



A guide to
BONSUCRO®



Australia

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Chairman's Message

James Primrose



Since 2008, Bonsucro has been at the forefront of efforts to promote sustainability on a global level, and I am extremely privileged and honoured to have served as Bonsucro's Chairman for 2013-2014.

Bonsucro has exceeded expectations, with a multitude of significant milestones being reached. To date, 2.92% of the world's land under sugarcane is now Bonsucro Certified, and over 43 million tonnes of certified sugarcane has been produced. 31 production certificates have been issued, and in 2013 Bonsucro welcomed its 100th member, Nestlé, to its growing fold.

The Credit Trading System has been successfully launched, and in June 2012 Bonsucro was awarded full membership of ISEAL, the global membership association for sustainability standards.

The independent audit of Bonsucro against ISEAL's Standard-Setting Code of Good Practice demonstrates the credibility and effectiveness of Bonsucro's work.

In 2013, Bonsucro held activities in Brazil, Colombia, India, Thailand, and events, such as July's Sugarcane Sustainability Summit in Mexico, have succeeded in bringing together key people from the industry. The Secretariat has been expanding too, with the recruitment of three new staff.

Despite these impressive achievements, Bonsucro is not resting on its laurels. Continuous improvement remains the watchword. The Secretariat and Board are hard at work reviewing and refreshing our strategic plan to ensure Bonsucro is best placed for the next phase of growth and development.

Key issues on the horizon include the facilitation of certified product uptake; the review of the Production Standard and Chain of Custody certification; expanding into new markets; the exploration of avenues of support for out-growers and farmers; and the certification of other sugarcane-derived products.

Members are actively encouraged to be involved and comment on our on-going strategy at the stakeholder consultation day held during Bonsucro Week.

Bonsucro has done a remarkable amount in a short time. But this is not down to the Secretariat alone - it has only been possible through the determination, tenacity and sheer hard work of Bonsucro's extremely diverse membership, and it is thanks to this that Bonsucro will continue to prosper in achieving its vision of a sustainable sugarcane industry.

Bonsucro's work could not have happened without those members who serve on the committees, working groups and taskforces.

I encourage anyone who has an interest in sugarcane and sustainability to get involved.

Sustainable sugarcane is not the future - it is already here today.

James Primrose

Chairman



Brazil

What is Bonsucro?

Bonsucro is a **global multi-stakeholder non-profit organisation** dedicated to reducing the **environmental and social impacts** of sugarcane production while recognising the need for **economic viability**. Bonsucro links its name to a product or process that has been certified by an independent certification body as being in compliance with the **Bonsucro Standard**. It is the first **global metric standard** for sugarcane.

With an ever-increasing membership list counting over **100 members** from **27 countries** representing all areas of the supply chain, and a Board of Directors that is similarly representative of the variety of industry actors, Bonsucro is a highly **robust, transparent and democratic** organisation that has the resources and commitment to bring about its vision:

A sugarcane sector that is continuously improving and verified as sustainable.

