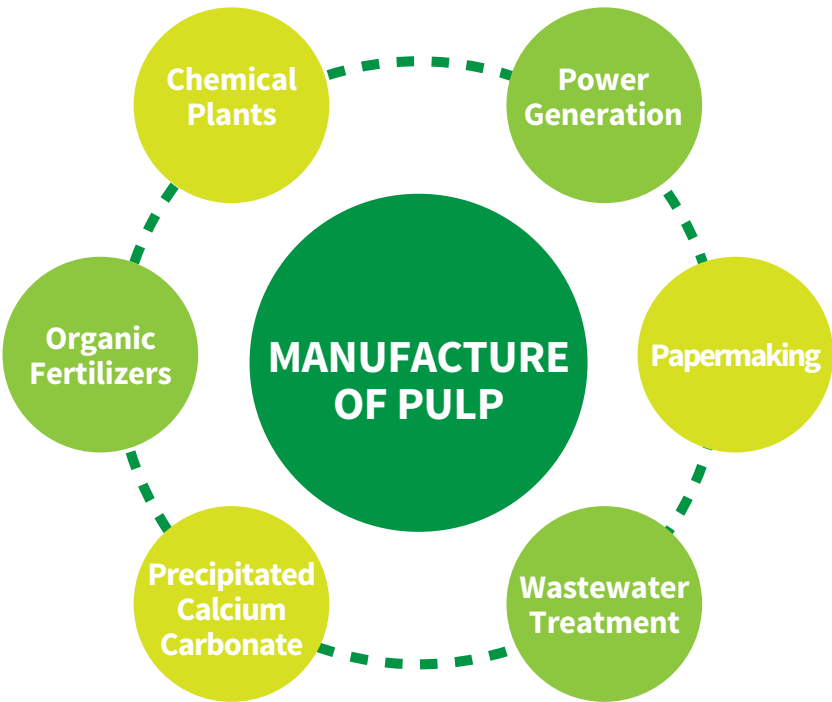
INDUSTRIAL AREA

Using the short fiber of eucalyptus wood, cultivated both in our own and third-party plantations in 39 municipalities in RS, Celulose Riograndense produces 450,000 metric tons of bleached pulp and 60,000 metric tons of offset paper annually.

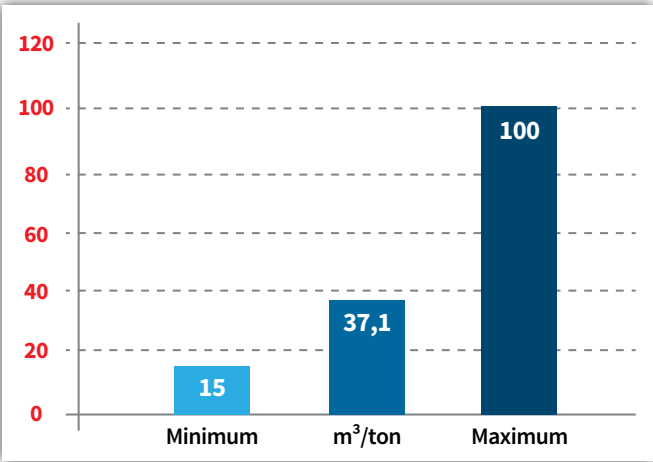
The integrated industrial process transforms the logs into pulp sheets and bales - by cooking the wood using chemical products, water and heat – and also recovers some of the raw materials used in this process. This is the case with utilities such as water, steam and electricity. The industrial activity also treats wastewater, atmospheric gases and solid waste. In order for this cycle to run as smoothly as possible, the company employs control and process technologies that minimize the impacts to people and the environment.

