

Sustainability management in the value chain: from farm to table

*Review copy for use of the IFAMR. Not for reproduction or distribution.
Dated December 15, 2008.*

Sustainability management in the value chain: from farm to table

Executive Summary

This case study is about how Bunge in Brazil, the biggest player in the Brazilian agribusiness sector, acts with an almost totally verticalized soybean production structure.

We decided to write about soybean because it shows how it involves the organization regarding sustainability issues and because it relates to Bunge Fertilizantes and Bunge Alimentos in the productive chain. The first company acts supplying fertilizers to the Brazilian farmers while the second acts after the production step, buying and selling the obtained products.

Bunge adopts the sustainability mindset also making its partner farmers to also develop similar values and actions to maintain a process coherence that adds value to the final product.

Therefore, Bunge developed an expansion of its brand value because it always acted sustainably. To understand how Bunge manages to do this, both the company's structure and strategy and the tools Bunge used were analyzed to verify which are the competitive advantages that makes Bunge a leader in the Brazilian market.

One way to guarantee that the products received by the farmers have a standard quality and to ensure that the production means meet all legal restrictions Bunge acts together with the farmers following a four step approach: Awareness, Tools, Recognition and Enforcement.

Then, four mini-cases were elaborated – Environmental Responsibility in the Agricultural Production, Conservationist Actions in Agriculture, Cerrado Forests Rescue and Bunge Brazilian Farmer Award to explain how the three first steps occur.

Abstract

This case study is about how Bunge in Brazil, the biggest player in the Brazilian agribusiness sector, acts with an almost totally verticalized soybean production structure.

Bunge developed a brand value expansion path because it always acted sustainably. Therefore, to explain how this occurs in the company, the strategies, structures and used tools were studied. So that it would be possible to verify which are the characteristics that make it a leader in the Brazilian market.

Furthermore, we elaborated four mini-cases to exemplify how Bunge acts jointly with the farmers along the productive chain.

Keywords: value chain, sustainability, soybean, Bunge, strategy.

Sustainability management in the value chain: from farm to table

The study case contributes for us to understand how the production chain and the strategy connected to it work. In order to do so an Agribusiness System of Bunge was drawn and after that we explained how the links are interconnected and in which ones Bunge is present.

Furthermore, there is an explanation about the markets Bunge is acting in Brazil and the current competitive environment of soybean and of fertilizers.

Another learning point of this study is to show how the structures and strategies are consolidated and how decisions are taken regarding the sustainability projects that Bunge develops. This can be benchmarked for other companies that wish to put sustainability into action, in an effective way.

The Coordinated and Sustainable Agribusiness Challenge

During the last decades, the Brazilian agribusiness gained relevance in the global scenario, consolidating as a global food, fiber and clean energy provider.

Since the ending of the 1990 decade, Norman Borlaug¹, Nobel Peace Prize winner in 1970, puts the Brazilian Cerrado as one of the main granaries in the world. A region where the agricultural expansion can be done through the use of new areas or through the increase of the productivity by the use of new technologies.

That perspective is getting closer to reality day after day. The Brazilian agribusiness is the first in exporting and commercializing sugar, ethanol, coffee, orange juice, tobacco, livestock and poultry. And it is the second in soy grains and bran and pork². Besides

¹ <http://www.normanborlaug.org/> visited in 23rd of July 2008. Prof. Norman Borlaug was awarded the Nobel Peace Prize in 1970 for leading a broad program to raise global agricultural production by genetic improvements, intensive use of industrial fertilizers, mechanization and management cost reduction. This program is known as Green Revolution.

² Source: Secex/MDIC and DPIA/MAPA, Jan. 2008

this, Brazil shows a great prospect for growth, consolidating as the main global player in many agricultural commodities in 2015, as shown by Table 1.

Table 1 – Participation of the Brazilian Agribusiness in the International Market

Products	2015
Poultry	65.8 %
Ethanol	66.7 %
Sugar	54.0 %
Soybean	46.0 %
Coffee	30.0 %
Pork	50.0 %
Corn	9.9 %
Cotton	7.9%

Source: Elaborated from Anuário Exame 2007/2008 – Agronegócio, Jun. 07, p. 17

This strengthening of Brazil as one of the main global suppliers contrasts with the various barriers to the Brazilian agricultural products.

After dealing for many years with the expansion using new areas, with the search for gains with scale of production and productivity improvements using new technologies, envisioning to guarantee the food security and an adequate supply. And with food security issues guaranteeing product quality attributes that are relevant to the consumers such as health by investing in standardization programs, accreditation and traceability, the agribusiness will face a new challenge.

Products, agricultural producers, and companies involved with the agribusiness, in the last years, are being asked about their sustainability actions.

Many see the agribusiness, the farmers and the companies involved with them as responsible for many environmental problems such as deforestation of forests and of the Cerrado.

Facing the future and analyzing this situation, this challenge, considering the history of sustainability actions done by the company, Adalgiso Telles³ and Michel Henrique dos Santos⁴ debated at Bunge's office in São Paulo the strategic importance of Sustainability to the company.

How to avoid that the antagonistic positions of the sectors prevent the development of integrated strategies with the participation of those who are interested and the farmer

3 Director of Corporate Communications

4 Manager of Corporate Marketing and Sustainability

involvement? How to stimulate the farmer to raise the productivity of his areas and also to keep the soil producing for many centuries to come? How to avoid the loss of soil fertility and the reduction of available water and to protect the regional biodiversity? And mainly, how to strengthen and consolidate all over the company the business strategy based on the sustainability concepts both within Bunge and within the coordination of the producers, in order to meet the current necessities without compromising the possibilities of future generations?

BUNGE TRAILS

Bunge is leader company in Brazil in origination (purchase) of grains and in processing soy and wheat and in the production of fertilizers and ingredients for animal nutrition, in the production of food products and in port services. By the end of 2007 (attachment 10) was registered R\$18.18 billion worth of net Sales, representing approximately a 32% increase when compared to the previous year.

Bunge is the largest exporting company of the Brazilian agribusiness, it has over 300 units among factories, distribution centers, warehouses, silos and transshipment units. It is located in 16 Brazilian states and has 8.909 employees in Brazil⁵.

Bunge has 103 years of history in the country and almost 200 years of history in the world, initiating its activities in Amsterdam, The Netherlands, in 1818. It was founded by Johannpeter G. Bunge, as Bunge & Co. and back then it used to commercialize grains and other products originated from Dutch colonies. During these almost 200 years of history, Bunge diversified its activities throughout Europe, America, Asia and Middle East, already changed its headquarters to Buenos Aires (Argentina), São Paulo (Brazil) and White Plains in New York (USA) – where it is located since 1999.

Present in Brazil since 1905, the company diversified widely its activities during the 20th century, acting in the sectors of textiles, paints, chemicals, cement, finance and insurance, among others.

It is during the 1990s that Bunge reviews their strategy and decide to focus on the areas of fertilizers, agribusiness and food products. This strategy is consolidated in August 2001, when the company issued their first common stocks at NYSE.

Development in Brazil

⁵ Based on Bunge's Sustainability Report – 2008 Edition

Bunge has wheat as the commodity that was responsible for their starting their history in Brazil. In 1905, the company started to have a small share of the company S.A. Moinho Santista Indústrias Gerais what permitted them to do a strong expansion in the country. In 1923 Bunge purchased Sanbra, and then they initiated their business with the vegetable oils. Later a food company union would originate Bunge Alimentos S.A. In the year 1938 Bunge starts to act in the fertilizers area with the foundation of the company Serrana S.A. de Mineração. It starts to produce phosphate, produce and sell fertilizers, raw materials and nutrients from Serra do Mar. Years later, the union of this company with others of the same sector will join and create Bunge Fertilizantes no Brasil.

In 1947, to offer logistical support to the company's logistic operations in the country a new company is created called Fertimport.

The 1990s and the beginning of 2000 is marked by a great expansion process via mergers and acquisitions. Companies such as Ceval Alimentos (soybean processing and production of bran and oils from soybean) and IAP (fertilizers) where purchased in 1997; Fertilizantes Ouro Verde in 1998 and Manah in 2000.

In 2000, Bunge Fertilizantes⁶ and Bunge Alimentos⁷ were created. Bunge Fertilizantes is a result of the union of Serrana, Manah, IAP and Ouro Verde while Bunge Alimentos a result of a merger of Ceval and Santista.

In 2007, Bunge started to act in the sugar and ethanol sector purchasing their first mill in Brazil.

The brands (Attachment 26) owned by Bunge for food products⁸ are: Delícia, Primor, Soya, Cyclus, Salada, Bunge Pró, Bentamix and Pré Mescla. Bunge Fertilizantes has other brands: IAP⁹, Ouro Verde¹⁰, Manah¹¹ and Serrana¹².

During the year 2005, Bunge completed 100 years in Brazil with the campaign: "Only those who look to the future gets to be 100 years old".

It reinforces the company's concern with future generation sustainability. This concern in the company is historical. In the year 1955, fifty years after Bunge arrives in Brazil,

6 <http://www.bungefertilizantes.com.br/>

7 <http://www.bungealimentos.com.br/home/default.asp>

8 <http://www.bungecomvoce.com.br/>

9 <http://www.iap.com.br/>

10 <http://www.fertiouroverde.com.br/>

11 <http://www.manah.com.br>

12 <http://www.serrana.com.br>

they created the Fundação Moinho Santista that currently is called Fundação Bunge¹³. This institution's objective is to promote citizenship, by education and knowledge.

The Competitive Environment of Fertilizers, Originating Grains and Final Consumer Products

The Fertilizers Market

One of the main agricultural inputs of the Brazilian agribusiness, responsible for productivity gains, the fertilizers represent approximately 40% of the total production cost according to ANDA (2007).¹⁴ In the last years, the price raise of the raw material in the international scenario had a direct impact on the prices of this product since, e.g. nitrogen prices vary according to oil and urea prices and according to natural gas price variations too.

According to IEA¹⁵ data, in the year 2007, the fertilizers market was improving and that caused an increase of 24% of Sales due to a strong demand for grains sugarcane and cotton related products.

The most important companies that work in the sector of producing and mixing fertilizers are: Bunge Fertilizantes (33% market share), Yara (8%), Mosaic (11%) and ADM (6%), according to data produced by ANDA (2006)¹⁶ (Attachment 4).

Bunge, for instance, is the only company that is totally verticalized in Brazil. As stated, Bunge Fertilizantes has four brands: IAP, Manah, Ouro Verde and Serrana. Even with the corporate decision to keep the brands, just because each has their own secured customers, the brands have a competitiveness history for they were once competitors. Bunge managed to create a harmonic environment where all brands compose one unit that share information but act separately.

Different positioning can be observed for each of them. Manah and Ouro Verde demonstrate more agronomic appeal while Serrana is more focused on farmers management system and with physical characteristics of the product.

Recently Bunge announced that they will invest in four projects to expand the production of raw materials used to produce fertilizers such as phosphorus to strengthen the internal production of fertilizers.

13 <http://www.fundacaobunge.org.br/site/>

14 Brazilian Association for Fertilizers Dissemination (www.anda.org.br)

15 Institute of Agrarian Economy (www.iea.sp.gov.br)

16 ANDA (<http://www.anda.org.br/home.aspx>)

For the commercialization of fertilizers, a common way to deal with it is to trade the fertilizers for products. This way the farmer can pay for the fertilizer months after using it by giving some of his production as a payment method.

The Soy Origination Market and Related Products

Brazil, besides being the second global soy producer, is also leader in its external sale and the 2007 harvest had a production of approximately 58 million tons – according to ABIOVE¹⁷ (Attachment 5) – obtained on an area of 20.69¹⁸ million ha. For the year of 2008, the estimate is that the harvest reaches 59.8 million tons with the production from the states of Mato Grosso, Paraná and Rio Grande do Sul¹⁹. Data from the Ministry of Development, Industry and Foreign Trade (MDIC)²⁰ of 2006, this data shows that the soybean exports went from US\$ 9.3 billion representing a total of 6.77% of the exports in Brazil.

The large companies that process soy in Brazil are multinationals of the agribusiness sector. Bunge, Cargill, ADM, Coinbra – which belongs to the Dreyfus Corporation – and the Brazilian Caramuru Alimentos S.A.²¹, are responsible for over 50% of the crushing of soybeans in the country.

Bunge which originates from 12 to 15 million tons of grains each harvest is the largest agribusiness exporting company in Brazil. In the year 2007, it exported US\$ 3.055 billion.

In the Brazilian market, the company leads the production of wheat flour and of pre-mixed flours destined to the food industry, bakeries, restaurants, bars and others. It is the leader also in the grains origination and in the soybean and wheat processing.

The Expansion of the Sustainability Strategy for the Value Chain

As for business strategies, Bunge focuses theirs in four priorities:

- (1) Strengthen the main businesses;
- (2) Leverage existing positions to join additional value chains;

¹⁷ Brazilian Association of Vegetable Oil Industries (www.abiove.com.br)

¹⁸ CONAB : www.conab.gov.br

¹⁹ IBGE: www.ibge.gov.br

²⁰ www.mdic.gov.br/

²¹ <http://www.caramuru.com/home.htm>

- (3) Improve efficiency and customer orientation in order to compete at the highest level; and
- (4) Leverage a decentralized and more integrated approach to obtain competitive advantages.

Bunge's strategies can be observed by the way the company operates and by the actions established in the productive chain it participates. Therefore, since Bunge makes the connection from producer to consumer, they develop an environment where it is possible to create advantages not only for itself, but for all its stakeholders. While dealing with the producers, the company manages to create a scenario to develop better and more competitive products in the market.

An asset in the company's actions is the fact that the farmers are suppliers of grains to Bunge Alimentos and clients of Bunge Fertilizantes at the same time. This makes the company to establish a cycle in which they collaborate with the clients presenting them a team of agronomists that will suggest solutions to increase the production sustainably and profitably.

With this way, if the farmer produces more, Bunge can buy more from him and sell too in a win-win situation.

Bunge faces challenge to integrate the productive chain because there are logistic problems and infrastructure problems in Brazil. The country is very large and is connected almost exclusively by roads, the most expensive way of transportation, and also it is very difficult to distribute the production.

The sustainability issue is not new for Bunge. Actions related to social, environmental and economic responsibility always existed in the company, but they were isolated and without the new naming "Sustainability".

That can be proven by the existence of Fundação Bunge since 1955. A nonprofit organization that is focused on realizing projects related to education. It is maintained by three companies owned by Bunge Brasil and it seeks the relationship with these supporting companies and their stakeholders in discussions and elaborations of social and educational projects in the communities in which the company acts. Bunge works with a global strategy of sustainability, but developed locally by its companies in each country they are.

The subsidiaries have freedom to decide how they're going to act on their region. This freedom exists over a global policy based on transparent actions, shared management and acceptance of global compromises.

The documents that guide the organizational culture at Bunge are their vision and their values (focused to the promotion of the welfare of clients, employees, stockholders and community) (Attachment 31), its Ethics Code (that establishes guidelines for negotiation techniques) (Attachment 29), and its Sustainability Ethics (orients the companies regarding the group compromise with the sustainable development) (Attachment 28) and the Global Environmental Policy followed by it.

This way, Bunge manages to consolidate a single image globally and manages to an example for their sustainable actions. In 2007, the brand Bunge was elected the most valuable one in the country, among the companies of the agribusiness sector, and 17th most value brand among all the Brazilian companies according to the British consultancy company Brand Finance²². The evaluation was done based on social and environmental criteria, quality of products and services, and governance.

Bunge, in Brazil, leads global actions to promote sustainability, and this gives them a competitive advantage for promoting good projects that have good results and amplitude.

Regarding Sustainability, the external pressure is very strong in Brazil and is the center of attention for this issue for Bunge. Even though the company is currently in 30 countries, Brazil is very important for the world agricultural production, and the consumer markets of the buying countries must trust the products they're consuming, must know how the food products are being produced and most importantly, what Bunge, as the coordinator company of the value chain, is doing to lower the impacts of this production, either reversing the deforestation on the existing areas or helping to consciously use new areas.

In order to deal with these issues, by the end of 2005, a specific management was created to coordinate the investments. Known as Sustainability Management, it is responsible for investment decisions on sustainability programs, for coordinating the activities of the three companies in Brazil and to align everything with Bunge's strategic decisions.

²² <http://www.brandfinance.com>

All the social, environmental and economical actions, which used to be developed by the company in an isolated way, are coordinated by this new area. The organization of this structure envisions the consolidation of the stated action and the standardization of initiatives.