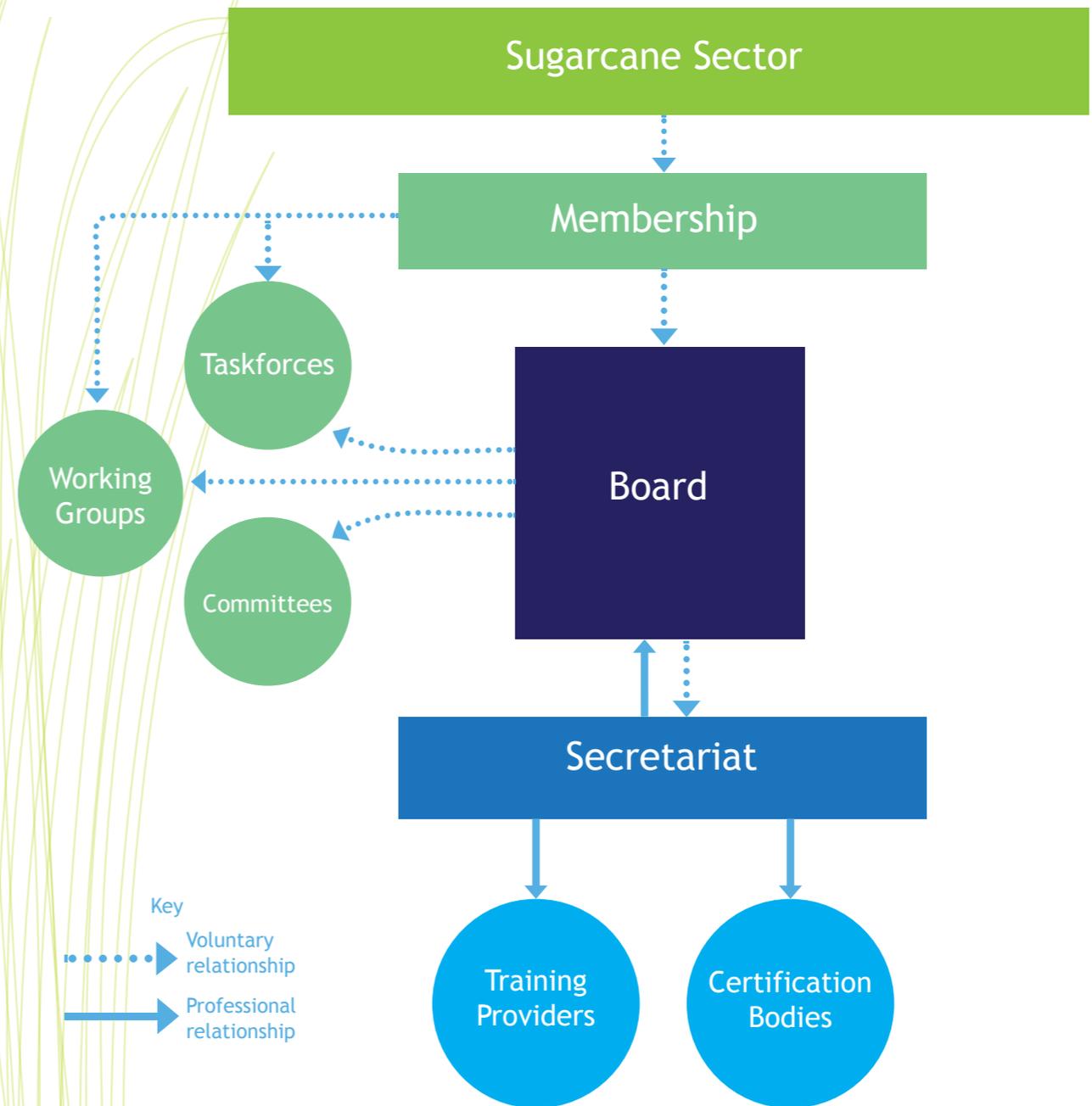
Bonsucro's Objectives

- To apply **globally-applicable performance-based principles, criteria, indicators and standards** on sugarcane production, based on a **credible and transparent** process that is focused on the key sustainability drivers in sugarcane production.
- To promote **measurable improvements** in the key **economic, environmental and social** impacts of sugarcane production and primary processing.
- To maintain and continuously improve a **certification system** that enables producers, buyers and others to obtain sugarcane-derived products from sugarcane that has been produced according to agreed, credible, transparent, and measurable criteria.
- To support the transition of Bonsucro to an internationally accepted global platform for sugarcane and its derived products that is **financially self-sustaining** and provides a forum for continuous improvement in **production efficiency and sustainability**.

Bonsucro's Vision



Structure

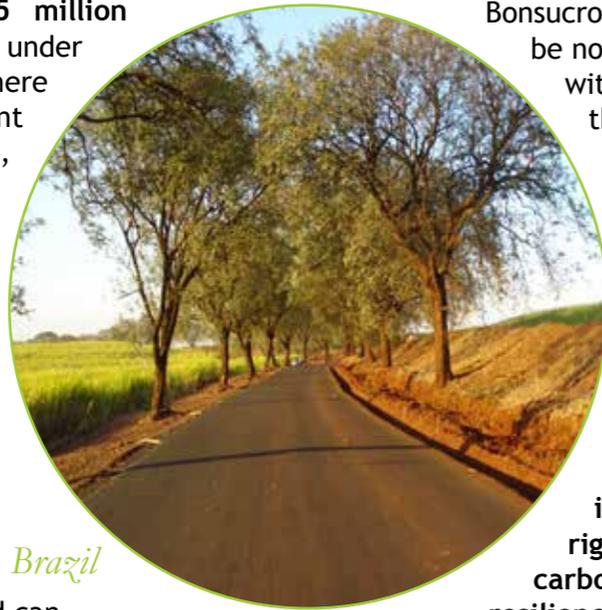


Why does Bonsucro exist?

With the growing demand for sugarcane-derived products, **consumers, NGOs and governmental institutions** increasingly expect that the products they buy are **sustainable**. Pressures on companies to monitor and understand potential **risks in their supply chains** have never been greater, and standards provide an indispensable mitigation tool.

Bonsucro operates on the principle of *'what gets measured gets managed'*. Through the use of its transparent and robust Standard that promotes measurable improvements in key environmental and social impacts of sugarcane, Bonsucro can help to mitigate the negative impacts of sugarcane production through **all areas of the supply chain**.

Globally, approximately **25 million hectares** of land is under sugarcane production. There are a variety of different sustainability challenges, such as constraints on **natural biodiversity**, the **conversion of primary forest habitats**, **soil erosion and degradation**, **increased greenhouse gas emissions**, **uncontrolled agrochemical use** and **impacts on water usage**.



Brazil

The **social challenges** that need to be addressed vary from country to country, and can include labour issues such as **child labour and forced labour**, **poor working conditions**, a **lack of compliance with local laws**, and **land rights issues**.

However, negative impacts cannot be reduced through focusing on the prescriptive better management practices that many Standards rely on. Instead, sustainability challenges must be addressed through **quantifiable performance targets**.

Bonsucro recognises that there can also be no sustainability improvement without also considering the **economic viability of production**, and its Production Standard reflects this through emphasising the **technical and business efficiency improvements** that sustainable production can bring.

In summary, Bonsucro intends to improve sustainability in **69 indicators**, including: **labour rights, water, soil, biodiversity, carbon, energy, income, enterprise resilience, land rights issues, and health and safety**.

Bonsucro's Standards are **unique**. Promoting the three pillars of **social, environmental and economic sustainability** against clear metric targets, they offer the best opportunity to see the realisation of Bonsucro's vision:

A global sugarcane industry that is verified as sustainable and continuously improving.

Bonsucro Certification System



Standards

Unlike others, the Bonsucro Production Standard *does not set or evaluate* management practices (e.g. farming practices), but sets **measurable objectives** that mills and their sugarcane suppliers must meet.

