

FUNDAÇÃO GETULIO VARGAS  
ESCOLA DE ADMINISTRAÇÃO DE EMPRESAS DE SÃO PAULO

**GUILHERME MORENO SCATENA**

**Corporate social responsibility and environmental sustainability:  
classification of the initiatives of the FMCG companies operating in  
Brazil**

**São Paulo  
2013**

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Dissertação apresentada à Escola de  
Administração de Empresas de São  
Paulo da Fundação Getulio Vargas,  
como requisito para a obtenção do  
título de Mestre Profissional em  
Gestão Internacional

Campo de conhecimento:  
Sustentabilidade

Orientador: Prof. Dr. Edgard Barki

**São Paulo**

**2013**

Scatena, Guilherme M.

Corporate social responsibility and environmental sustainability:  
classification of the initiatives of the FMCG companies operating in Brazil /  
Guilherme Moreno Scatena. - 2013.

87 f.

Orientador: Edgard Elie Roger Barki

Dissertação (MPGI) - Escola de Administração de Empresas de São  
Paulo.

1. Desenvolvimento sustentável. 2. Responsabilidade social da empresa.  
3. Bens de consumo - Brasil. 4. Comportamento organizacional. I. Barki,  
Edgard Elie Roger. II. Dissertação (MPGI) - Escola de Administração de  
Empresas de São Paulo. III. Título.

CDU 658.011.1

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Sustentabilidade

Data de aprovação: \_\_/\_\_/\_\_\_\_

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## RESUMO

Este trabalho tem como objetivo fornecer uma análise detalhada do cenário da sustentabilidade ambiental e iniciativas de responsabilidade social corporativa nas empresas que operam no mercado de bens de consumo brasileiro.

Para alcançar este objetivo as dez maiores empresas do mercado-alvo presente no Brasil foram analisadas por meio da classificação das suas iniciativas em três perspectivas amplas. Com esta classificação o cenário do mercado pode ser visto. As perspectivas utilizadas para a elaboração do trabalho são: (1) iniciativa ambiental ou social; (2) o foco interno ou externo e (3) a marca ou o custo como motivador.

Depois de classificar todas as iniciativas, foi possível ver que as empresas similares, que operam em mercados semelhantes, têm estratégias que são muito parecidos entre si. Além disso, ficou claro que a estratégia de negócios da empresa influencia as suas políticas ambientais e sociais, em particular os objetivos que estas políticas procuram obter.

Embora este trabalho apresente um panorama abrangente do setor de bens de consumo em relação a políticas de comportamento responsável das empresas, ele tem algumas limitações. A limitação mais significativa diz respeito a metodologia. As iniciativas foram avaliadas pela quantidade e a abrangência dos benefícios do impacto positivo não foram avaliados, impossibilitando assim a comparação do tamanho do impacto de cada empresa. Uma vez que pode haver um projeto de uma empresa que tem maior impacto do que vários outros feitos por alguma outra empresa.

A metodologia foi baseada em *clusters* de categorias, no entanto, as iniciativas não são completamente uma coisa ou outra, ou seja, uma iniciativa pode ter diferentes impactos, drivers ou foco, nesses casos, os aspectos mais relevantes foram a escolhidos para classificá-los.

**Palavras-chave:** sustentabilidade ambiental, responsabilidade social corporativa, bens de consumo, comportamento corporativo, motivadores de sustentabilidade ambiental e RSE

## **ABSTRACT**

This work aims to provide a comprehensive analysis of the scenario of the environmental sustainability and corporate social responsibility initiatives in the Brazilian companies in the fast moving consumer goods market.

To achieve this, the ten largest companies of the target market present in Brazil were analyzed by classifying their initiatives in three broad perspectives. With this classification a big picture of the market can be seen. The perspectives used to elaborate the work are (1) environmental or social initiative; (2) internal or external focus and (3) brand or cost driver.

After classifying all the initiatives, it was possible to see that similar companies, operating in similar markets, have strategies that are very alike of each other. Besides that, it was clear that the company's business strategy influences its environmental and social policies, particularly the objectives these policies seek to obtain.

Although this work presents a comprehensive picture of the fast moving consumer goods sector regarding the companies' responsible behavior policies, it has some limitations. The most significant limitation concerns the methodology. The initiatives were evaluated by the quantity and the range, sizes and the benefit of the positive impact were not evaluated, thus comparing the impact size of each company cannot be done, since there can be one project of a company that has a much larger and better impact than several others done by some other company.

The comparison of the companies also has been made impossible by the fact that the information was collected from the reports, which, besides having their own limitations, are not standardized and can lead to faulty comparison and even classifications.

The methodology was based in cluster categories, however, the initiatives are not completely one thing or another, i.e. one initiative can have different impacts, drivers and/or focus, in those cases the most relevant one was chosen to classify them.

**Key-words:** environmental sustainability, corporate social responsibility, fast moving consumer goods, corporate behavior, CSR and environmental sustainability drivers

## INDEX

1	INTRODUCTION.....	1
2	LITERATURE REVIEW.....	4
2.1	Introduction.....	4
2.2	Environmental Sustainability.....	4
2.3	Corporate Social Responsibility.....	9
2.4	Drivers for CSR and environmental sustainability.....	12
2.4.1	Cost Drivers.....	16
2.4.2	Branding Drivers.....	17
2.5	Conclusion.....	23
3	METHODOLOGY.....	24
3.1	Methodology definition.....	24
3.1.1	Research scope definition.....	24
3.2	Analysis methodology.....	25
4	RESULTS.....	28
4.1	Companies evaluations.....	28
4.1.1	Ambev.....	28
4.1.2	Souza Cruz (British American Tobacco).....	33
4.1.3	Natura.....	38
4.1.4	Unilever.....	42
4.1.5	Bunge.....	47
4.1.6	JBS.....	51
4.1.7	Marfrig.....	55
4.1.8	Cargill.....	60
4.1.9	Nestlé.....	63
4.1.10	Procter & Gamble.....	67
4.2	General Findings and conclusions.....	72
5	CONCLUSION AND FINAL CONSIDERATIONS.....	77
	REFERENCES.....	80
	APPENDICES.....	86
	Appendix 1 – Biggest FMCG companies present in the Exame Ranking.....	86
	Appendix 2 – CYAN Movement advertising material.....	87

## LIST OF FIGURES

Figure 1 - Sustainability's dynamic balance .....	5
Figure 2 - Key dimensions of Shareholder Value .....	6
Figure 3 - Carroll's CSR Pyramid.....	11
Figure 4 - The drivers towards more ethical business practices.....	12
Figure 5 - “How important are the following factors/descriptors to you when considering purchasing a product or service?” .....	15
Figure 6 - Ambev summary charts .....	30
Figure 7 - Souza Cruz summary charts .....	35
Figure 8 - Natura summary charts .....	39
Figure 9 - Natura's importance matrix .....	41
Figure 10 - Unilever summary charts .....	44
Figure 11 - Bunge summary charts.....	48
Figure 12 - JBS summary charts .....	52
Figure 13 - Marfrig summary charts.....	57
Figure 14 - Cargill summary charts .....	61
Figure 15 - Nestlé summary charts.....	64
Figure 16 - Nestlé's materiality matrix .....	65
Figure 17 - Procter & Gamble Summary charts .....	69
Figure 18 - Industry summary charts.....	72



## LIST OF TABLES

Table 1 - Drivers for CSR and Environmental sustainability.....	13
Table 2 - The most important driver by country .....	14
Table 3 - Consumer Segmentation .....	21
Table 4 - Companies studied .....	25
Table 5 – Ambev’s initiatives.....	29
Table 6 - Souza Cruz's initiatives .....	33
Table 7 - Natura's initiatives.....	38
Table 8 - Unilever's initiatives.....	42
Table 9 - Bunge's initiatives .....	47
Table 10 - JBS' initiatives.....	51
Table 11 - Marfrig's initiatives .....	56
Table 12 - Cargill's initiatives.....	60
Table 13 - Nestlé's initiatives .....	63
Table 14 - P&G's initiatives .....	68
Table 15 - P&G suppliers’ environmental sustainability scorecard dimensions.....	70
Table 16 - Initiatives summary.....	75

## **LIST OF ACRONYMS**

CFC – Chlorofluorocarbon

CSR – Corporate Social Responsibility

FMCG – Fast moving consumer goods

GHG – Greenhouse Gases

ILO – International Labor Organization

P&G – Procter & Gamble

TBL – Triple Bottom Line

## 1 INTRODUCTION

“During the last 200 years the environmental problem has been deepened with the acceleration of the industrialization and as a consequence, the greater capacity of human intervention on the nature. [...] The environmental question is now present in all international meetings and it is a growing issue inside companies, which do not want to play the bad guy’s role in society”<sup>1</sup> (Dias, 2011, p. 13).