WASTEWATER TREATMENT

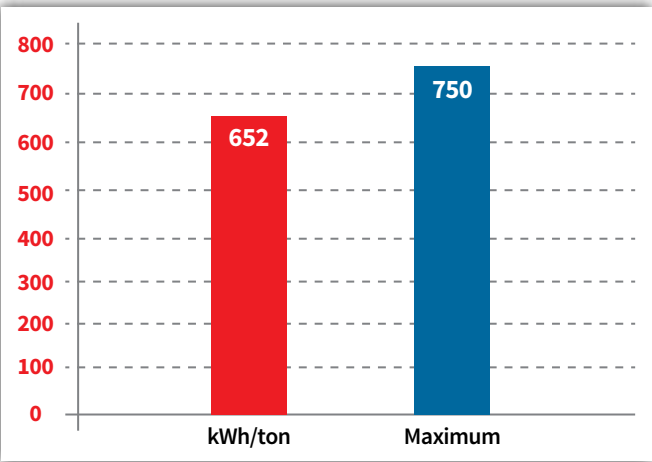
Celulose Riograndense operates a Water Treatment Station which receives all the wastewater produced by its industrial operations. Thus, water is captured by the Guaíba River and returned with minimum impact on its quality and coloring. Average water consumption in 2012 was 37.10m³ per metric ton of pulp produced. In line with standards defined under legislation, monitoring of treated wastewater obeys physical, chemical and biological parameters such as toxicity and genotoxicity, as well as impacts on fish. The company’s wastewater treatment system fulfills a level of performance excellence on a par with the best international benchmarks for the sector.



