



BONSUCRO

PROGRESS REPORT

2014/2015



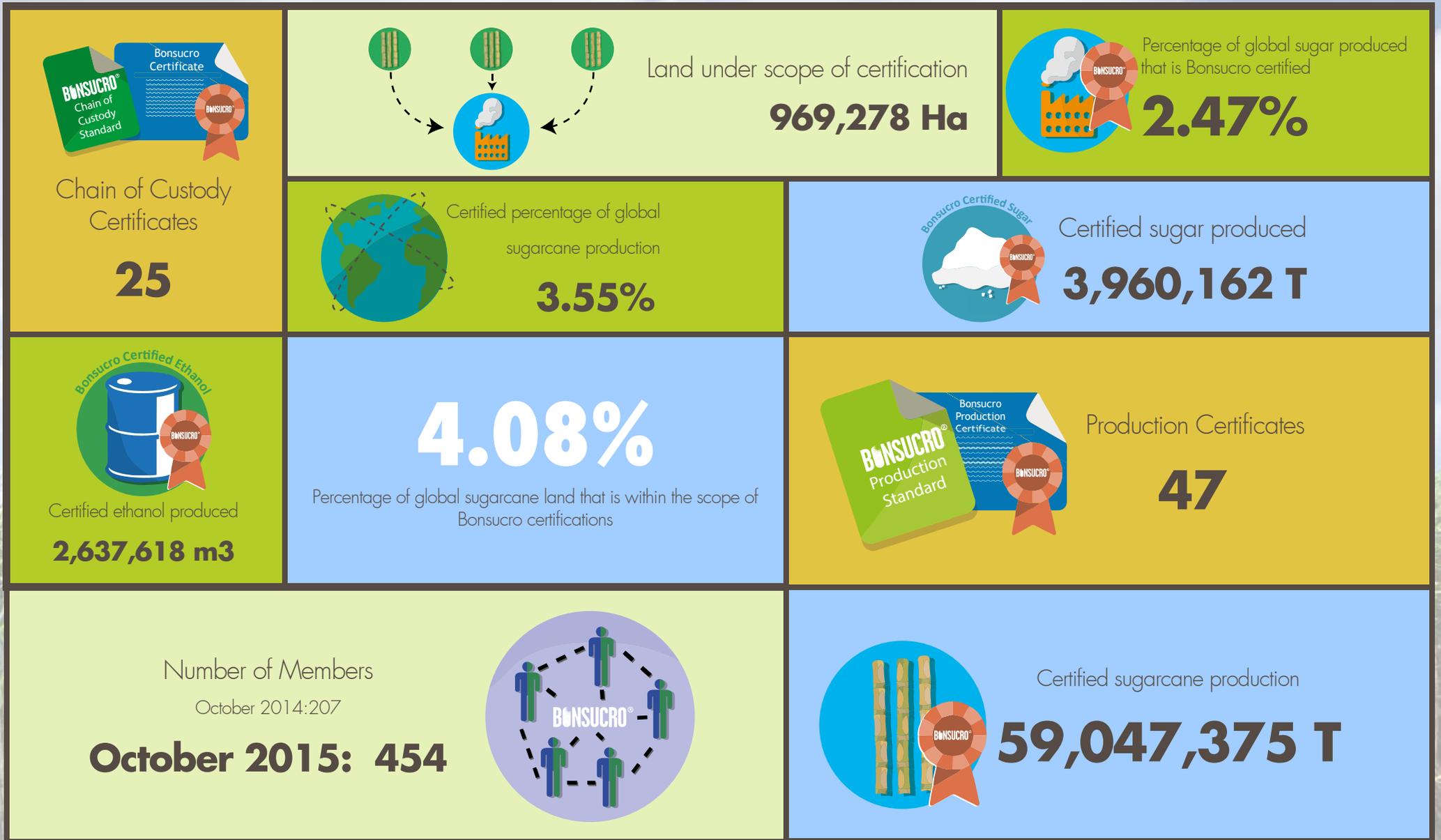
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BONSUCRO WEEK 2015
PARTICIPANTS TOURING A MILL IN
SÃO PAULO STATE, BRAZIL

BONSUCRO IN NUMBERS



FOREWORD FROM THE CHAIR



Our young organisation is growing up.