The structure of the Communication, Corporate Marketing and Sustainable Development areas (Attachment 9) have as their director Adalgiso Telles, and he reports directly to the presidents of Bunge in Brazil, Mario Barbosa from Bunge Fertilizantes and Sergio Waldrich from Bunge Alimentos, and also informing Alberto Weisser, president of Bunge Limited, about the actions being done in Brazil.

These directors are responsible for the group's positioning, guidelines and policies. The implementation at an institutional level is also their responsibility, but the projects execution is a responsibility trusted to the area managers, depending on where the projects are developed.

The Sustainability Area Manager, Michel Santos, has as his main responsibility the decisions regarding the sustainability. Those issues represent 90% of the scope of his work. It is up to his area to think about the sustainability actions of the group in a holistic way.

In this structure, there are also a communication and press relation management, a community relations management and a communication and institutional relations management. The structure deals with the internal coordination, events and sponsored projects.

Although being a short internal team, Bunge presents a solid structure in this area and it is considered a benchmark for the companies that want to develop sustainability programs. Since 2006, the company has been receiving visitors from large global companies to understand the management of these projects.

The Communication, Corporate Marketing and Sustainable Development Directors chose the projects to be developed according to the risk and return each one presents. The priority projects are those that will deal with a more imminent risk, the general idea is that the projects should foresee a problem and not only try to fix it. "They are not only fix problems projects, we must be proactive with these issues", states Michel.

The logic to choose the programs and projects seeks to select the social responsibility actions that result in reputation gains (figure 1) leveraging business opportunities, reducing potential risks and as a consequence preserve or add value to the company.

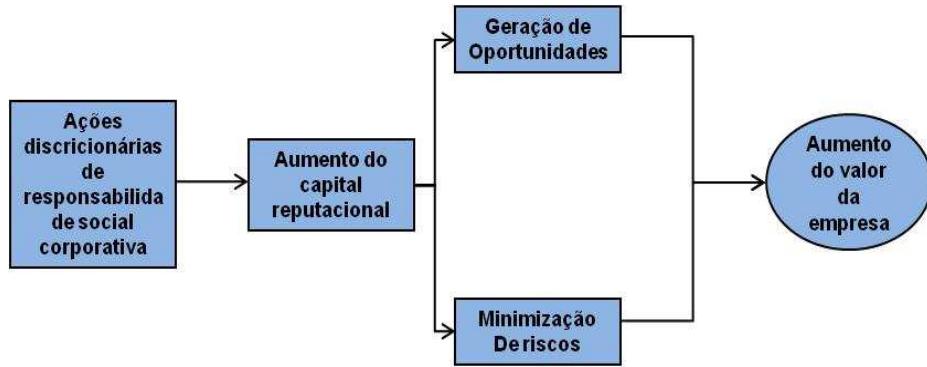


Figure 1: Value Creation Model from Discretionary Actions of Social Responsibility

Source: Adapted from Fombrun (2000), *apud* Machado Filho (2006)

The creation of opportunities to the company is derived from the construction of relationships with the community, seeking to maintain a freedom to operate and to work; to increase the morale among the current workers; to prepare and attract potential consumers; to create an environment in which the company can develop.

The minimization of risk involves the reputation capital management, and as a consequence, its market value before eight groups: community, government, regulation agencies, clients, partners, employees, investors, society and the press.

There are more than 30 initiatives in all the chain links that Bunge acts (Attachment 34-36). The group has sustainability programs from the mining of phosphate rock, the production of fertilizers to the step that defines as after consumption, working mainly with the recycling of packages, cooking oil and others.

In the year 2007, about R\$23 million were invested in environmental projects in different Brazilian states. The group destined to the government about R\$ 1 billion worth of taxes.

Besides this, the communities in which the company is part of received about R\$ 10 million worth of social investments and infrastructure²³. For these projects, Bunge establishes an open communication with all agents involved: NGOs, clients, suppliers, financial institutions, government, employees and specialists.

Since 2003 the company publishes every year, reports about the development of its projects, considering the economical, social and environmental scenarios. In 2005,

²³ All these information about the resources given to projects can be found in Bunge Sustainability Report, 2008 edition.

Bunge in Brazil implemented an international standard to format the report content, the GRI, Global Reporting Initiative²⁴ (Attachment 37).

GRI is a group composed by companies, associations and other organizations from different parts of the world whose mission is to develop an international standard for reports that meet the consumers, investors, communities and others expectations. For the management of the Sustainability projects of Bunge, the report represents a support tool to the decision making process in the company and in each area of the company is responsible for describing its activities in the report. The compromise to elaborate it every year makes all areas to be involved and to discuss what needs to be improved, which actions are more adequate and mainly the new demands and results obtained by the company forming a complete system.

In order for all this to work, the company has some control mechanisms. There is an internal auditing that evaluates the companies' conduct and if there are conflicts between different areas, it is also responsible for evaluating if the data provided by the company is correct.

An external auditing is also done to verify the existence of frauds and mistakes. With the external evaluation, the company obtains more credibility on its reports and actions. Other controlling institutions are the Advisory Board and the Executive Committee. The first is composed by Bunge Limited, Bunge Alimentos and Bunge Fertilizante's presidents and by guests experienced to evaluate the company's strategies and to observe the market tendencies. The other, which must evaluate the corporate actions on a tactical level and to monitor how the Ethics Code is being used, is composed by directors of Brazilian companies.

Although all the improvements of the sustainability area, there are still many challenges.. Among them, Michel states that sharing a common vision of the programs in all areas, in order for all the company to address these issues, is the biggest challenge. Other important challenges are the actions coverage, the challenge to make the programs larger in order to reach a higher number of those involved as possible.

²⁴ <http://www.globalreporting.org/Home>

Bunge and the Soy Producers Coordination in Brazil

Bunge is a company integrated vertically. It acts on almost all links of the Soybean Productive Chain. The only thing Bunge doesn't do is farming, the part of the chain that most questions about sustainability are made to.

Figure 2, represents the Bunge's agribusiness system in an amplified way, highlighting the company on each link.

From the mining of phosphate rock, that produces the raw material for the fertilizer industry, the production of bran and soy oil, to the final consumer product, the company and its sustainability programs even reach the recycling of the product remains such as cooking oil.

The Bunge fertilizer is used for many different crops, but soybean represents about 60% of the sales. And since almost all products are based on the soybean chain, many sustainability projects and strategies are connected to this chain. Bunge sees the farmer as a grains supplier (Bunge Alimentos) and also as a client (Bunge Fertilizantes) as stated one of the companies' competitive advantages. This situation makes the relationship between the farmers and Bunge to be different from the traditional processes of other companies that buy grains, in which the bargaining power of these companies is almost the only negotiation point with the farmers. This relationship between Bunge and the producer is perceived in the fields, where Bunge's specialized team of agronomists, from one side, understands the farmer as a client, offering productivity solutions for the crops and a sustainable and profitable agricultural development, and from another side sees the farmer as a grains supplier.

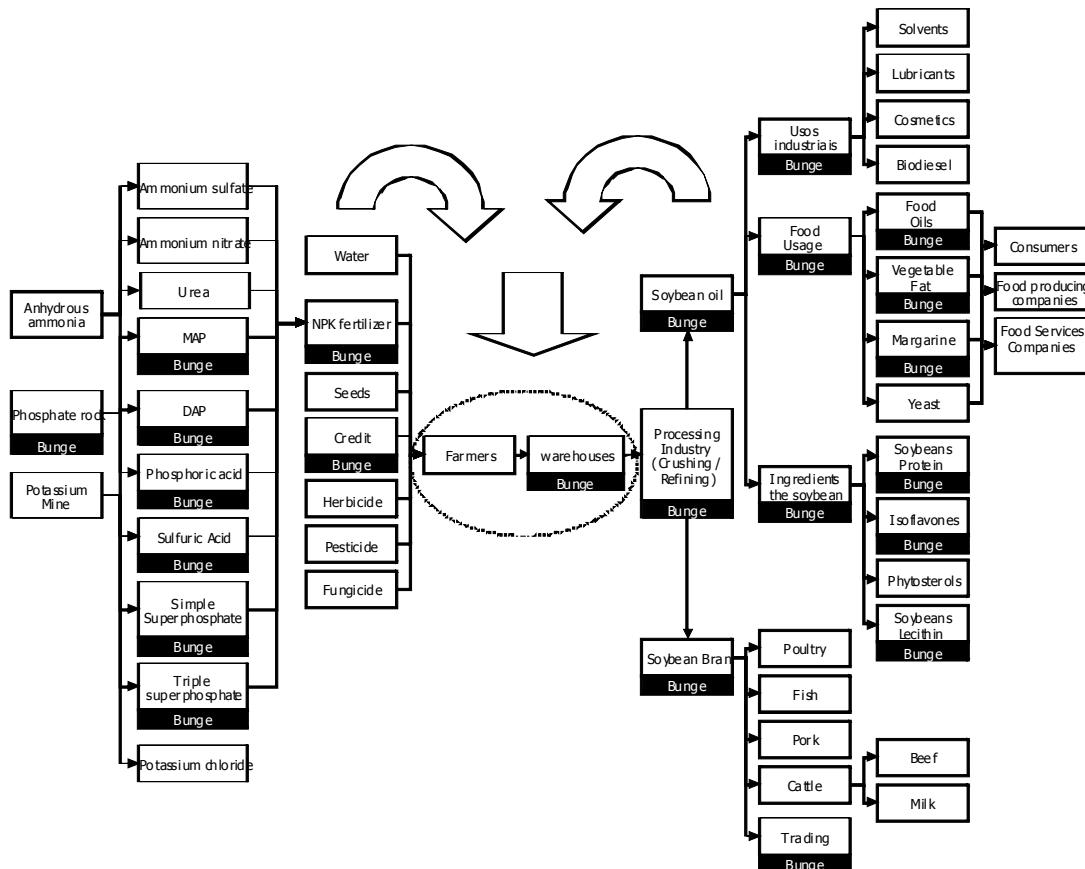


Figure 2 – Soybean Productive Chain (Bunge)
Source: Elaborated by the authors based on Bell and Shelman (2006)

This way, the farmer is the link of the production chain that Bunge doesn't have a more direct control, and because of this, is also one of the links that has more sustainability initiatives connected to the system. Which incentive mechanisms to the farmers are used by the company? How to attract the farmers, who are the crucial link for the survival and success of Bunge, and increase their loyalty? Bunge has a strong link with the farmers, since they help them to keep their business sustainable, being one of the reasons that make them loyal clients to the company.

If for one side, Bunge seeks to help the farmers to be sustainable, on the other side, it acts on different issues, developing internal programs to benefit its employees, programs that deal with the society and the final consumer by means of social economical and environmental programs.

The detail description of these efforts facing the Productive Chain can be seen on the Attachments 34 to 36.

This way, the organization manages to be in the same levels it doesn't act directly, as a company that transforms products making partnerships with the government, NGOs and associations contributing to the community it belongs.

Since Bunge is not focused on producing its own grains, it must promote among its partners, raw material suppliers and its fertilizer clients, the agriculture good practices, including legal compliance with environmental and employment legislation, and the efficient use of resources.

The investments planning and management in sustainability follow 4 steps to address the farmers, as demonstrated by figure 3 below.

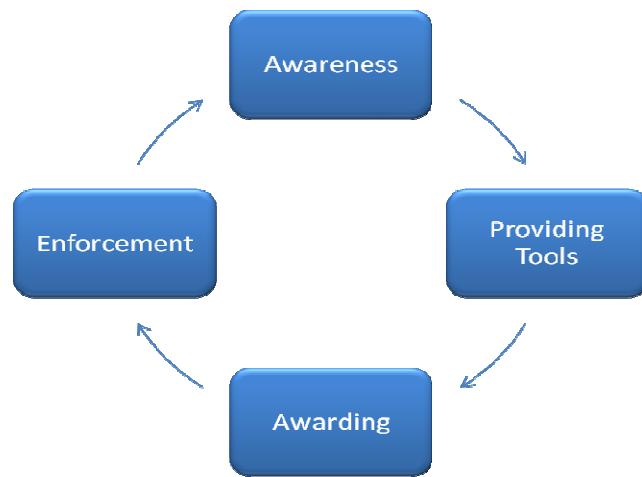


Figure 3 – Steps to approach the farmer
Source: based on interviews with Telles and Santos (2008)

On the first step of the approach, Bunge works with the farmers' awareness. On this step, the importance of the sustainable development is addressed. On the second step, the company investment focus on supplying tools needed for the farmers to develop good practices according to what was presented or taught.

The next approach is the farmers being recognized for their actions. Bunge awards the farmers that manage to align sustainability issues with their production, with an innovative practices and a good performance.

At last, when the good practices conflict deeply with Bunge's objectives and strategies and that potentially offer risks for the sustainable production or to the coordination of the Productive Chain as a whole, the company isolated or together with other entities, can implement restrictive actions for the farmers that didn't managed to use the methods

offered by Bunge and didn't applied the sustainability values. On this step of enforcement²⁵, it is possible to establish accountability systems so that the farmers will implement sustainable measures and actions. These systems can range from the termination of contracts to blocking the farmer and preventing one from buying fertilizers and selling one's grains if not following the rules of a sustainable production, according to the contract terms. Bunge is directly compromised with ending the forced labor, similar to slavery, being the first company on its industry to be a signatory of the National Slave Work Eradication Compact, elaborated by the International Labor Organization, Labor Ministry of Brazil and NGOs. The tracking of the farmers, as for the grains sale and for the purchase of fertilizers, prevents those listed from doing business with Bunge. The Soybean Moratorium is another example of how it is possible to take governance compromises, one example is that Bunge doesn't buy soybeans from crops cultivated in soils from the Amazonian Biome and were deforested from July 2006 till July 2009. Still, while being part of the Roundtable of Responsible Soy, Bunge collaborates with an international initiative for the establishment of social and environmental criteria for the global soy production. All these examples are ways to generate social and environmental compromises with the producers, many times being more demanding than the legislation.

The challenges faced on each of the three first steps of the approach of Bunge's sustainability coordination: (1) Awareness, (2) Providing Tools and (3) Awarding, are discussed on the 4 mini-cases, represented below.

Table 1: Steps to approach the farmer and the Mini Cases (examples)

Awareness
Model for Environmental Responsibility in Agricultural Production.
Tools
Rescue of the Cerrado Ecosystem and Conservationist Practices in Agriculture.
Awards
Brazilian Farmer Bunge Award

²⁵ Implementation, Suppression, coercion

Environmental Responsibility in Agricultural Production

Environmental Responsibility in Agricultural Production is the first case to be exemplified in the Bunge approach steps: the awareness step.

It's a brochure developed by Bunge with the support from the Environment Ministry of Brazil, with the goal of warning the farmers about the environmental laws, with a simple way for them to easily understand and apply the environmental legislation. Bunge printed twenty thousand copies of this brochure, and those were distributed by Bunge field teams, by the Environment Ministry of Brazil and by the Brazilian Institute of Environment and Renewable Resources (IBAMA), and it was also distributed electronically by download option at the company's website.

Telles explains the important of this brochure: "Brazil has the most modern existing environmental legislation, and maybe because of this, due to its rigor and detail levels it is so complex, and that can represent a barrier for the farmers understanding. We work together with the Environment Ministry of Brazil in order to make this learning easier and more practical, so that the farmer understands and manages to regularize his properties regarding the environmental issues, without exposing themselves, which they fear a lot. Many of them make environmental mistakes just because they don't know the legislation."

Telles, also stresses the importance of the program developed in partnership with the Environment Ministry of Brazil: "The partnership with the Environment Ministry of Brazil on the elaboration and distribution of the brochure indicates the importance of the public-private partnership, that results in a very helpful product for the Brazilian agricultural producer, while connecting even more the agents of the agribusiness productive system".

The big challenge of the program was to start it. The development of this project needed the collaboration and involvement of the Environment Ministry of Brazil. The brochure would only be validated if it had the endorsement from the Ministry.

After a better understanding of the implemented strategy by the company, the development of the brochure followed the technical criteria for being elaborated jointly with the Environmental Ministry of Brazil.

In the brochure, it's possible to find many information about the sustainable production, such as: social responsibility in the agricultural production, Brazilian biome territorial division, regularization of the productive activities, agricultural best practices, techniques for soil usage that cause a lower impact, natural vegetation, water usage, new business opportunities for the rural producer and information sources, focusing the biome cerrado (Brazilian savanna).

