

# Report

## 3<sup>rd</sup> Brazilian Scientific seminar

Social Rights, environmental rights and  
responsible management in the sugar-  
alcohol sector

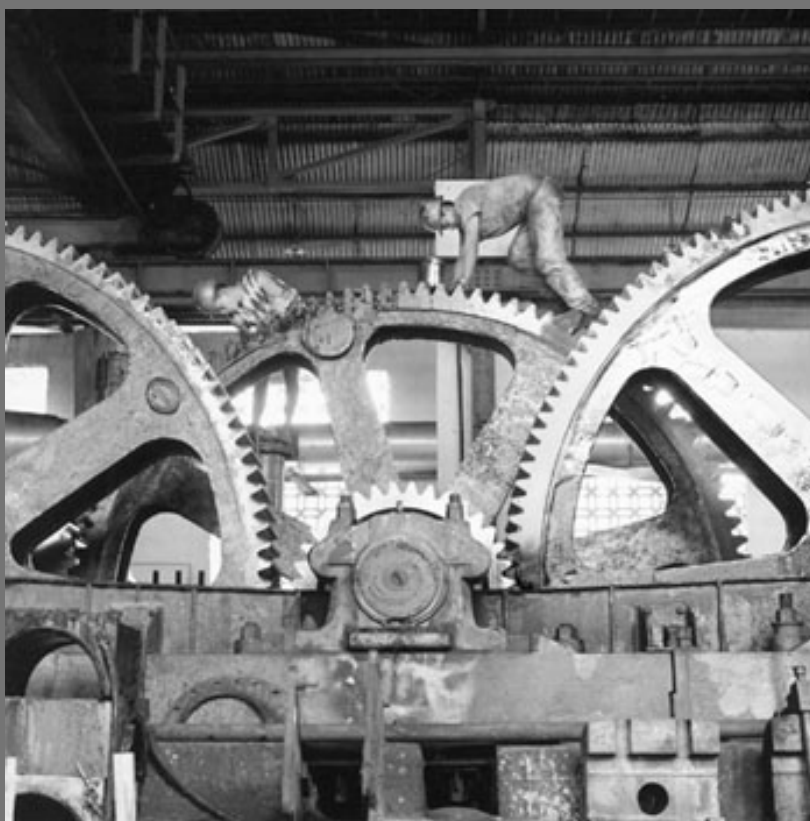
*July, the 23<sup>rd</sup> and 24<sup>th</sup>, 2009*

Ethical-Sugar

**RONGEAD**  
International Trade & Sustainable Development



Instituto de Cooperação e de Desenvolvimento Econômico e Social



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## Report– 3rd Brazilian Scientific seminar

### *Social Rights, environmental rights and responsible management in the sugar-alcohol sector*

Co – organized by :



technical support :



### Presentation of the Seminar :

The seminar « **Social rights, environmental rights and Sustainable management in the Brazilian Sugar-Alcohol industry** » comes as a follow up the 2 previous seminars organized by the NGO EthicalSugar.

In 2004, Ethical Sugar led a multi **stakeholder** seminar on « **Economic globalisation and globalisation of social and environment rights** » at the occasion of the UNCTAD XI meeting in São Paulo city.

In 2006, Ethical Sugar conducted another seminar on « **Social and environment issues in the sugarcane sector** ».

The objective of this third seminar was to bring together the various actors of the civil society linked to the sugarcane sector, in order to have a social dialogue and mutual understanding for the improvement of the legal framework on social, economic and environmental rights in the sugar cane sector. .

A special focus was made on the Brazilian legislation regulating the sugar cane industry to enable the sector to develop policies that are compatible with **social responsibility** norm.

*In conclusion of this two day seminar is that : 7 social recommandations, 7 environmental recommandations and 7 economical once have been raised by the stakeholders of the sector based on a participative democracy.*

## **Social, Environmental and Economic conclusions of Ethical Sugar Seminar :**

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### **Social conclusions of Ethical sugar seminar:**

- 1) We admit that social, environmental and economic problems exist in the Sugar-Ethanol sector, and they must be attended to
- 2) We recommend that preliminary studies and planning to be made, in order to know in advance the impact of implementing a Sugar-Ethanol project and what policies will be needed to mitigate the impact;
- 3) For a successful evaluation, all stakeholders should be committed, they include : civil society, public authority, the employees represented by their trade unions and the private sector;
- 4) We highlight the National Commitment to Improve Working Conditions in the Sugarcane Industry. A tri-party action is needed involving the government, workers represented by their unions and the industry. Employee health issues in the sugarcane industry are contemplated herein. The group emphasized the need to develop policies for retraining and updating redundant workers due to introduction of new technology in sugarcane fields;
- 5) We stress the importance of providing migrant workers with access to local public services;
- 6) We highlight the relevance of break times during working hours, which are guaranteed by law and suggest the need for effective supervision in this sense;
- 7) We recommend that the requalification / retraining programs of São Paulo, which are seen today as a benchmark, be proliferated into other regions.

### **Environmental conclusions of Ethical sugar seminar:**

- 1) São Paulo is developing ideas and policies dealing with the expansion of the Sugar-Ethanol sector (expansion of planted area, public policies, etc.). If São Paulo does not impose restrictions and develop benchmarks for expansion of sugarcane plantations), what will happen to the other states?
- 2) The second generation of Ethanol, a subject that touches on the ecological and technical field. There is a possibility to improve the technology used in the production of vinasse, for example. If the technology exists, why not implement it?
- 3) How to ensure sustainability in the production of ethanol, taking into account the environmental precautions?

- 4) The the issue of sustainability of ethanol was discussed, but what should be done with the petroleum industry?
- 5) Use of water resources in regions of sugarcane cultivation. There is a great use of water in the cultivation of sugarcane and in the industrial production of Ethanol, how can we minimize this use?
- 6) Land: There is no formal structure, with regard to the "loss of soil".
- 7) International issue: What about the occupation of native areas are these Indian communities? , by the expansion of sugarcane production to produce ethanol?