I am so happy to write the introduction to this report at such an important time in our history. The report brings not only remarkable figures about what the year 2015 has represented but also a look forward at what we envision as the best for the future.

Bonsucro first reached the fields in 2011, when the first season of certification took place. Today, we are more than 400 members spanning over 30 countries, influencing real change in the value chain. This last year has seen more

continents represented in the certification footprint, as well as evolving markets for certified products and an increase in users of credits. But we want to drive further in unlocking the real value of sustainability in the whole sugarcane chain.

The Board is composed of representatives from our membership organisations. As a Board we are striving to deliver the best organisation we can be, supporting changes in the Standards, changes in market outreach and improved stakeholder engagement. We have called upon the Secretariat to challenge us in a number of crucial areas, to keep up with the evolution of the sector and to enhance Bonsucro's relevance to its membership base. While our overall objective remains focused on being the reference standard for sustainability in the sugarcane industry, our framework must also become more collaborative to remain relevant in a changing world.

This year the Board established two taskforces, one to review farmer engagement and recognition and the other to propose governance improvements to support a refreshed new strategy. We have considered the recommendations from these taskforces and used our collective knowledge to ensure the refreshed strategy reflects what Bonsucro

represents from a field perspective. We are also managing a revision of our funding model, governance structure and value proposition into a landscape of opportunities.

The Board is particularly satisfied with endorsements received from those attending, and the success we all could share during Bonsucro Week 2015 in Brazil. Probably our biggest challenge is to scope out a role for the organisation that goes beyond certification, to become a progressive and desirable platform that fosters sustainability in our global society.

On behalf of my fellow Board members, I would like to express our gratitude for the confidence and continuous engagement that all members have granted us, making our dedication to Bonsucro a pleasure and a matter of personal commitment. We believe that although challenging, our future is based on our solid shared values, and our work is a result of multiple collaboration that drives our way forward.

Much has been done and achieved, but it is exciting to know that the best is yet to come.

Have a good read.

Michel HR Santos
Chair, Bonsucro Board of Directors



MESSAGE FROM THE CEO



This year has seen the Bonsucro community grow even further with new members in new countries and even old members re-joining. The community has also achieved a number of important milestones.

When I joined in October 2014, Version 4 of the Bonsucro Production Standard was just being

launched. This marked the culmination of a significant and comprehensive two-year review process to learn from early certification activity and to address concerns expressed by members.

In this report we celebrate three notable "certifications" that followed this revision: AZUNOSA in Honduras, the first in a developing country context; EID Parry's Pugalur mill in India, the first purely with smallholders; and Costa Pinto (Raízen) in Brazil, the first to the 2nd Generation Biofuels provision.

Each of these on its own is worth celebrating, and collectively they show that the Bonsucro Production Standard is the most credible and globally applicable standard for cane production. I am confident over the coming year that we will see certified product in at least four new countries.

A year ago I promised that we would review Bonsucro's approach to farmer recognition. In June the Board endorsed recommendations of the taskforce and it was with great pleasure that we saw the first farmer certificate being presented at Bonsucro Week.

This year has also been a time for reflection and change. I was brought in by the Board with a clear mandate to challenge the current business model. We are not alone in doing this and the term "Certification and Beyond" is gaining traction in the standards sector; as even the most successful schemes recognise that while certification is a valuable tool, it is one of many that we should use as part of a broader strategy. This broader strategy is where real value can be created and this is where my team and the Board have put significant effort this year.

There is a section on the emerging strategy in this report. Bonsucro is in the final stage of developing the plan, due to be completed early in 2016. The strategy celebrates the fact that sugarcane is the largest agricultural commodity in the world, and that we share a common goal; a thriving, modernised, sustainable sugarcane industry.