Environmental sustainability and corporate social responsibility (CSR) are themes that have been gaining more importance in the past few years. People are more aware of the topic, their roles as citizens and consumers (Euromonitor, 2012).

In this scenario, large corporations all around the world have begun realizing the relevance of the topic in their business strategies, in the long and short terms. Either because consumers are demanding, because of legislation or for marketing or cost purposes, companies have started investing in initiatives concerning these issues (Grant Thornton, 2011).

In Brazil, these issues also gain relevance due to its vast amount of natural resources and significant inequality and poverty aggravated by the government incapacity of changing the situation alone (Griesse, 2007). Also, “Brazil is expected to be one of the largest consumer markets and a leading global economy by the year 2020” (Deloitte, 2013), which increases the importance of the subject in the country.

It is also very important to consider here the role played by banks and other financial institutions that provide funds for the companies’ projects. Since the adoption of the Green Protocol and the Equator principles by Brazilian financial institutions, all companies seeking funds for their projects must present, in their project plans, their strategies to assess and prevent damage to the environment and communities where those projects will be conducted (Instituto ATKWHH, 2012). Moreover, special lines of credit have been developed to support projects in the areas of environmental sustainability and CSR (BNDES, 2011).

Facing the challenges of being more responsible becomes more important each day for the companies, as well as understanding that these issues must play a central role in their strategies, since it is the future of our planet that is in question (Gonçalves-Dias, Loschiavo dos Santos, & Guimarães, 2012).

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<sup>1</sup> author’s translation

Although this is not the focus of this research, it is important to understand the current situation of the environmental sustainability and CSR policies of companies operating in Brazil, which varies considerably from company to company. Those variations occur due to the different stages in the companies' development of their environmental and social policies as well as due to the fact that each company has a set of priorities for their investments, that changes with their business strategies, the products they sell, their consumers and many other factors that can even include management personal preferences.

Therefore, the objective of this study is to categorize the initiatives companies are conducting nowadays in the areas of environmental sustainability and CSR in Brazil. Giving a general panorama of how the topic is developed in the country and understanding how the companies are dealing with the growing challenge of being profitable and responsible at the same time in an important sector such as the one of Fast Moving Consumer Goods (FMCG). This analysis will help understand how the companies are dealing with the responsible behavior issues nowadays in Brazil. Also the data here presented can be used to further researches, using historical data and even complemented by a deeper analysis of each initiative and company.

To achieve this objective the ten largest companies of FMCG sector present in Brazil were classified in three broad perspectives: (1) the social or environmental objectives: evaluates if the initiative's objectives are primarily concerning the environment or the society, including local communities, employees or other communities in need; (2) internal or external focus of the initiatives: concerns the focus of the initiatives, if it is related to inside the company or to questions outside of it and (3) the cost or brand driver for the initiatives: evaluates the initiatives according to the motives that the company might have to put it in place.

This thesis is divided into four chapters, besides this introduction. In the second chapter a literature review of the pertinent topics is presented and discussed and is used as a theoretical support for the study conducted. The third chapter presents the methodology developed and used in this work. The methodology, in short, consists in gathering and classifying information taken from the companies' reports, thus providing a big picture of how each company faces the CSR and environmental sustainability challenges.

The fourth part of this thesis contains the results of the study conducted and is divided in two parts, one concerning an analysis of the FMCG market in general and the other one brings an

analysis of the results presented by each studied company individually. It is also presented in this chapter the main conclusions taken from the presented results.

Finally, the last chapter presents the final considerations concerning the study conducted, including its limitations and areas where it can be more developed in future researches.

## **2 LITERATURE REVIEW**

### **2.1 Introduction**

This chapter will bring a revision of the relevant literature concerning the topics of this research. Firstly, it will be presented a definition of the environmental sustainability concept and its development in the past years.

The second topic discussed in the chapter is the Green Marketing, its changes and developments in the past years and the most important concepts for its understanding. Besides that, the tools and strategies that can be adopted on the communication and sales of sustainable products will also be discussed in this literature review. The third part of the chapter brings a discussion about corporate social responsibility and its drivers as well as the problem of the green washing.

The goal of the chapter is to present a revision on where the literature stands now in terms of the companies' sustainable and social efforts concerning their drivers focusing in four main categories: 1. cost drivers; 2. branding drivers; 3. social efforts and 4. environmental efforts. This will be the basis for the posterior analysis that will be conducted in this dissertation.

### **2.2 Environmental Sustainability**

According to Bursztyn and Bursztyn (2010), the concept of environmental sustainability as it is known today has its origins discussed. However the Burtland Report (1987) is widely accepted as the first document to gain public visibility.

Yet, one of the most important occasions countries showed their concerns about environmental sustainability in a formal and coordinated way was in 1992 in the Rio Conference, where 48 international companies with an important role in their markets, signed a document in which they recognized the question and their responsibilities<sup>2</sup> (Dias, 2011, p. 43).

Yet, according to Dias (2011, p. 54), the companies are the main responsible for the exhaustion and modifications caused to the different natural resources, thus many people believe that they have the duty to pay attention to the environment and act to change the

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<sup>2</sup> author's translation

current situation by using more efficient and greener manufacturing process and supply chains<sup>3</sup>.

On the other hand, Mejri and De Wolf (2012) say that the concept of sustainable development appeared for the first time in a publication in 1987 and was discussed and improved in the Earth Summit in 1992, held in Rio de Janeiro. At the beginning it was concerning states, but later on it was applied to the economic field through “Triple bottom line”, created by Elkington to help companies to understand and adopt environmental sustainability practices.

The “triple bottom line” framework aims to understand the pressures and forces that should be balanced in a company, and that can influence how environmental sustainability is managed in a company. Each one is related to the two others in some manner and their balance influence how sustainable is a company, and how its development is going to happen.