#### **Economical conclusions of Ethical sugar seminar:**

- 1) We need to reach high standards in terms of certification. To do so, better communication between certifiers must be developed. Organising of meetings and discussions between the companies.
- 2) There is sufficient clarity between what is a reliable certification and what is not, as there is no clear difference between the certificate / seal / protocol. Because of this confusion, many plants are not certified by not having accurate information on the subject. Actions that need to be taken by the government, the third sector (NGOs) or even by private companies need to be explored.
- 3) Lack of adaptation to the Brazilian reality: there are European standards for certification, but these countries have no understanding of the Brazilian situation. . Therefore, the participation of Brazilians in international discussions of the Sugar-Ethanol sector is essential
- 4) Producers: Often there is a a reluctance on the part of producers to invest in certification, even though they generate more efficiency and reduce costs in the long term. Therefore we must increase producer awareness for the benefit of investing in certification.
- 5) Consumers: are not fully aware of the benefits of consumption of certified products.
- 6) The certification enables greater performance in the market place and helps to regulate the sector.
- 7) Society may not only depend on government and public policies. Changes in the production and economic model must be made: an innovated form of capitalism, with ethics and sustainability policy should be encouraged.

**International Organization :** OIT Secção Brasileira

**Trade Unions:** FAF CUT – FERAESP - DIEESE (Departamento Intersindical de Estatística e Estudos Socio Economicos) - CONTAG\* - Fequimfar\* - Sindicato dos Empregados Rurais de Guariba\*

**Companies:** Cert ID Ltda.- Consultoria em tecnologias ambientais - Inteos Comunicação e Sustentabilidade - Equipav S/A Açúcar e Alcool – PETROBRAS - SÃO FERNANDO AÇÚCAR E ÁLCOOL LTDA - Usinas IPIRANGA - Usinas José Pessoa\* - MARKESTRAT\* - Fersol\* ; Noronha Advogados\*; COOTA - Cooperativa dos Engenheiros Agrônomos\*- Empresa Comanche\*- BRENCO\*- Hillside Export\*

**Professional Organizations:** UNICA – UDOP – GERHAI

**Non-Governmental Organizations:** Fundação Friedrich Ebert (FES) - Instituto Socioambiental – Imaflora – IBISS-CO - DBO engenharia – Instituto Ethos - OIA (Organização Internacional de Agropecuaria) - SOS Mata Atlantica - Movimento Nossa São Paulo - ONG Ecotropica\* - GESC\* - Preservação Limeira SP\*

**Governmental Organizations :** Secretaria de Saúde do Estado de São Paulo - FUNDACENTRO MTE - EMBRAPA MEIO AMBIENTE - IEA – Instituto de Economia Agrícola - MAPA Ministério da Agricultura e de Agro Pecuaria - Ministério das Relações Exteriores - Ministério da Agricultura, Pecuária e Abastecimento - Ministério Público do Trabalho, MS - Secretaria para o Meio Ambiente do Estado de São Paulo - Ministério Público Estadual do Mato Grosso do Sul\*- Ministério Público do Trabalho em Bauru\*

**Banks :** BNDES (Banco Nacional de Desenvolvimento Econômico e Social)

**Universities :** Universidade de Brasília – Universidade de São Paulo – Universidade Federal de Rio de Janeiro – Universidade de Campinas

**International Observers :** Embaixada da França no Brasil - Human Rights Institute of South Africa (HURISA) (South Africa) – WWF French Guyana

**Journalists :** Reporter Brasil – Procana - Máquina da Notícia - Mercado Etico

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*Observatory of the Sugar-alcohol Sector – Riberão Preto*

*Centro Clima – Federal University of Rio de Janeiro*

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## Institutional support :

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Grupo de Estudos em Recursos  
Humanos na Agroindústria



Ethanol and Sugar  
Impact Analysis



## **Summary :**

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### **July 23 2009 – Social and Environmental Laws**

#### **Morning Period: “Perspectives on the social laws of the Sugar-Ethanol sector”**

##### **09h15 – 10h00 – The Current situation of Brazilian Law**

##### **▪ Luis MACHADO – ILO (International Labour Organization)**

ILO proposed various international treaties for member countries. Four principles guide our action:

- The fight against slavery;
- The fight against child labour;
- Promotion of social dialogue;
- The fight against discrimination as labour practice;

Article 29 of the International Labour Organisation promotes eradication of forced labour, including, any work required from an individual under threat of punishment. The Brazilian context makes distinction between "slave labour" and "forced labour" (which carries low wages and bad working conditions), because the terminology that is locally used as blanket is that of "slave labour" for all forms of forced labour.

Every four years, ILO publishes a global report on the condition of forced labour practice. It has recently published solutions and stringent policies with the aim of encouraging companies that contravene laws to end impunity by instilling measures of prevention and rehabilitation of workers in their work place.

Poor working conditions are obviously not only found in the Sugar-Ethanol industry. The media reports revealed that the exploitation of workers can be related to sexual exploitation (including prostitution), economic (exploitation of immigrants): trafficking of persons.

A question remains: why does slave labour still exist? Perhaps because there is still impunity and certain workers are vulnerable due to lack of education (most often they dropped out of school) or maybe the state, is not visible in specific areas..

Although slave labour and forced labour is prevalent especially in the sugar cane farming. Surprisingly ILO has found Brazil to preserve the best practice labour model in the fight against slave labour practice. In the 2006 ILO report, Brazil's slave labour situation in recent years are mainly illiterate men between 18 and 44 years (it is a job that requires great physical strength), and that 85% of them began working in the plantations at the age of 12. The cost of a slave (are you talking about paying wage for a slave or for buying one ? has decreased and workers are not all black as in the past. North Brazil has the largest statistics of slave labour practice.

In order to end slave labour practice in Brazil it is of paramount importance to commit the state to sign a national pact to eradicate slave labour practice and to create policies to proscribe (prohibit the purchase) of goods produced from this type of labour practice.

▪ **Cícero Rufino PEREIRA (Prosecutor of the Ministry of Labour - MS)**

The Ministry of Labour, existed before the Constitution of 1988, but had limited powers and functions. However the situation has changed as the Ministry currently deals with more specific issues such as the social rights of labour (which include workers' human rights). The Ministry has oversight or monitoring powers to inspect all enterprises (undertakes theoretical survey on the role of the ministry with regard to slave labour practice).