The main benefits brought by the brochure are:

Rural Proprietor	Environment	Bunge
<ul style="list-style-type: none">• Better understanding of the environmental legislation;• Opportunity to comply with the Forestry Code	<ul style="list-style-type: none">• Protection of slopes, springs and water courses• Higher environmental protection	<ul style="list-style-type: none">• Dissemination of environmental "responsibility" among its suppliers and clients• Strengthening of supplier / customer relationship encouraging sustainability• Value added of "sustainable company" to its brand• "Guarantee" of sustainable production• Creation of an initial mechanism of products certification

The challenges for the continuity of the way to supply information to the farmers, maybe could have different efforts to reach a larger number of proprietors, although the demand for the brochure is already large. Another challenge to be faced is to measure the effectiveness of the communication provided by the brochure, referring to the farmers understanding and to the action results, and what they do meet the legislation.

Conservationist Practices in Agriculture

Conservationist practices are one of Bunge's courses of action in sustainability. It belongs to a general program of Responsible Agriculture of the company, of which the brochure is part of. These practices come to exemplify the second step of Bunge

approach to the farmers, together with the program that will be presented below (Rescue of the Cerrado Conservation Areas), the step: providing tools.

The Conservationist Agriculture is a set of agricultural techniques and tools that help the farmers to adequately use the fertilizers in the precision agriculture.

The conservationist agriculture started in the 70s, with the new technique No-till Farming in Brazil, to adapt the traditional way to cultivate (the one brought by the Europeans) to the climate and tropical soil. This technique caused a new mindset on people and on their actions and it was crucial to put Brazil currently as an important player in the global agricultural production. This technique was always tracked by Bunge that divulged on the agribusiness environment for considering it a starting point for the conservationist agriculture. For doing so, the company contributed to the improvement and rationalization of the production of the farmer that supplies food with the necessary nutrients for humans and animals.

Another technique applied by Bunge, since 1997, is called precision farming. It was imported from the United States of America and consists of evaluating the soils necessities by collecting soil samples on different locations to improve the productivity. Another tool, recommended by Bunge as the new agricultural revolution is the integration of livestock and crops. This technique intensifies the soil usage. Using this technique, the production risks are diminished with the diversification and rational use of the environmental resources in order to improve the production. Furthermore, it is considered an agricultural revolution because it uses the system concept involving the care for the soil, crops and pastures for livestock. The result is the increase on productivity both for crops and for livestock. With this, new techniques that can improve the farmer's performance are divulged by the company.

The integration system agriculture-livestock increases the productivity of the cultivated area. Brazil averages about 45kg on the production of beef per year. Using the integrated system correctly, the beef production increases to 225kg per year, according to researches realized by Embrapa.

Bunge Fertilizers and its team of brands (Serrana, Manah, Iap, Ouro Verde) are the ones that sponsor and divulge this technique. The team has 250 qualified agriculturists (Bunge Fertilizantes²⁶) called agronomic advisors, and they have as their main task to train the commercial team, the commercial representatives and offer support to the

²⁶ www.bungefertilizantes.com.br

farmers when buying Bunge products (fertilizers). This way, the more technical knowledge the salesmen have, the better chance they will have to satisfy the client with the right products.

The agronomic advisors are responsible only for the technical area, they can't sell the products directly and each one has a specific area to work with. According to the demand in his area, they organize technical meetings in the properties, visits from the farmers to Bunge plants, and events, such as workshops and field days (to see practical demonstrations about the products), in order to reach more proprietors and retail store owners. It is during these events that "indirectly" the sales of large quantities of fertilizers are sold, due to the quality of the given information, of the new ideas and solutions for the problems of the agricultural environment.

Only in 2007 there were over 750 networking and new technology events with the farmers. These events address not only issues related to the methods used in the properties but also environmental issues such as the use of new deforested areas, biome preservation, air purification, soil usage, fauna and flora protection, recuperation of water resources and others. Bunge's interest is to make the farmers use correctly the fertilizers, even if this means decreasing the use of their main product, because if the farmer manages to have a more profitable business with a significant increase, he will always be a good client and he will have capital to invest on his business. Therefore, it is a mutual gains relation: the farmer uses the fertilizers rationally, increases his productivity and profitability and invests more. This makes him to continue to be a Bunge customer, developing a strong relationship between the company and the farmer.

The main benefits of these actions are listed below:

Farmer
<ul style="list-style-type: none">● Awareness of the best practices;● Use of the right amount of fertilizes in the right areas;● Decrease of the agriculture risks;● A better environment for using less toxic agriculture products;● Uniform crops;● Better productivity – increase on the profitability of the crops;● Increase on the profitability;● A larger network while participating in the events;● Continuous environmental improvements;● Increase quality of the products.
Environment
<ul style="list-style-type: none">● Reduction of soil erosion;

- Increased soil conservation;
- Treatment of each area according to its characteristics;
- Knowledge of the area to be used;
- Lower variability of nutrients in the soil;
- Pollution reduction;
- Environmental contamination reduction;
- Optimization of the use of natural resources (water, soil, biodiversity);
- Preservation of natural resources;
- The synergy between different cultures;
- Deforestation reduction;
- Reduction of silting;
- Reduction of the contamination of water streams;
- Agricultural toxics usage reduction;
- Increased soil capacity and quality;
- Less plagues and weeds.

Bunge

- Incentive for the agricultural responsibility;
- Better raw materials for their products;
- Contribution to the sustainability mindset in Brazil;
- To keep good clients;
- The creation of a strong relationship with its clients;
- Growth together with the farmers;
- To form partners who understand its vision.

Some challenges are faced to put these techniques in to action. The first challenge is the different ways to approach the farmers, since there is a big cultural difference among them. The agronomists face challenges to find a better way to materialize abstract concepts, such as fertility, in order to make the farmers realize the importance of the concepts that can't be seen but make a big difference on the final process regarding the product and the area used.

Another important challenge refers to the number of farmers and representatives that are attended by the advisors. One advisor travels up to seven thousand kilometers in one month to attend all the farmer's necessities in a specific area, and therefore there isn't enough time for them to be able to provide a full consultancy service to the Bunge client. Since, very frequently, the agronomist has to act as an advisor to meet all the necessities of the farmers and to do all his internal activities in the company.

The control of the information being transmitted is also a challenge. Since the agronomic advisors have time and area limitations, they must develop a compromise of the supervisors (sales representatives) so that they can expand their work always acting according to Bunge's values.

It should be emphasized that although there are personnel limitations to attend the farmers, Bunge is the company that has the biggest technical team on the fertilizer sector to attend its clients.

Rescue of Cerrado Reserves

The program Resgate de Reservas do Cerrado also falls in to the ways to approach the farmers such as supplying tools. The program is a partnership between Bunge and the NGOs: Conservation International²⁷ and Oréades²⁸ – Núcleo de Geoprocessamento, acting on the protection and rescue of Cerrado's biodiversity. One of the regions in Brazil that has one of the richest fauna and flora, and has been seriously devastated by deforestation due to agricultural activities.

The program Resgate do Cerrado has as objective, basically, to protect the native areas in the private properties, helping to preserve the local biodiversity and resolving the environmental liabilities of the agricultural properties of Bunge's clients and suppliers.

The Brazilian legislation forces the rural proprietors to maintain a minimum of 20% of his property as a natural reserve (known as “Reserva Legal” or RL) of the properties in most of the Cerrado region. The legislation also forces that the native vegetation next to rivers, streams and slopes (areas known to be of permanent preservation) should be kept intact.

The two main pillars of the project are:

- The creation of a private network of reserves: helping the farmers in the regularization process of the legal reserves in their properties, and in the protection of the Permanent Protection Areas (APPs) and with the recuperation of devastated areas, as determined by the Brazilian Forestry Code;
- The incentive to preserve the company's supply chain: encouraging the use of the Best environmental practices by the farmers.

²⁷ Conservation International (CI) is a private and nonprofit organization dedicated to the conservation and sustainable use of the biodiversity. CI's mission is to preserve the global biodiversity and to demonstrate that the human society can live in harmony with the nature. Founded in 1987, CI grew and became one of the most efficient environmental organization in the world. Currently, it works to preserve threatened ecosystems in thirty countries.

²⁸ Oréades is a NGO located in the central western region in Brazil, with its headquarters in Mineiros, a city in the state of Goiás. With almost three years of existence and with great conquests in the environmental area. Its mission is the conservation and preservation of the biome cerrado, envisioning the quality of life of its inhabitants. Oréades has four geoprocessing tasks, mapping, data base, support to the local communities, implementation of conservation units and recuperation of depredated areas in projects.

Together with partner NGOs of this program it was possible to determine the critical areas which the program really could contribute to the environment. The selected area was the region surrounding the Parque das Emas, a preservation area of 6 million ha. It reaches from the southeastern region of the state of Goiás, to the northern region of the state of Mato Grosso do Sul. The first region for the program to be implemented is the Emas-Taquari, an area that surrounds the Park (Parque das Emas) between the cities of Chapadão do Sul (GO) and Costa Rica (MS).

The partners believe that the rural proprietors are the key to the protection of the natural areas and some of these farmers would be the opinion makers on their regions. Therefore, a few farmers that are politically stronger were selected to attract other farmers. In order to explain the program and its objectives, economic, environmental and social implications were presented.

When these farmers go to the first meetings, there are different levels of awareness regarding the environmental issues, as well as different levels of acceptance and receptivity regarding the environmental impacts. It is necessary to show during these meetings that the environmental issue is not only about keeping the biodiversity, but that they should keep in mind that the environmental issue is about keeping their biggest asset, their property.

On the other hand the commercial impacts were more easily accepted and understood by the farmers. As explained by Michel, “there is today a great concern with many consumer markets about the way we are producing. And perhaps, the farmers think that this reality is too far from them, because he is close to the production areas and the pressures can come from consumers from large cities or even from abroad. But the consumer will demand an explanation from the exporter; therefore they already consider this to be a product requirement, making the exporter demand this from the producers. If the producers don’t meet the basic agreed demands, they won’t be able to sell their products to Bunge.” These explanatory meetings were the first approach of the program. On the second phase, the commercial teams scheduled interviews with the farmers and with the NGO Oréades, which visited the target-properties and presented their proposals. Oréades is the responsible for the aerospace detail mapping of the entire property (delimiting its areas) and for explaining how the farmer could use that information in order to register. If the farmer had any compliance issues, (for example,

not respecting the mandatory 20% of legal reservation), they would recommend a rebuilding plan.

The implementation of the first Project faced the challenge of combining different visions of the ones involved. The first project was presented by the NGOs that already had an initial proposal. The original project had a very high cost for the industry, what made it unfeasible to be implemented on large scale and it initially did not have an educational character to ensure more perennial results. At last, while the project was already being implemented, the company faced a capacity limitation, it did not have enough technicians available who knew the region or the project.

The partnership project started in 2003 and the first phase was concluded in 2005 (Parque das Emas). Today, there are 309 properties that are mapped and from these properties there are 79 that participate directly in the Project, totaling an area of 266.762 thousand ha.

Around the Parque das Emas, the Project started in 2004, has 187 mapped properties of which 69 are involved directly in the legal compliance activities and reduction of the environmental liabilities, representing an area of 136 thousand ha.

The same project was also implemented in the southern region of the state of Piauí, where the agricultural expansion is more recent. The project started in 2006 and it mapped 122 properties totaling 130 thousand ha.

To complement this project, by the end of 2007 the BioCerrado Alliance was created. Its objective is to align the Cerrado use for economic reasons to the environmental responsibility. Therefore the Alliance must be responsible for the preservation of this biome, because it divulges sustainable use of this area.

As a way to support the recovery actions of degraded areas of the Resgate das Reservas do Cerrado, there are two greenhouses that produce seedlings of native species. The greenhouses are managed by local communities that received specific training to collect and produce seedlings. These greenhouses operate participating in local social programs (a drug rehabilitating center in Chapadão do Sul and a hostel that shelters indigents in Costa Rica) and they should become sustainable with the increase on the demand for seedlings in the region. Per year the greenhouses produce about 550 thousand seedlings of species from the Cerrado and exotic species for the restoration of natural areas, and eucalyptus as an alternative energy source to charcoal made with the native biome.

The main benefits for those involved are:

Rural Proprietor
<ul style="list-style-type: none"> • A precision mapping of the property, making the registration with INCRA possible; • Implementation of the geodesic landmark in the property; • Map with the property's planning; • Adequacy to the Forestry Code before Ibama, State Department of the Environment and Public Prosecution Service; • Technical support to have the RPPN (map and Annotation of technical Responsibility)
Bunge
<ul style="list-style-type: none"> • Strengthening of the relationship among supplier and client, encouraging sustainability through a fidelity program; • Added value of “sustainable company” to the brand • Dissemination of the environmental responsibility mindset with the suppliers; • Creation of certification mechanism for products; • Contribution to the conservation of biodiversity; • Combine high productivity agriculture with the conservation of natural resources contributing to the sustainability of production.
Environment
<ul style="list-style-type: none"> • Increased coverage of native plants; • Creation of connections between wild areas; • Protection of slopes, springs and water courses; • Creation of a friendly environment (low human pressure) for wildlife; • Increase in environmental protection (creation of reserves).
Local Communities
<ul style="list-style-type: none"> • Source of income for organizations that produce seedlings; • Collection of additional resources to prefectures in the case of RPPN creation (ICMS Ecological); • Improving the environmental quality (water quality, natural resources and others).

The main challenges for the program are the expansion of its area of activity, as well as attracting new properties to it, which is the NGOs objectives. Other areas, are also in the initial phase of the project, such as the southern regions of Piauí and Maranhão, known as the conservation corridor of Uruçuí-Mirador. The expectation is that the companies involved will be able to create mechanisms of recognition and awards to attract new farmers. There is still the challenge to search new partners to integrate the program and other partner companies that can act together with Bunge to increase the area of activity. It is necessary to consider the cost of seedlings to recover the depredated areas and the necessity to show the proprietors, by a plan, the competitive advantages of being part of the project.

At last, one of the main challenges is the hiring of specialized technicians. The demand is high and there are only a few specialized technicians, besides the more efficient evaluation of the companies in the implementation and control phases of the program. With a partnership among NGOs that deal with sustainability in the Cerrado and Bunge, they started the Biocerrado Alliance by the end of 2007, making it possible to create a synergy among their actions that once before were independent maximizing joint efforts with the local farmers. This is a way for other players that also have interests in this theme to be part of this new initiative and of the constant search for the best environmental practices.

Special Award Bunge Brazilian Farmers

Under the motto *Brazilian Farmer, who knows, recognizes*, in 2004 an award is created to encourage good agricultural practices on the areas of Sustainability, Environment, Social Responsibility, Innovation, Partnership and Productivity. Therefore, the award *Destaque Bunge Agricultor Brasileiro* (Bunge Brazilian Farmer Award) contemplates small, medium and large agricultural producers in the country that knew who to align results, technology, social responsibility and environmental responsibility. The program is part of a step of the awarding approach.

The crops awarded by their Productivity are: soybean, corn, wheat, sugarcane, coffee, rice and cotton. This way, by divulging the techniques they want to disseminate best practices for sustainable Brazilian agribusiness.

Bunge's Sales representatives indicate, based on pre-established criteria of sustainable development, a set of candidates who are clients. After that, the agronomic advisors evaluate each one of them – who don't know about the indication – and decide who are the best producers of that year.

To elect the best farmers it is necessary to track them during a determined time. This demands a definition system of the award so that the evaluated criteria can follow a standard to evaluate the results and the techniques used by each farmer.

The creation of this award seeks to promote, encourage and divulge the best agricultural, environmental and social practices of the Brazilian agribusiness. With this award the farmers feel valued by their peers and by the society.

The Bunge Brazilian Farmer Award, so far awarded 63 rural proprietors. During the year of 2007, on the fourth edition of the award, 14 farmers from many states (Bahia, Distrito Federal, Maranhão, Mato Grosso, Mato Grosso do Sul, Paraná, Piauí, Rio Grande do Sul, Santa Catarina and São Paulo) were honored. For the company, this recognition is important because it disseminates its culture, the valorization of those who care for the future generations and act sustainably. Therefore Bunge, puts effort in expanding this culture beyond the physical limits reaching the farmers who is responsible for taking care of the soil daily. During the event where they give the awards Bunge gathers farmers from different regions of Brazil and because of this they can trade experiences to continually develop the Brazilian agribusiness.

The benefits for those involved in the program are:

Awarded Farmer
<ul style="list-style-type: none">• The awarded feel motivated to continue their activities;• This award is an important way that the farmer can divulge his work.
Rural Proprietors
<ul style="list-style-type: none">• Strengthening the relationship between farmers of the country;• Source of new guidelines for the farmer.

Among the challenges faced by the *Prêmio Destaque Bunge Agricultor Brasileiro* to evolve and to consolidate itself, are the methods used to identify and select the proprietors who developed different techniques for the sustainable agribusiness on its three aspects (economical, social and environmental) and not only specific programs.

