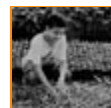




Annual Report

Sustainability
ReportFinancial
Information[Português](#)

- Introduction
- Sustainability
- Relationship with stakeholders
- Economic and social aspects
- Environmental aspects
- Sustainability objectives for 2005
- Awards and recognitions in 2004
- Verification Statement
- Additional information

Sustainability Report 2004

Introduction

"If we plan for one year, we should plant grains. If we plan for decades, we should plant trees. If we plan for a lifetime, we should educate men." (Kwantzu, China, III BC)

The complexity of the business environment, which is becoming daily more competitive and globalized, has been leading companies to exceed conventional demands regarding quality and price. Issues such as governance, transparency, effective stakeholder relationships and environmental and social responsibility have become as important to corporations as performance and the bottom line.

This new situation requires companies to take a structured approach to the question of sustainability – economic, social and environmental.

For a company such as Aracruz – a leader in its segment, founded on the use of renewable natural resources, undergoing a strong process of growth over the past few years, exporting the majority of its production and listed on major stock exchanges – this type of approach is fundamental to ensure the feasibility of its current operations and its plans for future growth.

Sustainability is a discipline that facilitates access to capital, permits cost reductions, maximizes long-term returns on investments, forecasts and reduces risks and, moreover, helps attract and retain a motivated workforce. It helps strengthen our reputation, credibility and image, thus protecting and enhancing the Company's value to shareholders and society in general.

Although Aracruz has already adopted a set of fundamental practices based on the

concept of sustainability, we understand that the new environment requires a further step. We must transform sustainability into a structured process, equipping it with a vision, targets, action plans and measurement indicators. By doing this, we recognize that sustainability is a long journey towards a subjective destination, one that involves distinct and changing values for each segment of society. Nevertheless, we believe it is of utmost importance to embark on this journey, with determination and humility.

Consequently, with the support of the Board of Directors, we have initiated a Strategic Sustainability Plan, whose initial stages are described in this Report.

Although it is still in an embryonic phase, the Plan has already prompted changes in the Social and Environmental Report itself, now denominated Sustainability Report. This includes presenting the daily dilemmas the Company faces and explaining the commitments it has made to the different sustainability dimensions – replacing the social and environmental objectives and targets we published in previous editions.

Besides the Strategic Sustainability Plan, we would like to highlight some other developments in 2004.

The process of dialogue with the Forum of Environmental NGOs of Espírito Santo continued during the year. In addition to permitting greater understanding between the parties, the dialogue also led to the definition of Terms of Reference for implementing Native Species Diffusion Nuclei, now being discussed with the government of the state and other stakeholders. We also begun a dialogue with segments of the Catholic Church and organized a one day visit to the Barra do Riacho Unit for representatives of the financial and investment communities.

We completed the inventory of our greenhouse gas emissions (GHGs), encompassing our forestry, industrial and wood transportation operations, while also estimating the volume of carbon that is sequestered in the Company's plantations and native reserves.

The Company achieved a new reduction in water consumption for the production of pulp. Moreover, Aracruz continued to seek ways of further reducing consumption without affecting product quality. We extended our Forestry Partners Program to Rio Grande do Sul, generating a new, alternative income source for farmers in the regions where we operate in that state. The program's eighth office, located in Cachoeiro do Itapemirim,

Espírito Santo, was opened during the year.

The process for certifying our plantations in Espírito Santo under the Brazilian Forestry Certification Program (CERFLOR) was initiated. Meanwhile, audits were carried out to maintain CERFLOR certification of the Company's plantations in the state of Bahia as well as Forest Stewardship Council (FSC) certification of our plantations in Rio Grande do Sul. The Aracruz Social and Environmental Report was once again submitted to independent verification, this year conducted by BVQi.

We believe that these and other efforts will contribute to the sustainability of our enterprise, ensuring that Aracruz's growth will come about in an economically viable, socially just and environmentally responsible manner.

Carlos Aguiar President and CEO

Aracruz would like to invite the readers of this publication to send us their criticism, comments and suggestions or to visit our operations. Contact names are listed on page **Additional information**

- Annual Report
- Sustainability Report
- Financial Information

© 2005 Tau Virtual