The Ministry has two case studies:

- One on exhaustive work;
- One on the degrading conditions of work.

The Ministry runs a national programme for promoting "decent work" in the Sugar-Ethanol sector. The programme embraces ILO principles of decent work", and productive work which fosters regulated salary rates and fair labour practice including labour conditions that are premised from freedom, equality, and respect of the human dignity of the employee. The labour condition and practice should be considerate to employee and employers should develop a system of career development.

The prevalence of slave labour is not only found in factories and sugarcane plantations (*latifúndio*), but it is also being practiced in coal mines. This is why it is important to promote the protection of human rights (decent work) in all spheres of labour. The issue of forced labour can be manifested in human trafficking, exploitation of prostitution, and slavery from debts and so on.

We must also reflect on climate change issues because the expansion of land for the cultivation of sugarcane contributes to global warming, which is one of today's major problems.

Rule 31 of the Labour Act 19...explains in detail the characteristics of a non slave type labour, for example, workers must exercise before initiating their activities in order to minimise health problems.

Finally, the speaker said that poor working conditions and exhaustive working hours commonly walk together. Since 2001, Brazil has promulgated laws that promote the suspension of tax subsidies for companies that violate labour legislation (companies get "black listed" for contravention of these laws).



▪ **Estela SCANDOLA – NGO IBISS-CO MT (Mato Grosso do Sul)**

The speaker began her presentation by giving an analytical review on the expansion of the Sugar-Ethanol sector in Brazil with the following question: 'Why does Brazil need to increase production of ethanol'? One possible answer is that it is doing so for the preservation of mankind's carbon emissions. However, the country can't take the responsibility of "saving humanity" by causing more harm to the society and create social problems as the result of expansions of sugarcane plantations.

Today, land that was historically pastoral is becoming large plantations of sugarcane. It is said that certain regions and vegetation as the Brazilian Pantanal, Cerrado and the Amazon represent obstacles to the expansion of sugarcane production. It is imperative to emphasise a new paradigm shift in which acceptable labour standards can be followed. Since in rural areas and even in some distilleries located in urban centers where monitoring is not common, degrading conditions remain.

What is the price of a social value? Is it worthwhile to join the group of developed countries without reflecting on social and environmental issues?

The arrival of sugarcane plants and appropriation of land for plantations impact negatively on developmental programmes of local municipalities:

- It generates unforeseen expenditure, in particular, local spending on healthcare increases, for example, because with the arrival of the production unit, reports of accidents have increased;
- It creates social problems in respect of public safety due to increase of trafficking of people in city centres (the municipal order and daily life of cities change) It also escalates teenage pregnancies (the "children of the sugarcane"), or even erosion of indigenous cultural practice due to the use of indigenous manpower, which is an irreversible process.

Finally, the speaker says that promoting existing mechanisms will not yield solution to all problems affecting the sugarcane plantation labourers. However what is of paramount importance is consideration of creating new models to take account of the impact sugarcane industry to the different affected parties

**10h00 – 11h00 – The social problems in enterprises**

▪ **J. Reinaldo Prates da Silva –FAF CUT (SP)- Unionist**

The sugarcane plantation offers labour to numerous municipalities. With regard to this, most cities have become vulnerable to business, especially locals they are dependent on plant owners. However, the plant owners are not creating job opportunities that bring revenue as anticipated because the side effects are very devastating.

Trade Unions are not welcome by employers as most companies force their employees to represent themselves. The State cannot on its own protect the rights of workers but the role of other stakeholders such as unions is of fundamental importance to ensure guarantee of the

workers' rights e, Due to the intimidation of sugarcane plant owners unions are still not commonly used at grass roots level.

The centralisation of land in Brazil has lead to great economic and social disaster. The Sugar-Ethanol sector was built in a monopolistic manner and is a clasical example of such centralisation.

The fight against hunger can be achieved through equal distribuition of land. However key critical issues should not remain unaddress. These include how to improve workers' right to harmless working conditions, the elimination of exhaustive long working hours, and to stop unfair and inequitable payment of wages which leads to unfair labour practice as employees end up exceeding their natural physical ability.

### **11:00 – 11:30 – Qualification of the Sector's workforce**

▪ Prof. Lara LIBONI – FEA-USP (RP) represented by Nina LIRA CECILIO

Workforce profile in the Sugar-Ethanol sector: tendencies and perspectives.

The speaker initially presented a research based study on the RAIS, PNAD and CAGED databases, collected from 2003 to 2007. A projection for 2012 on the evolution of the profile of the professions in the Sugar-Ethanol sector and on the number of sugarcane growers was covered as well

The reaserch findings provided a survey on the future of the sector in effort to promote the development of public policies, new management models, qualification of employees, including better organization of the sector especially those embarking national and international initiatives for certification.

Data of the sector was obtained from formal sources of employment and interviews that were conducted with human resource professionals and from other representatives of the sector. It must be said that the research relates to central and southern Brazil).

The following results were observed:

- Growth of the cropped area and workforce;
- Increase in Layoffs and Employment (Positive result);
- Although results are positive the stock of workers has fallen;
- Increased number of admissions / higher level of education;
- Use of manual worforce to cut sugercane has decreased.

From these results, it is imperative to focus on redundance of workers ter after the introduction of machiniry. It is also very critical that companies play an important role, in developing capacity of these workers in order to allocate them in different posts of the production chain.

What else can the sugarcane cutter from the Sugar-Ethanol industry do?

Diferente tasks can be assumed by him or her in the diversified chain of work

## Evening Period: “Perspectives on environmental laws”

### 14:30 – 16:00 – The environmental impacts of sugarcane production

#### ▪ Sergio Alves Torquato (Institute of Economic Agriculture)

Acceleration of growth rates since 2003 has been driven by domestic demand (flexfuel cars) and the potential international demand for renewable energies. For Bi-fuel to be a viable alternative, it must not only be energy efficient, but it must also have the ecological benefits that maximise the supply of food. To supply 5% of global demand for fuel, about 600 new plants need to be built by 2025. Production in Brazil is characterized by a centralisation of land ownership which exacerbates the sugar industry to be extremely vertically integrated.