As the program grows it is necessary a higher detail level of the evaluation process of the properties and to establish criteria to select the properties.

Another issue is that many producers have their own sustainable actions, but they apply them without any coordination, facing the same problems that Bunge faces (costs vs actions). The challenge is to evaluate the ways that the company could help these farmers to manage their programs, how the company could help them to do this.

Part of this challenge is faced with de awarding event, during it there are sustainability forums, discussing the main issues of the theme with the participation of different members of the productive chain and of the society.

GENERAL CHALLENGES OF THE CASE

The administration of Bunge's sustainability programs, especially the ones made for the farmers and for the company's value chain, involve the coordination of different agents such as: government, NGOs, companies and rural producers with different levels of willingness to do sustainability actions.

Bunge seeks to encourage the farmer to develop businesses that on one hand increases the productivity of the agricultural areas, improving his economic performance and on the other hand stimulates the necessary investment in social protection and environmental preservation by promoting awareness, supplying tools, awarding and applying enforcement.

The farmers need to acknowledge his role as a guardian of the environment. Being so, they must be aware of the importance of their action for the entire society. Therefore, the more the farmer understands how to take advantage of the sustainability actions, more they will act sustainable contributing for the society, economy and environment.

The maximization of the resources invested by Bunge in sustainability, reducing the risks, generating opportunities for the company in order to increase its brand value depends not only on its individual efforts but mainly depends on the involvement of other agents, specially the farmer. To that end, some key aspects need to be emphasized:

Challenge of Coordinating the Agencies Involved in the Programs

Many initiatives with the rural producer involve the participation of agents to plan and to execute besides Bunge itself, (NGOs and government, mainly). It should be noted that this type of collective action, there are some difficulties to determine the roles of each participant, since they are not subordinate to each other but have a cooperation relationship. These action frontiers are commonly not thoroughly known, generating expectations on the partners for a higher involvement of the different participants. This situation stands out mainly during the implementation of the programs when is very common for Bunge to become responsible for activities that were not initially designated for it. Although, such expansion of the scope is not recognized and generates a demand for a higher participation of the partners.

Challenge for the Coordination of Bunge Initiatives

The Sustainability Management was created to coordinate the efforts made by Bunge Alimentos, Bunge Fertilizantes and Fertimport and it also relates directly to Fundação

Bunge. Each of these companies and the foundation are stimulated to have independent initiatives. These investment decisions are analyzed by the area that seeks to balance the individual interests of each company with the global sustainability strategy. It is discussed if it's better for the company to concentrate its investments in some specific programs or to diversify the programs. Which type of strategy will generate more value to the company?

Challenge of the Program's Growth

Currently, the investment in sustainability programs shows to be a successful strategy for the companies that really can apply them. That performance increases everyone's expectation. This occurs mainly because of meeting demands and objectives that were not addressed before.

How to guarantee the investment maintenance and its growth? The investment highly depends on the company's result. In the year of 2007, the expenses and the environmental investments that Bunge did were equivalent to 76.3% of the capital of 2006 (attachment 20), and that might be related to the company's financial performance although this can also be explained by higher operational expenses in 2006.

The partner NGOs and the farmers put pressure for the company to raise the sustainability programs. This pressure is done in three different ways, and they are: by raising the number of programs, by raising the total investment by the company and by prioritizing the programs that meet the NGOs and the farmers' interests and not the programs that don't benefit them directly.

This growth must be realized individually or it must search for complementary sources? How to decide their priority and address a larger number of farmers is the main issue. This challenge is partly composed by hiring new collaborator (specialized technicians) and by new partner companies.

Challenge of Information and Communication of the Programs and of the Company Sustainability Strategy

The information issue about the company programs, its initiatives and its investment strategy are the key points for the construction of the company's reputation and value.

Internally, many of those involved with the sustainability actions make this association. They know their roles and understand the benefits and advantages of realizing activities such as the promotion of conservationist techniques but they don't see the theme directly involved with the sustainability actions and mainly they don't have the holistic view of the strategy or of all the programs.

Even the governmental and nongovernmental organizations involved with the programs and initiatives basically know the programs they participate, but they don't know other initiatives or even the magnitude of the total investments of the company on sustainability, and that they have access to annual reports according to the highest standards of transparency and sustainability management.

At last, the farmers, target of the sustainability action, also don't understand much about the efforts. As stated by a farmer awarded by Bunge, he became aware of all the investment done by the company during the event he was granted the award. Given the magnitude and level of maturity of the developed programs, the company can become more proactive to promote its initiatives, without the fear of being considered self-promotional.

Challenge of Implementing the Program before the Turn-Over of the Field Team.

In many cases, the implementation of the sustainability programs of the company depend on the field team to be performed. This is the case for the program Resgate de Reservas do Cerrado. The constant changes of the customer service areas of the agronomic advisors, or even their turn-over, make some of the knowledge gained with the actions of the sustainability programs to be lost.

To guarantee the expansion and systematization of these programs is the challenge that Bunge faces and can be realized individually or together with other companies directly involved with agribusiness and with these farmers. To know these possibilities and to search for alternatives is the company's challenge to raise the impact of its investments before the rural producer.

Issues for Discussion - Activity Statement

- There are many diverse sustainability initiatives focusing on the Brazilian farmers. They have many formats, with different objectives and are located in many regions. Should the company focus its efforts in specific initiatives to spread among the producers (who are customers and suppliers) the effort of sustainability or should they diversify its investments?
- Some of BUNGE's actions are performed together with NGOs and with governmental entities. Each one of them with a different objective for the farmers. How to guarantee the continuity of the programs, raising the participation of those involved, respecting the different objectives and attracting new farmers?
- How to guarantee the continuity and the size of the investments in the programs? With whom Bunge should join forces? With companies that have a sustainable philosophy? With companies in the agribusiness and food sector? With companies that deal directly with the rural producers? Which are the Advantages and Disadvantages of each strategy?
- The promotion of Bunge's sustainability strategy, of its programs and actions is relevant to add value to the company. How to use this tool to attract new farmers? And how to make the farmers aware and engage them with the sustainability issues?

Notes of Theoretical and Didactic Support

This study is focused on issues involving sustainability and corporate responsibility, management of the reputation capital of the company and due to that its market value before the stakeholders: community, regulation agencies, clients, partners, employees, investors, activists and the media. For this reason, this case is very recommender for discussion on Business Administration majors and especially in the courses of Enterprise Management, Corporate Governance, Sustainability: Principles and Strategies.

The case can be used, as a benchmark of how the company structure and makes their decision regarding the sustainability. The decision process and its challenges, the global leadership of the company in the development of these strategies and how it acts with its sustainability programs in different links of the productive chain. It is recommended to read the following bibliography in order to have a theoretical context of this discussion:

Attachment 1 – Fertilizers Delivered to the Final Consumer (in Tons by Product)

	2005	2006	2007	2008	2008x2007
June	1.277.729	1.091.476	1.829.387	2.401.840	31,30%
January to June	5.923.105	5.801.811	9.392.308	11.477.146	22,20%
Year Total	20.194.731	20.981.734	24.608.993		

Source: ANDA (2008)

Attachment 2 – National Production of Intermediary Fertilizers (in Tons by Product)

	2005	2006	2007	2008	2008x2007
June	729.354	669.598	800.717	772.939	-3,50%
January to June	4.200.177	4.003.335	4.485.704	4.719.541	5,20%
Year Total	8.533.923	8.771.634	9.815.709		

Source: ANDA (2008)

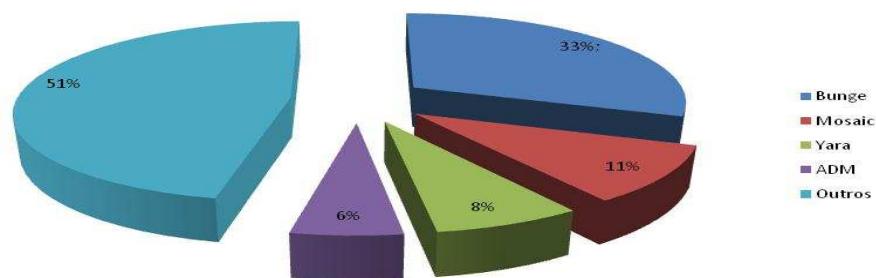
Attachment 3 – Importation of Intermediary Fertilizers (in Tons by Products)

	2005	2006	2007	2008	2008x2007
June	1.253.065	800.814	1.629.874	1.747.941	7,20%
January to June	4.639.435	4.036.401	7.628.441	8.568.350	12,30%
Year Total	11.723.197	12.101.975	17.529.854		

Obs: Não inclui importações para uso não fertilizante

Source: ANDA (2008)

Attachment 4 – Participation of Companies that Produce and Mix NPK



Source: elaborated from ANDA data (2006)

Attachment 5 – Soy Grains (Commercial Year- Values in 1000 Tons)

GRAIN	1999/00	2000/01	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Initial Stock	624	459	341	294	1.124	779	1.220	2.289
Production	31.377	34.127	42.769	51.875	50.085	53.053	56.942	58.726
Importation	615	799	1.100	1.124	364	352	40	108
Seeds - Losses/Front.	1.600	1.600	2.000	2.500	2.650	2.700	2.500	2.700
Exportation	8.912	11.778	16.074	19.987	18.952	22.389	24.768	23.805
Processing	21.645	21.578	25.842	27.796	28.914	29.728	28.756	31.511

Final Stock	459	429	294	1.124(*)	779(*)	1.220(*)	2.289	2.027
--------------------	-----	-----	-----	----------	--------	----------	-------	-------

(*) The value refers only to the stock owned by the Vegetable Oil Industries.

Source: ABIOVE (2008)

Attachment 6 – Soy Bran (Commercial Year- Values in 1000 Tons)

BRAN	1999/00	2000/01	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Initial Stock	417	438	358	622	862	773	818	864
Production	16.868	16.831	20.040	21.407	22.212	22.910	22.021	24.111
Importation	75	119	372	288	178	186	193	111
Internal Consumption	6.945	7.066	7.569	7.878	8.411	9.163	9.944	11.325
Exportation	9.977	9.861	12.579	13.577	14.068	13.889	12.224	12.899
Final Stock	438	460	622	862	773	818	864	862

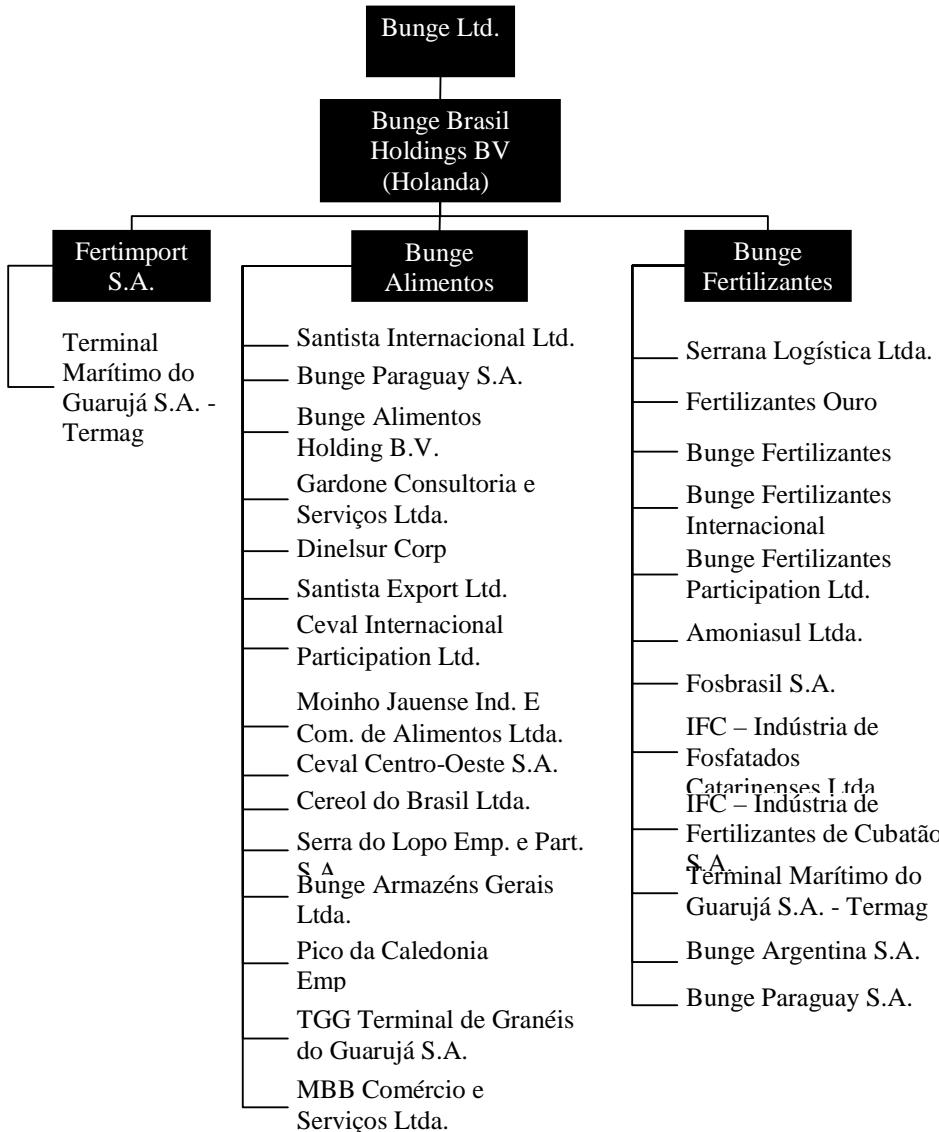
Source: ABIOVE (2008)

Attachment 7 – Soybean Oil (Commercial Year- Values in 1000 Tons)

OIL	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Initial Stock	208	195	253	114	170	202	275	272	311
Production	4.142	4.111	4.369	4.959	5.349	5.549	5.709	5.512	6.047
Importation	133	111	66	110	47	14	3	26	101
Internal Consumption	2.820	3.015	2.935	2.936	2.962	3.050	3.120	3.238	3.647
Exportation	1.468	1.148	1.639	2.076	2.402	2.442	2.595	2.261	2.521
Final Stock	195	253	114	170	202	275	272	311	291

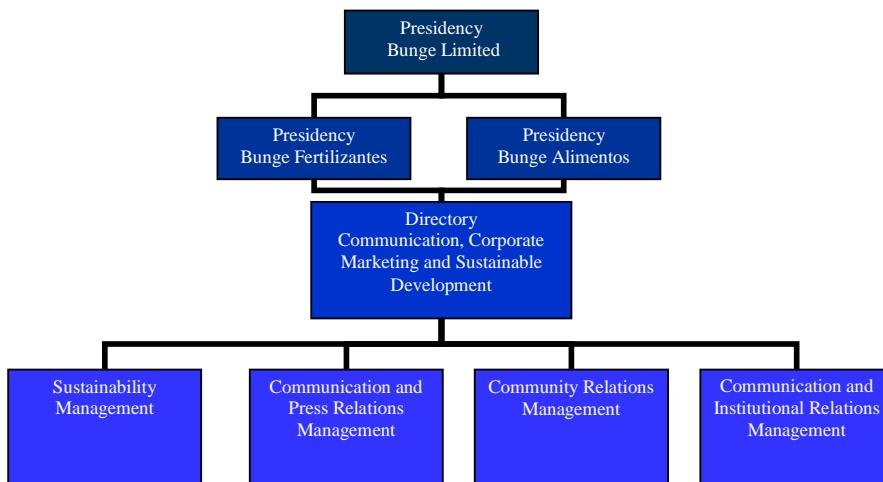
Source: ABIOVE (2008)

Attachment 8 – Bunge Group – Controlled and Related Companies in Brazil



Site: <http://www.bunge.com.br/sustentabilidade/2008/port/home.htm>

Attachment 9 - Bunge – Organizational chart of the Communication, Corporate Marketing and Sustainable Development Area



Source: Elaborated based on an interview with the Corporate Marketing and Sustainability Manager Michel Santos.

Attachment 10 – Bunge Net Sales - in Billions of Reais

	Horizontal Analysis (Annual Percent Change)					Horizontal Analysis (Percent of the Total Result each Year)		
	2005	2006	2007	2006/2005	2007/2006	2005	2006	2007
Fertilizantes	4,7	3,9	5,5	-17,0%	41,0%	31,3%	28,5%	30,3%
Alimentos	10,2	9,7	12,6	-4,9%	29,9%	68,0%	70,8%	69,3%
Fertimport	0,094	0,0932	0,0816	-0,9%	-12,4%	0,6%	0,7%	0,4%
Total	14,994	13,6932	18,1816	-8,7%	32,8%			

Source: Adapted from Bunge Sustainability Report – 2008 Edition.

