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Case study: Brazil

Sustainable biz with a Brazilian buzz

By Dom Phillips in Rio de Janeiro

There are signs that the sustainability movement is suddenly gathering pace in Brazil, but filtering out the noise can be difficult in this exciting economy

In Brazil's booming economy, sustainable business, and an awareness of the importance of corporate responsibility, are gaining footholds.

"There is no way back," says Vivian Blaso, a professor at the Fundação Armando Alvares Penteado university in São Paulo, who runs her own sustainable business consultancy, Sustainable Conversation.

Business in Brazil certainly wants to be more sustainable and will spend money to achieve that goal. "The field has changed a lot in the last two years," says Andre Degenszajn, general secretary of the Institutes, Foundations and Companies Group (Gife), a non-profit network working in social investment since 1989.

"When Gife was created there was the idea that social investment should be different to the business of the company," Degenszajn says. "This paradigm has been broken. Today companies want to align social investment with their business."

Ricardo Voltolini, director-president of the São Paulo consultancy Ideia Sustentável, which works with business leaders on business strategy, argues that the change is even more far-reaching.

"We have had a migration to sustainability in business management," he says. "It is as if corporate responsibility was [isolated], then everything changed so that sustainability in business management started to have a central role in strategic plans."

Local leaders

Voltolini highlights Brazilian cosmetics brand Natura as a leader in sustainable business practices, but also cites packaging multinational Tetrapak and Brazilian petrochemicals giant Braskem – which have collabo-

rated to produce a "green plastic", made from 75% recyclable materials. Aluminium giant Alcoa, Brazilian eucalyptus pulp producers Fibria, consumer goods multinational Unilever, global energy company AES, and Brazilian steel, cement and energy group Votorantim are also on his list.

According to a Gife census in 2012, the 100 organisations associated with the group (including both foundations and companies) either invested or donated a total 2.36bn real (\$1bn), up from 2.2bn real in 2011.

Degenszajn says that in Gife's experience, investment in corporate responsibility related projects and programmes have merely kept pace with inflation (which was running at 6.3% in July 2013). "There is no major growth in investment," he says. But business is thinking in broader terms about sustainability. "[A typical] company is thinking less about its immediate area and more about wider concerns of society and the world," Degenszajn says.

Degenszajn cites two examples: Wal-Mart and Brazilian group Camargo Corrêa.

First, Instituto Wal-Mart's Bombando Cidadania Citizenship programme in the low-income Bombado Hemeterio district of Recife, in Pernambuco state, north-east Brazil was launched in 2008 and is involved in a wide range of activities from health and cultural development to education and income development.

Total Wal-Mart investment in the project amounted to 3.84m real (\$1.64m) – with partners that included local NGOs and organisations such as small business agency Sebrae. Including partners, investments reached 5.6m real. In one survey

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Business is thinking in broader terms about sustainability

included in the report, 94% of those who had participated in the programme say their lives have changed in some way as a result of the programme.

From 2007, InterCement, part of the Camargo Corrêa group, began a new social programme in the middle-income city of Pedro Leopoldo, where it has a plant. Educational and family values were prioritised in projects that included training infant teachers, health education for pregnant women, and sport, leisure and culture for an “ideal childhood”. Both NGOs and local government have participated.

The plant’s “favourability index” – which measures how the workforce regards the company – increased from 47 in 2006 to 76 in 2010, while productivity and employee retention levels also increased, according to a report produced by the Fundação Dom Cabral business school. The report concluded that the relationship between community and company had improved significantly since the social projects began.

Blue sky thinking

Drinks multinational Anheuser-Busch InBev has a worldwide commitment to sustainability – the company claims a 2012 recycling rate of 99.2% and has a wide range of sustainability programmes across the globe. In 2010, its Brazilian arm, AmBev, launched Cyan Movement, a wide-ranging series of initiatives around water resources, conservation and management.

“Cyan Movement is an umbrella for various initiatives to protect water on the planet,” says Ricardo Rolim, director of corporate responsibility at AmBev.

This “umbrella” includes a website dedicated to news about water initiatives, the Banco Cyan that encourages water saving, and two projects with international NGOs to improve water supply and cleanliness in water basins near Brasília and São Paulo where the company has breweries.