The most criticized point of the ethanol industry is the burning of the straw of the cane, which causes environmental degradation and health problems for the local population. Although the burning of straw is declining due to pressure from environmentalists and economic interest, sugar cane plantations occupy about 24% of São Paulo's farming land.

To organize the discussion on the impact of sugarcane, the speaker defines different thematic foci:

*-Energy Vs. Food:* The recent increase in food prices does not reflect the production of sugarcane for ethanol use, but shows a significant increase in the international demand for these products (food).

*-Environmental impact:* the production system consumes large amounts of water and generates concentration of land and income. The use of soil and agrochemicals is very intensive. The burning of sugarcane straw releases greenhouse gases. *-Social Impacts:* The Constitution of Brazil protects the individual right to an ecologically balanced environment, and it is the government and civil society that must ensure protection and promotion of environmental rights. There are a number of policies and pieces of legislation at all levels of government dealing with environmental issues and land use which need enforcement.

-Activities that bring economic benefits, but harm the environment, are not welcomed anymore by the Sugar-Ethanol sector. It is of everyone's interest, including sugarcane manufacturers, to ensure preservation of soil and water sources. Finally, the speaker lists recent actions of the sector's productive chain:

- 1) The signature of the agri-environmental Protocol;
- 2) Development of techniques and technology to minimize the use of water in the production process;
- 3) Environmental need assessment to determine suitability of the soil and conservation.

▪ **Ricardo VIEGAS – Director of the Department of Sustainable Development of the Secretary of Environment of the State of São Paulo (The Green Ethanol Project).**

VIEGAS discussed the economic importance of the Sugar-Ethanol sector in the State of São Paulo. It is responsible for almost 30% of the energy produced by the sugarcane industry in Brazil. The speaker also presented strategies for promoting sustainable development. Currently, there is approximately 5000 hectares of land used for the production of sugar cane, which shows the importance of the sector. This corresponds to 20% of world production and 60% of national production (up to 198 agro-industrial units, 12,000 sugarcane producers and 400,000 registered workers, 70% of the state's municipalities are directly related to the economic activity). He points out that most of the exported ethanol comes from São Paulo and more than three million vehicles have flexfuel engines, meaning that they run on both gasoline and Ethanol - which justifies the expansion of ethanol sales in gas stations.

He also highlighted a historical overview of the conflict in the industry. Some of the environmental aspects highlighted were the burning of land (10% of state land was burnt in 2006). The loss affected 1.4 million hectares of riparian vegetation and excessive consumption of water in the industry. An action plan was developed to ensure the sustainability of the sector: São Paulo's Agro-Environmental Protocol. This plan of action include :

- Creation of a network of stakeholders through the state Secretary (SMA / SAA / UNICA);
- holding of a dialogue with stakeholders for the purpose of reducing the environmental impact. This will maximise efforts aimed at ending the practice of burning sugarcane straw, banned since 2007. It will also reduce the burning of bagasse, promote the protection of the forests and water sources as well as establishing a programme plan for the conservation of soil water including minimizing pollution

#### **16h00 – 16h30 – Current situation of brazilian legislation: State and Federal laws**

▪ **Vitor COMAR – Institute for development of the environment (IMAD)**

In the last three years the land occupied by sugar cane manufactures in Mato Grosso do Sul (MS) has multiplied by four. This region has is largely occupied by Indian settlements. This region is challenged to reconcile the expansion of sugarcane plantations with the land inhabited since imemorial times by the Indian community and consequently the indigenous culture.

The installed of agricultural plants in land occupied by these communities is historically common in Brazil and MS. : We must be aware of this historical background so that this injustice does not happen again.

Out of the 40 thousand Indians that live in this State, about 13 thousand Indians are being coopted into the production chain of sugarcane, which may represent an economic progress in terms of job opportunites. But this can be regarded as a step backwards in terms loss of a cultural heritage. With the advent of machinary a programme must be developed to to address employees that get redundant as a result of introduction of machines. It is very imporatnt for companies to find solutions to this problem, especially the units manufactures

- Ana Elisabeth Accioly F. Dos Santos (Environmental consultant from DBO Engenharia) – The impact of sugarcane expansion in the state of Goiás).

Currently, 16% of Brazil's energy matrix originates from the sugar cane. Brazil adopts a hybrid model of production that provides food (sugar) and ethanol. Out of 422 plants that produce sugar cane in Brazil, 249 adopt the hybrid model (a new energy source) ().

The center-south of Brazil is responsible for most of the domestic production of cane. The production of the north and northeast is almost ten times smaller than the center-south. The bases of Brazilian production is aimed at gaining productivity through new technology and at through cheap labour.

### **The impact of sugarcane production in Goiás:**

The sugarcane is a crop that has the least environmental impact, as compared to other crops that are cultivated in Brazil. Although its production reduces small family agriculture in large production units, the expansion of the sector does not reduce the production of food. . ,

Sustainability can be achieved through the following three dimensional clusters, namely, economic, social and environmental cluster. The challenge is to develop a production system with the capacity to meet the social and environmental needs of society beyond the economic ones. Replacement of cane cutters with machinery is justified for exposure of workers into modern technology and other economic opportunities.

Finally, the speaker articulated the general issues relating to expansion of sugar cane plantations and land inhabited by the indigenous people. She mentioned that research must be done beyond mere discussion of reservation areas and be based on indigenous selfdetermination. In the past the MS reserves encompassed 30 hectares of land per indigenous Community. However the situation is different today as the number has fallen to one hectare per ? This size of land is inadequate to accommodate the indigenous way of life including their culture, needs and survival of these populations. It should also be made known that the expansion of sugarcane plantations occurs mainly in degraded land, that was previously used by the pastoral industry.

### **16:30 – 17:00 – Debate and recommendations**

1. A participant (from the Faculty of Medicine, USP) sought clarification on the involvement of Indians in the production process of sugar cane. She explained that since the policy of FUNAI does not promote the rights of Indian workers, there is no answer to the question.

2. Another participant differed with the presenter's response and indicated that there is a research findings done by his association (named Guarani Indians). The participant went further to explain that the impact of the Sugar-Ethanol sector in the lives of Indians is large and they are not excluded to the expansion of sugarcane taking place in their territories.