It addresses **key sustainability issues** specifically related to the sugarcane sector such as; *lack of farming and milling technical efficiencies; poor health and safety conditions of workers; conversion of lands with high biodiversity into sugarcane; poor yields; pollution from fertiliser run-offs; non-engagement with local communities; adverse effects on water supply; land rights issues; and the failure of government to enforce their laws or international conventions.*

Bonsucro provides a **relevant tool** to address the real issues the sugarcane sector faces, and that the actors involved want to see successfully addressed. The Standards were developed by following the Code of Best Practice set by the **ISEAL Alliance**. Bonsucro has developed two international Standards:

Production Standard

Applies to the **mill** and its **sugarcane-supplying areas**.

The Standard is divided into **five principles, 28 criteria and 69 indicators**.

The first five principles assess sustainability in the sugarcane industry, addressing social, environmental and economic challenges.

- Obey the **law**
- Respect **human rights** and **labour standards**
- Manage **input, production** and **processing efficiencies** to enhance sustainability
- Actively manage **biodiversity** and **ecosystem services**
- Continuously improve **key areas** of the business

The indicators used to measure compliance with the criteria either apply to the mill or to the farm, or to both.

Bonsucro has developed a tool to measure compliance: the **Bonsucro Calculator**. It uses production data that mills and farms must collect.

Once certified, mills are entitled to sell **Bonsucro certified products** to the market.

Chain of Custody Standard

Applies to any company **after the mill** that buys certified products.

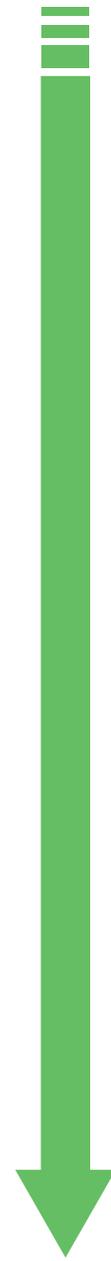
It ensures the **traceability** of products and of the sustainability claim.

Certification against the **Chain of Custody Standard** is compulsory for any companies that wish to publicly make a claim on the purchase of certified products.

EU Commission Recognition: In June 2011, Bonsucro was approved by the EU Commission as a tool to demonstrate compliance of shipment of ethanol with the **EU Renewable Energy Directive 2009/28**. Therefore a mill can choose to become certified against the Bonsucro EU Production Standard in order to be entitled to export its ethanol to Europe.

Certification Process

Initial Contact & Application	Engage with Bonsucro. The mill applies for membership - a precondition of certification.
Scope of Certification:	The mill defines the area that will supply the sugarcane. Not all sugarcane received by the mill has to be at the level of the Bonsucro Standard - the mill can choose to begin with a dedicated area and expand the scope in the future.
Implementation of Practices:	The mill, in collaboration with farmers, implements practices that support compliance with the Standard. A gap analysis between current results and the Standard is an ideal starting point, after which a work plan can be developed to address potential gaps. The level of work and investment required to reach the Standard will vary depending on the existing state of the mill and its practices.
Compliance Monitoring:	Mills regularly check compliance to monitor progress toward sustainability, either working alone or using external experts. Sometimes new documents or practices will need to be implemented where gaps have been identified.
Certification Body Audit:	Once gaps are closed, the mill contacts a Bonsucro-licensed Certification Body. The length of audit will vary according to the size of the mill and number of farmers. The auditors will visit the farms, the mills, and speak with the workers. The auditors can also consult with local communities. The objective of the audit is to collect proof that the mill and the supplying farms comply with the Standard.
Correction of Non-Compliance:	If there are points of non-compliance, the mill will need to correct them. There are five core criteria that must be complied with to be certified, and the mill must also comply with a minimum of 80% of indicators.
Certification:	If the mill and supplying farms are compliant, the mill receives a certificate of compliance which lists the farms that supply the sugarcane. The mill is then able to sell Bonsucro certified products and claim they are a Bonsucro Certified Member.



Purchasing Certified Products

We strive to make the process of selling and buying Bonsucro Certified products worldwide as easy and commercially successful as possible.

There are **two ways to sell/buy Bonsucro Certified products:**

1. **Physical shipment** - purchase of certified product direct from an operator certified against the Chain of Custody Standard.
2. **Bonsucro Credit Trading System.** Bonsucro has developed a Credit Trading System (CTS), where companies can demonstrate support to Bonsucro by purchasing credits. After purchasing credits, companies can make a public claim of their support of the sustainable production of sugarcane. The CTS is only accessible to Bonsucro Members.*

In 2012 Unilever purchased credits from Usina Sao João in Brazil and in 2013, Ferrero purchased Bonsucro Credits from NSW Sugar's Harwood mill in Australia.

Please see the Bonsucro website for more information and future developments.

*To make a claim or buy a credit you must be a Bonsucro member.



India

Working with Farmers

Farmer Community & Farmer Working Group

Bonsucro Membership was opened up to **farmers** in 2012, and since then farmer participation in Bonsucro activities has seen rapid growth. This has included the creation of the **Farmer Working Group (FWG)** a small but growing group of sugarcane farmer members who explore how to continuously improve the sugarcane sector whilst constantly communicating the **benefits of adopting sustainable practices.**

The FWG created the **Farmer Community**, which aims to provide the global platform for growers to connect with other growers, in order to discuss topics of common interest related to sustainable sugarcane farming. It is the only grower organisation that is directly linked to a multi-stakeholder not-for-profit organisation. The aim of the Community is to foster a better understanding between **all actors of the value chain**, using a bottom-up and top-down process to achieve consensus.

