



## SUSTAINABILITY REPORT 2008

UNICA and its member companies reaffirm their commitment to social responsibility, environmental awareness and the promotion of economic development.

In 2007, UNICA member companies sponsored more than 600 social and environmental projects with total investments of more than R\$160 million. These projects focused mainly on health, the environment, education, culture, sports, quality of life and job training and directly benefited some 400,000 people. Together, they represent a significant contribution to a better future for numerous municipalities in South-Central Brazil.



unica

We're **proud** to show the world our work



FOR THE FIRST TIME IN THE HISTORY OF THE BRAZILIAN SUGARCANE INDUSTRY, UNICA IS PUBLISHING A SUSTAINABILITY REPORT BASED ON INTERNATIONALLY RECOGNIZED INDICATORS. THIS PIONEER INITIATIVE INVOLVED THE VOLUNTARY PARTICIPATION OF 95% OF UNICA'S 109 MEMBER COMPANIES. OUR GOAL IS TO REACH 100% IN 2007.



**W**e would like Brazilian society and international public opinion to have a better idea of what UNICA and its member companies are doing in terms of sustainable development. To this end we have prepared a Sustainability Report, a synthesis of which is offered in these pages.

This report shows just how strongly we are committed to the key elements of sustainability, by adopting as basic principles the practices of social responsibility, environmental awareness and the promotion of economic development. The foundation of this report – indeed, its very reason for existence – are the social and environmental projects of our member companies. These are implemented individually, but their impact is enhanced by UNICA's corporate projects.

Our activities in 2007 focused on a variety of themes that will remain amongst our key challenges in the future. These include job creation, especially our ongoing efforts to preserve our position as major employers; producing in a socially and environmentally responsible manner; and expanding the use of sugarcane ethanol in Brazil and around the world, taking advantage of its undeniable competitive and environmental advantages.

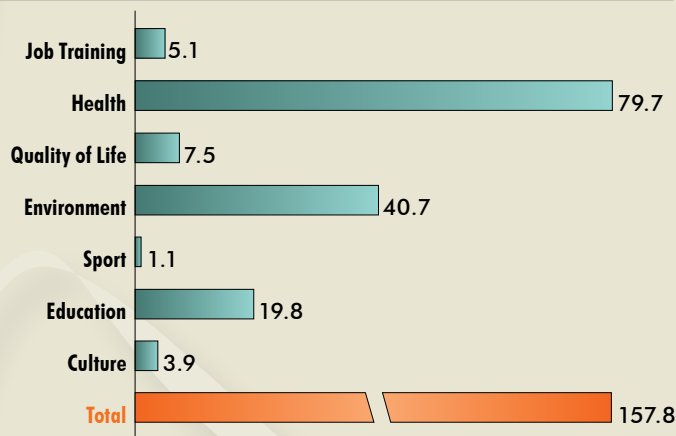


UNICA is proud to offer this synthesis report. By showing public opinion our beliefs and achievements, we believe we are taking a vital step towards improving public understanding of the sugar and ethanol sector and its tremendous, growing importance for Brazil and the rest of the world.

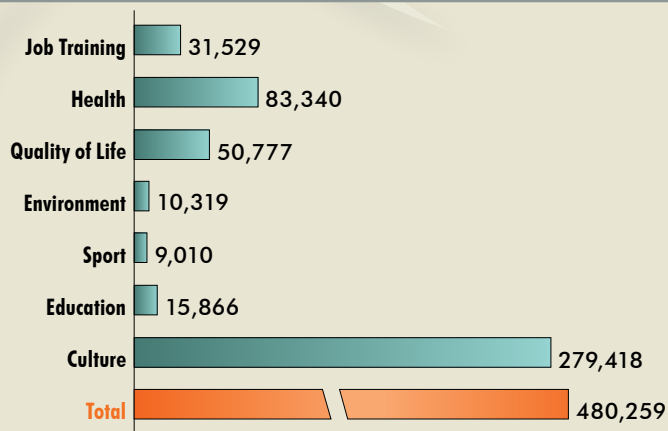
Marcos Sawaya Jank, President of UNICA

Numbers that speak for themselves show the impact and diversity of projects sponsored by UNICA member companies

#### Investment, by area (R\$ millions)



#### People directly benefiting, by area







## social responsibility

meeting our obligations

THE SUGAR AND ETHANOL SECTOR EMPLOYS AROUND ONE MILLION PEOPLE IN BRAZIL, 72.9% OF THEM WITH FORMAL LABOR CONTRACTS. IN SÃO PAULO STATE, 93.8% OF ALL RURAL WORKERS IN THE SUGARCANE INDUSTRY WERE FORMALLY EMPLOYED IN 2005, WHILE AMONGST UNICA MEMBER COMPANIES THE LEVEL IS VERY CLOSE TO 100%.