3. Another participant asked the panel to comment on the land border issue and the expansion of sugarcane production. Eventhough this production might be sustainable it does not necessarily require the use of pesticide.

## Comments from the Panel

Sergio Torquato questioned the degree of legality on indigenous lands which is even contested by the Indians themselves who wish to occupy other territories. He said from a legal point of view, anthropological studies has identified the location of tribes who existed from 80 years ago are considered as a criteria for limitation of indigenous territories. This situation exclude Indian communities that wish to lodge land claims of lands originally occupied by their ancestors. Torquato emphasized further that the perception held by the Brazilian people towards the Indian community has changed. However the view that they must be protected justifies their continuous location in the reserve. The current vision that need to be taken into account selfdetermination of the Indian communities. Indians should be given the right to decide their own destiny and future. .

Finally, the speakers summarised that the Indians were dissatisfied with the size of land allocated to them (1 ha per person), a quantity that is not adapted to their mode of spatial organization (30 ha per person is what they require). He highlighted the need to think about the means to increase the quantity and quality of land allocated to Indian communities. Regarding the expansion of sugarcane, he indicated that in Mato Grosso do Sul expansion of land occurs mostly in land used for grazing of livestock

Another speaker provided a data of the expansion of sugarcane in São Paulo. According to a study published in *Informação Econômica* (March/2008), 90% of the land acquired for sugarcane was originally reserved for livestock or was degraded land.

Another participant highlighted that sugarcane has impacted greatly in the lives of Indians. But it must be noted that this case is not different from the other experiences mentioned above. Furthermore the difficulty in recuperation by the unemployed after the closure of industries in the English speaking Cities should be remembered. . He also mentioned that the impact caused by the burning of firewood is a common practice of the Indian community

4. Participants sought clarity on what would should be understood to be the best methodology for analysis and creation of indicators for determining the impact of the expansion of sugarcane plantations versus the food production.

5. The participant stressed the importance of discussing the legal implications affecting the reserves and the need for the government's measures to include the small family farming. In addition to that, the absorption of the labour that is no longer viable in the production of sugar cane is very concerning.

## Comments from Plenary

The discussion of reserves (legalised Indian reserves) is very complicated and requires the attention of the Federal government. Therefore the inclusion of this subject in the general agenda of the government it would not escape the powers of the state government.

The projects identified to monitor the expansion of sugar cane have incorporated

opinion obtained from various stakeholders in the finding reached by the researchers. In order to create clear social, environmental and economic indicators on the subject substitution of food production for sugarcane production has been observed.

Developmental programme designed for the environmental recovery should also encourage remuneration for environmental services rendered in order to absorb redundant workers driven out of the field by the new technology.

It would be incorrect to blame the expansion of sugarcane cultivation for the lack of food production in areas that are situation proximate to large cities.

6. How does Brazil's social services deal with the issue of poverty? Does these services take into account the conditions of minority groups?

7. There are two situations that need to be considered in the expansion of sugar cane discussions. The first relates to the traditional families and the second is based on the settlers land reform. According to a participant a research study conducted by his group revealed that 70% of young people prefer to remain in the field. However they are not able to find job opportunities. Thus, many end up giving their land to farmers and producers of sugar cane in exchange for working in the city, thus losing their land. It is suggested that these young locals work in forest plantations. .

## **24 de julho de 2009 – Sustainable management in the Sugar-Ethanol sector**

### **Morning session: “What are the social responsibility of business?”**

#### **09:00 – 09:45 – The management of human resources in terms of sustainable development**

- Dr. Rui – GERHAI (Human resources for the agriculture industry study group)

Initially, the speaker emphasised the importance of Sugar-Ethanol sector in the Brazilian economy. He based his point on the following current data. The sector generates about one million direct jobs and over two million indirect jobs. In total it has 400 industries and profits 60 billion Reais and 10 million Dollars in exports. Furthermore, it invests in the civil society Sector.

The speaker provided a brief overview of the historical facts relevant to the development of sustainability (the loss of power in the church and trust in the state, the revolutions of XIX and XX centuries and the private company's gain of power), Dr. Rui elaborated that the new order in dictates that companies should consider new technologies and their effects.

The speaker defined what should be a socially responsible company as well as its needs:

- The company is one that knows and embodies the interests and demands of all stakeholders (shareholders, employees and communities);
- Companies should aim at having conducive social environment because it is partly responsible for the development of the society;
- The company must introduce an integrated management of three dimensions (economic, environmental and social) and measure the impacts generated by their activities.

The benefits of a social and environmentally sustainable management are:

- Customers and the society will see more value in the company;
- Access to large corporates that are becoming more demanding and regulated by social and environmental laws;
- Productivity through clean and efficient processes;
- Economy on the use of agricultural inputs;
- Ability to attract and retain talents.

The speaker also dealt with the evolution of human resources in the sector. He mentioned that from 1965 to 1996, there was a breakthrough in popularising the concept of a responsible business in the Sugar-Ethanol sector. This principle emphasises improvement in the work place, including agreements with trade unions and innovative forms of remuneration. To exemplify this progress, he alluded to the following data: 91% of companies studied contribute to welfare, 97% offer life insurance to employees, 89% offer meals, 70% offer food baskets or meal tickets and 100% own onsite mobile clinics.

In addition, Dr. Rui shows the tools used to organize a responsible company.

- Audits that respect the norms of labour legislation and union agreements;
- The development of leadership ethics that includes public relations, management (even the sugarcane cutters) financial budgeting and strategic planning.

Finally, the speakers advised how an organizational climate research could be conducted through the use of indicators. He first explained that an organizational climate relates to:

- The definition and development of policies in human resources (onsite schools, student scholarships, message boards, use of uniform, special credit lines, discount on local pharmacies;
- The evaluation of performance appraisals with focus on skills as this seeks to assess the employee's development and obtain their maximum potential. It is from these assessments that policies in training and career development are designed, as well as individual targets (should be inconsistent with the agreements of trade unions) that coincide with the Millennium Goals (UN);
- The remuneration programs should seek to benefit employees and their *participation* in profits and company *results*;
- The programs should seek to improve the quality of life: fitness, sport, measures of awareness, financial education and cater for people with disability



- Cid Caldas – Brazilian Ministry of Agriculture

The moderator stressed the importance of the Sugar-Ethanol sector. The production of sugar and ethanol is the country's third largest production (after soybean and meat). However the new challenges facing the sector is the system machinery used for harvesting. He reminded the audience that the process of ending manual harvesting requires a Protocol (which applies to the whole country) that holds the government and the private sector responsible to absorb the redundant workers in this field. He also stressed the importance of building a good image for the company and the industry, because this sector is still seen as harbouring old policies of the colonisers (*coronelismo*).