I would like to thank the team at Bonsucro as well as the Board and all of our members who continue to support the vision of Bonsucro; in particular those of you who have contributed your valuable knowledge, time and resources this year. 2015 was a great first year for me at Bonsucro and I look forward to an even better 2016.

Simon Usher
CEO, Bonsucro



STANDARDS UPDATE



'Relevance' can be defined as 'appropriate to the current time, period, or circumstances; of contemporary interest'. Ensuring continued relevance of the organisation and the Standards we manage in an ever-changing world is not easy, but will always be of the utmost importance.



Production Standard Revision

In September 2014 we published Version 4 of the Bonsucro Production Standard. This extensive revision reflects lessons from three years of certification experience, and addresses concerns of those who found the original Standard unworkable in their context.

This year we made two notable changes that keep the Standard up to date for EU RED qualification, allowing certified product access to the European biofuels market: firstly, to reflect latest European legislation on highly biodiverse grasslands; secondly, to introduce a methodology for assessing second-generation (2G) ethanol production. Achieving recognition was a complex undertaking and we are grateful for the considerable support from various stakeholders who helped make this possible.

12 certifications have been achieved in four countries since the release of Version 4, and we are aware of mills in many more countries who are well on their way to being ready for certification.



Chain of Custody Standard Revision

Chain of Custody (CoC) is designed to provide a robust and credible system for tracking Bonsucro certified products through the value chain. The latest revision of Bonsucro's CoC Standard was released in October 2015 after one year of stakeholder consultations and taskforce meetings. The revision provides more practical step-by-step guidance for meeting the Standard's requirements.

Companies should now find the CoC certification process more transparent and flexible, boosting uptake of Bonsucro certified product. Our thanks in particular go to the Standard Revision Taskforce, drawn from the membership, who gave considerable time, knowledge and passion to the process.

In 2015, seven companies obtained CoC certification, bringing the total to 25, demonstrating that Bonsucro certified products continue to gain market importance in key supply chains. Congratulations to Agrana, Alvean Sugar, the Coca-Cola Company, Redpath, Shell, Wilmar Sugar, and ED&F MAN for achieving certifications.



DRINKING WATER FACILITY AT MILL IN BATANGAS, PHILIPPINES



FARMERS SUPPLYING AZUNOSA MILL



MIGUEL ANGEL YAGÜE, OF AZUNOSA, WITH KERRY PICTON & GABRIEL GUZMAN OF SABMILLER, BONSUCCRO WEEK 2015

CELEBRATING SUCCESS: AZUNOSA



“ Sustainability is about changing lives for good. We increased our worker’s self-esteem, both as individuals and as members of the community. We have now empowered personnel in full understanding of the reasons and implications of their actions. Their jobs are much more meaningful, and they know that the company they work for, walks the talk: takes care of their families, their communities and their environment.

AZUNOSA made Honduras the first developing country in the world with a Bonsucro certification, demonstrating that sustainability is not a privilege of big companies in developed countries. We became the change we wanted to see in the way of making sugar.

Miguel Angel Yagüe,
General Manager, AZUNOSA

The first mill to be certified to the revised production standard was AZUNOSA mill in Honduras, demonstrating that the Standard can be applied on the ground in Central America. Congratulations to AZUNOSA’s management team, and their partners SABMiller, the Coca-Cola Company and WWF.

AZUNOSA’s achievement was further celebrated during Bonsucro Week 2015 with the presentation of the Bonsucro Leadership Award to AZUNOSA’s Miguel Angel Yagüe, General Manager, & Ruth Ascensio Monreal, Certification Leader.

CELEBRATING SUCCESS: EID PARRY



We have empowered and supported our sugarcane farming community via supply of proprietary varieties and bio control agents, established Research and Development, farmer training and extension services. We at Parry were ready to formalise this through Bonsucro certification, which recognises both our mill and our farmers for our sustainability efforts. We have had many firsts in our group. Being the first company in Asia and first in the world dealing with smallholder farmers to achieve Bonsucro certification is a proud moment for us. Our plan is to go for vertical and horizontal expansion in the future.