Farmer Support Programme

Bonsucro actively participates in the **Solidaridad Farmer Support Programme (FSP)**, a public-private partnership for the period 2012-2015.

It has been developed to support **400,000 smallholder farmers** and **400,000 workers globally** in an area of approximately **750,000 hectares.**

Through the FSP Programme, Bonsucro is actively involved in seven countries: **India, Mexico, Brazil, Tanzania, Malawi, Swaziland and Pakistan.**

Bonsucro works to strengthen and support the FSP's sugarcane projects by working with all the **actors in the supply chain**, promoting the projects and the provision of the involvement of the **Bonsucro team.**

Bonsucro brings key actors together through **convening stakeholder meetings, hosting seminars, summits and training activities.**

Outreach Activities

Bonsucro's extensive activities span the globe and include **speaking at conferences**, organising industry-wide conferences, seminars and face-to-face meetings with all **actors of the supply chain**, and providing **producer training**.

Bonsucro's activities are aimed at a variety of different audiences. Seminars, summits and stakeholder meetings are typically targeted towards those in management, procurement or at the decision-making level. Bonsucro's training activities focus mainly on those more involved in the technical aspects of the sugarcane industry.

Training

Bonsucro's training activities are aimed at individuals and organisations wanting to understand the Bonsucro system. Since November 2012, Bonsucro has conducted trainings in **Brazil, Colombia, India, Mexico and Thailand**.

Training is organised into 3 categories:

- **Level 2 Training** is aimed at producers and buyers who want to understand the system better. Authorised Training Providers deliver Bonsucro-designed Level 2 training. The Training Providers have been selected (following strict guidelines) for their understanding of the Bonsucro certification system and technical knowledge of the sugarcane sector.
- **Level 3 Training** is in-depth and aimed at the qualification of lead auditors and authorised trainers. The training is also relevant to Bonsucro project leaders (environmental, social and technical managers) as well as internal auditors. Since 2011, 236 people have received Level 3 training.
- **Private Member Training:** Bonsucro is able to help member companies with specific requests to run training or briefings for them and their suppliers or customers and to assist in 'rolling out' internal programmes.

Webinars

Bonsucro conducted **15 webinars** in 2013 with each membership class, in order to help map and better understand the views of different classes of stakeholders in the membership.

Results from these webinars feed directly into **Member Stakeholder Days** that are held annually.

Highlights

Launch of Bonsucro in Mexico: The *Sugarcane Sustainability Summit*, held in Mexico City in July 2013, was one of Bonsucro's largest events to date, bringing **134 delegates** from procurement and sustainability together. The event included Bonsucro's biggest training event to date, with **74 individuals** from a mix of mills and **multi-stakeholders** benefitting from Level 2 training. The summit was instrumental in establishing an on-going dialogue with key Mexican stakeholders.



India: A key element of the **Farmer Support Programme** was the launch of the first **National Sugarcane Stakeholder Meeting**. Bonsucro presented and participated in the event, aimed at discussing the opportunities and challenges of sustainable sugarcane production in India, and conducted Level 2 training to **60 people** representing **14 mills**.



Bonsucro started work in **Thailand**, conducting **Level 2 training** reaching approximately **50% of Thailand's sugar production**. The event was successful in demonstrating the high level of demand for certified products from buyers.



Bonsucro presented at the *Impacto de la Sostenibilidad en la Rentabilidad* seminar in **Colombia** to promote sustainable farming practices, and also conducted Level 3 training.

145 people from **28 countries** gathered in London in November 2012 to attend three days of events, including the Annual Conference, CB Summit and the Bonsucro AGM. The inaugural **Farmer Focus Day** attracted **60 attendees** from **22 countries**. It provided a forum for the exchange of experiences and best practices between farmers from different countries. It was also the first public consultation on the **revision of the Standard**.