### Debate

A participant asked the panel to discuss the problem of the existence of intermediaries in the process of admitting sugarcane cutters in the industry. Furthermore, he asked the speakers to elaborate on the current applicable remunerations that are made per productivity and in conformity with collective bargaining agreements of the trade unions to which the opinion of most workers is not represented.

**Response:** The speaker replied by saying that the payment made to employees per productivity has been occurring for a long time. The issue that needs to be discussed is the amount paid for work done in planting or harvesting.

A participant stressed the importance of professionalism in human resource of companies and especially in the Sugar-Ethanol sector. He asked exactly where the practice of *participation* in profits and company *results* is widespread.

**Response:** The speaker replied that this practice is most widespread in the state of São Paulo.

### 09:45 – 10:45 – The policies of sustainable development in the sugarcane industry

- Iza Barbosa – UNICA (Brazilian SugarCane Industry Association)

First, the speaker highlighted the main goals of the organization she represents. She explained that her company is committed to the promotion of Corporate Social Responsibility and the discussion around sustainability issues through field research.

For Iza Barbosa, the Sugar-Ethanol sector has evolved in terms of addressing these issues, specifically through the implementation of projects, the formulation of balance (not only economic but also social) and the diffusion of good agricultural policies.

UNICA's actions consist of orientating the entire production chain since for many years. However, the problem of inconsistency with the rules of the protocol is at the beginning of the supply chain. She further explained that the actions of the organization include

improving ethical indicators, such as the election of company representatives or the establishment of discussion groups.

UNICA's representative does not attribute the success of sustainability to the development of social projects, but to the management which takes demands of employees and the community into account.

Finally, she discussed the importance of sustainable development in enterprises which is even used as collateral for credit lines, for example and the implementation of programs such as "Young UNICA" (*UNICA Jovem*) which encourage the growth sugarcane entrepreneurs' children in the family business.

Young UNICA is a leadership of young adults in the sugarcane business from families who hold positions in the company. Once in the company they get empowered about sustainability and corporate social responsibility.

### **11:15 – 11:45 – Social and ethical responsibility**

#### **▪ Glaucia Terreo – Instituto Ethos (Global Reporting Initiative)**

The GRI is a global network which work with people from different regions and areas of study. The strategy to communicate with the world helped to disseminate it's work, which is seen as a model today is.

GRI works with companies which seek to obtain certification or build a sustainability report based on 3 pillars namely, financial, environmental and social contingencies. Commonly companies only take into account financial aspects, but GRI report proposes a more comprehensive report and gives companies the tools to produce the required report.

The first company that used GRI's guidelines is Natura, and since then the number of firms following the GRI format has been since increasing. However there is a challenge to raise awareness among small and medium enterprises.

#### **How to report? The following framework was suggested**

1. Indicators: economic, environmental, labour relations (number of employees, training), human rights and financial security.
2. Principles for defining report content: materiality, inclusion of stakeholders, the context of sustainability and scope.
3. Principles to ensure the quality of the report: balance, comparability, accuracy, timing, clarity, reliability.

-We need to know what is the focus of the project and what should be included in the report.

- Suggested procedure: 1. Why invest in sustainability management? 2. How much time should be spent on planning. 3. Talk with interested parties. 4. Consolidate efforts, develop procedures, monitor the indicators. 5. Publish and communicate.
- GRI offers 3 types of seal: 1. self-declaration. 2. Verified by a 3rd party. 3. GRI check.
- Benefits of the report: stakeholders confidence, financial value is created, capital attraction, team work and new talent motivation.
- Recommendations: Make an honest self-diagnosis, develop the company's culture and long-term vision, develop the concept of sustainability of the organization, and develop a balanced dialogue with company stakeholders (mainly antagonistic parties).
- It is difficult to organize the management and change the company policy. Therefore using GRI methods is not difficult, nor expensive.

## **Afternoon period: “Considerations from participants”**

### **14:30 – 16:30 – Round Tables**

#### **Environmental Axis**

The round table responsible for discussing environmental issues was composed of the following members:

- Ms. Maria Cláudia Nogueira, da FAF – CUT-SP; Trade union
- Mr. Marcelo Costa Almeida; Brazilian Foreigner Ministry
- Mr. José Maria Guzman Ferras (Embrapa);
- Ms. Patrizia Torres – UDOP;
- Mr. Daniel Lobo (UNICA).
- Ms. Clarita Schvartz, Consultor in Environmental Technology;

**Academic support** : Federal University of Rio de Janeiro.

- Mr Marcelo Golin Buzzatti – Centro Clima;
- Mr Daniel Fontana Oberling – Centro Clima;

Participants introduced the organizations they represent and discussed improvements for the environmental sector, prospects for change and development.

#### **Issues and problems:**

- 1) São Paulo is developing ideas and policies dealing with the expansion of the Sugar-Ethanol sector (expansion of planted area, public policies, etc.). If São Paulo does not

impose restrictions and develop benchmarks for expansion of sugarcane plantations), what will happen to the other states?

- 2) The second generation of Ethanol, a subject that touches on the ecological and technical field. There is a possibility to improve the technology used in the production of vinasse, for example. If the technology exists, why not implement it?
- 3) How to ensure sustainability in the production of ethanol, taking into account the environmental precautions?
- 4) The issue of sustainability of ethanol was discussed, but what should be done with the petroleum industry?
- 5) Use of water resources in regions of sugarcane cultivation. There is a great use of water in the cultivation of sugarcane and in the industrial production of Ethanol, how can we minimize this use?
- 6) Land: There is no formal structure, with regard to the "loss of soil".
- 7) International issue: What about the occupation of native areas are these Indian communities ? , by the expansion of sugarcane production to produce ethanol?