“We have a long history of working in water basins around the world,” says Bert Share, senior global director, beer and better world, at Anheuser-Busch InBev in the US. “Our company dream is to be the best beer company in a better world.”

The project is illustrative of some of both the strengths and weaknesses of corporate responsibility in Brazil. Cyan Movement is ambitious in its scope but on some levels it is difficult to get past the corporate rhetoric and measure actual achievements to date. There is a lack of both transparency and reporting that is representative of the corporate responsibility sector in Brazil as a whole.

Clearly water is an attractive area for AmBev. Share says that as it is the company’s key ingredient there is a clear commercial advantage in working on water cleanliness and supply in basins in Brazil where AmBev has breweries. “This project fits nicely into our better world strategy,” Share says. “It’s important to have a good fit with the company and it needs to have that good fit with the brand as well.”



Enormous sustainable natural resource use potential

Its success can most clearly be measured with Banco Cyan, which in 2012 began offering reward points with local brands for customers who saved water on their bills in São Paulo, Rio de Janeiro and Uberaba in Minas Gerais. There are 3,500 people participating, AmBev’s Rolim says, who gain online discounts from companies such as Blockbuster and Brazilian retailer Americanas. By July 2013, almost 300m litres of water had been saved.

Since 2010, AmBev has also worked with WWF at the Corumbá-Paranoá Basin, which provides water for its Brasília brewery. Work includes schemes to educate the local population about water conservation, though courses at the brewery and reading material. AmBev says 7,000 people have been engaged “through capacity building activities”.

A nursery has been built at the Brasília brewery to grow 10,000 saplings, and 5,200 trees have already been planted. A local water basin committee has been established and “60 members have been trained on water governance”, AmBev says. But there is no data available on what improvements, if any, there have been to either water quality or quantity. Neither would AmBev divulge information on investments.

“As it is long term, there is not a figure from one year to the other,” Rolim says.

In March 2013, AmBev expanded its water basins project to the Piracicaba, Capivari e Jundiá basin



A lack of transparency and reporting is representative of the corporate responsibility sector in Brazil as a whole

which supplies water to AmBev's Jaguariuna brewery. Here the company has partnered with US NGO The Nature Conservancy on a project that will map rural producers that by conserving their land can guarantee water production and supply.

These producers will in future be recognised as "water producers" and paid for the conservation of their land. It is a project with particular relevance in Brazil – where issues of forest protection and conservation have particular importance.

"Fundamentally it recognises that the rural producer should be remunerated for conservation and restoration," says Fernando Veiga, water security manager for the Latin American region for The Nature Conservancy. "When you conserve and restore you are contributing to the improvement of water."

AmBev, Rolim says, is paying for the mapping. But, the company does not divulge how much it has invested in the three years of the Cyan Movement project. In contrast, its 2012 corporate responsibility report has detailed information about other projects it runs in Brazil.

For instance the report gives extensive detail on its Zerrenner Foundation, which supports Brazilian employees and dependents – which it says in 2012 "invested 200m real [\$102m] that benefited some 79,130 people throughout the country". The report provides detail of the number of scholarships, food

supplies, food baskets and Christmas toys the foundation gave out.

Marketing motives?

Prof Vivian Blaso says Cyan Movement's focus on water protection is laudable but suggests the company's main motivation may be marketing.

This is a bigger issue for sustainability actions and corporate responsibility in Brazil. "We have a long way to go in transparency," says Gife's Andre Degenszajn. "It can look like everyone is green-washing. This can create a more negative vision of the sector."

Vivian Blaso cites recent moves in independent monitoring as steps in the right direction. In 2011, Conar, Brazil's National Council of Advertising Self-Regulation, expanded its guidelines on advertising that made sustainability claims.

In March 2012 a campaign by the São Paulo supermarket association Apas that aimed to stop customers using plastic bags was pulled because Conar judged it was misleading.

Blaso uses this example, and the growing importance of the Global Reporting Initiative, to argue that companies are becoming more transparent about what they are spending. "The mood of companies is to declare their actions," she says. And things are moving fast. "This year, this change will come." ■