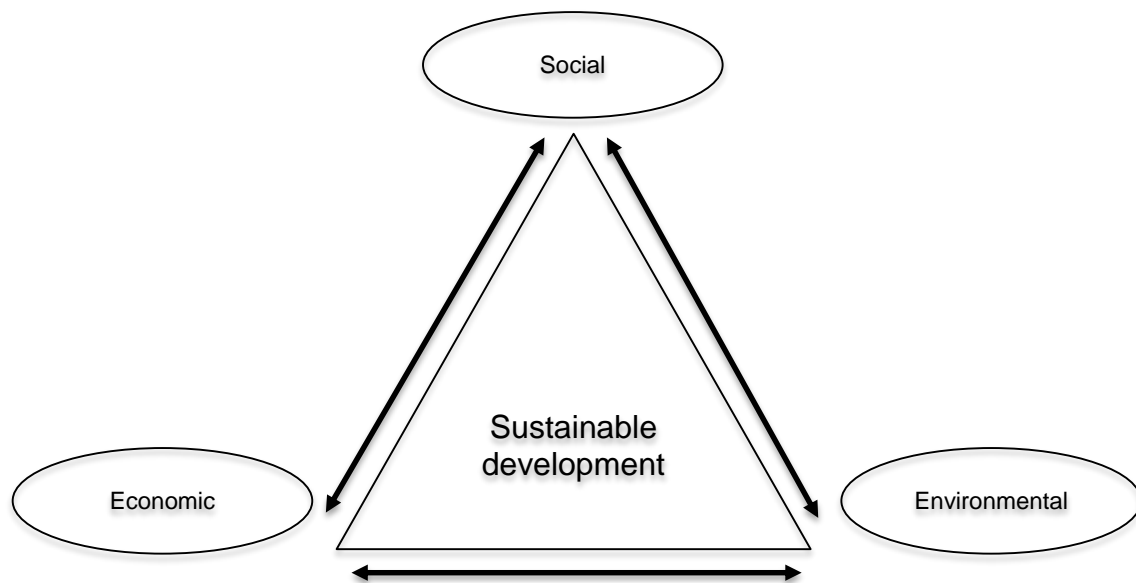


Figure 1 - Sustainability's dynamic balance

Source: (Elkington, 2013)

The triple bottom line (TBL) was first used by John Elkington, based on what he understood companies should be working on, instead of having only the economic returns in their goals and strategies. “In the simplest terms, the TBL agenda focuses corporations not just on the

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<sup>3</sup> author's translation

economic value that they add, but also on the environmental and social value that they add – or destroy” (Elkington, 2013, p. 2).

The TBL is also aligned with the Bruntland Report’s (World Commission on Environment and Development, 1987) definition of sustainability: “global sustainability has been defined as the ability to ‘meet the needs of the present without compromising the ability of future generations to meet their needs’”. This definition summarizes in a very effective way what are the goals of green market and the consumers and companies involved with it. It also goes against the mainstream short-term view of traditional companies that seek maximizing shareholder’s value and profits.

Hart and Milstein (2003) propose a perspective that links short and long term orientation as well as internal and external business drivers. Figure 2 illustrates this framework.

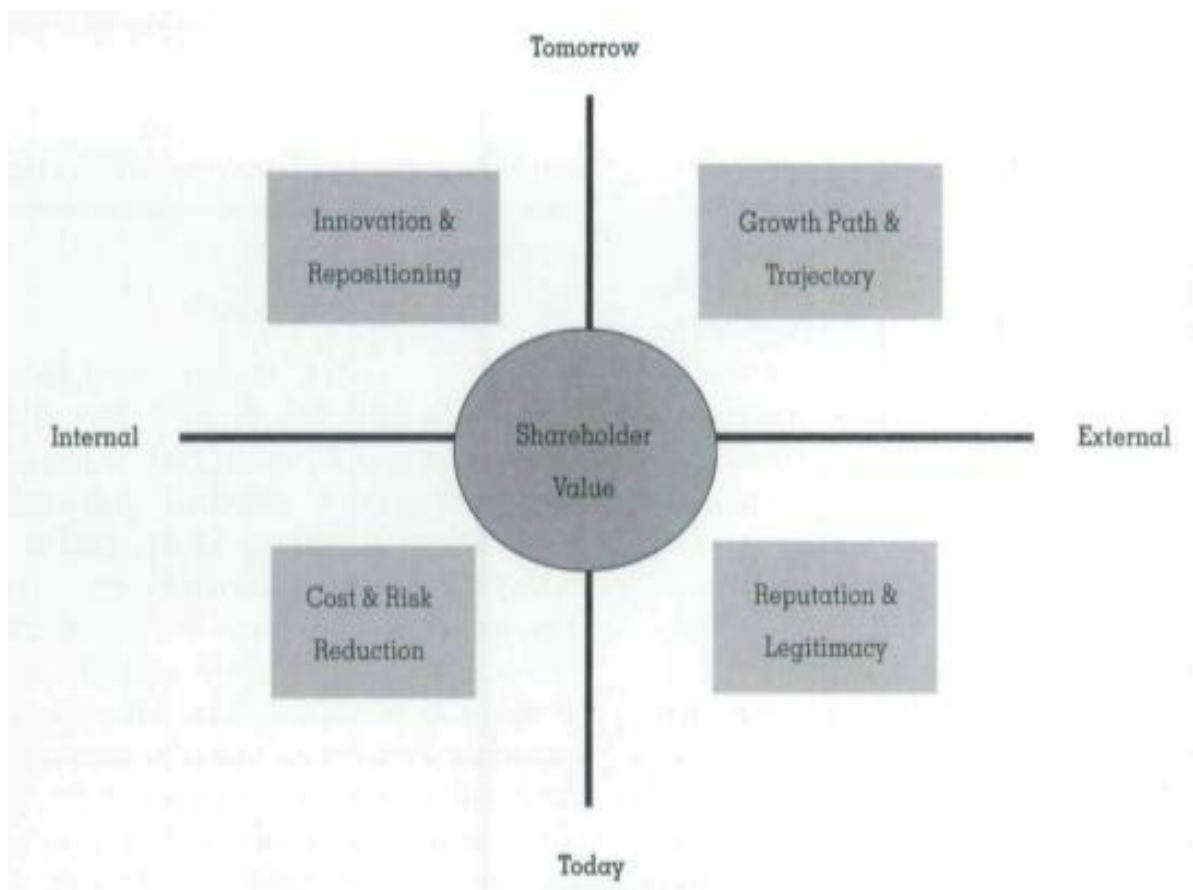


Figure 2 - Key dimensions of Shareholder Value

Source: (Hart & Milstein, 2003, p. 57)



The proposed framework presents two dimensions, the first one representing a temporal dimension while the second one concerning the internal and external orientations of the strategy. The two dimensions, when put together, produce the presented matrix. In the lower-left quadrant the internal and short-term questions are presented, namely cost and risk reduction; in the upper-left section it moves to long term issues, the company innovation and repositioning, i.e. how the company will remain profitable in the future; the lower-right quadrant represents the external and short-term issues, such as regulations and the last quadrant is related to the long-term external strategies, they are related to the growth expectations and strategies that will guarantee the companies' future performance (Hart & Milstein, 2003).

This framework serves also as basis for the categories proposed in the study conducted here. It proposes, as the methodology used here, an axis concerning the internal or external focus of the actions. In the other hand, it evaluates also the time frame to which the company is concerned, which in this study is not evaluated.

“Firms must perform well simultaneously in all four quadrants of the model on a continuous basis if they are to maximize shareholder value over time. Performing within only one or two quadrants is a prescription for suboptimal performance and even failure” (Hart & Milstein, 2003, p. 58).

The World Commission on Environment and Development (1987) proposes a set of factors that should be taken into account when thinking and discussing environmental sustainability:

“A society may in many ways compromise its ability to meet the essential needs of its people in the future - by overexploiting resources, for example. The direction of technological developments may solve some immediate problems but lead to even greater ones. Large sections of the population may be marginalized by ill-considered development.

Settled agriculture, the diversion of watercourses, the extraction of minerals, the emission of heat and noxious gases into the atmosphere, commercial forests, and genetic manipulation are all examples of human intervention in natural systems during the course of development. Until recently, such interventions were small in scale and their impact limited.

Today's interventions are more drastic in scale and impact, and more threatening to life-support systems both locally and globally. This need not happen.

At a minimum, sustainable development must not endanger the natural systems that support life on Earth: the atmosphere, the waters, the soils, and the living beings” (World Commission on Environment and Development, 1987, p. 42).

It is clear that, considering these factors and responsibilities, companies have a very central role in the future of the environment and in what concerns environmental sustainability.

Another very important factor when talking about environmental sustainability is the level of income, since it is proved that the level of income is proportional to the level of environmental degradation (Assadourian, 2010). According to a study conducted by Pacala (2007), at Princeton University, “the Richest 500 Million People Emit Half the World’s Fossil Carbon”.