The issues that were raised were discussed, and the following alternatives were mentioned as possible solutions to the problems:

#### **Alternatives and propositions:**

- The Protocol was a breakthrough, but we must not forget that it is only a recommendation. It is necessary to develop a single strategy to attract companies, and this strategy must serve as a parameter for other states, promoting cooperation between the business sector and universities.
- Scientific research that allow us to expand the dialogue between business research already exists. We must disseminate academic research in order to reduce costs and help create sustainable products (reduction of environmental degradation).
- It is necessary to show sugar refineries the importance of trading old equipment (boiler etc.), to improve the production of Ethanol. Another alternative would be to concentrate the vinasse during transportation (a cost reduction measure).
- It is necessary to develop and improve the methods of Ethanol fermentation to stimulate research on the use of second generation Ethanol.
- We need a broader national dialogue on the expansion of sugarcane production in natural areas (change in land use).

## Social Axis

The round table responsible for discussing the social issues was composed by the following members:

- Mr. Luiz machado, from ILO
- Mr. Cid Caldas, from Ministry of Agriculture;
- Mr. Alimir Carmo, from FERAESP – Rural employee's Union of São Paulo
- Ms. Iza Barbosa, from UNICA – União nacional da indústria de Cana-de Açúcar;
- Ms. Corlett Letlojane – Human Rights Institute of South Africa; International Observer
- Ms. Estela Scandola, from Ibiss-co; NGO

**Academic support :** University of Brasília

- Ms Fernanda Goulart Duarte, CDS UNB Brasília
- Mr Arnaldo Santos de Lima, CDS UNB Brasília

Participant introduced organizations they represent and from their discussion on the topic they agreed on seven points for improvements in the social sector. The points were drawn as follows:

- 1) We admit that social, environmental and economic problems exist in the Sugar-Ethanol sector, and they must be attended to
- 2) We recommend that preliminary studies and planning to be made, in order to know in advance the impact of implementing a Sugar-Ethanol project and what policies will be needed to mitigate the impact;
- 3) For a successful evaluation, all stakeholders should be committed, they include : civil society, public authority, the employees represented by their trade unions and the private sector;
- 4) We highlight the National Commitment to Improve Working Conditions in the Sugarcane Industry. A tri-party action is needed involving the government, workers represented by their unions and the industry. Employee health issues in the sugarcane industry are contemplated herein. The group emphasized the need to develop policies for retraining and updating redundant workers due to introduction of new technology in sugarcane fields;
- 5) We stress the importance of providing migrant workers with access to local public services;
- 6) We highlight the relevance of break times during working hours, which are guaranteed by law and suggest the need for effective supervision in this sense;
- 7) We recommend that the requalification / retraining programs of São Paulo, which are seen today as a benchmark, be proliferated into other regions.

## Economic Axis

The round table responsible for discussing economic issues (responsible management and certification) was composed by the following members:

Ms. Daniella Macedo – Agricultural and Forest management Institute (ImaFlora)

Mr. Augusto Freire – ID Pro Terra

Mr. Edegar Rosa – International Livestock Organization– OIA Brasileira

Dr. Vitor Comar – IMAD – Institute for the development of the environment

Romain Taravella – WorldWild Foundation – Guiana Francesa

**Academic support :** University of São Paulo – Ribeirão Preto

- Ms. Nina Lira Cecilio, Sugar & Alcohol Observatory – USP FEA RP
- Ms Sarah Toniello Tahan, Sugar & Alcohol Observatory – USP FEA RP
- Mr. Roberto Black, Sugar & Alcohol Observatory – USP FEA RP

Participant introduced organizations they represent, the difficulties of improving the sector's certifications, as well as possible solutions, were drawn up as follows:

- 1) We need to reach high standards in terms of certification. To do so, better communication between certifiers must be developed. Organising of meetings and discussions between the companies.
- 2) There is sufficient clarity between what is a reliable certification and what is not, as there is no clear difference between the certificate / seal / protocol. Because of this confusion, many plants are not certified by not having accurate information on the subject. Actions that need to be taken by the government, the third sector (NGOs) or even by private companies need to be explored.
- 3) Lack of adaptation to the Brazilian reality: there are European standards for certification, but these countries have no understanding of the Brazilian situation. . Therefore, the participation of Brazilians in international discussions of the Sugar-Ethanol sector is essential
- 4) Producers: Often there is a reluctance on the part of producers to invest in certification, even though they generate more efficiency and reduce costs in the long term. Therefore we must increase producer awareness for the benefit of investing in certification.
- 5) Consumers: are not fully aware of the benefits of consumption of certified products.
- 6) The certification enables greater performance in the market place and helps to regulate the sector.
- 7) Society may not only depend on government and public policies. Changes in the production and economic model must be made: an innovated form of capitalism, with ethics and sustainability policy should be encouraged.

## **July 23th – Program : “Social Rights, environmental Rights”**

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### ***Morning Session: Perspectives on the social rights in the sugarcane sector***

**08:30 – 09:00:** Registration and Coffee

**09:00:** Introduction to the debates

**09:15 – 10:00:** Current situation of the Brazilian social laws

- Luis Machado, Brazilian section International Labor Organization
- Dr Cicero Rufino Pereira, Prosecutor – Public Labour Ministry, Mato Grosso do Sul

**10:00 – 11:00** Social issues in the sector

- Reinaldo Prates da Silva - Assessoria FAF/CUT-SP Trade union
- Estela Scandola – NGO IBISS-CO, Mato Grosso do Sul

**11:00 – 11:30:** Research Academic aspects on Requalification

University of Sao Paulo, Sugar and ethanol Observatory, Professora Lara Liboni

**11:30:** Debate and recommendations

**12:30:** Elective of representatives (afternoon second day)

**13:00 – 14:00:** Lunch

### ***Afternoon Session: Perspectives on the Environmental Rights***

**14:30h** Introduction

- Moderador : Oswaldo Lucon of **São Paulo State Secretariat of Environment**

**14:30 – 16:00:** Environmental impacts of sugarcane production

- Prof. Sergio Alves Torquato, Agriculture Economic Institut (Instituto de Economia Agrícola),
- Sr. Ricardo Viegas, Green Ethanol Program - São Paulo State Secretariat of Environment
- Mr. Vito Comar, Environmental Impacts and Natives people - IMAD NGO Mato Grosso do Sul

**16:00 – 16:30:** Current Brazilian environmental laws

- Ana Elizabeth Accioly F.dos Santos, Mato Grosso Sugarcane issues - Bióloga e Gestora Ambiental

**16:30 – 17:00:** Debate and Recommendations

**17:30:** Elective of representatives (afternoon second day)

**18:00:** Conclusion

### ***Morning Session: Corporate Responsibility***

**08:30 – 09h00:** Registration and Coffee

Moderador: Sr. Cid Caldas of **Ministry of Agriculture**.