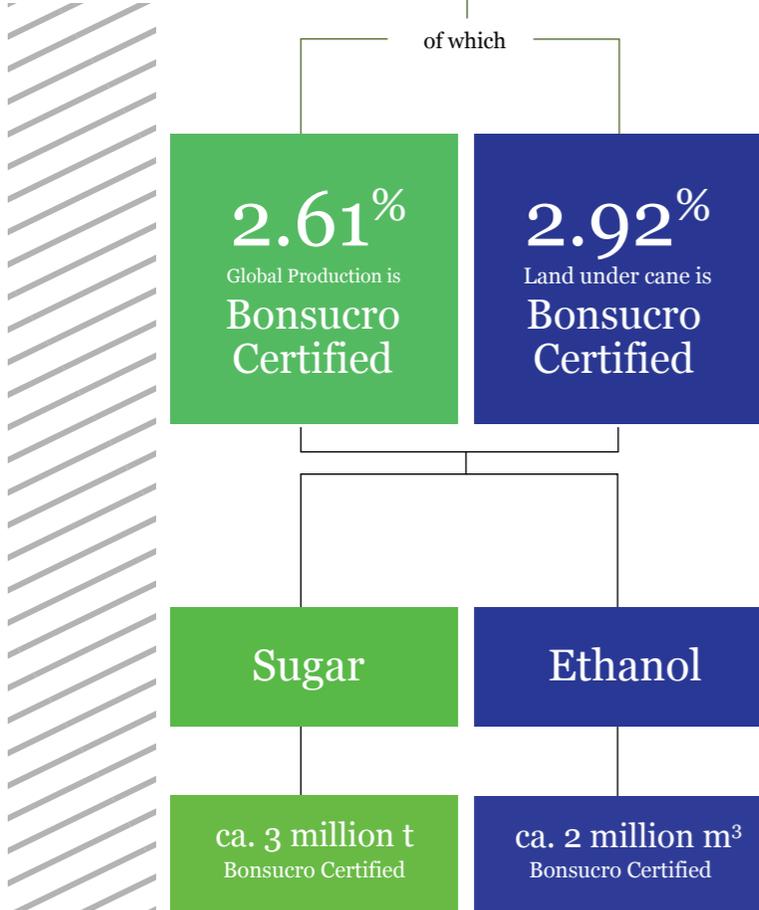


London

Global Sugar Production is

1/5th
Sugar Beet

4/5^{ths}
Sugarcane



12 Board Directors

8 Staff
(1 in Brazil)

31
Production
Certificates

14
Training Events Conducted
in
7
countries
and online

13
Chain of
Custody
Certificates

220
People
Trained to
Level 2
2012-2013

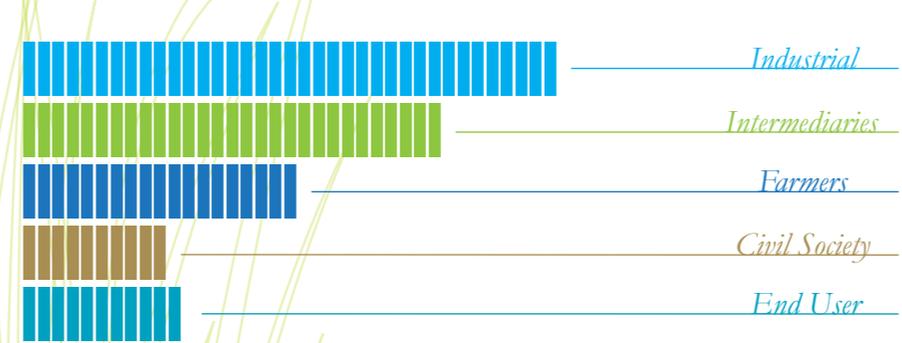
141
People
Trained to
Level 3
2012-2013

9
Licensed
Certification
Bodies

Certified production in
Australia Brazil



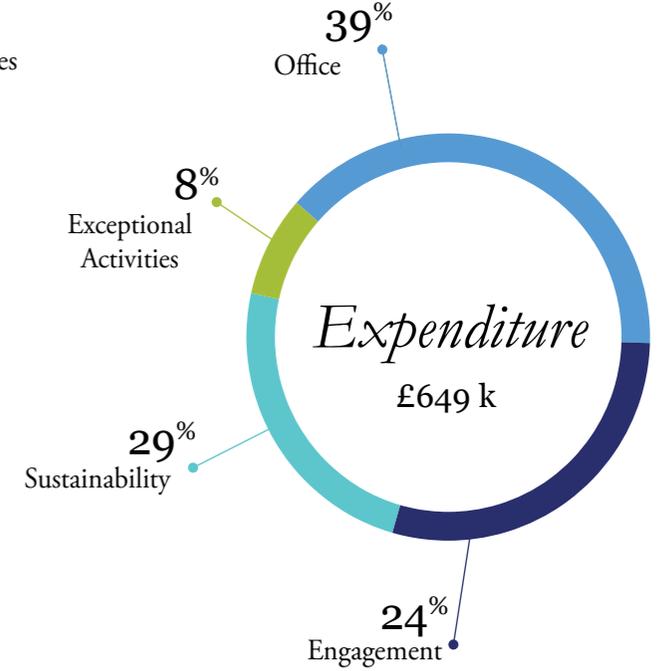
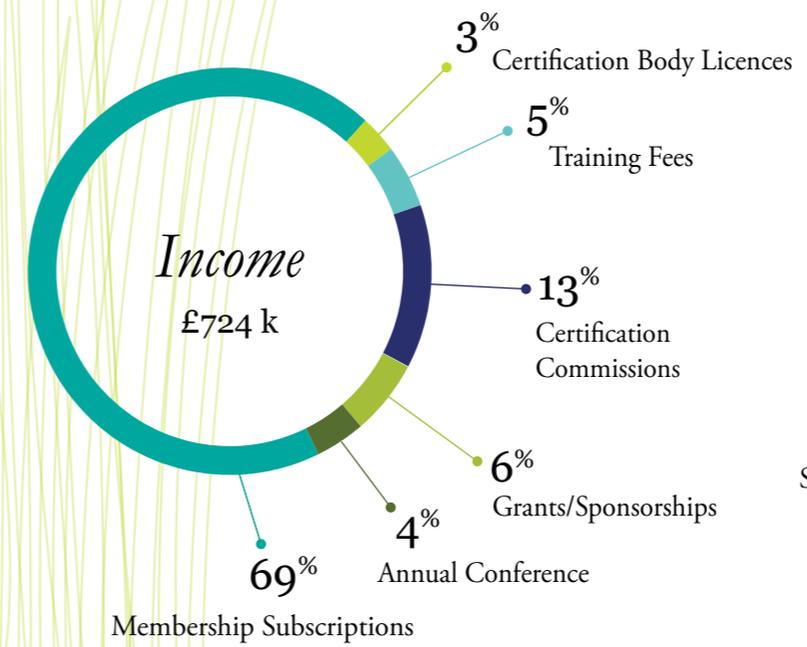
106 Bonsucro Members in 5 classes in 27 countries



- Algeria
- Australia
- Belgium
- Bolivia
- Brazil
- Colombia
- Denmark
- Fiji
- France
- Guatemala
- Honduras
- India
- Indonesia
- Japan
- Luxemburg
- Malawi
- Mexico
- Mozambique
- Netherlands
- Nicaragua
- Pakistan
- South Africa
- Swaziland
- Switzerland
- Uganda
- UK
- USA

Bonsucro Finances

April 2012 - March 2013



Bonsucro Members

At the heart of Bonsucro is its **membership**. Members elect the Bonsucro **Board of Directors**.