Moreover, many companies that have their headquarters in developed countries – and thus send most, if not all, of their profits to those countries – are big contributors to the emission of greenhouse effect gases (GHG) in developing or underdeveloped nations by placing their factories there or even outsourcing production and other parts of their supply chain, giving up on the control they could have about environmental questions.

The National University of Córdoba (Universidad Nacional de Córdoba) (2012) presents its view of environmental sustainability, proposing a very straightforward analysis of the topic, its barriers to implementation and advantages.

However, the Universidad Nacional de Córdoba is very skeptical concerning the theme and considers that many times, it is very difficult to implement environmentally sustainable initiatives.

“Unfortunately, efforts to conserve natural resources and ecosystems are often hampered by projects on the grounds of business competitiveness and economic and social development, are incompatible with the full protection of the environment. This leads to a progressively deteriorating situation, including poverty, natural resource depletion, environmental degradation and poverty”<sup>4</sup> (Universidad Nacional de Córdoba, 2012).

Concerning the sustainability question and the deterioration of the world’s situation, Ward (2000, p. 213) highlights the importance of the companies to the issue when governments are not able to solve all the problems on their own:

“Deforestation, over-fishing, pollution, urbanization and 'bioinvasions' from destructive alien species introduced, are all taking their toll, and overall pressures on ecosystems are rising rapidly.' Public sector resources to stem the decline are in short supply. Not surprisingly, therefore, against this background there is an increasing focus on the potential for business to contribute to a resolution of the problems, as well as on appropriate

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<sup>4</sup> author’s translation

measures to mitigate the potential negative biodiversity impacts of commercial activity”.

The environmental sustainability presents challenges that have been largely discussed recently. The main ones being the global warming and greenhouse effect gases emission, water usage, forests management and green energy (Coleman, 2013).

Global warming, the greenhouse effect gases (GHG) and green energy are deeply related and are concerned with the increase in the global average temperature occurring in the past decades. Although it has not been completely proven yet, this issue has been put in evidence and became central for companies concerned with environmental sustainability. The challenge for them is to reduce the GHG emissions in their production processes and supply chains and transportation, since the greenhouse effect gases are mostly a byproduct of fossil combustibles burning, i.e. carbon dioxide and carbon monoxide (Coleman, 2013).

### **2.3 Corporate Social Responsibility**

“Corporate Social Responsibility (CSR) is a way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with other actors. CSR is a voluntary, enterprise-driven initiative and refers to activities that are considered to exceed compliance with the law” (International Labor Organization, 2013).

This is a very brief definition of corporate social responsibility, which summarizes a growing number of views about the topic.

According to Cochran (2007, p. 449),

“Over the past several decades, corporate social responsibility (CSR) has grown from a narrow and often marginalized notion into a complex and multifaceted concept, one which is increasingly central to much of today’s corporate decision making.

To the extent that corporate social responsibility was even discussed several decades ago, these discussions were confined to a small group of academics”

In accordance to the presented definition by the International Labor Organization (ILO), corporate social responsibility (CSR) can also be defined as the extra effort firms make that goes beyond what is required by law and regulations, to increase their positive impact in society, which can be its employees, their families, the communities that live around the firms’ installations or even any community in need around the globe. Also CSR will collaborate with

the communities' immediate needs and desires as well as their future's needs (Portney, 2013, p. 107).

Through CSR companies will focus to benefit the communities in which they are placed, their employees and their families and other social aspects. Leonard and McAdam (2003, p. 28) present a comprehensive list of aspects that are part of the CSR efforts of a company:

- “Human rights.
- Workplace and employee issues, including occupational health and safety.
- Unfair business practices.
- Organizational governance.
- Marketplace and consumer issues.
- Community involvement.
- Social development” (Leonard & McAdam, 2003, pp. 27-28)

It is possible to see that those issues are related to both internal and external aspects of the company's operations. In other words, the issues involved in CSR concerns not only the external stakeholders of the company, but also the internal ones, such as employees and human resources policies.

Also, in 1977 the ILO has published its first normative document targeting the multinational enterprises – besides governments and workers – showing the importance of labor standards and social dialogues to CSR, which is the field the ILO can play a more important role to the discussion. “The ILO standards on CSR concentrate mainly on the dimension of labor rights. As such, these standards deal primarily with the human resources (HR) perspective of CSR” (Tessier & Schwarzer, 2013, pp. 4-5)

Figure 3 presents a model proposed by Carroll (1991) where he argues that for a company to understand and engage in CSR, it has to be reflected by all the other companies' management responsibilities.

According to him, “all of these kinds of responsibilities have always existed to some extent. But it has only been in recent years that ethical and philanthropic functions have taken a significant place” (Carroll, 1991, p. 4). However, they might be considered together by the management as important for the performance of the business.



Figure 3 - Carroll's CSR Pyramid

Source: (Carroll, 1991, p. 2)

In a more recent article, Carroll (1998, pp. 2-3) builds the concept of corporate citizenship on top of his pyramid:

“Corporate citizenship has an economic face, a legal face, an ethical face and a philanthropic face. [...] good corporate citizens are expected to:

- (1) Be profitable [...]
- (2) Obey the law [...]
- (3) Engage in ethical behavior [...] and
- (4) Give back through philanthropy (i.e. engage in corporate contributions)” (Carroll, 1998, pp. 2-3).

It is clear that the environmental and social questions are becoming more central in the corporate life and business strategies. As a trend, it is possible to notice that in general, the stakeholders of the companies have a more critical view and analyze the environment and social impacts of the corporations. Consumers are more demanding for responsible behavior from the companies and are looking for products and companies who share the same beliefs. The media is presenting more news about social and environmental issues. Also, employees are becoming more critical and also demanding in what concerns how the firms do business and how it influences and participates in the society, being through employee relation, social engagement in the communities where it is located or even improving life conditions in the supply chain using fair trade policies.

This is an aspect to which companies have to pay attention, since it is a possible condition to keep their employees motivated and attract new talented ones. (European Commission, 2008, p. 108)

From a consumer or community point of view, the driver to the adoption of a responsible business model is not as relevant as the results it brings to the stakeholders or the general public.

Yet, in the next topics of this work, a discussion about the relevant literature concerning the most relevant drivers for investment and adoption of environmentally sustainable and socially responsible practices will be presented and discussed.

## 2.4 Drivers for CSR and environmental sustainability

According to the *International Business Report* (Grant Thornton, 2011), although the situation has been changing in the past few years, the main drivers for companies to engage in CSR and environmental sustainability remain the same.

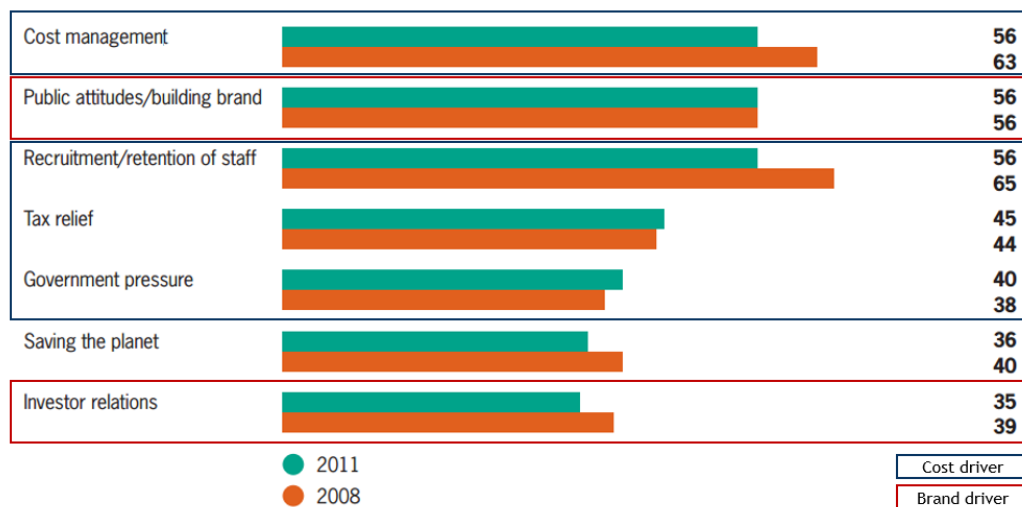


Figure 4 - The drivers towards more ethical business practices<sup>5</sup>

Source: (Grant Thornton, 2011)

We can see in the chart, elaborated after surveys with more than 12,000 companies worldwide that the three main drivers for companies to engage in CSR and environmental sustainability are cost, brand, and recruitment and retention of the staff. But in a deeper analysis it is

<sup>5</sup> brand and cost driver categories added by the author

possible to categorize most of the drivers presented under two main categories: brand and cost, except for the altruistic motive of “saving the planet”, although one can argue this is also related to brand building.