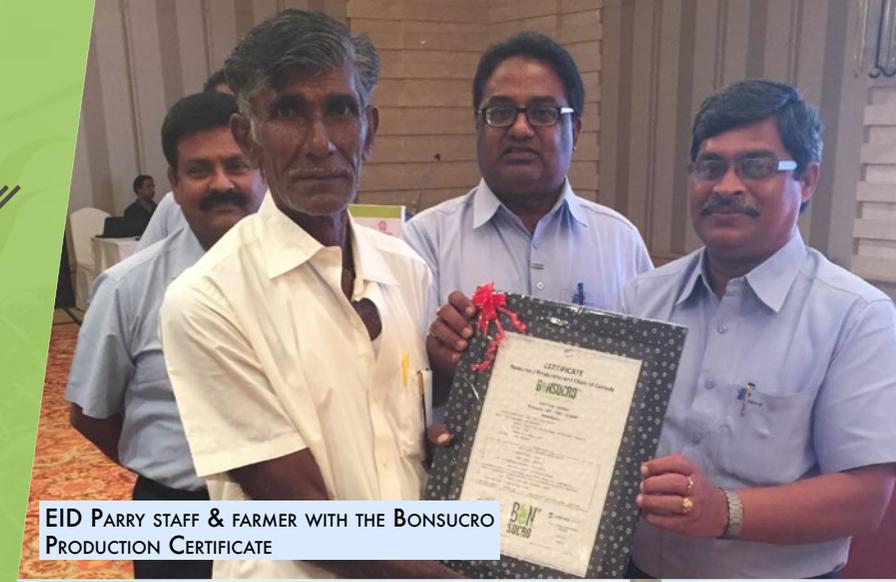
Dr Manjunatha S Rao, AVP (R&D), EID Parry

At Murugappa, we are very happy to receive Bonsucro certification, which is a recognition of world class manufacturing in India. The sugar industry is a huge generator of direct and indirect rural employment, and is one of the local industries with inbuilt strengths and potential for global leadership. I believe this would add a fillip to the government's 'Make in India' campaign. In addition to the government's initiatives, from the industry side, we need to put in matching efforts in improving productivity and making the practices at the farm level future ready. I believe sustainability initiatives are the right investments for the future readiness.

A Vellayan, Chairman of EID Parry & Murugappa Group

Another first was achieved in May 2015 with EID Parry's certification of its Pugalur mill in Tamil Nadu, India. This was the first Bonsucro certified mill in continental Asia, and the first to include smallholder farmers.

Achieving certification with purely independent small-scale farmers took strong leadership commitment from EID Parry and showed how the mill, its supplying farmers, and capacity-building partners could come together to forge a new vision under the Bonsucro banner; using the framework of the Standard to create sustainable value.



EID PARRY STAFF & FARMER WITH THE BONSUCCRO PRODUCTION CERTIFICATE



EID PARRY & BONSUCCRO STAFF VISIT PUGALUR FARMERS



PUGALUR MILL STAFF

CELEBRATING SUCCESS: RAÍZEN



Sugarcane is a remarkable plant with an astonishing array of uses. Technological innovations continue to broaden its utility and the value that it brings to businesses, economies and the people that work within them.

Nowhere is this more evident than in Brazil, where renewables make up 40% of the energy mix, with 16% of that derived from sugarcane, in the form of bioethanol or bioelectricity generated from bagasse. When it comes to sugarcane-derived bioethanol, Brazilian companies are leading the way with technological developments, notably with second-generation (2G) ethanol production, which uses crop waste, such as bagasse, straw and leaves, as feedstocks.

One such company is Raízen, whose Costa Pinto mill in Piracicaba achieved in 2015 the first-ever Bonsucro certification for a 2G plant. This follows the update to the Production Standard to include an EU-recognised methodology for assessing 2G production. The plant produces 42 million litres of ethanol per year and is one of eight sites that Raízen plans to have in operation by 2024.

The update to the Production Standard is one example of how Bonsucro is supporting the technological evolution of the sector, through offering credible and accepted tools for performance and market recognition, and gathering the expertise required to achieve this.

