

BSI Stakeholder Outreach Meeting:

Brazil 4 June 2009

Meeting Report

The BSI outreach meeting in Brazil took place in the city of São Paulo, where two sessions occurred (morning and afternoon). 48 stakeholders from different sectors attended the meeting including representatives from NGOs, sugarcane producers, research institutions and others.

During the event, the main topics of the initiative, including the 1st version of the Standard, was presented by David Willers - General Manager of BSI - and a discussion period followed.

FIRST SESSION - SUMMARY OF MAIN COMMENTS

General Comments

During the discussion, one participant raised his concerns on the possibility of BSI standard being used as cut-off requirement for investors and banks and, potentially, become a barrier to access credit (that could be used to improve its production practices). The BSI standard should be used as an incentive (e.g. lower interest rates for certified mills) and not as a barrier to credit.

It was also emphasized by some stakeholders that the auditing process needs to be very clear and transparent. Two main topics were mentioned as important to be considered when it comes to the structure of the certification:

- Specify how sugar cane suppliers (and all relevant groups of the supply chain) are going to be audited;
- Define the accreditation process for auditing companies.

Principle 1 - Obey the Law

Compliance with relevant applicable laws was one of the most discussed principles during the meeting as there may have significant legislation differences between countries and potential conflicts with international conventions. Another point mentioned by some interested parties was on how BSI scheme is going to deal with partial compliance with national laws. Summarizing these issues, the main topics discussed were:

- What is going to be the requirement if there are different definitions between national/local legislations and international conventions (e.g. ILO)? It was proposed by some stakeholders that if the standard clearly defines one international definition, it should be adopted.
- How is non compliance (and/or partial compliance) of national legislation going to be addressed by the standard? It was suggested that, if the law allows for an adaptation period, then it should be considered as prove of compliance.

Principle 2 - Respect Human Rights and Labor Standards

- Criteria 2.1 - Some raised the problem that many “black lists”, mentioned on the notes, do not follow clear legal methodologies and are subject to controversial interpretations. Only condemnations made by proper legal procedures and official trials, in accordance with the national legal systems, can be considered.

Some stakeholders also pointed out that it is important to clarify if the mere existence of a legal trial will lead to non compliance or if only a final legal verdict should be considered. It was suggested that the latter option is the most appropriate.

Principle 3 - Manage Input, production and processing efficiencies to enhance sustainability

Some participants questioned the values on Principle 3, arguing that some of them are impractical considering Brazilian figures on the sugarcane sector:

- Criteria 3.1 - Industrial Efficiency standard of 90 % is too high and improbable to be achieved;
- Criteria 3.2 - The standard for “global warming burden per unit mass product” of < 0.4 tCO₂/t sugar is unrealistic and difficult to be reached.

Principle 4 - Actively Manage Biodiversity and Ecosystem Services

Principle 4 was largely discussed and questioned, particularly especially when it comes to High Conservation Value Areas. Questions on whether BSI definition of HCV is going to be compatible or not with the definition given on the Renewable Energy Directive of the European Union and also on how these areas are going to be defined were the main topics raised. The necessity to consider the different interpretations of different countries was also pointed out by many of the participants. The problems of interpretation of HCVs by different stakeholders was raised and some said it was a main issue of conflict on the soy roundtable. It is very unlikely, however, that pasture and crop areas could to be defined as HCV by any stakeholder.

There was also a question on what is going to be the cut-off date for compliance with the indicator on High Conservation Value Areas (HCV). Many stakeholders suggested the adoption of the same date defined by the above mentioned European Directive on Renewable Energy.

Principle 5 - Commit to Continuous Improvement in Key Areas of Their Business

- Criteria 5.4 - There was a discussion on the exact meaning of "Net Primary Energy". Some stakeholders suggested that BSI should clearly define this term, it should also include a list of all energy inputs (direct and indirect) that are going to be considered on the criteria. Some pointed out that a negative standard value for net primary energy is probably unrealistic, even in Brazil.
- Also regarding Criteria 5.4, a participant has claimed that when it comes to the indicator "energy used in cane transport per tonne cane transported" the note that says Brazilian figure is 15 (of a <50 MJ/t cane standard) is wrong. In fact, the correct interpretation is: when the field is located 15 kilometers away from the mill the energy used in transport is around 50 MJ/t cane. This should be corrected.
- Criteria 5.9 - The meaning of the term "Value Added" was not clear for all stakeholders, although it is defined on the criteria's note. Some participants questioned if it is related to "Net Value Added". Suggestion was made to clearly define the term and, potentially, simplify it, as value added is an index that is not easy to calculate with a common methodology.

PARTICIPANTS

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