In a closer analysis, recruitment/retention of staff objective is to increase work efficiency and lower turnover costs, thus being categorized under cost management. The same goes for tax relief, since saving in tax is also reducing costs.

Government pressures can also be categorized under cost management, since not complying with regulations will eventually end up in a fine or other punishment.

The investors’ relations concern is also related to branding and the company’s image, not directly related to the consumption of the products but to guarantee investments in the company. The table below summarizes this analysis.

Table 1 - Drivers for CSR and Environmental sustainability

<b>Branding</b>	<b>Cost</b>
Public Attitudes/Brand building	Cost Management
Investor relations	Recruitment/retention of staff
	Tax Relief
	Government Pressures

Source: elaborated by the author

The same study also lists the most important drivers for the companies in each studied country:

Table 2 - The most important driver by country

Cost management	Public attitudes/building brand	Recruitment/retention of staff	Tax relief
Canada*	Argentina	Australia	Germany
China (mainland)	Armenia	Belgium	Italy
France	Botswana	Canada*	
Georgia	<b>Brazil</b>	Denmark	
Greece	Chile	Japan*	
Hong Kong	Finland	New Zealand	
India	Mexico	Russia	
Ireland	Spain	Switzerland	
Japan*	Sweden	Taiwan	
Malaysia	United States of America	Turkey	
Netherlands	Vietnam		
Philippines			
Poland			
Singapore			
South Africa			
Thailand			
United Arab Emirates			
United Kingdom			

Source: (Grant Thornton, 2011)

It is possible to see, in Table 2, that in Brazil the issues concerning brand building and public opinion are still the most important drivers for responsible business.



Euromonitor (2012) has also conducted a research concerning the appeal the green and responsible products have to the consumers:

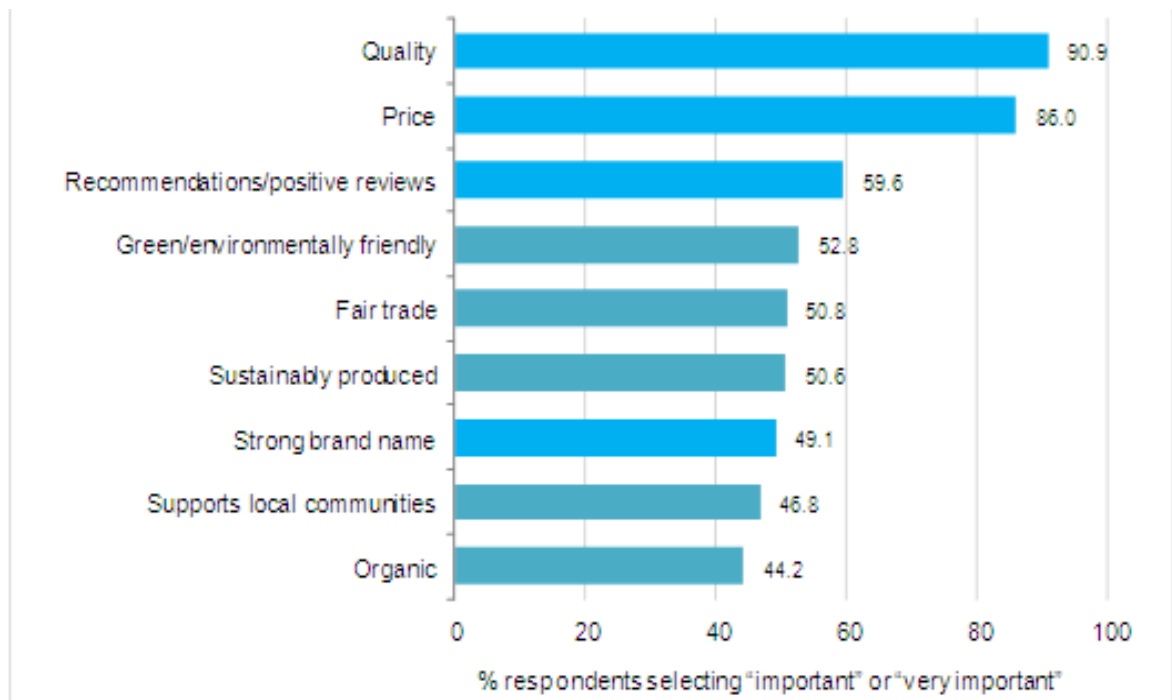


Figure 5 - "How important are the following factors/descriptors to you when considering purchasing a product or service?"

Source: (Euromonitor, 2012)

It is possible to see in Figure 5 that environmental sustainability, fair trade, green and the support to local communities play an import role in the decision of the consumers, being an important factor for around 50% of them.

Considering these researches, the next two sessions will analyze two main issues. First it will be discussed how companies use or are able to use the environmental sustainability and corporate social responsibility initiatives to reduce costs or how they reduce cost and yet can claim to be taken responsible business decisions.

Then, the question of brand building using CSR and environmental sustainability will be discussed, introducing the concept of green marketing that has become very important in the last years. Not forgetting that many times a company can profit in the two dimensions, leveraging the brand and cutting costs with ethical business.

### 2.4.1 Cost Drivers

The European Commission (2008, p. 107) argues that “the question of cost savings resulting from CSR has often been at the center of the debate on the business case for CSR. Proponents of CSR have tended to argue that responsible business behavior can lead to cost savings”.

The same report shows, however, that this debate has initiated long ago and this question has been almost completely settled recently, especially with the new pressures companies have been suffering from governments and regulations, nationally and internationally, mainly considering the environmental sustainability related to energy saving, lowering greenhouse effect gases emission and lowering waste.

“The cost-saving potential of the environmental dimension of CSR is likely to be strengthened by rising energy costs and the prospect of stronger mechanisms for the pricing of carbon emissions” (European Commission, 2008).

Moreover, they discuss the impact of CSR in other parts of the company:

“In addition to cost savings from environmental measures, CSR may also contribute to cost savings in other ways, for example in the field of human resources, risk management or access to finance” (European Commission, 2008)

According Cochran (2007), a company can benefit from its good employee relations by lowering the turnover and increasing employee motivation, thus improving productivity and performance. Also, having a good employee relation and a strong and supportive human resources policy are important arguments when attracting new talents.

Williamson, Lynch-Wood and Ramsay (2006, p. 327) have conducted an empirical research to understand the drivers to environmental sustainability and corporate social responsibility and discovered that “practices are driven by two important considerations, ‘business performance’ and ‘regulation’, with regulation producing higher levels of environmental activity”.

Business performance and regulations, as discussed before are very linked with the costs of a company, generating either more productivity, or avoiding fines and other punishments.