In 2011, Raízen's Maracaí mill became the first mill in the world to achieve certification to the Bonsucro Production Standard. We are very proud that in 2015, Raízen's Costa Pinto mill became the first mill in the world to achieve Bonsucro certification for its second generation (2G) ethanol production, demonstrating the company's continued commitment to sustainable development.

Raízen is a pioneer in 2G ethanol technologies and produces biofuels on a substantial scale. 2G ethanol puts us at the forefront in producing increasingly sustainable energy solutions, and this technology is the key to making ethanol more competitive, while meeting the growing demand for biofuels.

Marina Stefani Carlini
Sustainable Development Manager, Raízen



2G PLANT AT RAÍZEN'S COSTA PINTO MILL IN PIRACICABA CITY, BRAZIL



ROBERT QUIRK RECEIVING HIS CERTIFICATE FROM AUGUSTO FREIRE OF CERTID AT BONSUERO WEEK 2015, BRAZIL

“ I was indeed humbled and honored to receive the first Bonsucro farm certificate. This represents a significant first result of the commitment Bonsucro has made to transforming the way it recognises and engages with farmers.

I would like to thank the Farmer Working Group for their dedication and support over the past three years as we worked towards farmer recognition. While mine was the first, there are many more farmers who also qualify for a certificate. Thanks must also go to Simon Usher for forming the Farmer Recognition Taskforce and to the taskforce members who were key to achieving this outcome.

Robert Quirk
Farmer & Bonsucro Board Director

FARMER RECOGNITION



In 2014, Bonsucro made a commitment to exploring ways that it could better engage and recognise farmers for their role in the production of a thriving, sustainable sugarcane sector. In December of that year a taskforce was formed to deliver on this commitment and to help maximise farmer engagement in sustainability activity.

In June the Board endorsed the recommendations that were put forward by the taskforce, notably:

- Farmer recognition linked to the mill - To allow farmers already part of a mill's certification to receive a formal certificate for their contribution to sustainable production.
- Farmer recognition independent of the mill – To allow individual or group certification of cane farms who meet the agricultural component of the Bonsucro Production Standard.
- Recognition and support of Local Improvement Programs – to develop a system that recognises and supports organisations running formal farm improvement programs that deliver practical support and guidance to farmers in implementing sustainable farming practices.

The certification protocol has already been revised to deliver the first of these recommendations and significant progress has been made to achieving the other two.

Bonsucro Week 2015 saw the first Bonsucro farmer certificate awarded to Robert Quirk. Robert is a cane farmer in New South Wales, Australia, and has served on the Bonsucro Board of Directors since the Board's inception. A proud innovator in sustainable sugarcane farming, we congratulate Robert on his achievement and for leading the way for other farmers to be recognised for their work on sustainability.

PRODUCT LABELLING

Increasingly, businesses are opting to include an on-packet Bonsucro claim to support and highlight their work in promoting transformational change within the sugarcane industry.

One notable example is Coles, the Australian supermarket retailer. Coles are supplied by mill group Bundaberg Sugar, owners of two Bonsucro certified mills in Queensland. The Bonsucro logo now features on packets of Coles' Australian own-brand sugar.

“ Coles is delighted to have formed a new partnership with Bundaberg Sugar to supply Coles Brand sugar which is Australian grown. In addition, accreditation to the Bonsucro Standard ensures Coles Brand Sugar is sustainably sourced in line with our commitment to source responsibly with due regard for environmental and social impacts.

Sonya Rand,
Community and Sustainability Manager, Coles



We're very proud that this pack contains **BONSUCRO** Certified sugar, harvested by Australian sugarcane farmers. The Bonsucro Standard is a globally recognised scheme that ensures sugarcane production practices are environmentally sustainable. Working with Bonsucro is part of our efforts to protect Australia's precious habitats such as the Great Barrier Reef. To learn more, please go to www.bonsucro.com



INFORMATION

Product of Australia

Coles and the Red Ribbon Logo are trade marks of Coles Supermarkets Australia Pty Ltd, 800 Toorak Road, Hawthorn East, Vic 3123.