**09:00 – 09:45:** Sustainable Human Resources’ Management

Dr Rui - GERHAI – Agro buisness group for Human ressources studies (Grupo de Estudos em Recursos Humanos na Agroindústria)

**09:45 – 10:45:** Sustainable policies for the Brazilian companies

Ms Isa Barbosa - UNICA – Brazilian sugarcane Union (União da Industria da Cana-de Açúcar)

**10:45 – 11:15:** Master Cana Awards, skill for the company

Josias Messias - Procana newspaper

**11:15 – 11:45:** Social and ethical Responsibilities

Sr Glaucia Terreo of Instituto Ethos – Global Reporting Initiative

**11:45 – 12:15:** Debates and recommendations.

**12:30:** Elective representatives (afternoon second day)

**13:00:** General conclusion, Prof. Olivier GENEVIEVE, ONG Ethical Sugar President

***Afternoon: Common consideration of the civil society through the delegates***

**14:30 – 16:30:** Brainstorming of the delegates and sinthesis

Only delegates of the two days

**Workshop 1: Social laws:** Which are the present and future consequences for the Brazilian’s civil society?

With the academic support of the **Centro de Desenvolvimento Sustentavel (Sustainable Development Center from the University of Brasilia)**.

- Sr Luiz Machado – International Labour Organization – ILO Brazil
- Mrs Estela Scandola – Brazilian Institute for Innovation in Social Health - IBISS-Co

**Workshop 2: Environmental laws:** Which are the present and future consequences for the Brazilian’s civil society?

With the support of the **CLIMA - Research Centre about Environment and Global Change from the University of Rio de Janeiro**).

- Dr José Maria Guzmán Ferraz - **Embrapa**



















- Patrizia Torres - UDOP

**Workshop 3: Sustainable management:** Which tools should be used to promote a sustainable management in Brazil sector of sugar and ethanol?

With the support of the **Observatorio do Setor Sucroalcooleiro (Observatory of Sugar and Ethanol Sector from (USP Ribeirão Preto)**.

- Mrs Daniella Macedo – Institute for Forestry and Angicultural Management and Certification - Imaflora
- Sr Augusto Freire - ID ProTerra
- Sr Edgar Rosa – International Organization Agroindustry - OIA Brasil



Speaker	Organizations - Entities	Link
Luiz Machado – DF	ILO – Brazil	
Dr Cicero Rufino Pereira – MS	Public Ministry of the Work, Brazil	
– DF	CONTAG — National Confederation of Workers in Agriculture	
Sr Miguel Ferreira dos Santos – SP	FERAESP — Federation of Rural Employees of the State of São Paulo	
Professora Lara Liboni – SP	USP FEA RP – Observatory of sugar-alcohol	
Prof. Sergio Alves Torquato – SP	IEA – Institute of Agricultural Economics	
Dr Oswaldo Lucon – SP – <i>Moderador</i>	<b>Secretary for the Environment of the State of Sao Paulo</b>	
Dr Ricardo Viegas – SP		
Ana Elizabeth Accioly F.dos Santos– MT	NGO Bióloga e Gestora Ambiental	
Dr Vito Comar - MS	IMAD - Environmental and Development Institut	
Sr. Cid Caldas – DF – <i>Moderador</i>	<b>Ministry of Agriculture, Livestock and Supply</b>	
Dr Rui – SP	GERHAI – Group of Studies in Human Resources in Agribusiness	
UNICA – SP	Union of Industry of Sugarcane	
Josias Messias – SP	Procana newspaper	
Glaucia Terreo - SP	Ethos Institut	
International observer	Organizations - Entities	Link
SANGOCO – Africa do Sul Corlett Letlojane	Human Rights Institute of South Africa	
Romain Taravella	WorldWild Foundation – Guiana Francesa	
Organizers	Organizações - Entidades	Link
Patrick CHAZAL	ICDES (Institute of Co-operation for Economic and Social Development) – France	
Romain PEYRACHE	RONGEAD	
Olivier GENEVIEVE	NGO Sucre Ethique - Ethical Sugar	

## Internacional Observers



### **HURISA — South Africa - Corlett Letlojane**



The Human Rights Institute of South Africa (HURISA) is a non-governmental organisation which offers professional services towards the promotion of a human rights culture, peace and democracy. Since November 1993, the Institute has offered human rights training courses, disseminated human rights information and conducted research and do advocacy. HURISA works with civil society organisations, governmental institutions and vulnerable groups in South Africa and on the African continent

Ms Corlett Letlojane is the Director of the Human Rights Institute of South Africa (HURISA),



### **WWF — French Guyana - Romain Travella**



For more than 45 years, WWF has been protecting the future of nature. The largest multinational conservation organization in the world, WWF works in 100 countries and is supported by close to 5 million globally. WWF's unique way of working combines global reach with a foundation in science, involves action at every level from local to global, and ensures the delivery of innovative solutions that meet the needs of both people and nature.

Special thanks for the students from the « **Faculdade** de Filosofia, **Letras** e Ciências Humanas **Letras Modernas USP** »



*This document was originally elaborated in Portuguese and French.*

*Translated to English by **Paulo Henrique Landim Junior** (Majoring in Economics at Insper – Ibmecc-SP).*

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## Notes

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[www.sucre-ethique.org](http://www.sucre-ethique.org)

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[www.acucar-etico.org](http://www.acucar-etico.org)

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[www.ethical-sugar.org](http://www.ethical-sugar.org)

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*For a sugar which respects human beings and its environment*