Safety equipment, exercise sessions and a balanced diet: concern for workers' well-being exceeds legal requirements.

UNICA member companies create jobs and income, but they also engage in far-reaching social programs. These expand the horizons of culture and education, which are the cornerstones of development, and help people live healthier lives. UNICA members provide rural workers with education and retraining projects, to help them remain employable and minimize the impacts of the introduction of mechanized harvesting.

- In the area of health, the focus is on preventative medicine and training for workplace safety.
- Amongst the various projects implemented by different mills, Cities for Peace (Cidades pela Paz) is an example of how private enterprise has the power to promote social change. This project involves teachers and voluntary community leaders in planning, organizing and implementing activities that can help promote a culture of non-violence in towns and cities. The initiative has enjoyed such wide repercussion that municipal schools have included "Culture of Peace" as a curriculum item for students. Education projects receive funding of some R\$19 million.
- Projects to make a difference in the areas of sport and quality of life include encouraging people to learn and practice various sports, and providing balanced meals for workers in the mills.
- Programs are helping rural workers qualify to be electricians, gardeners and truck and tractor drivers. Training for these and similar jobs will help cane cutters have a decent future either in the mills or in other areas of the economy. More than 150 such projects have trained some 30,000 workers.
- At the corporate level a partnership with the Federation of Rural Workers in the State of São Paulo (FERAESP) and the establishment of a Round-Table Dialogue to Improve Sugarcane Working Conditions are examples of how UNICA and its members are seeking to strengthen dialogue in the sector and to negotiate labor matters.

### UNICA joins the communications network backed by the UN

The Global Reporting Initiative (GRI) was set up in 1997 as an official nucleus of collaboration within the UN Environment Program (UNEP). It establishes international standards for indicators of a company's social and environmental performance.

Today, about 1,000 companies participate in the GRI, forming a vast communications network which involves some 20,000 representatives from governments, civil society and NGOs among others. It has become a benchmark for the UN, the World Economic Forum and the Organization for Economic Cooperation and Development (OECD).

Companies in Brazil have been adopting the GRI culture for some years now, but this is the first time that an association has elected to produce a sustainability report based on these guidelines.

# Highlights and key f



## environmental responsibility

helping to secure a better life for **future generations**

THE "GREEN PROTOCOL", SIGNED IN 2007 BETWEEN UNICA AND ITS MEMBER COMPANIES AND THE SÃO PAULO STATE GOVERNMENT, SPELS OUT A MAJOR COMMITMENT TO SUSTAINABLE DEVELOPMENT. THE INDUSTRY VOLUNTARILY AGREED TO ELIMINATE THE BURNING OF SUGARCANE STRAW MORE THAN A DECADE AHEAD OF EXISTING LEGAL DEADLINES.



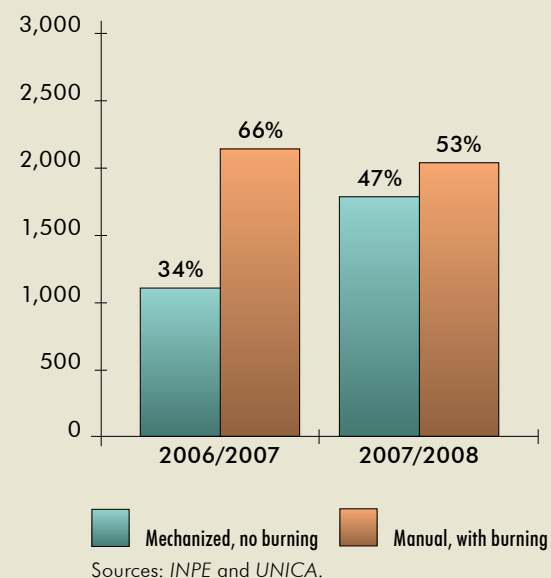
Environmental education, preservation of water resources and the treatment of organic waste: commitment to environmental responsibility.

Projects sponsored or backed by UNICA members include energy independence at sugar and ethanol mills, control of greenhouse gas emissions, the search for ways to rationalize the use of water resources and centers for environmental education.

- UNICA members have allocated around R\$40 million to over 100 programs dedicated to environmental conservation. These projects make environmental education a priority, offering children and adolescents essential, basic notions about sustainable practices.
- Other priorities include programs for the recycling, composting and treatment of organic waste.
- In a move to reduce the use of chemical products, laboratory programs have been established to research the biological control of agrarian pests.
- Sugar and ethanol mills are rapidly expanding the practice of recycling the water they use. This is done in closed circuits, in order to minimize net consumption. New ways to rationalize water use are constantly being developed and introduced, including novel solutions like the "dry washing" of sugarcane before processing.
- UNICA supports a number of initiatives that advance dialogue with other stakeholders and lead to increased competitiveness and sustainability. Examples include the Sugarcane Dialogue Group, which promotes regular exchanges between UNICA and social and environmental NGOs, and UNICA's membership on a variety of national and global forums and discussion groups focused on economic, social and environmental best practices.

