



## Study Tour Visit to : Petrobras' Candeias Biodiesel Plant

Production Capacity	57 million litres of biodiesel / pa
Feed stock	mixed, (high volumes of castor oil derived from family agriculture
Age of Plant	1 month



The appointed president of Petrobras Biocombustível, Alan Kardec, and Petrobras' director for Gas & Energy, Maria das Graças Foster participated, this Monday (07/28), in a press conference in Salvador, Bahia. **The theme was Petrobras' first biodiesel plant,** inaugurated this Tuesday (07/29). "Petrobras' cradle was Bahia. This is where we were born and it is a happy coincidence this is where the story of Petrobras Biocombustível will start too," said Alan Kardec.

According to the executive, the company was created to drive the integration of the several areas of the company that are involved in the biofuel theme. To him, two issues are fundamental in the appearance of this new company. "The first is the environmental issue. Our direct contribution to reducing global warming. Another one is the corporate aspect. There will be an ongoing increase in the global demand for biodiesel. We are an energy company, and it is our obligation to seize the opportunity we have here. Few countries in the world have as many favorable conditions as Brazil. Land, water, sun, people, technology. This is all essential to be successful in the segment. Not to mention the social fund we are going to develop based on family farming," said Kardec.

Petrobras' director for Gas & Energy, Maria das Graças Foster, rated the work done with family farming as one of the most complex and best in the social area. " Petrobras' policy is to have the most we can of our supply base coming from family farmers. That is why we are developing a series of projects to boost these small producers' muscle power, their supply

capacity. And this is not just because we are a company that is committed to the social area. The economic viability of biofuel-producing plants also depends on family agriculture. Strengthening these small suppliers is fundamental for us to control input price volatility in the market. It is more complicated to control it when it is concentrated on intensive agriculture," said Graça.

To Alan Kardec, the new company's success must necessarily go through the fields. "There are immense challenges, but our partners are great too. Beginning with president Lula, who is a biodiesel enthusiast," mentioned the executive. The Gas & Energy director highlighted the excellent location of the Candeias plant. "It is in one of the best possible locations, near the consumer market, near the Transpetro terminal in Salvador, close to a grain crushing unit, in addition to being relatively close to the family farmers themselves," listed Graça.

To Alan Kardec, Candeias is the first step taken in an irreversible trend. "Our goal for 2012 is to produce 940 million liters of diesel per year. We will start tomorrow with Candeias, which will put 57 million liters of biodiesel in the market per year," said the appointed president. In August, it will be Montes Claros, Minas Gerais, and Quixadá, in Ceará. Together, the three plants will generate income and work for 55,000 family farmers who have been hired to supply input. In four years, Petrobras intends to invest \$1.5 billion in the segment. The company's objective is to lead the domestic biodiesel production and to boost its participation in the Ethanol business, concentrating its efforts on the international market.

After the inauguration ceremony held for the Candeias Biodiesel plant, president Luiz Inácio Lula da Silva installed the board of the newly-created Petrobras Biocombustível. Yet today, Petrobras Biocombustível's Board of Directors will hold its first meeting. From now on, Petrobras' three new plants, including the one in Candeias, which was inaugurated today, and of the two other ones that are being built in Minas Gerais and in Ceará, will be managed by Petrobras Biocombustível.

The creation of Petrobras Biocombustível reinforces Petrobras' commitment to the environment and the Company's performance in the biofuels segment, in which it expects to invest \$1.5 billion through 2012. The company intends to be the domestic biodiesel production leader and to enhance its participation in the ethanol business, focusing mainly on the international market.

"In addition to bringing social and environmental benefits, Petrobras Biocombustível was created to meet the global demand for alternative fuels. This is a market opportunity in a context in which Brazil holds an outstanding position. As an integrated energy company, Petrobras could not be lag behind in this," said Alan Kardec, the president of the subsidiary.

In addition to the Candeias plant, Petrobras Biocombustível will also be in charge of the Quixadá (Ceará) and Montes Claros (Minas Gerais) biodiesel plants. The three plants' total biodiesel production capacity will be 170 million liters per year. The investment was R\$295 million.

The Bioenergetic Complexes (CBios) will also integrate Petrobras Biocombustível. These are projects done in partnership with Brazilian producers and international conglomerates to produce ethanol for exports. The first partnership was signed in early July, and 22 other CBios are expected to be built, with a total investment in the order of \$5 billion made by Petrobras and its partners. The goal is to produce 4.75 billion liters in 2012.