CUSTOMER CARE

Weekdays 8:30am-6:00pm EST
Saturday 8:00am-4:30pm EST
Call 1800 061 562 www.coles.com.au



Calorated 0.0g	0%	0.0g
Carbohydrate 5.0g	2%	100.0g
- sugars 5.0g	6%	100.0g
Sodium 0mg	0%	<5mg

Note: All values are per 100g unless otherwise stated. **BONSUCRO LOGO & CLAIM ON COLES' AUSTRALIAN OWN-BRAND SUGAR**

* Percentage Daily Intakes are based on an average adult diet of 8700kJ. Your daily intakes may be higher or lower depending on your energy needs.



MEMBER & STAKEHOLDER CONSULTATION DAY,
BONSUCRO WEEK 2015, BRAZIL

STRATEGY REFRESH

Those attending Bonsucro Week in Brazil this October took part in a consultation on key elements of our emerging strategy. Feedback from this session is being used to complete a new strategic plan, which will be presented for approval to the Board in March 2016.

Certification and Beyond

The revised strategy celebrates the extraordinary potential for sugarcane to create lasting value. Already the largest agricultural commodity in the world, we recognise the potential for the growth of a thriving, modernised, sustainable sugarcane sector contributing not only a low cost carbohydrate, but also cost effective energy and biomaterials as part of a sustainable global bio-economy.

The strategy respects the value of the tools and capabilities already created; the performance framework and verification protocol that make up the Production Standard; and the convening power of a truly global, multi-stakeholder organisation.

However, the strategy will take us beyond seeing certification as the end goal. Value is created for producers around the world through improvements they make working with local agencies. We will support and promote locally relevant ways of creating lasting value for the people, communities, businesses, economies and eco-systems of cane growing countries and regions. We will also challenge the current model for certification; exploring ways of providing assurance at scale, and bringing in partnerships that build capacity and transfer knowledge and technology. We will also become a far more proactive platform for change, including issue resolution and knowledge creation.

Changes in governance structure & funding model

For the new strategy to be effective we will also look to change the way the organisation is structured and funded.

Changes to the governance structure will require formal support of members, which we will ask for through a formal vote in 2016. In essence we are recommending replacing the current Board with three governance entities:

- A larger Members Council (with more representation)
- A smaller main Board (primarily skills based, with member voices represented by the Members Council's nominated representatives)
- A Technical Advisory Board, specifically focused on ensuring the standards and assurance options are globally credible; and also that Bonsucro is actively creating and transferring knowledge for the sector.

The funding model is harder to 'fix', as we need to remain financially sustainable. What we do know is that the charge per tonne on production does not support value creation, and that we need more core funding to invest in building global and local partnerships.

SUMMARY OF MEMBER ANNUAL REPORT RESPONSES

Every year we ask members to respond to the Annual Member Report, a requirement of the Code of Conduct that enables the Secretariat to understand members' views regarding Bonsucro, areas for improvement, and members' own contributions to Bonsucro's mission. 112 members responded in 2015, a slight increase from last year.

WHERE VALUE LIES

Sector alignment, bridging partnerships, and enabling knowledge exchange

Member responses showed strong endorsement for Bonsucro's role in:

- Creating sector alignment
- Providing a common language that aligns understanding, action and results at scale
- Member engagement that drives partnership building, knowledge exchange and facilitated issue-resolution
- Providing transparency to buyers/clients
- Providing guarantees around suppliers' legal compliance.

It was felt that these values are enhanced by Bonsucro's:

- Democratic processes
- Carefully safeguarded credibility of the Standard.

Tools/Benchmarking

Bonsucro's Calculator was again mentioned as one of the most important services maintained by Bonsucro. The tool enables:

- Effective performance tracking
- Mill and farmer insight on where improvements can be made.

Nonetheless, members see a great opportunity for Bonsucro to further develop this and other tools and help the sector to better map and understand challenges and opportunities.