Members help to develop the Standards through **expert groups**, and actively participate on **Committees, working groups** and **taskforces**, working on a variety of topics such as **ethanol, governance, and certification**. Bonsucro's Members help to ensure its work reflects the **realities of sugarcane today**.

Bonsucro represents all elements of the sugarcane supply chain, and Members join one of five classes:

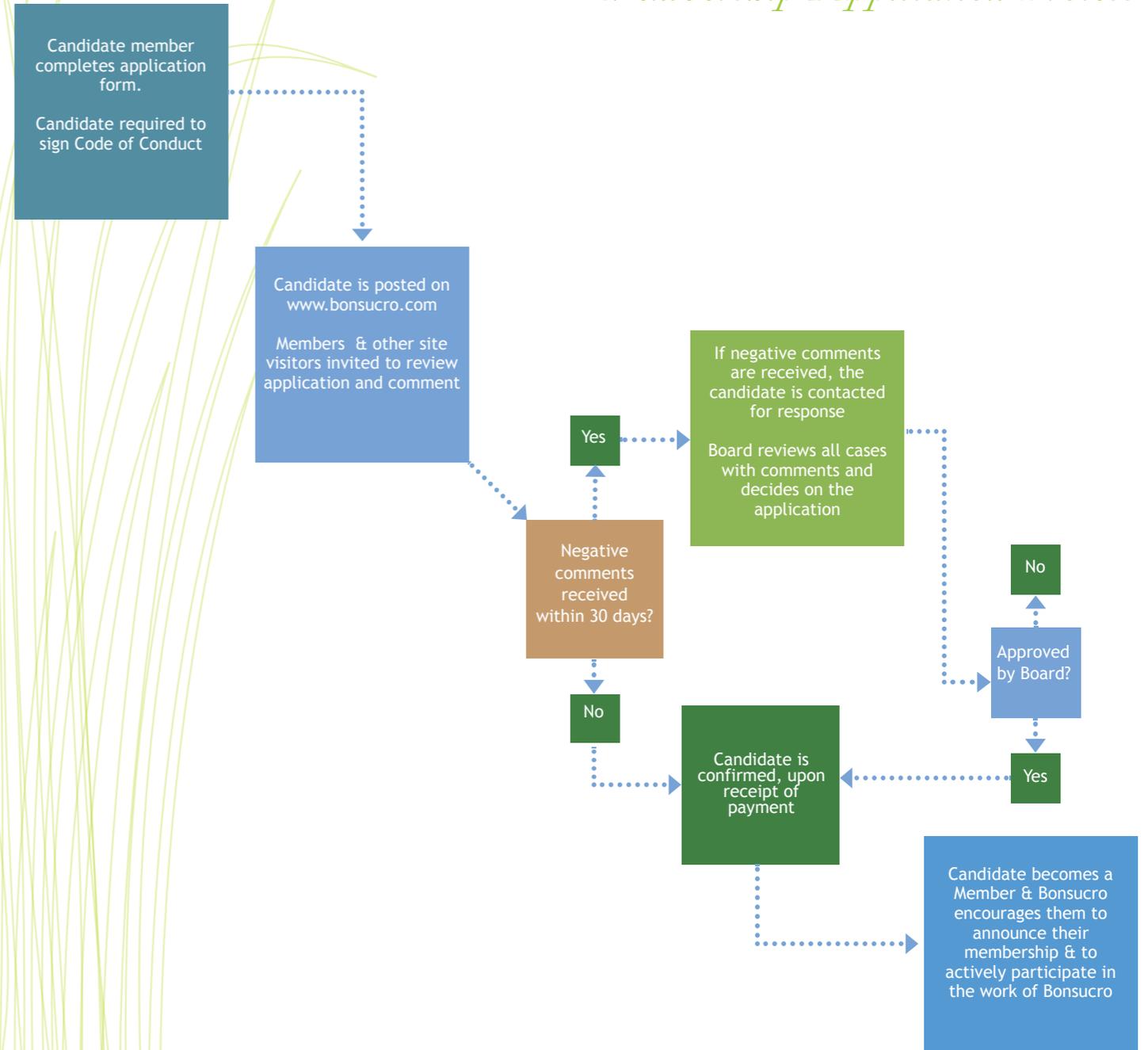
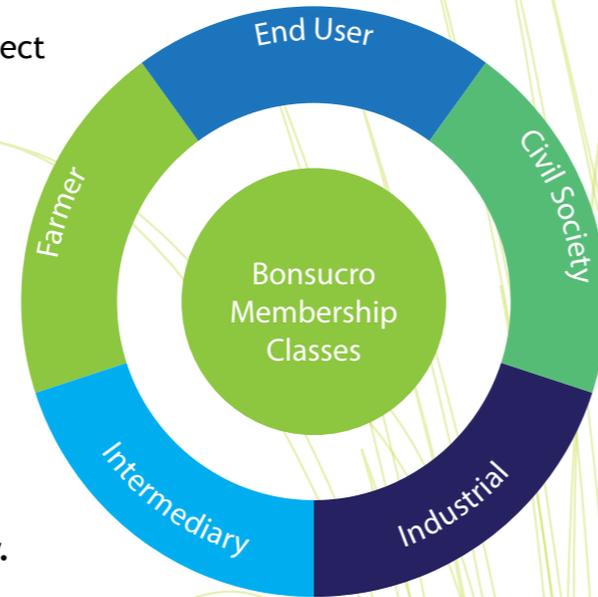
Industrial/End User/Civil Society/Farmer/Intermediary.