Attachment 11 – Bunge Net Profit – in Thousands of Reais

	Horizontal Analysis (Annual Percent Change)					Horizontal Analysis (Percent of the Total Result each Year)		
	2005	2006	2007	2006/2005	2007/2006	2005	2006	2007
Fertilizantes	167,5	30,9	48,6	-81,55%	57,28%	50,91%	24,41%	27,47%
Alimentos	141,9	-84,1	-114,3	-159,27%	-35,91%	43,13%	66,43%	64,61%
Fertimport	19,6	11,6	14	-40,82%	20,69%	5,96%	9,16%	7,91%
TOTAL	329	-41,6	-51,7	-112,64%	-24,28%			

Source: Adapted from Bunge Sustainability Report – 2008 Edition.

Attachment 12 - Bunge Fertilizantes – Balance Sheet (in thousands of Reais)

	Horizontal Analysis			Horizontal Analysis			Horizontal Analysis			Horizontal Analysis			
	2006	2007	2007/2006	2006	2007		2006	2007	2007/2006	2006	2007		
ASSETS							LIABILITIES AND NET EQUITY						
Working							Working						
Cash and Banks	40.808	23.586	-42,2%	0,9%	0,5%		Suppliers of the country	151.841	161.732	6,5%	3,4%	3,1%	
Financial Investments	17.728	31.829	79,5%	0,4%	0,6%		Foreign Suppliers	1.267.635	1.922.200	51,6%	28,3%	37,0%	
Accounts Receivable	980.679	814.045	-17,0%	21,9%	15,7%		Advances from customers	84.051	141.286	68,1%	1,9%	2,7%	
Inventory	560.136	1.356.384	142,2%	12,5%	26,1%		Tax and social obligations	31.775	42.711	34,4%	0,7%	0,8%	
Deferred tax assets	85.007	85.331	0,4%	1,9%	1,6%		Accounts payable related to imports	19.117	39.391	106,1%	0,4%	0,8%	
Related parties	10.299	2.961	-71,2%	0,2%	0,1%		Provision for commissions and others	51.102	50.667	-0,9%	1,1%	1,0%	
Deferred income tax and contributions	116.574	99.682	-14,5%	2,6%	1,9%		Related parties	126.693	14.822	-88,3%	2,8%	0,3%	
Other receivable accounts	77.672	50.310	-35,2%	1,7%	1,0%		Loans and financing	10.878	7.137	-34,4%	0,2%	0,1%	
Expenditure for the following year	2.769	2.611	-5,7%	0,1%	0,1%		Accounts payable – operations with derivatives	83.942	2.783	-96,7%	1,9%	0,1%	
Total working assets	1.891.672	2.466.739	30,4%	42,3%	47,5%		Interests payable on equity	-	23.995	-	-	0,5%	
Non working							Creditor for loans of goods	11.278	36.933	227,5%	0,3%	0,7%	
Long term assets:							Other accounts payable	129.377	154.490	19,4%	2,9%	3,0%	
Accounts receivable	189.417	221.952	17,2%	4,2%	4,3%		Total working liabilities	1.967.689	2.598.147	32,0%	44,0%	50,0%	
Deferred tax assets	192.992	147.791	-23,4%	4,3%	2,8%		Non working						
Related parties	767.147	810.991	5,7%	17,2%	15,6%		Long term liabilities:						
Deferred income tax and social contributions	495.312	488.460	-1,4%	11,1%	9,4%		Related parties	-	47.649	-	-	0,9%	
Other receivable accounts	18.754	16.884	-10,0%	0,4%	0,3%		Loans and financing	2.741	-	-	0,1%	-	
Total non working assets	1.663.622	1.686.078	1,3%	37,2%	32,5%		Provision for contingencies	164.200	198.851	21,1%	3,7%	3,8%	
Permanent:							Provision for benefits	72.211	86.336	19,6%	1,6%	1,7%	
Investments							Other payable accounts	6.394	7.176	12,2%	0,1%	0,1%	
Investments in subsidiaries and associated companies	-	26.209	100,0%		0,5%		Total non working capital	245.546	340.012	38,5%	5,5%	6,5%	
Goodwill on acquisition of investments and other	25.025	12.418	-50,4%	0,6%	0,2%		Minority stockholders	223	584	161,9%	0,0%	0,0%	
Fixed assets	838.225	941.458	12,3%	18,7%	18,1%		Net equity						
Deferred	53.349	60.403	13,2%	1,2%	1,2%		Realizable equity capital	2.203.975	2.203.975	0,0%	49,3%	42,4%	
Total fixed assets	916.599	1.040.488	13,5%	20,5%	20,0%		Revenue reserves	54.460	50.587	-7,1%	1,2%	1,0%	
Total non working assets	2.580.221	2.726.566	5,7%	57,7%	52,5%		Total equity	2.258.435	2.254.562	-0,2%	50,5%	43,4%	
Total Assets	4.471.893	5.193.305	16,1%	100,0%	100,0%		Total liabilities and equity	4.471.893	5.193.305	16,1%	100,0%	100,0%	

Source: Bunge (2008)

Attachment 13 - Bunge Fertilizantes – Income Statement (in Thousands of Reais)

			Horizontal Analysis	Horizontal Analysis	
	2006	2007	2007/2006	2006	2007
Gross revenue from sales and services	5.407.058	5.980.332	10,60%	120,91%	115,15%
Tax, deductions from Sales and freight	-440.504	-356.562	19,06%	-9,85%	-6,87%
Net income from sales and services	4.966.554	5.623.770	13,23%	111,06%	108,29%
Cost of goods sold and services provided	-4.239.235	-4.997.195	-17,88%	-94,80%	-96,22%
Gross profit	727.319	626.575	-13,85%	16,26%	12,07%
(expenses) Operating income					
With sales	-139.948	-141.138	-0,85%	-3,13%	-2,72%
Provision for losses on the receipt of credits	-34.230	-66.564	-94,46%	-0,77%	-1,28%
General and administrative	-152.520	-155.398	-1,89%	-3,41%	-2,99%
Result of equity	-	25.619		0,00%	0,49%
Amortization of goodwill, net	-11.889	-9.007	24,24%	-0,27%	-0,17%
Other, net	-69.223	-92.077	-33,02%	-1,55%	-1,77%
Operating profit before financial result and exchange rate	319.509	188.010	-41,16%	7,14%	3,62%
Net financial and exchange rate					
Financial revenue	1.040.511	160.785	-84,55%	23,27%	3,10%
Financial expenses	-1.397.278	-280.329	79,94%	-31,25%	-5,40%
Exchange rate changes, net	191.105	420.150	119,85%	4,27%	8,09%
Lost in the conversion of subsidiaries abroad	-8.885	-263.735	-2868,32%	-0,20%	-5,08%
	-174.547	36.871	121,12%	-3,90%	0,71%
Operating income	144.962	224.881	-55,13%	3,24%	4,33%
Income (expense), net operating	4.025	-4.376	-208,72%	0,09%	-0,08%
Profit before income tax and social contribution	148.987	220.505	48,00%	3,33%	4,25%
Income tax and social contribution	-14.856	-151.791	-921,75%	-0,33%	-2,92%
Profit before the minority stockholders	39.443	68.714	74,21%	0,88%	1,32%
Minority stockholders participation	-94.688	-362	99,62%	-2,12%	-0,01%
Net profit	39.443	68.352	73,29%	0,88%	1,32%

Source: Bunge (2008)

Attachment 14 - Company: Bunge Fertilizantes

Consolidated Financial Indicators		
	2006	2007
Structure		
Indebtedness (Total Liabilities/Net Equity)	0,98	1,30
Fixed assets (Fixed Assets/Net Equity)	0,41	0,46
Solvency		
Current liquidity (Working Asset/Working Liabilities)	0,96	0,95
Profitability and Cost		
Equity profitability (%) (Net Profit/Net Equity)	15,26%	26,85%
Sales (Net Sales/Total Assets)	1,11	1,08
Profitability (%) (Net Profit/Total Assets)	0,88%	1,32%
Products' Costs/Net Sales(%)	94,80%	96,22%
Growth		
Net income	13,23%	
Working liabilities	32,04%	
Long term liabilities	38,47%	
Net equity	-0,17%	
Fixed assets	13,52%	
Working Assets	30,40%	

Source: Information calculated from Bunge Fertilizante's Balance Sheet and Income Statement

Attachment 15 - Bunge Alimentos – Balance Sheet (in Thousands of Reais)

	Horizontal Analysis			Horizontal Analysis				Horizontal Analysis			Horizontal Analysis		
	2006	2007	2007/2006	2006	2007			2006	2007	2007/2006	2006	2007	
ASSETS													
Working													
Cash and Banks	46.406	17.535	-62,2%	0,7%	0,2%		Loans and financing	60.939	246.816	305,0%	0,9%	2,7%	
Financial Investments	25.503	241.299	846,2%	0,4%	2,7%		Suppliers	844.807	1.099.953	30,2%	12,1%	12,2%	
Accounts Receivable	588.634	962.931	63,6%	8,4%	10,7%		Pre-payments for exports	2.200.893	2.382.149	8,2%	31,4%	26,5%	
Inventory	1.276.986	1.897.089	48,6%	18,2%	21,1%		Salaries and related taxes	51.888	57.801	11,4%	0,7%	0,6%	
Advances to suppliers	896.531	544.864	-39,2%	12,8%	6,1%		Taxes	22.028	48.772	121,4%	0,3%	0,5%	
Deferred tax assets	184.129	254.371	38,1%	2,6%	2,8%		Income tax and social contribution	942	92.398	9708,7%	0,0%	1,0%	
Related parties	89.308	87.885	-1,6%	1,3%	1,0%		Related parties	2.200	729.682	33067,4%	0,0%	8,1%	
Deferred income tax and contributions	26.339	231.772	780,0%	0,4%	2,6%		Provision for benefits	4.200	4.200	0,0%	0,1%	0,0%	
Other receivable accounts	258.557	929.635	259,5%	3,7%	10,3%		Other accounts payable	177.037	765.863	332,6%	2,5%	8,5%	
Expenditure for the following year	14.270	13.904	-2,6%	0,2%	0,2%		Total working liabilities	3.364.934	5.427.634	61,3%	48,0%	60,4%	
Total working assets	3.406.663	5.181.285	52,1%	48,6%	57,7%								
Non working													
Long term Assets:							Long term liabilities:						
Related parties	-	-					Loans and financing	377.744	111.488	-70,5%	5,4%	1,2%	
Deferred taxes	96.575	114.534	18,6%	1,4%	1,3%		Pre-payments for exports	1.113.043	922.139	-17,2%	15,9%	10,3%	
Deferred income tax and social contributions	294.304	436.945	48,5%	4,2%	4,9%		Related parties	-	-				
Deposits and bonds	61.999	60.466	-2,5%	0,9%	0,7%		Provision for contingencies	153.023	166.799	9,0%	2,2%	1,9%	
Goods for sale	70.828	75.050	6,0%	1,0%	0,8%		Provision for benefits	43.188	53.756	24,5%	0,6%	0,6%	
Advances for suppliers	467.112	576.512	23,4%	6,7%	6,4%		Provision for unprotected liabilities of controlled companies	-	-				
Titles to receive	5.346	2.052	-61,6%	0,1%	0,0%		Other accounts payable	21.728	2.416	-88,9%	0,3%	0,0%	
Other receivable accounts	105.465	165.264	56,7%	1,5%	1,8%		Total non working liabilities	1.708.726	1.256.598	-26,5%	24,4%	14,0%	
Total long ter assets	1.101.629	1.430.823	29,9%	15,7%	15,9%		Minority stockholders	863	26.326	2950,5%	0,0%	0,3%	
Permanent:							Net equity						
Investments	156.406	185.529	18,6%	2,2%	2,1%		Social Capital	1.261.773	1.572.373	24,6%	18,0%	17,5%	
Fixed assets	1.525.248	1.489.411	-2,3%	21,8%	16,6%		Capital reserve	97.602	238.423	144,3%	1,4%	2,7%	
Deferred	819.785	695.854	-15,1%	11,7%	7,7%		Profit reserves	694.997	694.997	0,0%	9,9%	7,7%	
Total fixed assets	2.501.439	2.370.794	-5,2%	35,7%	26,4%		Total losses	-119.164	-233.449	95,9%	-1,7%	-2,6%	
Total non working assets	3.603.068	3.801.617	5,5%	51,4%	42,3%		Total Net Equity	1.935.208	2.272.344	17,4%	27,6%	25,3%	
Total Assets	7.009.731	8.982.902	28,1%	100,0%	100,0%		Total Liabilities and Net Equity	7.009.731	8.982.902	28,1%	100,0%	100,0%	

Source: Bunge (2008)

Attachment 16 - Bunge Alimentos – Income Statement (in Thousands of Reais)

			Horizontal Analysis		Horizontal Analysis
	2007	2006	2007/2006	2006	2007
Gross revenue from sales and services	16.667.066	12.786.657	-23,3%	237,8%	142,3%
Tax, deductions from Sales and freight	-1.090.359	-858.998	21,2%	-15,6%	-9,6%
Net income from sales and services	15.576.707	11.927.659	-23,4%	222,2%	132,8%
Cost of goods sold and services provided	-13.445.338	-9.901.914	26,4%	-191,8%	-110,2%
Gross profit (expenses) Operating income	2.131.369	2.025.745	-5,0%	30,4%	22,6%
Commercial	-1.850.726	-1.638.480	11,5%	-26,4%	-18,2%
General and Administrative	-168.133	-164.681	2,1%	-2,4%	-1,8%
Depreciation and amortization	-271.133	-257.112	5,2%	-3,9%	-2,9%
Depreciation appropriated to the cost	123.542	121.234	1,9%	1,8%	1,3%
Equity method	-	-			
Exchange rate on investments abroad	12.113	17.807	47,0%	0,2%	0,2%
Other operation results	-87.085	-38.431	55,9%	-1,2%	-0,4%
	-2.241.422	-1.959.663	12,6%	-32,0%	-21,8%
Net operating loss before the financial result	-110.053	66.082	160,0%	-1,6%	0,7%
Financial and exchange result					
Financial revenue	125.696	235.561	87,4%	1,8%	2,6%
Financial expenses	-317.730	-479.151	-50,8%	-4,5%	-5,3%
Net exchange rate	264.854	67.667	-74,5%	3,8%	0,8%
Interest on equity capital	-80.000	-42.000	47,5%	-1,1%	-0,5%
	-7.180	-217.923	-2935,1%	-0,1%	-2,4%
Operating loss	-117.233	-151.841	29,5%	-1,7%	-1,7%
Net non operating expenses	-19.315	-34.032	-76,2%	-0,3%	-0,4%
Operating loss before income tax and social contribution	-136.548	-185.873	-36,1%	-1,9%	-2,1%
Income tax and social contributions					
Current	-6.827	198	102,9%	-0,1%	0,0%
Deferred	54.504	60.272	10,6%	0,8%	0,7%
	47.677	60.470	26,8%	0,7%	0,7%
Loss before the minority stockholders participation	-88.871	-125.403	-41,1%	-1,3%	-1,4%
Participation of the minority stockholders	-25.414	-761	97,0%	-0,4%	0,0%
Reversal of interest on equity	80.000	42.000	-47,5%	1,1%	0,5%
Net profit	-34.285	-84.164	-145,5%	-0,5%	-0,9%

Source: Bunge (2008)

Attachment 17 - Company: Bunge Alimentos

Consolidated Financial Indicators		
	2006	2007
Structure		
Indebtedness (Total Liabilities/Net Equity)	2,62	2,94
Fixed assets (Fixed Assets/Net Equity)	1,29	1,04
Solvency		
Current liquidity (Working Asset/Working Liabilities)	1,01	0,95
Profitability and Cost		
Equity profitability (%) (Net Profit/Net Equity)	-1,77%	-3,70%
Sales (Net Sales/Total Assets)	2,22	1,33
Profitability (%) (Net Profit/Total Assets)	-0,49%	-0,94%
Products' Costs/Net Sales(%)	86,32%	83,02%
Growth		
Net income	-23,43%	
Working liabilities	61,30%	
Long term liabilities	-26,46%	
Net equity	17,42%	
Fixed assets	-5,22%	
Working Assets	52,09%	

Source: Information calculated from Bunge Alimentos' Balance Sheet and Income Statement

Attachment 18 - Bunge Fertilizantes – Consumption of fertilizers in 2007

Raw materials (in tons)	
Phosphatic	3.424.000
Nitrogen	1.304.000
Potassic	1.821.000
Containers (in units)	
Bags – polyethylene	20.600.000
Bags – polypropylene	48.100.000
Big Bags	2.770.000

Site: <http://www.bunge.com.br/sustentabilidade/2008/port/13.htm>

Source: Adapted from Bunge Sustainability Report – 2008 edition available at their website.