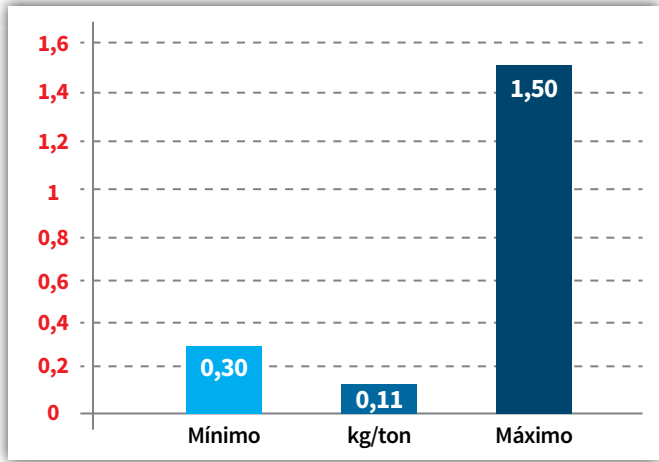
WATER USE



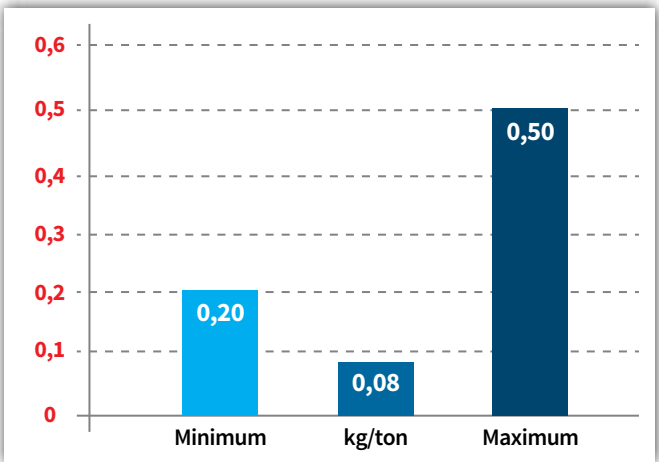
ENERGY USE



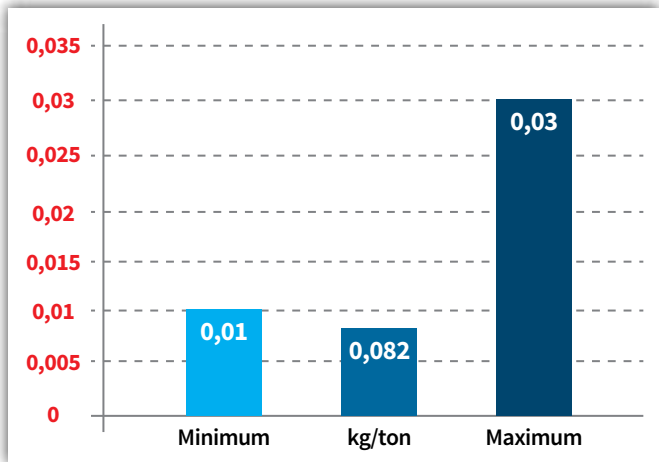
DBO5 EFFLUENT



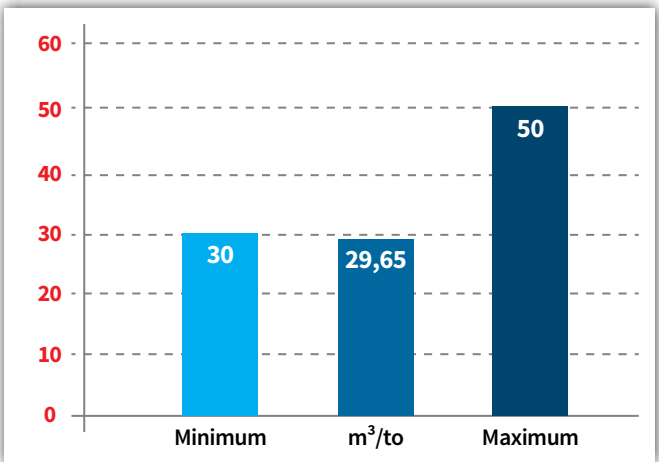
EFFLUENT NITROGEN



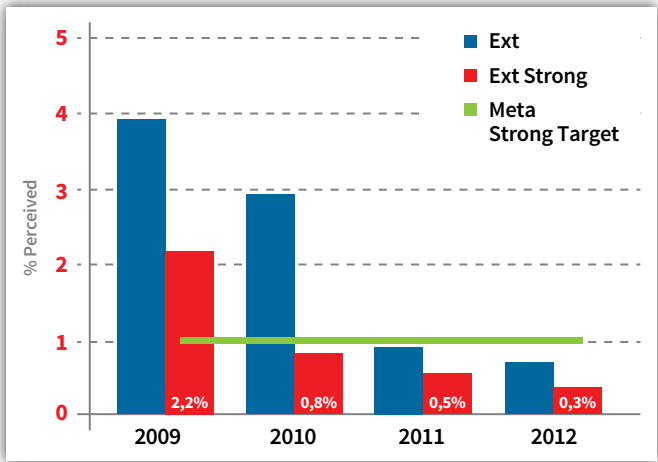
PHOSPHOROUS EFFLUENT



EFFLUENT FLOW RATE



ODOR PERCEPTION



AIR EMISSIONS

The management of atmospheric emissions resulting from industrial operations ensures that the factory operates within global best practices through high-tech control and reduction of gases. This performance registers extremely low levels of

odor and particulates. The company also has a group of volunteers – part of an odor monitoring network – that periodically evaluates perceived odor outside the factory.



GREENHOUSE EFFECT

Celulose Riograndense monitors carbon absorption (carbon footprint) by controlling the sources that caused the so-called “greenhouse effect”. Part of this analysis is the data recorded by industrial emissions, such as the consumption of energy and fossil fuels linked directly to the company’s activities. The assessment also includes the carbon stock sequestered from the atmosphere by the company’s forest areas, as well as the use of CO<sup>2</sup> released by the boiler and precipitated calcium carbonate production plant, a product used in papermaking. For each metric ton of pulp produced 1.13 metric tons of CO<sup>2</sup> is produced. In forest activities, carbon sequestration is 15

times higher than emissions generated by industrial activities. As such, the company maintains its compliance with the best practices in place with respect to climate changes.

SOLID WASTE AND ENERGY

The solid waste generated by the industrial activities of Celulose Riograndense are treated and processed by the company Vida Produtos e Serviços em Desenvolvimento Ecológico, achieving a reuse rate of 99.6% of the total volume. The recycling technique for these byproducts of pulp manufacture – used primarily as fertilizers for agriculture – was developed in the 1980s by environmentalist José Lutzenberger.