Although most of the researched literature agrees that cost is a valid driver for the investments in CSR and environmental sustainability, some researchers still doubt of its potential to save costs or improve the companies’ results somehow, believing that at most companies can only

break even. “The perception that CSR entails a zero-sum tradeoff with corporate economic interests is strongly identified with neo-classical economics. Even many defenders of CSR accept the zero-sum formulation, while at the same time embracing the social obligations of business”. (Logsdon & Burke, 1996, p. 496)

Although there is still some controversy about the effectiveness of the responsible business initiative in making the business more cost efficient, many companies have been adopting such practices having cost as one of the main drivers, as the previously presented researches showed.

Together with those drivers, it is important to consider the role of the Green Protocol and the Equator principles in when companies are raising funds for their projects.

“The Green Protocol contains intentions signed by public financial institutions and by the [Brazilian] Ministry of the Environment in 1995 and revised in 2008. It is aimed at defining the initial, multiplying and exemplary banking policies and practices in terms of socio-environmental responsibility and in harmony with sustainable development” (BNDES, 2011).

As a result to the adoption of the Green Protocol, companies can raise cheaper funds, with lower interest rates. The Equator Principles also collaborate in a similar way:

“The Equator Principles have greatly increased the attention and focus on social/community standards and responsibility, including robust standards for indigenous peoples, labor standards, and consultation with locally affected communities within the Project Finance market. They have also promoted convergence around common environmental and social standards” (The Equator Principles Association, 2011).

As a result of these two agreements companies have gained a strong financial incentive to make their projects green and socially responsible. Investing in environmental sustainability and CSR has yet another cost driver since the Green Protocols and the Equator Principles.

#### **2.4.2 Branding Drivers**

One of the main reasons firms nowadays engage and commit to corporate social responsibility and environmental sustainability activities is the company’s image. By initiating such programs, companies try to influence the public perception of the firm’s image and brand. This becomes very important since brand image and company reputation are a source of competitive advantage to the company. (Barone, Norman, & Miyazaki, 2007, p. 444)

According to Klein and Dawar (2004, p. 203), many researches on CSR marketing has been showing the growing importance of the topic in the consumers' evaluation of a product and the company.

“Research [...] has shown that (1) CSR plays a role in consumers' brand and product evaluations, over and above economic or 'rational' considerations such as product attributes; and (2) CSR has a spillover or 'halo effect' on otherwise unrelated consumer judgments, such as the evaluation of new products. Yet CSR's halo on consumer behavior may extend beyond product evaluations, into non routine types of judgments...” (Klein & Dawar, 2004, p. 203).

Other authors also have studied the importance of the behavior of the companies towards CSR and environmental sustainability, and the results with brand associations and marketing benefits are very clear. For instance, Brown and Dacin (1997) have studied the topic on how the brand image, choice and recommendation can be benefited by the companies' social and environmental policies. According to them, “from a marketing perspective, the firm's economic benefits from CSR have been documented in its link to consumers' positive product and brand evaluations, brand choice, and brand recommendations” (Brown & Dacin, 1997, p. 70).

Lou and Bhattacharya (2006) have also investigated the issue and concluded on the importance of the CSR and environmental sustainability in the decision process of consumers when choosing a product or a retailer. Consumers are, during their purchase decision process, especially the ones from rich countries, paying more attention to the social and environmental responsibility of the firms. This is affecting the brand and companies' image as well as the consumers' propensity to buy a determined brand or choose a determined retailer, thus affecting the financial performance of the firms.

The corporate social and environmental responsibility can also serve as an insurance against the negative impact a “product-harm” crisis can have in the brand or firms image (Folkes, 1984). This gains even more importance with the increased access to information consumers have and also due to the increased publicity given to the problems created by the companies, in the mass media, anti-corporate websites and documentaries (Wagner, Lutz, & Weitz, 2009, p. 76). At the same time companies are creating and advertising their CSR and environmental sustainability programs, the globalized world has made easier to report on the irresponsible behavior and incidents of the firms. (Wagner, Lutz, & Weitz, 2009, p. 77)

### *Green Marketing*

When discussing the brand image as a driver to CSR and environmental sustainability, it is very important to also understand the role of the green marketing initiatives, which have become very well known among the companies in the last years, and presents a growth tendency for the future.

The green marketing is strongly related with the brand image driver, since one of its objectives is to improve brand image and value, by exploiting the benefits of the CSR and environmental sustainability to the brand image, choice and recommendation, as explained before.

“Products that espouse positive social and environmental ethical principles have received considerable attention in recent years. Stories about ‘ethical consumers’ and terms such as ‘green’ and ‘sustainable’ appear regularly in such popular press outlets” (Luchs, Naylor, Irwin, & Raghunathan, 2010).

Green Marketing is the term that has been used recently to describe the marketing actions aimed to reduce the environmental footprint and even promote positive impacts. (Peattle, 2011).

This is an extremely important concept since it differentiates itself from traditional marketing in several aspects and perspective, mainly because it is related to products that present attributes that go beyond the ones related to the initial and immediate consumer needs. It also presents characteristics related to a broader desire, which is the sustainability and respect to the environment. Such concepts have been gaining each time more importance in the past years.

The ideas about environmental friendly marketing are not new and have been improving with the years and with the better understanding of the consumers and the market as well as the development and understanding of the best sustainable practices (Peattle, 2011).

According to Ken Pattle (2011), sustainable or green marketing can be divided in three broad phases, since the seventies until the beginning of the century:

- “‘Ecological’ Green Marketing”, from the beginning of the seventies until the end of the eighties, it has as its main characteristic a simplistic view of specific problems, such as the end of the oil reserves or the air pollution;

- “‘Environmental’ Green Marketing”, from the late eighties until the second half of the nineties, extends the anterior and begins to worry about broader issues that influence life on the planet, as the hole in the ozone layer;
- “‘Sustainable’ Green Marketing”, initiates a broader view of sustainability and companies are beginning to worry about it throughout its supply chain since consumers are more conscious about the subject and starts demanding more sustainable products with the same quality and price.

Fowler III and Close (2012) argue that Green Marketing has, today, many levels “ranging from broad corporate-based suggestions that consumers should ‘save the planet’ to consumer's micro goals to simply minimize waste in their household”:

- “1. macro-level advertisers (who are attempting to convey an all-encompassing or "save-the-planet," broad green message to consumers),
2. meso-level advertisers (who may flirt with both macro and micro concerns, but are primarily focused on advertising a product or service in relation to those concerns), and
3. micro-level consumers (who are attempting to consume conscientiously in their own small part of a world that has incredibly large and overwhelming issues)” (Fowler III & Close, 2012).

Hartmann and Apaolaza-Ibañez (2009, p. 715) try to simplify this definition and prefer a broader concept: “Green Marketing is understood as the promotion of a product or brand with a sustainable appeal”.

Tuten (2013, p. 96) proposes a segmentation of consumers based on two dimensions: "environmental self-efficacy", i.e. how consumers perceive their power to make a difference and "environmental values", non-economic criteria related to environmental sustainability used by consumers in the purchase decision.

The following table summarizes the proposed segmentation:

Table 3 - Consumer Segmentation

	High environmental values	Low environmental values
High Environmental self-efficacy	<b>Active Greens:</b> Ready, willing and able to take environmental action because they care and think they are capable of making a change.	<b>Potential Greens:</b> Think they can make a difference, but don't feel it's important enough to make the sacrifice.
Low environmental self-efficacy	<b>Latent Greens:</b> Value environment, but don't feel sacrifice on their part will actually make a difference.	<b>Non-Greens:</b> Don't think they can make a difference, and don't care if they can. May be influenced by other values.

Source: (Tuten, 2013, p. 96)

Still according to the author, it is important to understand that consumers react differently to products and sustainable brands. On the one hand, some consumers are willing to make a sacrifice and buy green products even if they have a perception of poorer quality than the regular products. On the other hand, many consumers realize sustainable products as poor quality and are not willing to pay the same or more (Tuten, 2013, p. 96).