Attachment 19 - Bunge Alimentos – Fertilizer Consumption in 2007

Raw materials (in tons)	
Processed grains	7.371.877
Various ingredients	47.027.464
Other inputs	7.330.890
Containers (in units)	
Adhesives	290,66
Metallic papers	168,6
Plastic bags	18,16
Resins	16.835,93
Plastic film	1.705,39
Miscellaneous	1,33
String ropes and sewing	41,19

Source: Adapted from Bunge Sustainability Report – 2008 edition available at their website.

Site: <http://www.bunge.com.br/sustentabilidade/2008/port/13.htm>

Attachment 20 – Bunge Corporation – Environmental Expenses and Investments

	2006	2007	Annual Percent Change 2007/2006
Alimentos	14.131.000	7.508.549	-46,86%
Fertilizantes	15.597.000	15.761.964	1,06%
Fertimport	780.000	-	-
Total	30.510.006	23.270.513	-23,73%

Source: Adapted from Bunge's Sustainability Report – 2007 and 2008 editions.

Attachment 21 - Fundação Bunge - Maintainers donations in 2007 (in Reais)

		Proportion of Donations
Alimentos	1.805.729,97	45,6%
Fertilizantes	1.673.748,92	42,2%
Fertimport	483.000	12,2%
Total	3.962.478,89	

Source: Adapted from Bunge's Sustainability Report –2008 edition.

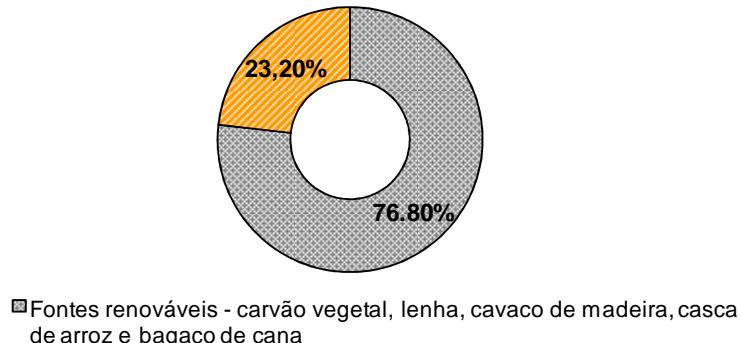
Attachment 22 - Fundação Bunge – Fundação Bunge's investments in 2007 (in Reais)

Proporção dos Investimentos

Comunidade Educativa	1.415.095,93	29,2%
Prêmio Fundação Bunge	747.389,27	15,4%
Prêmio Professores do Brasil	198.722,01	4,1%
ReciCriar: a pedagogia do possível	132.997,85	2,7%
Centro de Memória Bunge	510.662,40	10,5%
Conservação Internacional	497.478,89	10,3%
Despesas Admin./Financ./Comunicações	1.349.091,31	27,8%
Total	4.851.437,66	

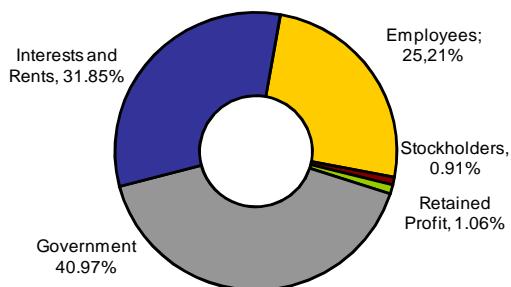
Source: Adapted from Bunge's Sustainability Report –2008 edition.

Attachment 23 - Primary energy consumed by Bunge in 2007



Source: Adapted from Bunge's Sustainability Report –2008 edition.

Attachment 24 – Value Added Statement 2007: How Bunge do Brasil Distributes the Generated Value among its Stakeholders



Source: Adapted from Bunge's Sustainability Report –2008 edition.

Attachment 25 – Bunge Awards 2007

Awards	Entity
The best companies for executives of the Country	<i>Guia Você S/A Exame</i>
Award largest exporter 2007	Associação dos Dirigentes de Vendas e Marketing do Rio Grande do Sul
Social Seal Program Award 2007	Prefeitura de Ponta Grossa PR
Commercial Merit Trophy	Indústria do Ano de Grande Porte - Prefeitura de Luís Eduardo Magalhães BA
Fritz Müller Trophy	Categoria Parques e áreas de Preservação – Reserva Figueira Branca - Fundação do Meio Ambiente de SC
IEL Best Practices Award for Internship 2007	Instituto Euvaldo Lodi/Fiesc SC
Safety at Sea Award	Revista <i>Consumidor Moderno</i>
Green Expression Award	Categoria Recuperação de áreas degradadas setor privado - Programa de Recuperação Ambiental (PRA), desenvolvido no Vale do Itajaí (SC) – Editora Expressão
500 Southern Biggest Award	Grandes & Líderes - <i>Revista Amanhã</i>
International Seminar on Tourism in Curitiba PR Award	Projeto Gestão de Espaços e eventos, na Categoria Pós Graduação
The 20 most valuable brands in Brazil	Brand Finance e <i>Época Negócios</i>
The most admired companies in Brazil	Revista <i>Carta Capital</i>
Foreign Trade Highlights Award	Associação de Comércio Exterior do Brasil
Roberto Hiraishi Trophy	Categoria Tecnologia Inter-relacionada com a Preservação Ecológica, para o rótulo do óleo Cyclus – Revista <i>Embanews</i>
Rural Top of mind	Manah 34%, Serrana 18,3%, IAP, 7,3% e OVerde 4,1% - <i>Revista Rural</i>
Rural Top List	Manah 43% - <i>Revista Rural</i>
Barn of the Year	Revista <i>A Granja</i>
Commercial Merit Trophy	BIOSFERA e IBRAE
The best in technological innovation and quality	<i>IstoÉ Dinheiro</i>
Merchant Merit	Melhor empresa de fertilizantes - Federação das Câmaras de Dirigentes Lojistas da Bahia
Industrial Entrepreneurship	Associação de Imprensa e Cultura do Triângulo Mineiro e Alto Paranaíba e Jornal Clarim (Araxá)
Finalist for the ECO award	Categoria Sustentabilidade

Source: Adapted from Bunge Sustainability Report – 2008 edition available at their website.

Attachment 26 - Bunge Alimentos – Consumer Brands

CYCLUS

The best in life is to be able to renew every instant. Cyclus with the exclusive concept Nutrycell acts on the cells renewal, the base for a healthier life. Every day can be a good day to renew. Try Cyclus Nutrycell and offer a daily renewal for your body.

- Mayonnaise
- Vegetable Cream
- Oil compound



DELÍCIA

Every day we have the opportunity to enjoy the pleasant moments that even being the simplest of them, makes us happy. When these moments transform and intensify they become a Delícia!

This is what Delícia products do, they transform what was already good into a Delícia!

Know all the product line and see what else good, is Delícia!

- Olive Oil
- Extra Virgin Olive Oil
- Margarine (light, Mila, with butter and flavors: turkey breast, chocolate milk, tomato with basil and garlic)



PRIMOR

When we really like something or even a product, it is natural to want detail information. Anything that makes us closer to our dreams becomes a true Source of happiness. It was because of this that we developed this site. Here you can find relevant information and a few secrets that make the Primor products one more reason to be happy at your table.

- Mayonnaise (traditional and light)
- Margarine (oven and stove, every day and light)
- Soybean Oil
- Rice (traditional e parboiled)



SOYA

The more time passes, better we know the people a tour side. It is along the time that we manage to understand truly how they think, expect and what they like.

It is clear why the Soya products please you so much, right? After all 30 years is time enough for us to know each other very well.

- Mayonnaise (low in fat)
- Margarine (snack, 50% lipids)
- Soybean oil
- textured protein (white meat, red meat)



Concept Brand	Products
<p>SALADA</p> <p>Salada the pioneer on special oils offers a product line made with selected grains that take what is most pure from nature.</p> <p>Today the Sunflower, Corn and Canola versions, the Salada oil goes through a modern refining and filtering process to reach the best quality standards. With Óleos Especiais Salada you value your recipes with a lot of flavor, making your meal an expression of your talent and love for those you like the most.</p> <p>Salada also concerns your health, and therefore offers oils from different varieties of grains. Learn more about our products.</p>	<ul style="list-style-type: none"> • Sunflower oil • Corn oil • canola oil • Oil compound 

Source: Site www.bungecomvoce.com.br

Attachment 27 - Overview of Trademarks and Bunge Products by Business Unit

Companies	Brands	Products
Bunge Fertilizantes 	Serrana, Manah, IAP, Ouro Verde and Serrana Nutrição Animal	Fertilizer: Fertiap, Superfosfato Simples, Fosmag, Turbo, TurboGran, Turbo Extra, Classic, Cobertura, Líquidos e Agricultura de Precisão, Arad, Ourofós and Oeuropasto.
Bunge Alimentos 	Delícia, Primor, Soya, Salada, Cyclus, Jangada, Bunge Pro, Soberana, Pré-Mescelas and Bentamix.	Margarines (culinary, specials, multi use and bakery), oil, mayonnaise, olive oil, wheat flour, spices (ketchup and mustard), mixes (bakery and cakes), creams (whipped, baker and vegetable), texturized soy protein and fats.

Source: Adapted from Bunge's Sustainability Report –2008 edition.

Bunge website (www.bunge.com.br)

Attachment 28 - Bunge Global Environmental Policy

Bunge is compromised with the sustainable development and it applies the following principles to fulfill their mission:

- We make an effort to be good citizens and to contribute for the social and economic development of the communities we're installed;
- We work to reach a high level of environmental performance for implementing the best effective practices, based on science, respecting the cultures and promoting these practices in our supply chain;

- We promote partnership among companies and organizations to increase sustainable actions;
- We communicate transparently about our activities and we also have a constructive communication with the relationship media; and
- We apply these principles in our operations to meet the global and local goals.

Source: Adapted from Bunge's Sustainability Report –2008 edition

Attachment 29 - Bunge Code of Ethics

Bunge Limited²⁹ got a Code of Ethics for itself and for its subsidiaries, envisioning to establish its business ethics principles. Bunge is a global company and it must be sensible about different culture and traditions of the countries from which they operate, and they also must respect the communities and environments where they run their business.

The main points of the Code of Ethics are:

1. All directors, manager and employees must be compliant to these principles:
 - a. Interest conflicts: directors, managers and employees must not be involved with any activities that might instigate an interest conflict among Bunge directors, executives and employees. This situation occurs when the individual interests interfere, or seem to interfere on Bunge's interests.
 - b. Legal compliance: Bunge has the compromise to be a good corporate citizen in all the countries it's in. Because of this, directors, managers and other employees must be totally in conformity with all the laws, rules and regulations, in every jurisdiction the company operates.
 - c. Fair treatment and integrity: one of the most valuable assets Bunge has is its reputation of justice and integrity. Each employee, manager and director must treat the clients, suppliers, competitors and other employees fairly.
 - d. Protection and correct use of Bunge assets: the employees must protect the assets Bunge has and assure its efficient use.
2. All transactions must be correctly approved and registered on Bunge's registry books.
3. All the directors, managers and employees are responsible for assuring the precision, integrity and the deadlines of Bunge's public disclosures.
4. Bunge promotes ethical behavior in all of its business activities.
5. The Chief Executive of each Bunge company will certify annually, to the Legal Department, the implementation and tracking of conformity with this Code, as well as to notify any violations.
6. Any exemption to this Code for executives and directors will only be granted by the directory or by a directory committee and it must be promptly communicated to the stockholders.
7. It is required the consent of all directors, officers and employees of Bunge to this Code.

Directors, executives or employees that violate the Code are subject to disciplinary action and possibly resignation.

Source: Adapted from Bunge Sustainability Report – 2008 edition available at their website.

Website: <http://www.bunge.com.br/sustentabilidade/2008/port/01e.htm>

²⁹ <http://www.bunge.com>

Attachment 30 – Bunge contributions to the UN Millennium Development Objectives



What Bunge does to contribute for each objective:

- 1: By their food products, directed towards the bottom of the social pyramid.
- 2: The Fundação Bunge (Bunge Foundation) promotes many actions to improve public fundamental schools.
- 3: By its no prejudice policy, it opens equal opportunities for male and female professionals.
- 4: By local partnerships, Bunge invests on infrastructure that includes the modernization of hospitals.
- 5: Bunge Fertilizantes develops the Project “Acompanhamento à Gestante” (Monitoring the Pregnancy), which offers psychological and emotional support for female employees and dependents during the pregnancy period.
- 6: Bunge has a counseling program and serious disease prevention focusing its employees and family members and the community.
- 7: By the implementation of the Global Environmental Policy and of the Sustainability Policy of Bunge Brasil, that assures the respect for the environment in its productive processes.
- 8: By the support to external compromises that envision the sustainable development and the establishment of partnership with NGOs and other companies of the same segment.

Source: Adapted from Bunge Sustainability Report – 2008 edition.

Attachment 31 – Bunge Fundamental Values

Integrity – honesty and justice guide all our actions.

Openness and trust – we are open to different ideas and opinions and we trust our colleagues.

Team work – we value the individual excellence and the team work to benefit Bunge and those involved.

Entrepreneurship – we cherish individual initiative to find opportunities and to generate results.

Citizenship – we contribute to the development of the individuals, social and economic structure of the communities in which we operate, and we take care of the environment responsibly.

Source: Adapted from Bunge Sustainability Report – 2008 edition.

Attachment 32 - Bunge – Website of the 2008 Sustainability Report

The screenshot shows the homepage of the Bunge 2008 Sustainability Report. At the top, there's a navigation bar with icons for search, language, and other site functions, followed by the text "RELATÓRIO DE SUSTENTABILIDADE EDIÇÃO 2008". On the left, a sidebar lists various report sections like "Principais Iniciativas", "Mensagem dos Presidentes", and "Agricultura Responsável". The main content area features a large blue banner with the title "PARCERIAS PARA A SUSTENTABILIDADE" and the subtitle "2007 MARCA O AVANÇO DA BUNGE NO ENGAJAMENTO DOS SEUS PÚBLICOS, NO ESTABELECIMENTO DE PARCERIAS E NA MOBILIZAÇÃO DA SOCIEDADE PARA O DESENVOLVIMENTO SUSTENTÁVEL". Below the banner, three columns describe different partnership areas: "MONITORAMENTO DA SOJA", "PARTNERSHIP OF STAKEHOLDERS", and "AGRICULTURA RESPONSÁVEL". To the right, there's a photograph of a green landscape with a stylized globe icon overlaid. At the bottom left, there's a poll titled "ENQUETE" asking if the report is a tool for investors and clients, with two options: "Sim, só demonstra o presente e futuro da empresa" and "Sim, mas apenas para grandes empresas".

Source: Adapted from Bunge Sustainability Report – 2008 edition available at their website.
Website: <http://www.bunge.com.br/sustentabilidade/2008/port/home.htm>

Attachment 33 – Bunge Value Chain

1. MINING COMPLEXES AND FERTILIZER INDUSTRIES

About 1.3 million tons of minerals were extracted in Cajati (SP) and Araxá (MG) for the production of 1.4 million tons of fertilizers and 492 thousand tons of nutrients for animal nutrition.

2. FIELD

About 40 thousand clients that are farmers received technical assistance and bought fertilizers from Bunge in 2007. About 20 thousand farmers supplied over 15 million tons of soybean, wheat, corn, cotton seeds, sorghum, sunflower and sugar.

3. FOOD PRODUCTION

The 9 industries that Bunge has in Brazil produces ingredients and products for human nutrition, besides soybean bran and grains export.

7. EMPLOYEES

About 9 thousand direct employees of Bunge received about R\$ 670 million for their dedication. About 450 employees decided to be volunteers.