### The harvest: less burning

(Sugarcane harvest in the State of São Paulo; '000 hectares/year)



**Mechanized** harvesting will continue to advance. In the 2008/09 harvest, it will surpass the total area where manual cutting, with straw burning, still takes place.

# findings of our 2008





## economic development

working to boost **Brazilian exports**

BRAZILIAN SUGARCANE IS USED AS A RAW MATERIAL TO PRODUCE A WIDE VARIETY OF HIGH-VALUE-ADDED PRODUCTS INCLUDING FOOD, ANIMAL RATION, BIOFUELS AND ELECTRICITY, PRODUCED IN MODERN, INTEGRATED BIO-REFINERIES. IN THE NOT-TOO-DISTANT FUTURE, BIOPLASTICS WILL JOIN THE LIST.



*A durable business model and the steady growth of the sector are the best guarantee for sustainability.*

- Brazil produced 490 million tonnes of sugarcane in the 2007-08 harvest year. This yielded 30.6 million tonnes of sugar, 22.4 billion liters of ethanol and 1,800 average megawatts of bio-electricity.
- More than 125 countries import sugar from Brazil. It is the largest producer and exporter with around 20% of world production and 30% of world exports.
- Brazil's ethanol consumption overtook gasoline in March of 2008, meaning that light vehicles now use over 50% of renewable fuel.
- Bio-electricity, generated from sugarcane biomass, is a particularly interesting option for Brazil because 85% of the country's electricity comes from hydroelectric plants. The greatest amount of biomass is available during the sugarcane harvest, which coincides with the annual dry season when hydroelectric power stations must reduce production because of falling reservoirs. This means that the two sources of energy are complementary. Additionally, the majority of sugar and ethanol mills are located at the heart of the regions which have the greatest demand for electric power in Brazil.
- A total of US\$33 billion will be invested through 2012 to build new mills and expand existing ones. In South-Central Brazil alone, 32 new mills were scheduled to come on stream through 2008.
- **International promotion of Brazilian ethanol** – UNICA is working to establish ethanol as a global energy commodity, and to this end has entered into a partnership with the Brazilian Agency for Promotion of Exports and Investment, Apex-Brasil. The two bodies will invest some R\$16.45 million through the end of 2009 for international promotion of Brazilian ethanol as a clean and renewable energy source.
- The demand for product certification, which testifies to the sustainability of productive processes, is a growing global trend. In the case of biofuels, and in particular sugarcane ethanol, UNICA understands that initiatives to set up certification schemes should be discussed within multilateral, multi-stakeholder processes involving all the players in the production process, plus NGOs interested in the question. In this way it will be possible to advance legitimately and transparently towards the definition of principles, criteria, indicators and means of evaluation for technological, environmental, social and economic themes based on scientific knowledge and realistic measurement processes.



## **UNICA Sustainability Report 2008**

THE UNICA SUSTAINABILITY REPORT COVERS THE PERIOD BETWEEN MAY 2007 AND APRIL 2008.  
PLEASE DIRECT ALL INQUIRIES ABOUT THE CONTENTS OF THIS SYNTHESIS REPORT TO: [gri@unica.com.br](mailto:gri@unica.com.br).

### **UNICA**

**The Brazilian Sugarcane Industry Association**

#### **Head Office**

Av. Brigadeiro Faria Lima, 2179 • 9º andar  
CEP 01452-000 • São Paulo • SP • Brazil  
Phone: +55 (11) 3093 4949 • Fax: +55 (11) 3812 1416  
[unica@unica.com.br](mailto:unica@unica.com.br)

#### **Ribeirão Preto**

Av. Antonio Diederichsen, 400 • salas 1706/1707  
Edifício Metropolitan Business Center  
CEP 14020-250 • Ribeirão Preto • SP • Brazil  
Phone: +55 (16) 3913 4715 • Fax: +55 (16) 3913 4730

#### **North America**

1701 Pennsylvania Avenue • NW • Suite 300  
Washington • DC • USA • 20006-5813  
Phone: +1 (202) 506-5299 • Fax: +1 (202) 747-5836

#### **Europe**

Square de Meeûs, 35, 4th floor  
B-1000 • Brussels • Belgium  
Phone: +32 (0) 2285 4617 • Fax: +32 (0) 2230 5706

[www.unica.com.br](http://www.unica.com.br)