2012 INVESTMENT IN ENVIRONMENTAL IMPROVEMENTS

Waste	Average for 2012	Destination
Sludge from the Wastewater Treatment Plant	4.850 metric tons	Organic fertilizer and substrate for plants
Wood bark	1.290 metric tons	
Alkaline waste (dregs, grits, filter mud, lime mud)	3.000 metric tons	Correction of soil acidity
Heavy Ash	1.630 metric tons	Return to coal mines
Light Ash	5.270 metric tons	Cement industry
Wood waste (sawdust + wood chips + scrap wood)	2.660 metric tons	Timber or fuel industry
Selective Collection of Materials	92 metric tons	Cardboard and recycled plastic industry
Industrial Landfill	73 metric tons	FEPAM licensed landfill
Reciclagem	99,6%	

Approximately 80% of the electricity needed to operate its plant Celulose Riograndense obtains from the waste generated from cooking wood – mainly from lignin and in part from burning coal. The rest is acquired on the market via energy auctions.

Título	R\$ (orç.)	Aspecto
Adequação do filtro de mangas da área de peneiramento	160.000,00	Ar
Acionamento de válvulas manuais (contaminação do poço 04)	75.000,00	Solo
Conduktivímetros nas saídas dos trocadores de calor de licor do digestor	85.000,00	Água
Substituição de revestimento do poço das bombas de vácuo	120.000,00	Solo
Substituição do Analisador 452 MIT-003 (Umidade do ar seco do encamisamento das linhas de cloro)	33.000,00	Ar
Instalação de Sensor de nível no funil das bombas de lodo	20.000,00	Água
Substituição da manta da lagoa de homogeneização	215.000,00	Solo
Adequação de Instalações da Planta Química à SRTE 2013	650.000,00	Ar
Recuperação das bacias de contenção da planta química	90.000,00	Solo
Disponibilidade do Sistema NCG	220.000,00	Ar
Substituição parcial de medidores de particulado	200.000,00	Ar
Aquisição de um ventilador para o lavador de plumas	100.000,00	Ar
Substituição do aquecedor de gases do NCG-NR13	180.000,00	Ar
Recuperação das bacias de contenção áreas de recuperação	100.000,00	Solo
Melhoria na central de tratamento de resíduos sólidos	100.000,00	Solo
Total: R\$ 2.348.000,00		

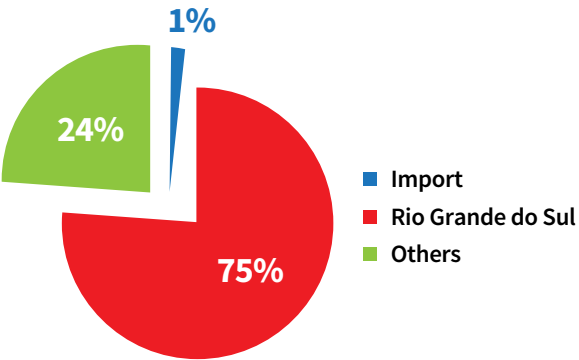
SUPPLIERS

To ensure the efficiency of its supply chain, the relationships between Celulose Riograndense and its suppliers is based on mutual trust and the establishment of lasting partnerships. Selection processes are established on the basis of fair competition, technical, economic, social and environmental support. Under equal conditions, local suppliers take preference, though without favoritism since the company consistently encourages the pursuit of competitiveness.

Compliance with labor legislation is a requirement in all hiring procedures. In particular, the prohibition of child labor is

an integral and non-negotiable point. The relationship management process includes supplier audits that oversee compliance with legislation. In 2012, risks if this nature were not identified among suppliers.

