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The Sustainability Agenda of the Brazilian Sugarcane Industry



About UNICA

- UNICA is the leading sugarcane industry association in Brazil.
- Its more than 100 member companies, voluntarily engaged, represent over **60% of the sugarcane, sugar and ethanol** produced in Brazil
- Its expertise covers key areas including the environment, energy, technology, international trade, corporate social responsibility, sustainability, regulation, economics and communications
- It has offices in **four locations**: São Paulo (headquarters), Brasília, Washington D.C, and Brussels

Key Numbers

Number of mills	369¹
Sugarcane growers	70,000
Direct employment	1.02 million²
Revenue	US\$ 70 billion
Foreign Revenue	US\$ 10,2 billion (2014/15)
% Energy matrix	15.7% (2nd source, > hydro)
CO₂ emission reductions CO₂	> 600 million t since 1975

28 billion liters 

2nd world producer: 25% of production and 37% of world exports






15 million MWh 

4% of Brazilian electricity consumption; 38% of annual planned production in Belo Monte complex

35 million ton. 

Largest producer and exporter in the world: 22% of global production and 45% of exports

Sustainability Initiatives

	<i>Examples</i>	<i>Instruments</i>	<i>Scope</i>
Public policies	National and State Agroecological Zonings	Regulatory	
	New Forest Code	Regulatory	
Public-private partnerships	The Green Protocol, The National Commitment to improve labor conditions	Self-regulatory	
Private partnerships	BONSUCRO certification	Self-regulatory/ market-based incentives	
	Renovação Project		
	CONSECANA		
Individual initiatives	Eg: local partnerships, support to schools or hospitals, etc	CSR / Differentiation	

SUGARCANE AGROECOLOGICAL ZONING IN BRAZIL

Guidelines for Sugarcane Expansion

1. It **excludes sugarcane expansion in the most sensitive biomes** – e.g. Amazonia and Pantanal
2. It **excludes sugarcane expansion on any type of native vegetation** (*Cerrados*, *Campos*, etc.)
3. Authorized areas for sugarcane expansion: **64.7** ml hectares, equivalent to **7.5%** of the Brazilian territory (currently 1% of the area is used for sugarcane)

It guides licensing decisions of the Brazilian environmental agencies. Public funding for sugarcane mills is subject to its compliance.



Private-Public Partnership



- **Voluntary agreement** reached between São Paulo state government, the sugarcane industry (UNICA) and the cane suppliers (ORPLANA)
- **It anticipates the deadline for ending sugarcane burning:** from 2021 to 2014 in areas that can be mechanized and from 2031 to 2017 in other areas.
- **It also includes other conservation measures**, such as the protection of river side woods, the recovering of those near water springs and the reduction of water use.
- 144 mills and 26 association of sugarcane suppliers joined the initiative, **representing 93,5% of the state ethanol production and 45,5% of Brazilian production**





- **“Trilateral” agreement** - Government, Private Sector and Labor Unions - which **sets around 30 better work practices** that go beyond legislation demand.
- It is **a voluntary agreement** where participating units are verified by independent auditing companies. **180 sugarcane production units are currently in compliance with the Commitment.**

renovAção

Retraining Program for Sugarcane Rural Workers

- ❖ The Program **encouraged similar actions inside the mills**, multiplying the number of trained workers (more than 22,000 trained in the last 4 years)
- ❖ *RenovAção's* initiatives were the base for the public initiative to begin launching new projects with very similar features, such as the *Pronatec, a Federal Public Program*, coordinated by the Ministry of Education, that aims to train and requalify around 12,000 people from the sugarcane sector, just in the state of Sao Paulo
- ❖ International recognition by FAO as an “example” among the initiatives that combined renewable energies production with social inclusion



SOCIAL AND ENVIRONMENTAL RESPONSIBILITY



- UNICA was the first agribusiness association in the world to publish a **sustainability report** following the Global Reporting Initiative Framework.
- In its last version (2010/11) it achieved an “A+ Grade”. Dissemination of the practice within the Sugarcane sector: **more than 100 mills have now their own GRI Sustainability Report!**

GRI Sustainability Report





COUNCIL OF SUGARCANE, SUGAR AND ETHANOL PRODUCERS IN SÃO PAULO STATE

- ❖ **A bilateral private sector arrangement** between sugar/ethanol industry and sugarcane growers that establishes a **dynamic and transparent model to define the price paid by ton of cane**
- ❖ Created in 1999, it aims at sharing risks between agents and comprises two private entities:
 - UNICA, representing sugar and ethanol producers 
 - ORPLANA, representing sugarcane growers 
- ❖ **Main principles:**
 - Balanced forum between growers and the industry
 - Voluntary engagement
 - Dynamic model, subject to revisions of its parameters and improvement of its rules on a regular basis (general revisions conducted every 5 years)
 - **Revenue of the sugarcane grower is proportional to the industrial revenue**
 - *On average, sugarcane production accounts for 60% of total sugar and ethanol production costs. Therefore, the sugarcane grower receives on average 60% of the agroindustrial revenue.*

Let's talk about Certification!

Important Aspects

- Financial Situation
- Market Demands
- Not being certified does not mean that the industry is not sustainable

Current Difficult Financial Situation = Profit x Costs

- Since 2008, nearly 80 sugarcane mills were closed in Brazil
- Nearly 65 units have entered bankruptcy proceedings, and several other mills are in precarious financial situations
- On average mills have dedicated close to 15% of their income to servicing debt, which translates to R\$ 17 per ton of processed Sugarcane
- Which means :
 - Mills will make the balace between costs and profit when it comes to certification

- US Market has its own sustainability rules and regulation
- European Directive recognises Bonsucro
- Other markets do not demand certification
- Certification will also depend on the client's demand.

- Different Solutions for Different Needs:
- ISCC
- RSB
- Bonsucro (39 Brazilian mills certified)



Thank you

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