Another important point highlighted in the article is that, in general, there is a perception sustainable that products are weaker or of worse quality than the regular product, and therefore the benefits of the product must be associated with environmental sustainability in a clear and explicit way (Tuten, 2013, p. 97).

Instituto Akatu (2010) also proposes a segmentation for the consumers concerning their level of responsibility towards CSR and environmental sustainability in their day-by-day choices and actions. This segmentation divides the consumers in four categories: (1) indifferent; (2) beginners; (3) engaged and (4) conscious. These four categories are defined according to extent of the adoption of 13 behaviors. The more behaviors adopted the more conscious a consumer is.

“The 13 behaviors used in segmentation are classified into four groups:

1. Economy: practices that assume a direct benefit to the individual, considering the non-wastage of resources, with the immediate and short-term;

2. Planning: practices that presuppose the rational optimization of resources that, when planned in advance, are better utilized and infer a return in the medium and long term;
3. Recycling: practices directly related to disposal, re-use and recycling of materials, sometimes resulting in an immediate return to the consumer, sometimes not;
4. Sustainable procurement: practices that indicate awareness in terms of consumption and mobilization of the individual on the causes of Environmental Sustainability and CSR, assumptions of Conscious Consumption; these practices cannot always be measured by the return of short or long term” (Instituto Akatu, 2010, p. 18).

After the revision of the green marketing, it becomes very important to differentiate it from the green washing. While green marketing promotes products, services and behaviors that are really put in place and are beneficial for society or environment, the green washing is a practice that try to fool consumers and the society by several means, so the company can profit from conscious consumers without really investing in improving its corporate behavior (EnviroMedia Social Marketing, 2013).

The green consultancy TerraChoice (2010) enumerates what they call the sins of green washing:

Sin of the hidden trade-off: committed by suggesting a product is “green” based on an unreasonably narrow set of attributes without attention to other important environmental issues. Paper, for example, is not necessarily environmentally-preferable just because it comes from a sustainably-harvested forest. Other important environmental issues in the paper-making process, including energy, greenhouse gas emissions, and water and air pollution, may be equally or more significant.

Sin of no proof: committed by an environmental claim that cannot be substantiated by easily accessible supporting information or by a reliable third-party certification. Common examples are tissue products that claim various percentages of post-consumer recycled content without providing any evidence.

Sin of vagueness: committed by every claim that is so poorly defined or broad that its real meaning is likely to be misunderstood by the consumer. “all-natural” is an example. Arsenic, uranium, mercury, and formaldehyde are all naturally occurring, and poisonous. “all natural” isn’t necessarily “green”.

Sin of irrelevance: committed by making an environmental claim that may be truthful but is unimportant or unhelpful for consumers seeking environmentally preferable products. “CFC-free” is a common example, since it is a frequent claim despite the fact that CFCs are banned by law.



Sin of lesser of two evils: committed by claims that may be true within the product category, but that risk distracting the consumer from the greater environmental impacts of the category as a whole. Organic cigarettes might be an example of this category, as might be fuel-efficient sport-utility vehicles.

Sin of fibbing: the least frequent Sin, is committed by making environmental claims that are simply false. The most common examples were products falsely claiming to be energy Star certified or registered.

Sin of worshipping false labels: the Sin of worshipping false labels is committed by a product that, through either words or images, gives the impression of third-party endorsement where no such endorsement actually exists; fake labels, in other words” (TerraChoice, 2010, p. 10).

The green washing practices also affect companies that genuinely have environmental sustainability and CSR strategies, especially when they try to advertise and make their actions public. This problem occurs because consumers are being overwhelmed with information and advertising, either from companies acting seriously with the issues, or companies that are taking advantage of the confusions created by this and are practicing green washing. This problem is becoming a challenge to be faced by the green marketing strategies.

## **2.5 Conclusion**

Considering what was researched and exposed in this chapter, three dimensions appear as very important and will drive our analysis, which are (1) environmental/social; (2) internal/external and (3) cost driver/brand driver.

The first category, environmental/social, evaluates if the initiative’s objectives are primarily concerning the environment or the society, including local communities, employees or other communities in need. In other words, it classifies if the initiative has to do with environmental sustainability or corporate social responsibility.

The internal/external category concerns the focus of the initiatives. An initiative that regards aspects within the company, e.g. its operations, employees, logistics, is considered an internal initiative. In the other hand, initiatives that involve stakeholders outside the company, e.g. suppliers, environment, local communities, are considered external initiatives.

The drivers’ category evaluates the initiatives according to the motives that the company might have to put it in place. If the initiative primarily has been put in place to reduce or prevent cost it will be classified as costs, while if its objective is to enhance brand image, then it is included under brand.

### **3 METHODOLOGY**

#### **3.1 Methodology definition**

The objective of this study is to categorize the initiatives companies are conducting nowadays in the areas of environmental sustainability and CSR in Brazil. Giving a general panorama of how the topic is developed in the country and understanding how the companies are dealing with the growing challenge of being profitable and responsible at the same time in an important sector such as the one of fast moving consumer goods.

The goal of the exploratory research, more than getting to final answers, is to gain insights about a topic and create hypotheses that can be further studied and verified, mainly by understanding how the companies are similar and what the general trends in the determined market are. This type of research brings a general understanding of the topic in question, providing a big picture of what specific topics should be further analyzed. Due to its more generically approach to a theme and a smaller scale, its results should not be generalized without more detailed researches with a better statistical significance (Churchill Jr, Brown, & Suter, 2010). Also this type of research methodology is highly flexible and more unstructured, enabling the use of various types of data, collected using various different methods (Aaker, Kumar, & Day, 1997).

In order to achieve this objective, an exploratory research was conducted, based on secondary data analysis (Aaker, Kumar, & Day, 1997). The analyses were conducted by selecting companies and evaluating their CSR and environmental sustainability reports and categorizing the initiatives according to the three broad dimensions discussed previously: (1) environmental/social; (2) internal/external and (3) cost driver/brand driver.

##### **3.1.1 Research scope definition**

The focus of the research was the largest 12 fast moving consumer goods (FMCG) companies present in Brazil, according to the most updated Exame (2013) magazine ranking of the 100 biggest companies operating in Brazil (see appendix 1).

The FMCG sector was chosen due to its highest availability of environmental sustainability reports and initiatives from the companies. This was found in the preliminary research conducted prior to the definition of the scope.

The Institutes and NGOs maintained by those companies, although being important to their environmental sustainability and mainly CSR policies, were not considered as part of this study as this would lead to an even more difficult comparison and standardization of the results. Other companies were not considered because they are subsidiaries of companies already present in the study and thus have no individual policies for CSR or environmental sustainability.

Out of those 12 companies, 10 of them had the reports available and were used in the analyses presented later on in this thesis. CRBS, present among the biggest FMCG companies present in Brazil, is a bottler owned by Ambev, thus was left out of the study and BrasilFoods maintains an institute to take care of their CSR and environmental sustainability policies. The reports used to conduct the study were always the most up to date made public by the companies, the last column of Table 4, presents the year of each report.

Table 4 - Companies studied

<b>Company</b>	<b>Net Sales (US\$ '000)</b>	<b>Report year</b>
Cargill	11.914.854	2012
Bunge	11.099.381	2013
JBS	8.281.437	2012
Ambev	6.584.737	2012
Unilever	3.432.548	2011
Natura	3.154.454	2012
Souza Cruz (British American Tobacco)	3.071.878	2012
P&G Industrial	2.366.307	2012
Nestlé	2.322.018	2012
Marfrig	2.292.167	2011

Source: adapted and translated from (Exame, 2013)

### **3.2 Analysis methodology**

To conduct the analysis of the initiatives of the companies, the reports were read and the companies' initiatives were first organized in tables with their descriptions summarizing each of the reports. Then they were classified into the first category concerning their target: environmental or social. After that, another set of categories were used to classify the initiatives, concerning if they had an internal or external target. Internal target meaning their own installations, assets and employees and external targets meaning communities in which they were inserted or not, environment surrounding their installations or not. As some actions

were targeting both internal and external factors, they were classified according to where the biggest impact were planned to occur or had occurred.