ENERGY USE





WOOD PURCHASING SYSTEM

Celulose Riograndense uses only wood from its own or third-party plantations. To demonstrate the traceability of raw material from its origin – and prove it comes from sustainable management sources – the company does not purchase material from illegal exploitation, which violates civil and traditional rights or comes from forests with high conservation value. Nor does it purchase wood from non-anthropogenic ecosystems, whether in the form of forests or other vegetation, or use genetically modified species. To ensure compliance with this policy, the company maintains documented procedures, provides instructions on responsibilities and records established controls.

SUPPORT FOR SMALL FOREST PRODUCERS

The forestry support system, a program aimed at small producers interested in planting eucalyptus, currently includes 4,000 hectares under contract in Rio Grande do Sul. There are more than 145 contracts in partnership with rural producers. Celulose Riograndense provides technical assistance for support from planting until harvesting, as well as benefitting the producer with access to forestry technology.

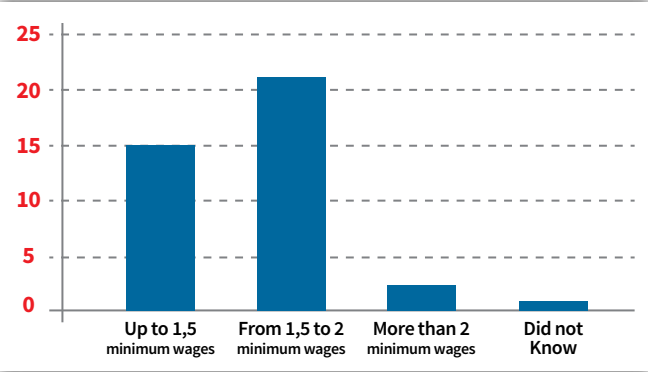
TRAINING FORESTRY MULTIPLYING AGENTS

Topics related to the Management System are discussed and directed to supervisors and technicians from companies that provide forestry services. These professionals are responsible for multiplying concepts among outsourced workers that can prevent improper environmental procedures. In 2012 the theme “Relationship with Stakeholders” was addressed at three meetings held in Guaíba, Butiá and Santa Margarida do Sul, with a total of 68 participants.

WOOD FOR SAWMILLS

With the general objective of assessing the local sawmill market – and the importance of participation by Celulose Riograndense in its supply – research was carried out and applied directly to workers from client companies in the forestry sector. The study sought to characterize the companies that purchase logs from Celulose Riograndense and evaluate the products manufactured, markets, employment generated and characterization of labor, as well as the primary activities of these companies, their main products and on which market they target their activities.

- 44 sawmills in 22 municipalities use wood supplied by Celulose Riograndense. In Rio Grande do Sul there are 1,122 companies in this segment.
- The main products and/or activities of these companies are: deployment, processing wood for furniture making, lumber, MDF boards, fence posts, beams, pillars, pallets and boxes.
- The sawmills surveyed – which do not engage in forestry activities – generate 644 direct jobs with an average of 14.6 workers per company. In RS, the segment comprises 7,211 work fronts.
- 72% of the companies surveyed use only eucalyptus as a raw material. Either because of its shorter cycle, wider availability and good distribution logistics, or the technological advances in its handling. Moreover, in recent years the species has gradually overcome resistance to its use on the market.
- 70% of interviewees reported that Celulose Riograndense is the only supplier of raw material that they use. They also confirmed that their greatest difficulty is finding a company capable of providing a constant supply of quality wood in sufficient volume so as not to place its business at risk.
- The average profile of workers in the companies surveyed is: Male, between 20 and 40 years old, resident in the municipality in which the company is located, having completed their primary school education and earning at least two minimum wages.



RELATIONSHIPS WITH COMMUNITIES

**IN THE RELATIONSHIPS BETWEEN CELULOSE RIOGRANDENSE AND ITS STAKEHOLDERS, BOTH URBAN AND RURAL, THE SOCIAL LICENSE GRANTED BY THE COMMUNITIES INVOLVED IS AS IMPORTANT AS THE LEGAL LICENSES FOR THE COMPANY’S OPERATIONS.**

All decisions in this regard are based on ethical values and respect the principles founded on the company’s Mission, Vision and Policies, which govern CMPC’s Code of Conduct. In addition to minimizing the impacts caused by its operations and strengthening the positive aspects in each region, the company invests in an engagement process through its own and sponsored social and environmental projects, aimed at social inclusion and improving the quality of life of these communities.