AREAS FOR FOCUS

Market focus/market development

The most cited areas for focus include:

- Encouraging more commitment from buyers in promoting demand and in encouraging more uptake of certified products
- Promoting greater alignment among buyers to reduce the necessity for multiple audits
- Working more closely with local buyers (not necessarily associated to global brands) which have strategic relevance in their specific regional markets.

Bonsucro is currently looking into ways in which trades can be facilitated, including improving trading platforms and rules, as well as reducing costs to producers.

Sharing more stories and promoting a business case

Other highlighted areas for focus related to positive news stories including:

- Sharing member success stories and business cases, to inspire more producers, traders, and buyers to take action
- Increasing the amount and frequency of communications regarding;
 - Members' initiatives

- Stories in relation to social, environmental, and economic improvement
- Their journeys towards Bonsucro certification.

Identifying collaborative projects/defining impact priorities

As a global platform with its unique overview of multiple initiatives in the sugarcane sector, Bonsucro could transform the sector as a whole and more rapidly by:

- Helping the sector to define impact priorities
- Focusing efforts and resources on strategies
- Promoting collaboration across a wide range of stakeholders and geographies
- Dedicating more time to building partnerships and alliances to identify and solve key global challenges.

Market focus/market development

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MEMBERSHIP



Bonsucro membership has continued to grow considerably, both in size and representation, over the past year, from just over 200 members in October 2014, to 454 a year later. Geographic scope also expanded, with new countries represented including Sweden, Cambodia, El Salvador, Italy, Singapore, Dominican Republic, and Sudan.

The most significant growth comes with the entry of over 200 Indian farmers into membership, mainly from Madhya Pradesh and Tamil Nadu states. Adding further depth to the Bonsucro community are some of the world's largest trading, refining and manufacturing groups.

Global leaders in biotechnology innovation have strengthened the Intermediary category, whilst some of the biggest mill groups from the world's biggest producing countries are welcome additions to the Industrial category.