8. COMMERCE

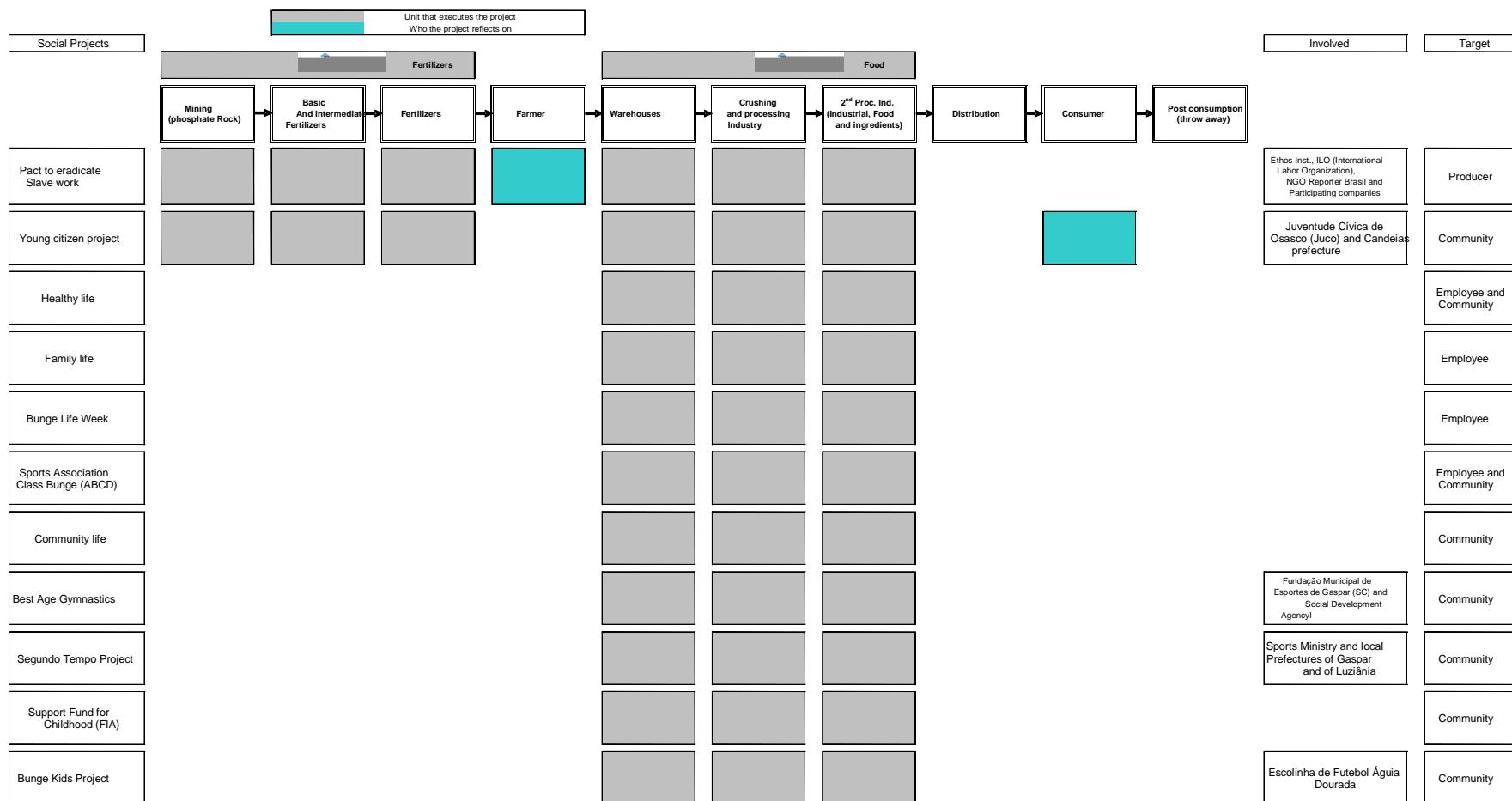
Establishments from all over Brazil bought about R\$13.7 billion worth of food products and approximately R\$ 5.9 billion worth of fertilizers.

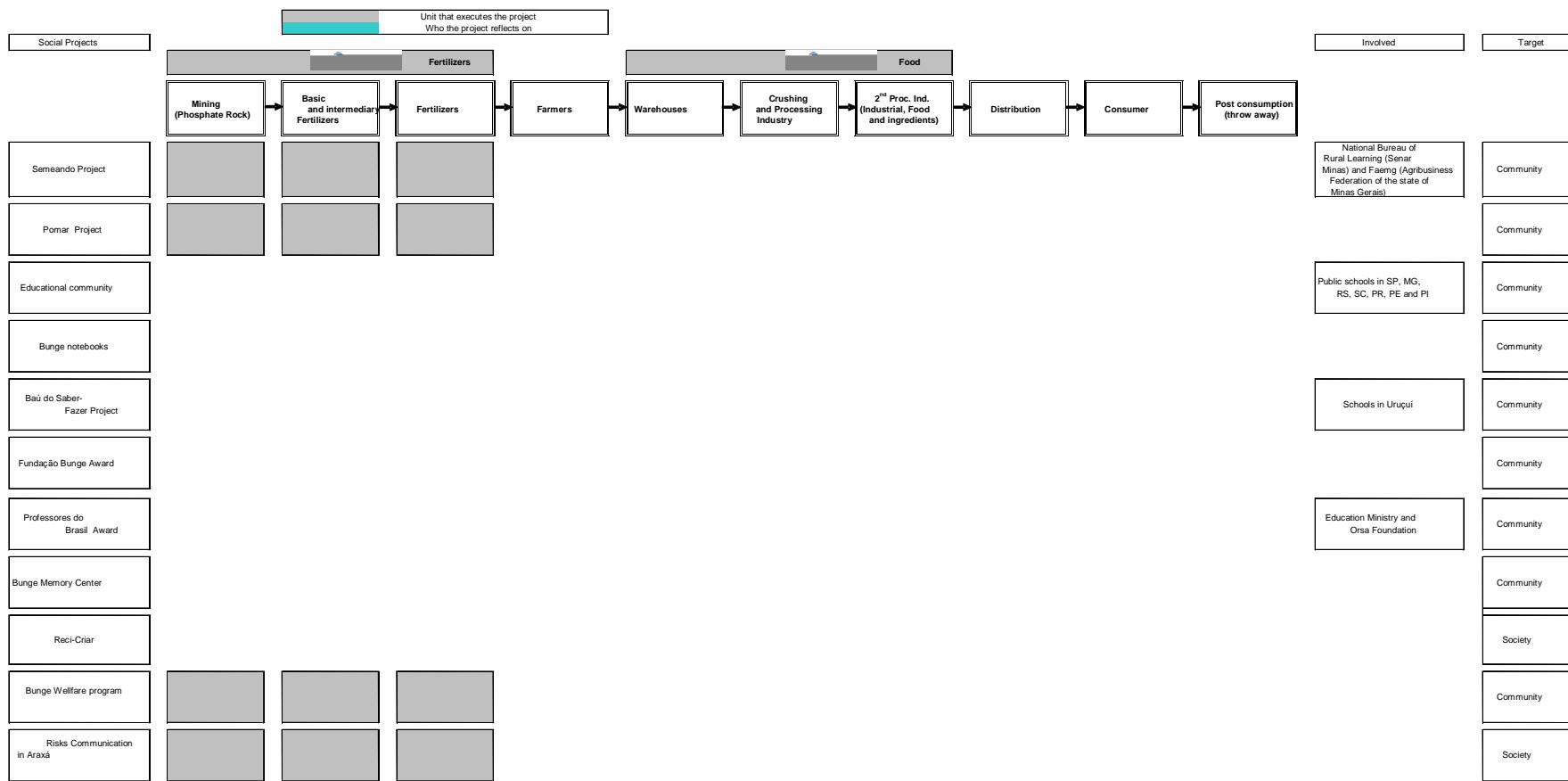
9. CONSUMERS

455 different food products produced by Bunge contributed for the healthy nutrition of millions of Brazilian consumers.

Source: Adapted from Bunge Sustainability Report – 2008 edition available at their website.
Website: <http://www.bunge.com.br/sustentabilidade/2008/port/03c.htm>

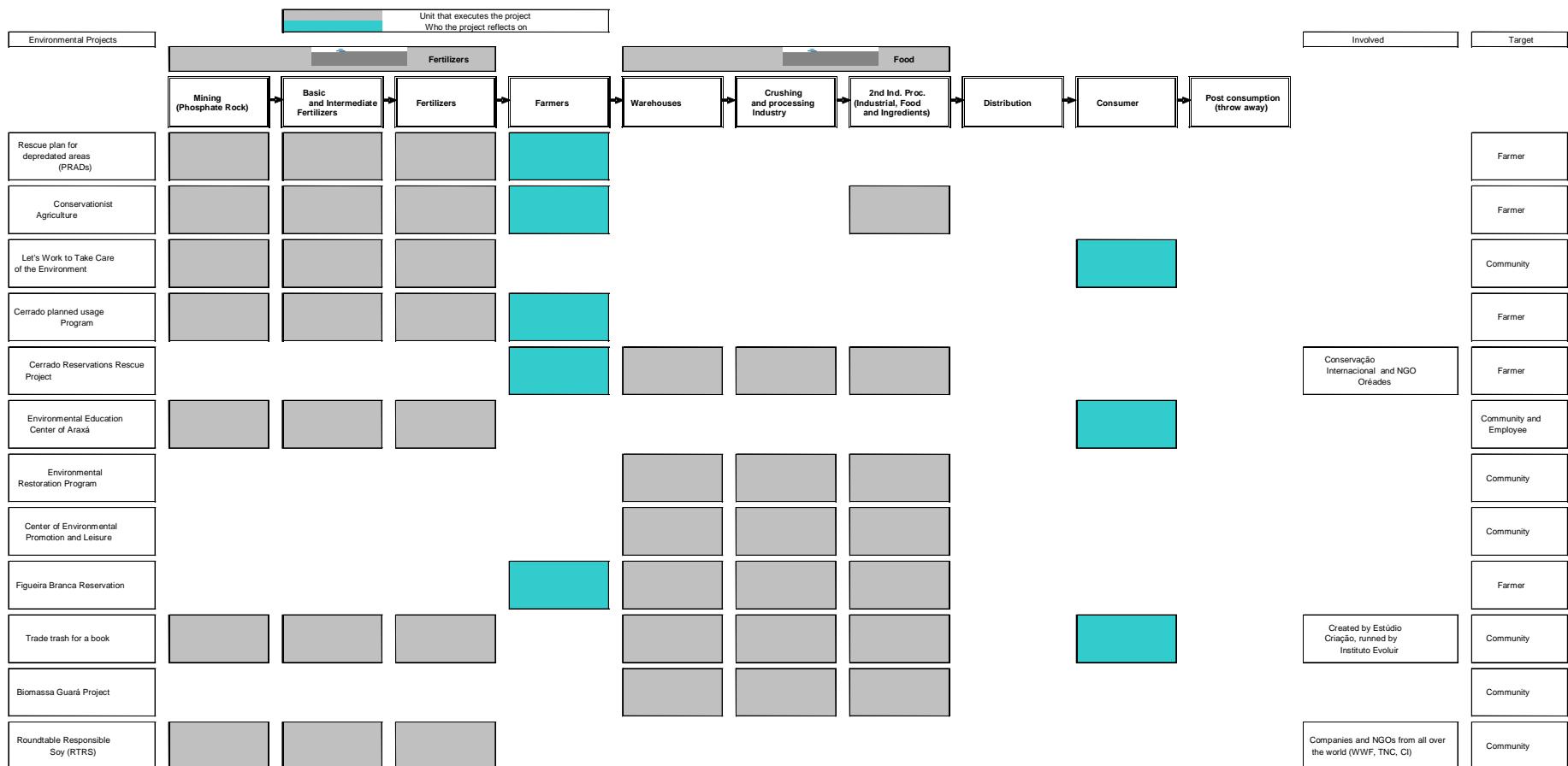
Attachment 34 – Bunge social projects

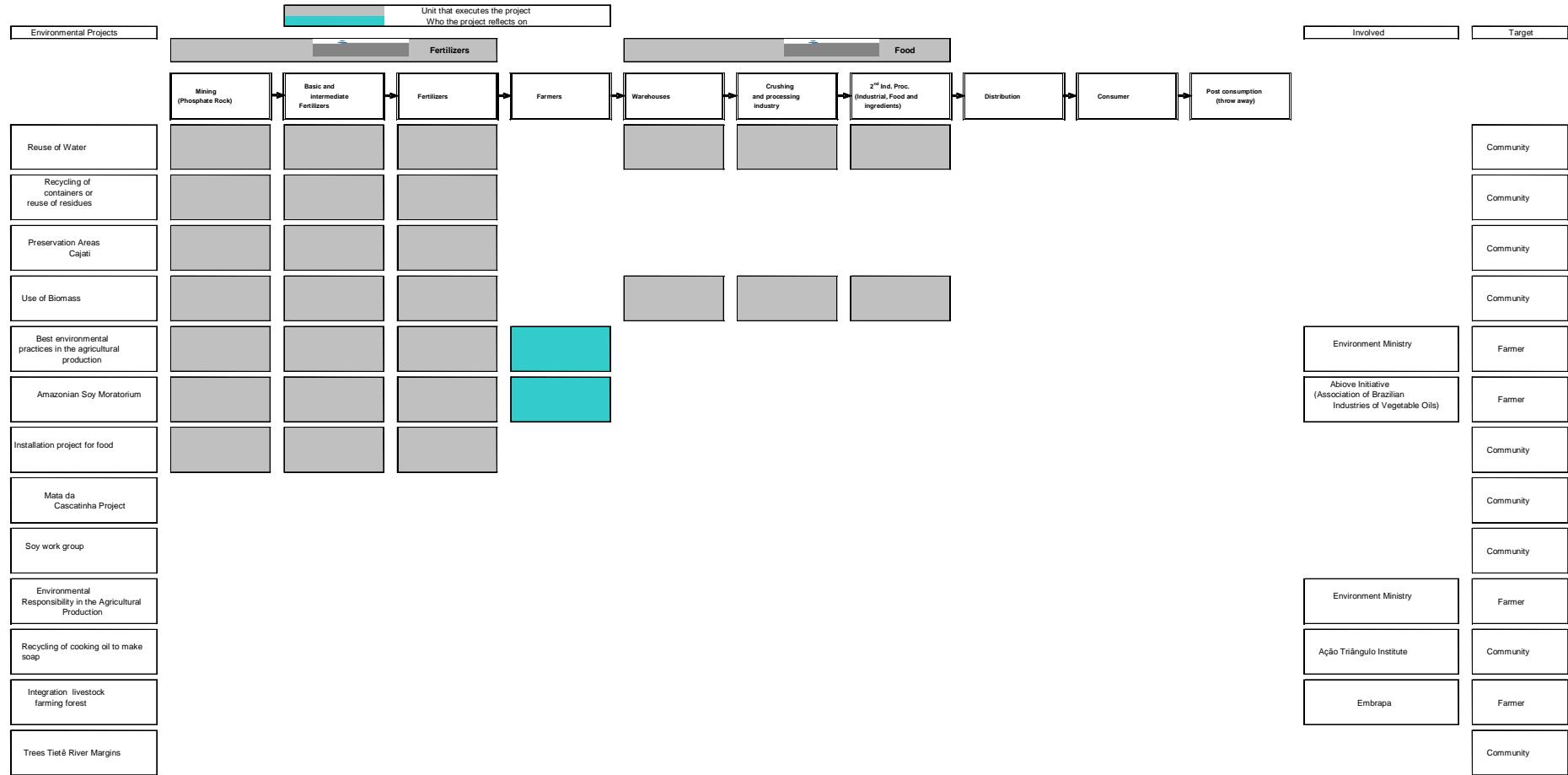




Source: Elaborated by the authors based on Bunge Sustainability Reports (2007 and 2008 Editions), website (<http://www.bunge.com.br>) and interviews.

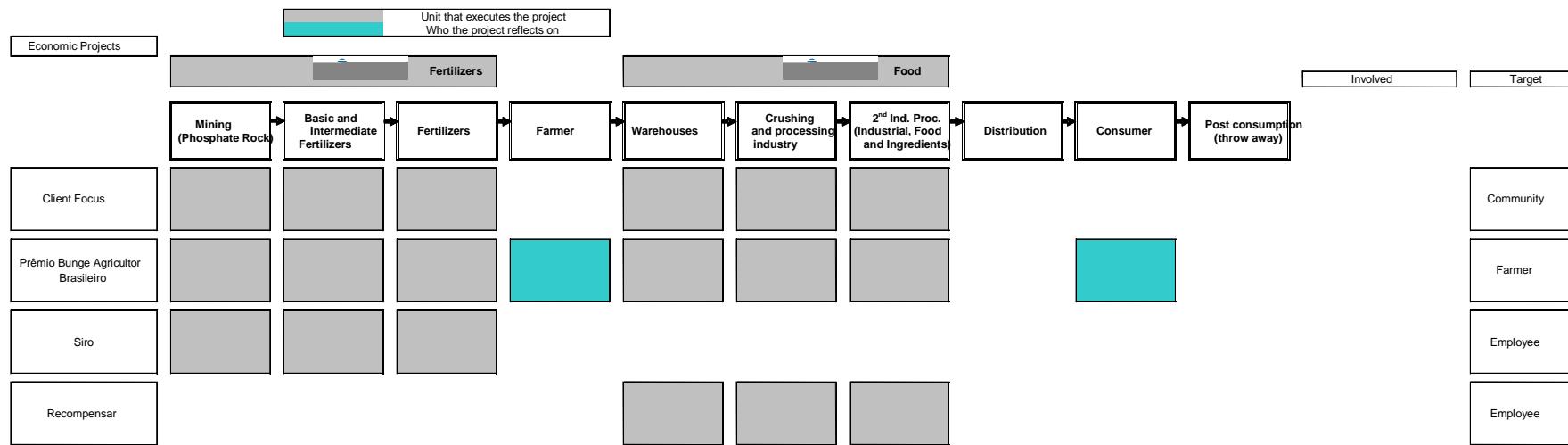
Attachment 35 - Bunge's projects with Environmental Focus





Source: Elaborated by the authors based on Bunge Sustainability Reports (2007 and 2008 Editions), website (<http://www.bunge.com.br>) and interviews.