As a company that performs a role as an agent of change in transforming social realities, Celulose Riograndense carries out periodic monitoring of the socioeconomic impacts of the communities involved in its activities. This diagnosis – whose

main objective is to assess the importance of the venture in the region – confirms that the forestry activities generate direct taxes, including the ICMS and ISSQN. Based on this information on the amount of taxes generated by the company – and the total amount collected by the municipality – the relevance of this resource to the cities where planning is more intense was confirmed, characterizing a significant reflex of forest management activities on the economic potential of these municipalities.

In 2012, Celulose Riograndense’s social and environmental responsibility programs and initiatives benefitted around 40 municipalities in the state, contributing to the development of the locations where the company operates.



THE FOREST IS LIFE CAMPAIGN (FLORESTA É VIDA)

The project promotes and supports environmental responsibility actions involving schools from the municipalities involved in the areas where the company operates. Activities include training workshops whose methodology focuses primarily on improving school grounds. In 2012, 1,737 students from 18 schools participated in the campaign.

WORKSHOP PROJECT

The result of a partnership between Celulose Riograndense, the Augusto Meyer School and Sindus Andritz, the purpose of the initiative is to prepare young apprentices for the job market and is supported by volunteer instructors from CMPC. The subjects include basic safety modules, technical calculation, metrology, design, metallurgy, hydraulics, machining and metal-mechanics. IN 2012, 12 students completed the course.

TECHNICAL COURSE IN PULP AND PAPER

Recognized by the State Board of Education for Rio Grande do Sul, the professional qualification course is held at Gomes Jardim State School and Celulose Riograndense and contributes to training students from the communities in which the company operates. Teachers on the course form part of the company's technical staff and students have the opportunity to do their apprenticeships at the company factory. The course trains approximately 15 students every year.

PROJECT EDUCATION

Consists of the production and distribution of 200,000 school notebooks and 1.5 million sheets of A4 offset paper for use in the public school system of the 42 municipalities in which the company operates. In its 23 years Project Education has already benefitted more than 8 million students. A survey carried out in 50% of the municipalities involved revealed an approval rate of 94% for the initiative among the school community.

YOUNG GAIA

An environmental project that caters to two public elementary schools from the municipality of Pantano Grande. Students are selected according to the social vulnerability of their families which, in many cases, results in aggressive behavior and low self-esteem, compromising learning. The project includes environmental education workshops, such as creating gardens, producing food, planning school courtyards, recycling organic waste and composting, among others. It is run in partnership with the Gaia Foundation, an institution created by environmentalist José Lutzenberger and directed by his daughter Lara Lutzenberger, with its headquarters in the Rincão Gaia property in Pantano Grande. In 2012, around 30 students were benefitted by the program.

TECHNICAL VISITS TO THE FACTORY AND FOREST GARDENS

Celulose Riograndense receives technical and institutional visits from groups from different regions of Rio Grande do Sul and Santa Catarina states. These consist mainly of high school and university students, master's, graduate and specialization students, as well as professors, industry and trade executives, liberal politicians and professors and representatives of community and resident's associations from the municipalities in which the company operates. In 2012, 516 people visited the factory and/or activities at the company's forest management units.

HEALTHCARE EDUCATION PROGRAM - PES

The purpose of the program is to select and finance preventive health programs in municipalities within the forestland, aimed at raising awareness among the population on aspects that are important to improving quality of life. It contributes to reducing expenditure on expensive medical care in these communities and provides information that helps build healthy eating habits. In 2012, the program reached 9,354 people in eight municipalities.

EUCALYPTUS HONEY

Celulose Riograndense allows beekeepers to place their hives next to the eucalyptus plantations, rich flowering trees. In re-

turn, around 8% of the honey produced is passed on to Special Education Schools (mostly APAEs) from 23 municipalities in RS. In 2012, 5,971 of the product was distributed.