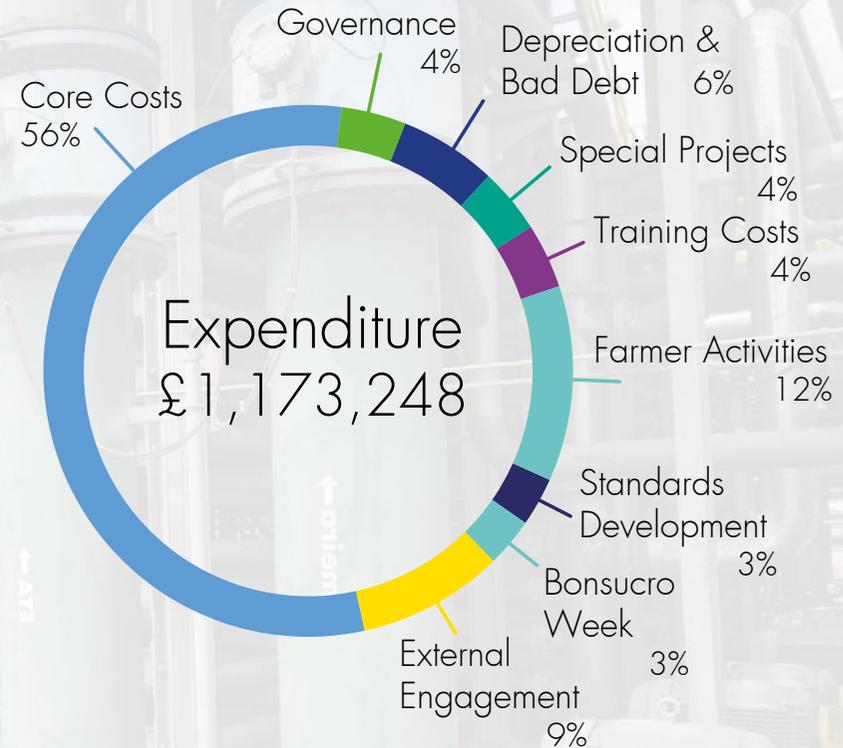
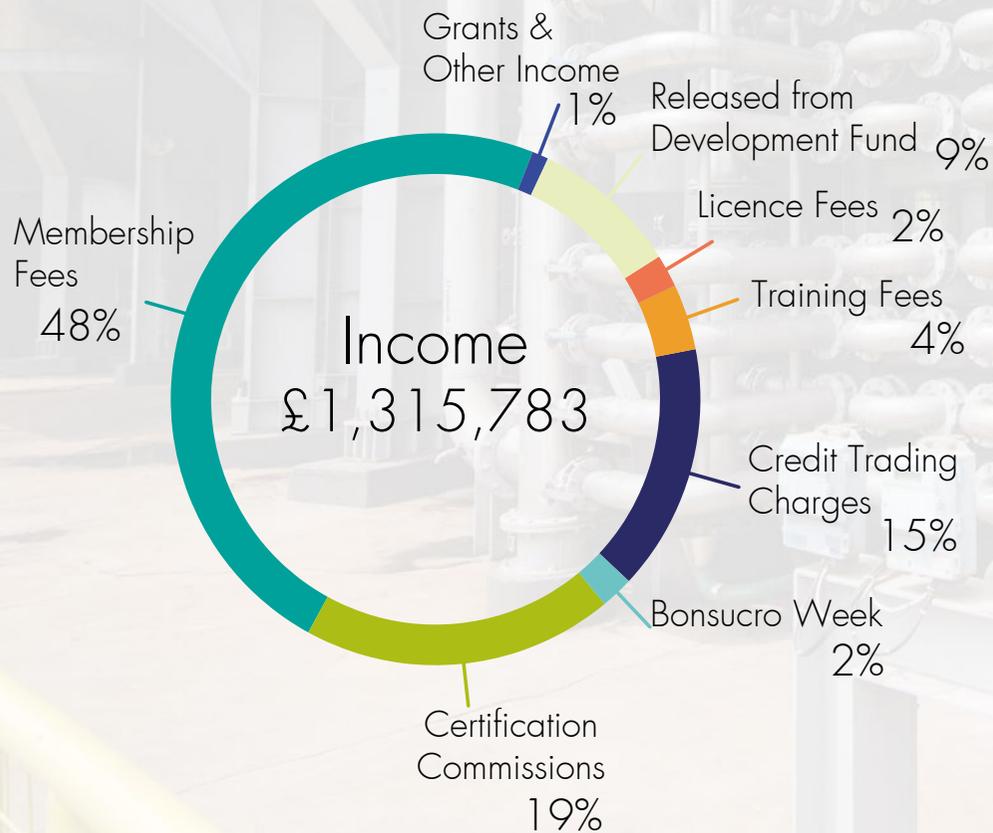


MEMBER CONSULTATION DAY, BONSU-CRO WEEK 2014, PHILIPPINES

FINANCIAL SUMMARY 2014/2015

This is a consolidated statement of the audited accounts for Bonsucro (Better Sugarcane Limited) for the period from 1 April 2014 to 31 March 2015.

A surplus of £142k was reported in the accounts, comprising an operational surplus of £22k and deferred development fund income of £120k released from reserves.



BONSUCRO BOARD OF DIRECTORS

Current Board

- End User:** David Howson, Gabriel Guzman
- Civil Society:** Robert Cocco, Sven Sielhorst
- Farmer:** Robert Quirk, Bruno Rangel
- Intermediary:** Callum Walker, Diane Stevenson (Vice-Chair)
- Industrial:** Marina Stefani Carlini, Peter Dibella, Michel Henrique R. Santos (Chair), Gabriela Toscano



BONSUCRO BOARD DIRECTORS,
BONSUCRO WEEK 2015, BRAZIL



SUGAR SACKS, SÃO PAULO STATE, BRAZIL

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'Bonsucro' is a registered trademark in Australia, Brazil, China, the EU, Indonesia, Israel, Norway and a trademark in other countries.

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

E&OE: Information correct at time of publishing - December 2015

Bonsucro Progress Report 2014/2015

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