Membership is designed to be relevant to all companies and organisations with an interest in sugarcane. The process of becoming a member is straightforward (see opposite page).

Added Value

Being a Bonsucro member can also bring important additional benefits such as:

- Protection of brand equity.
- Reputational risk management & Corporate Social Responsibility.
- Risk mitigation throughout a company's supply chain.
- Demonstration of sustainability and responsible sourcing, with Bonsucro certification and membership as a 'proof point'.
- Partnership building: through the Farmer Support Programme and the creation of platforms for organisations, companies and NGOs to discuss and help to work together to bring about change.
- Access to forums to improve value chain relationships.
- Access to expertise in sustainability opportunities and challenges of the sector.



Governance

Board of Directors

The Board consists of **12 individuals**, with each class of membership being represented. Early in the year, Members elect new Directors to the Board. All Members are eligible to vote and to stand. The democracy of our organisation is designed to be **representative, open and accessible**. A list of current Board Directors can be found on the Bonsucro website.

Bonsucro Staff

Bonsucro has a passionate and dedicated team who work towards the vision of a sustainable sugarcane industry.

Bonsucro's work builds upon its team members' specialist knowledge and skills, with everyone collaborating to make Bonsucro more than a sum of its parts.

We work with every area of the sugarcane supply chain, placing us in the best possible position for a clear overview of the industry and its workings.



BONSUCRO® Timeline

2005/6

First "better sugar: better business" conference, multi-stakeholders agree key impacts

Interim Steering Group agrees Principles

2007

Steering Group advances the initiative with appointment of a secretariat and Technical Working Groups (TWGs)

2008

Measurable indicators and criteria developed

TWGs created to identify indicators for measuring reduced impacts

Better Sugarcane Initiative (BSI) incorporated as a not-for-profit company in the UK

BSI becomes an Associate Member of ISEAL and begins the development of the certification model and audit guidance

AGM in Brazil: Invitation to wider sugar industry and public to comment on 'version one' of the Production Standard

2009

Stakeholder Outreach Meetings and pilot audits conducted in 10 countries across four continents

Version Two of the Production Standard is reviewed by members
AGM in India.

2010

Development of the Mass Balance Chain of Custody Standard and Certification Protocol

Production Standard launched
AGM in Puerto Rico and Better Sugarcane Initiative is re-branded as Bonsucro