ACCORDION FACTORY (FÁBRICA DE GAITEIROS)

A social inclusion project in partnership with the Renato Borghetti Institute that aims to identify Celulose Riograndense with the values of gaúcho culture. In 2012 the project entered its third consecutive year and already includes four municipalities: Guaíba, Porto Alegre, Barra do Ribeiro and São Gabriel. A further three cities from the state have shown interest in holding the project. The target audience for this initiative is children aged between 7 and 15 years and involves the training participants on the diatonic button accordion (8-bass accordion), made from eucalyptus wood.

MUSIC AT THE FACTORY

Every month the project features big names in popular gaúcho music performing at Celulose Riograndense's Galpão Crioulo. The initiative aims to reinforce the relationships between factory neighbors and the community. Entry to the performance is free and, in 2012, six attractions brought together more than 500 people.

CUSTOMER SERVICES DEPARTMENT

Celulose Riograndense maintains a management system for the impacts of its forestry and industrial operations and activities. This direct channel of communication records and addresses all the demands coming from different sectors of the public, including requests, complaints, and suggestions for improvement on any issue related to the company and its activities. In 2012, 87 demands were registered regarding the company's Forest Management activities, none were related to the industrial environment and six to construction work for the factory's Expansion Project. The most frequent demands registered were:

- Requests for the inspection/maintenance of fences.
- Plantations close to power grids/residences/roads.
- Road maintenance.
- Odor/noise/dust/particulate material.
- Damaged sidewalks on roads affected by the Guaíba 2 Project for the new Road system in the city's southern district.





# GUAÍBA 2 EXPANSION PROJECT



**AIMED AT LONG-TERM GROWTH, CELULOSE RIOGRANDENSE HAS CONCLUDED THE BASIC ENGINEERING PHASE FOR A NEW PULP PRODUCTION LINE AT THE CURRENT FACTORY COMPLEX, WITH A CAPACITY OF 1.3 MILLION METRIC TONS/YEAR.**

The CMPC board of shareholders has confirmed the investment of approximately BRL 5 billion to implement the project. With construction work scheduled to be completed in 2015, it is the largest private investment in the history of Rio Grande do Sul.

The project is designed to minimize environmental impacts by using the most modern technology available on the market to achieve excellence indicators in the consumption of natural resources, such as water and energy. In addition to making the factory self-sufficient, the new pulp production line will also allow the sale of a 30,000 kWh surplus of electricity, the equivalent of 21,600,000 kWh/month, enough to supply 120 homes – considering an average of three people per residence, this is the equivalent of a city of 360,00 inhabitants, with an average consumption of 180 kWh/month per home.

The PPP (Public-Private Partnership) established between Celulose Riograndense, City Hall and the Guaíba City Council provided a BRL 40 million investment by the company in the urban mobility system of the city's southern district - including asphalt paving and resurfacing, as well as roundabouts, bike lanes and new water, sewage and lighting networks. The changes outline, particularly in the areas surrounding the factory, will ensure better adaptation to the industrial for construction work in the Guaíba 2 project.

## AWARDS AND RECOGNITION

**IN 2012, CMPC CELULOSE RIOGRANDENSE CELEBRATED 40 YEARS SINCE THE OPENING OF ITS FACTORY IN GUAÍBA.**

Included among the festivities was a photographic exhibition displaying the company's most distinctive moments through the significant phases of its history in the region. The Guaíba City Council also honored the company in a formal ceremony.

Celulose Riograndense was also recognized with three other important distinctions: the 3rd edition of the Luis Roessler Environmental Award from the Rio Grande do Sul State Environmental Department; the 2012 Social Responsibility Award, created by the State Legislative Assembly; and the Porto Fiel Trophy, honoring the company as one of the largest, oldest and most regular clients using the services of the Rio Grande port. The award was presented during the ninth edition of the Navegar Conference.







# 2012 SUSTENTABILITY REPORT



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