Attachment 36 – Bunge Projects with Economic Focus



Source: Elaborated by the authors based on Bunge Sustainability Reports (2007 and 2008 Editions), website (<http://www.bunge.com.br>) and interviews.

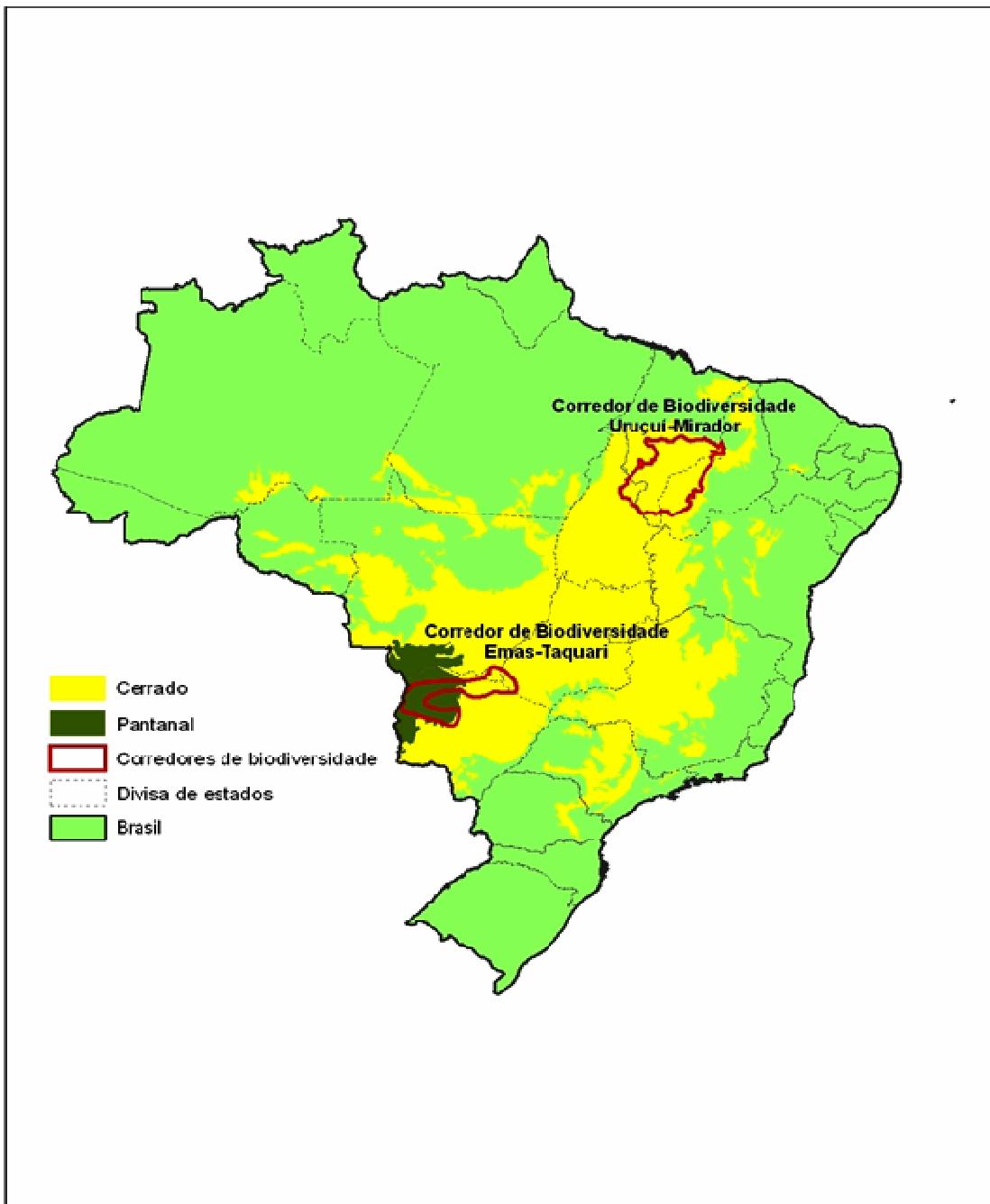
Attachment 37 - Examples of Performance Indicators – GRI

Economic Development
Description about the economic management
EC 1. Direct economic value generated and distributed
EC 2. Financial implications, risks and opportunities due to climate changes
EC4 . Significant financial help received from the government.
EC 5. Variation of the proportion of the lowest salary compared to the minimum wage.
Market presence
EC6. Policies, practices and expenses with local suppliers.
EC 7. Procedures for local hiring.
Indirect Economic Impacts
EC 8. Investments in infrastructure and services.
Environmental Performance
Description about the environmental management
Materials
EN 1. Used materials
EN 2. Percentage of the materials used from recycling.
Energy
EN 3. Consumption of direct energy.
EN4 . Consumption of indirect energy.
EN 5. Saved energy due to improvements on conservation and efficiency.
EN6 . Renewable energy use initiatives.
Water
EN 8. Total use of water.
EN 9. Water sources significantly affected by the water consumption.
EN 10. Total volume of water recycled and reused.
Biodiversity
EN 11. Area in the protected areas or adjacent to them.
EN 12. Description of significant impacts on the biodiversity.
EN 13. Protected or restored habitats.
Emissions, Effluents and Residues
EN 16. Total of direct and indirect emissions of greenhouse effect gases.
EN 17. Other indirect emission of relevant gases.
EN 18. Initiatives to reduce the emission of greenhouse effect gases.
EN 19. Emission of substances that destruction the ozone layer.
EN 20. NO x, SO x and other significant atmospheric emissions.
EN 21. Total waste of water, by quality and destination.
EN 22. Total weight of residues, by type and method of disposal.
EN 23. Total number and volume of significant spills.
Products and services
EN 26. Initiatives to mitigate the environmental impact of products and services.
EN 27. Percentage of recovered products and containers.
Conformity
EN 28. Fines and penalties resultant from non legal compliance regarding environmental issues.
EN 30. Total investments and expenses with environmental protection.
Social Performance – Labor Practices and Decent Labor
Description about the social management – Labor aspect
LA 1. Total employees by type of work, labor contract and region.
LA 2. Total number and turnover rate of employees.
LA 3. Benefits offered and their extension.
Relations between workers and Governance
LA4 . Percentage of employees covered by collective negotiation agreements.

LA 5. Minimum time to notify operational changes.
Safety and Health at Work
LA 7. Rates of injury, occupational diseases, lost days, absenteeism and deaths.
LA 8. Programs related to serious illnesses.
LA 9. Issues of safety and health covered by formal agreements with unions.
Training and Education
LA 10. Average training hours.
LA 11. Programs for competency management and learning.
LA 12. Employees who receive performance and development analysis.
Diversity and Equal Opportunities
LA 13. Composition of governance groups and other employees.
LA 14. Proportion of salary – base between men and women.
Social Performance – Human rights
Description about the social management – human rights aspects
Investment Practices and Purchase Process
HR1. Investment contracts with clauses referring to human rights.
HR2. Suppliers submitted to evaluations regarding human rights.
No prejudice
HR4. Total number of prejudice cases.
Liberty of association and collective bargaining
HR5. Operation with a risk to the liberty of association and collective bargaining.
Child labor
HR6. Operations that have a risk of having child labor.
Forced Labor or Similar to Slavery
HR7. Operations with the risk of having forced labor or similar to slavery.
HR8. Percentage of security personnel submitted to trainings about human rights.
Social Performance - Society
Description about the social management – aspect Society
Community
SO 1. Programs and practices to evaluate and manage the impacts on the communities.
Corruption
SO 2. Units submitted to evaluation of corruption risks.
SO 3. Employees trained about anticorruption policies and procedures.
SO4 . Measures taken about corruption cases.
Public Policies
SO 5. Participation on the elaboration of public policies and lobbies.
Conformity
SO 8. Non monetary fees and penalties resultant from the nonconformity with laws and regulations.
Social Performance – Responsibility for the Product
Description about the social management – aspect responsibility for the product
Health and Safety of the Consumers
PR1.Evaluation of the impacts on health and safety on the products' life cycle.
PR2. Cases of nonconformity related with health and safety of the consumers.
Labeling of Products and Services
PR3. Labeling procedures.
PR4. Cases of nonconformity related to labeling.
PR5. Practices related to customer satisfaction.
Marketing Communications
PR6. Adherence to laws, standards and voluntary marketing codes.
PR7. Cases of nonconformities related to marketing communication.
Compliance
PR9. Fees for nonconformity with laws and regulations regarding the supply and use of products and services.

Source: Adapted from Bunge Sustainability Report – 2008 edition.

Attachment 38 – Mini Case Cerrado Rescue



Source: Map sent by the NGO Oréades, 2008.

Attachment 39 - Mini Case Environmental Responsibility in the Agricultural Production



Source: Agriculture Production Brochure
Site: http://www.bunge.com.br/sustentabilidade/cartilha_RA.pdf

Attachment 40 – Mini Case Conservationist Practices



Bil **Source:** Manah website

Filho, Claudio Pinheiro Machado. *Responsabilidade Social e Governança*. São Paulo: Thompson, 2006.

Bunge.. “Bunge Sustainability Report, 2008 edition – Partnerships for Sustainability”.

<http://www.bunge.com.br/sustentabilidade/2008/eng/home.htm> (accessed July 01, 2008).

Global Reporting Initiative. <http://www.globalreporting.org/Home> (accessed July 01, 2008).

Teaching Note

Target Market Statement

The main topics developed in the study are: the soybean production chain; the process and structure of sustainability at Bunge; the sustainability strategies used by Bunge and the steps of the sustainability process to add value to the productive chain.

The specific teaching objectives of the case;

The lessons that can be learned from the case are: the understanding of how a totally verticalized company acts, how its values are managed and increased for the productive chain and even the sustainability definition to contribute to the future generations in order to use the resources rationally, without wastes and on an efficient way. Therefore the case has the following teaching objectives:

- To present the current challenges of the sustainable Brazilian agribusiness: how the expansion of the agricultural production in Brazil generates pressure to the farmers and to the products.
 - To report how occurs the agribusiness management strategy by Bunge: the action strategies used by Bunge and the steps of the sustainability process to add value to the productive chain represented by the Model for Value Creation From the Discretionary Actions of Social Responsibility
 - Model for Value Creation From the Discretionary Actions of Social Responsibility. Therefore, the choice of programs can follow a logic and leverage the business opportunities of the company in order to raise its value before its stakeholders.
 - Tools used by Bunge to maintain the sustainability as a guideline for its actions.
 - Benchmarking for other companies that want to act sustainable or improve their sustainability actions: the case explains how a company structure the decision making in the sustainability area, the decision process and its challenges, the global leadership of the company in the construction of these strategies, and how it acts in its sustainability programs in different links of the productive chain.
 - There are four sustainability cases reported about approaching the farmers just to show how the actions performed by Bunge are done, and those are: awareness, tools, recognition and enforcement.
 - To discuss how all those involved apply the sustainability actions: the company, the consumers, the environment and the communities where Bunge is located.
 - To report the main challenges faced by Bunge: The management of Bunge's sustainability programs, especially the ones that focus the farmers and the value chain of the company, involve the coordination of different agents such as: governments, NGOs, companies, farmers with different levels of acceptance towards the sustainability actions.
- o The intended audience (senior undergraduate course; graduate course; executive education; adult education / extension);
-graduate course

-senior graduate
-adult extension

o A list of references and support material that could be used by the instructor and the students to gain maximum benefit from the case.

The following material will give the necessary support to a more profound study about the themes discussed on this study case for those who are interested:

Filho, Claudio Pinheiro Machado. *Responsabilidade Social e Governança*. São Paulo: Thompson, 2006.

Bunge.. “Bunge Sustainability Report, 2008 edition – Partnerships for Sustainability”.

<http://www.bunge.com.br/sustentabilidade/2008/eng/home.htm> (accessed July 01, 2008).

Global Reporting Initiative. <http://www.globalreporting.org/Home> (accessed July 01, 2008).

- ✓ <http://www.bunge.com.br/sustentabilidade/2008/port/home.htm>
- ✓ <http://www.globalreporting.org/home>

Teaching Strategy Statement

The detailed illustration of the key concepts presented in the case, and of the suggested strategies for their presentation, including the suggested sequence of key questions, and the possible use of audiovisual / other material.

Case Index and Structure:

The case presents the following structure:

- Introduction: The challenges of the coordinated and sustainable agribusiness: brief presentation of the case and the issues to be discussed.
- BUNGE: brief description of Bunge, its history, goal and activities.
 - Bunge path and Development in Brazil:
- The competitive environment of fertilizers, grains production and final consumer products:
- The expansion of the sustainability strategy for the value chain
 - Bunge and the coordination of farmers in Brazil
 - Steps to approach the farmers
 - Mini cases (examples)

The challenges ahead

- Challenge of Coordinating of the Entities Involved with the Programs
- Challenge of Coordinating Bunge Initiatives
- Challenge of the Program’s Growth

- Challenge of the Information and Communication of the Programs of the Company's Sustainability Strategy.
- Challenge of Implementing the Programs due to the Turn-Over of the Field Team

The approach which should follow the case study would be the same proposed on its structure, because then it would follow a logical sequence of the concepts in the order they must be comprehended for the overall understanding of the case.

A brief snapshot of a 60 minutes session discussion flow could be the following:

- Explanation about the Brazilian agribusiness (5 minutes).
- Questions to introduce the case discussion connecting the agribusiness to the Bunge company. (5 minutes)
- Bunge history, since its beginning and development in Brazil (8 minutes)
- The sustainability expansion for the value chain (15 minutes). This topic includes:
 - Strategy, structure and actions that guide the sustainability
 - Organizational Culture
 - Model for Value Creation From the Discretionary Actions of Social Responsibility
 - Choice of projects and programs
- Soybean productive chain (5 minutes)
- Steps to address the farmers (12 minutes)
 - Awareness; tools; recognition; enforcement.
 - Mini-cases
- Main challenges of the case and conclusion (10 minutes)

Research Statement

For the elaboration of this case study, there was an approach among the researchers and Bunge. There were reunions with the corporate communication director Adalgiso Telles and with the corporate marketing and sustainability manager Michel Henrique R.Santos.

During the first conversations, although the company has many sustainability actions, the focus would be the company's actions related to the farmers who are both clients of Bunge Fertilizantes and suppliers of Bunge Alimentos. Furthermore, this is the only link of the productive chain in which Bunge doesn't act directly. It is interesting to observe that the company acts coordinately with the farmers, besides using a four step approach – Awareness, Tools, Recognition and Enforcement – to assure the legal compliance of the production methods. These methods are explained in this article to verify their efficiency.

Only four projects were chosen due to limitations imposed to the extention of this case study. The four chosen cases were - Cartilha Responsabilidade Ambiental na Produção Agrícola (Brochure of

Environmental Responsibility in Agricultural Production); Resgate do Cerrado (Cerrado Rescue); Práticas Conservacionistas na Agricultura (Conservationist Practices in Agriculture) and; Destaque Bunge do produtor brasileiro (Bunge Award for the Brazilian Farmer) – represent the three first approaches that Bunge makes towards the farmers and therefore to exemplify the sustainability practices of the company.

The materials that Bunge supplies for all their stakeholders such as annual reports, the websites, financial statements and information used to make these reports, such as the Global Initiative Reporting (GRI) tool, were analyzed.

Interviews were done with stakeholders that participated in all steps of the approach. In order to do that farmers were visited and interviews in Brasília, Maringá and Mineiros; farmers that are members of the collaborators team of Bunge in Londrina and of two NGOs Oréades in Mineiros and Conservation International in Brasília.