2011

Auditor training commences

Bonsucro Standard achieves recognition against RED

Certification commences

Producer training begins

AGM in Australia and new Governance structure approved by members

2012

Credit Trading System launched

Farmer category of membership introduced

First Farmer Focus Day held

Strategic Plan announced

New market launch in North East Brazil

AGM in London with 145 people in attendance

2013

Farmer Working Group formed

Bonsucro welcomes its 100th member

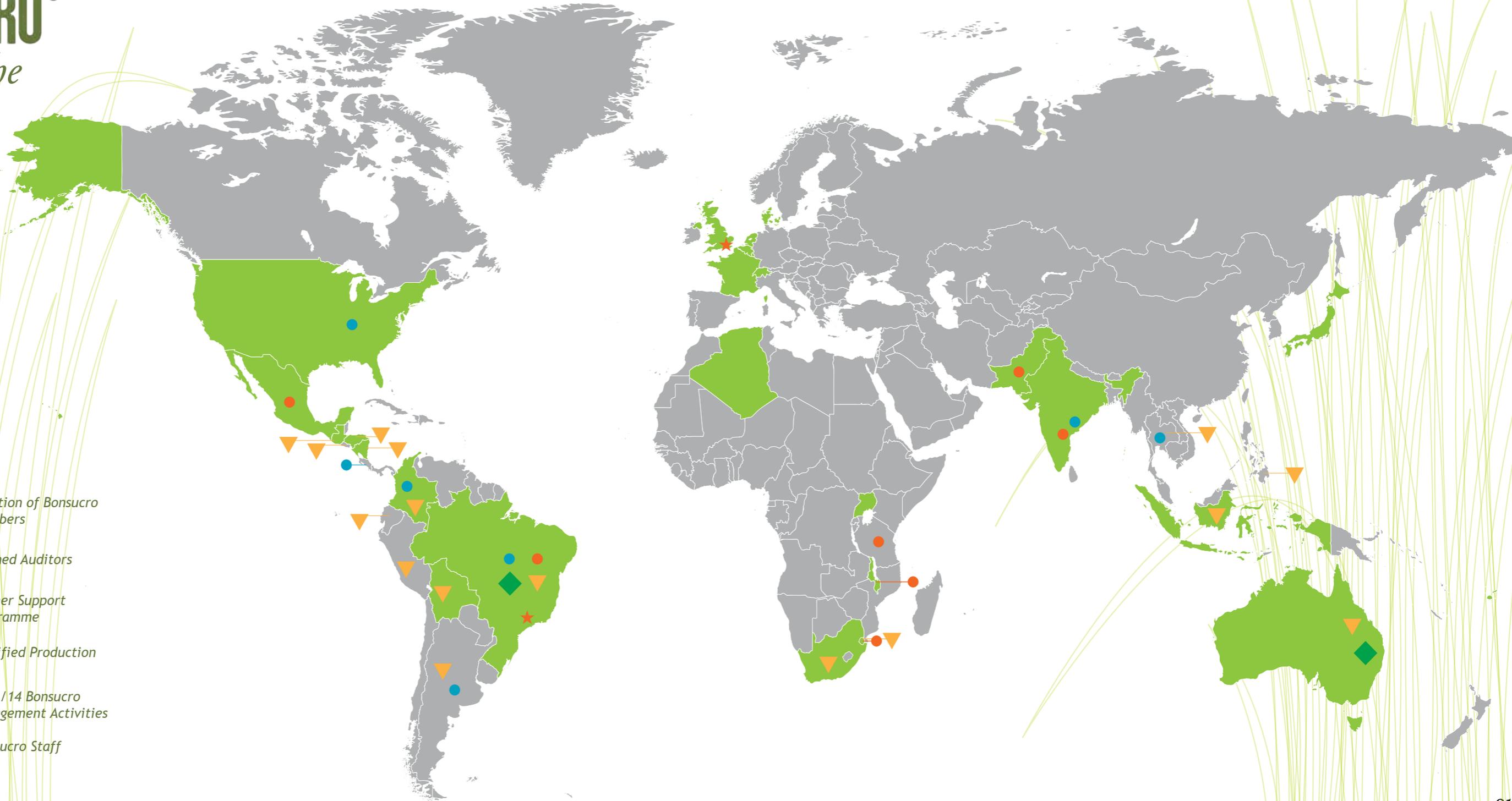
Bonsucro achieves full ISEAL membership

New market launch in Mexico

Reinforcing presence with activities in Colombia, India and Brazil

AGM in USA

- Location of Bonsucro Members
- Trained Auditors
- Farmer Support Programme
- ◆ Certified Production
- ▽ 2013/14 Bonsucro Engagement Activities
- ★ Bonsucro Staff



Future Focus

Bonsucro is proud of its achievements and continues to work with its Members to help create a sustainable global sugarcane industry.

Bonsucro's **future strategy**, prepared by the **Secretariat** and approved by the **Board of Directors**, will see the organisation reinforce its presence in existing markets and expand into new markets.

In order to strengthen the links between **Members** and **all actors of the supply chain**, Bonsucro will continue to implement its **'Launch in a Box'** scheme, a sequential protocol to achieve certification in a target region. This allows for Bonsucro to prioritise engagement programmes, tailoring activities to specific markets and optimising the link between all actors of the supply chain - specifically suppliers and buyers.

For mills wanting to become certified, Bonsucro will continue to develop the tools available and ensure that the process is as straightforward and transparent as possible.

Bonsucro will seek to address the **supply** and **demand** issue to create a positive 'pull' in the market place.

Increasing and optimising Bonsucro's awareness and support to sugarcane farmers, both **out-growers** and **small-scale farmers**, will provide another area of focus. Bonsucro will continue to invest in its **Farmer Working Group Programme**.

At the very core of Bonsucro's work is the **Production Standard** and this remains a priority. In August 2012, the first revision of the Standard commenced and **version 4** is expected to be published in June 2014. This process is thorough and will include a number of **public consultations** and **pilot audits** in at least three different countries.

The momentum already gathered over the last year will be reinforced through a comprehensive Level 2 and 3 training schedule, ensuring a greater awareness and understanding of the Bonsucro Standard and the benefits of certification.

Bonsucro's Members are fundamental to the organisation. Bonsucro will continue to grow its membership across all five classes in a wide variety of countries, safeguarding the principle that its Members are representative of the global nature of the sugarcane industry.

Bonsucro's future will be focused on ensuring a sustainable global sugarcane industry will continue to be a reality.

CEO's Message

Nick Goodall



Wherever you are in the supply chain, there's now a way to understand, measure and improve the production of sustainable sugarcane.

Achieving sustainability in a coordinated and effective way is never an easy task, but we now have a tool to make it possible.

Our metric Standard is robust, transparent and continuously improving. It's also dedicated to sugarcane.

Bonsucro is growing rapidly, across the sugarcane community. We have an ambitious expansion programme to meet the needs of customers for certified sustainable products.

Our partners in making this happen share the vision that it is not only possible, but desirable to make sugarcane sustainable.

Sustainability is an easy word to use, but a challenge to define. We invite everyone with an interest in sugarcane to contribute to that definition.

Our work is pre-competitive, meaning that what we do benefits everyone. Raising the bar for sustainability in sugarcane isn't about setting obstacles or barriers, but enabling everyone from farmers to customers to be confident about the sugarcane-derived products we all use.

If you're not yet part of what's happening today, get in touch with us. We'd be delighted to share our vision with you. You'll be in good company - keep an eye on our website and follow us on Twitter to be first with developments.

Nick Goodall

Chief Executive



Bonsucro's mission is *"to foster the sustainability of the sugarcane sector through a metric-based certification scheme and by supporting continuous improvement for members"*.

Bonsucro is a registered trademark in the European Union and in Australia and a trademark in other countries.

Bonsucro is the trading name of the Better Sugar Cane Initiative Ltd, a company registered in England and Wales, company number 06798568.

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