The third classification category used concerns the drivers for the adoption of environmental sustainability and corporate social responsibility. Two main trends could be seen in the initiatives, as shown in the previous part of the study: cost reduction and branding.

In the first category were included all the initiatives that had the goal of reducing all kinds of costs in the company, or that were due to regulation compliance, avoiding fines and other penalties, thus saving on costs. In the second group were put all the initiatives that would not promote any cost saving, sometimes only expenditures, for the companies, but could, however, improve their image with one or more of the companies' stakeholders.

For each of the dimensions a comparison a graph will be used, comparing two different dimensions, the three graphs together will allow the complete analysis of the situation. To plot the graphs, the number of initiative in each category were divided by the company's total, providing the percentage of the initiatives in each category, this number were used to position each bubble in the charts.

Ideally, the three dimensions should be plotted in the same graph. However, to facilitate the visualization and analysis, they will be plotted into three different graphs, comparing all the dimensions among themselves. To define the positions of the bubbles, the number of initiatives classified in each dimension will be divided by the total of the company's initiatives. Each graph will also contain a third dimension, which will be represented by the size of the plotted circle that will show the total number of initiatives of each company.

The methodology steps can be summarized as follows:

1. Access to the most recent CSR and environmental sustainability report: the reports were downloaded directly from each company's website, always using the most recent version of them.
2. Elaboration of the summary tables for each company, containing each initiative and a short description: all the reports were read and each initiative was highlighted and pre-screened, to guarantee that none would be counted and classified more than one time. At that point the tables were elaborated.

3. Classification of each initiative according to the categories: an in depth reading of the initiatives was done and a first classification was made. As each category is well defined and the initiatives may present more than one aspect, after the first classification, each initiative was revised, to guarantee the coherence of each category. This resulted in the classification of 217 initiatives, an average of 22 initiatives per company.
4. Elaboration and analysis of each company's graph and the industry summary graph: with all the initiatives classified, the charts were made by dividing the number of initiatives in each category by the total of initiatives of each company.

The graphs and tables that resulted from this methodology are presented in the following section, together with the analysis of each company, followed by the industry's complete picture.

## 4 RESULTS

In this chapter the main findings of the research will be presented. First an evaluation of each company will be discussed and following that a general picture of the FMCG sector will be shown.

### 4.1 Companies evaluations

#### 4.1.1 Ambev

“[Ambev is a] publicly traded company that integrates the largest platform for the production and sale of beer in the world: ABInbev. It is the fourth largest brewery in the world and leader of the Latin American market, producing and selling beers, soft drinks and non-carbonated beverages”<sup>6</sup> (Ambev, 2012).

Figure 6 and Table 5 present a summary of Ambev’s situation regarding its policies of CSR and environmental sustainability. It is possible to notice, that the largest beverage company in Brazil, has a clear focus on the cost side.

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<sup>6</sup> author’s translation

Table 5 – Ambev's initiatives

<b>AMBEV</b>				
<b>Initiative #</b>	<b>Initiative Description</b>	<b>Environmental - Social</b>	<b>Internal - External</b>	<b>Cost - Brand</b>
1	Investments in social programs through fiscal incentive laws such as Rouanet Law and Sports Law	Social	External	Cost
2	Responsible Consumption of alcohol incentives, complying with current laws	Social	External	Brand
3	Reduction of carbonic gas emissions, complying with legislation and providing carbon credits	Environmental	Internal	Cost
4	Use of gas generated in the effluents treatment to generate electricity	Environmental	Internal	Cost
5	Reduce water usage in the beverage production	Environmental	Internal	Cost
6	Reduce effluents, complying with legislation	Environmental	Internal	Cost
7	Increase levels of recycled supplies, reducing energy and supply costs	Environmental	Internal	Cost
8	Improve production process energetic efficiency	Environmental	Internal	Cost
9	Reduce materials used for packaging and product production	Environmental	Internal	Cost
10	Treat the water used in the process, complying with current legislation	Environmental	Internal	Cost
11	Green IT: Reduce the energy consumption by the IT infrastructure	Environmental	Internal	Cost
12	CYAN Movement: Improve general awareness to the environmental questions involving consumers daily life	Environmental	External	Brand

Source: (Ambev, 2012)



Numbers represent the number of initiatives. Square: quadrant total; Circle: company total  
 Figure 6 - Ambev summary charts

Source: elaborated by the author



Its initiatives are mostly regarding reduction of supply usage, more energetic efficiency and other measures such as reduction of pollution that can also be considered a cost reduction initiative, since it avoids punishments due to not following national and international regulations.

Most of their actions concern the production of their beverages and are connected to issues caused and present at their factories. In the other hand, they conduct a significant amount of social efforts external to the company. However, their investments are limited to programs with which it can receive fiscal deductions, thus reducing fiscal costs.

In this case, it is important to highlight that Ambev has a general corporate strategy concerning cost reductions. (Ambev, 2013) This is one of their main objectives, year after year, thus we can conclude that their social and environmental efforts are highly in line with their general business strategy, bringing even more value added in both aspects: the general strategy and CSR strategies.

In their most recent annual report, it is clear that cost is a very important driver for them to invest in CSR and environmental sustainability. In the section where they describe their social initiatives it is stated that the company always take advantage of the “fiscal incentive law”<sup>7</sup>. In other words, Ambev invest in social programs, donating money or goods to non-governmental organizations, only when it can have a discount on taxes, thus reducing taxes expenditures.

“Through the fiscal incentive law, we donate to social-cultural, sports and education and childhood support projects”<sup>8</sup> (Ambev, 2012).

Also, when analyzing the initiatives linked to environmental issues, it is possible to see that the company is also investing in projects that will mostly benefit its production costs or that will prevent fines and punishments due to new and stricter regulations.

For instance, when the company summarizes its efforts regarding a more responsible use of resources, it argues that:

“We have a long term objective: Ambev is committed with the society to reduce to 3.5 liters of water necessary to produce 1 liter of beer, as well as

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<sup>7</sup> author’s translation: “lei de incentivo fiscal”

<sup>8</sup> author’s translation

reduce in 10% the carbonic dioxide emissions and reuse 99% of the wasted resources in the factories”<sup>9</sup> (Ambev, 2012)

More than complying with regulations when it comes to carbon emissions, Ambev is also capitalizing with its reductions in the emissions:

“[...] thanks to this, Ambev was the first company to negotiate carbon credits certified by the United Nations (UN), aligned with the Kyoto Protocol, with the initiatives adopted in the factory located in Viamão”<sup>10</sup> (Ambev, 2012).

There is only one reported initiative (“CYAN Movement”) that is not linked to cost, has an external orientation and is linked to the environment. This project, however, is clearly linked to a brand building strategy, and it is actually presented in the report in a completely different way, counting with graphical and advertisement material (see appendix 2).

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<sup>9</sup> author’s translation

<sup>10</sup> author’s translation

#### 4.1.2 Souza Cruz (British American Tobacco)

Souza Cruz is a subsidiary of the multinational company British American Tobacco and is leader in the Brazilian market, with brands present in every segment of the cigarette's market. The company is very integrated vertically and has a very complex distribution channel, as it has to present in various types of stores, from huge supermarket chains to small independent bars (British American Tobacco, 2012).

The Figure 7 and Table 6 present a summary of Souza Cruz's current situation in term of environmental sustainability and corporate social responsibility initiatives. The charts show a situation very well balanced among all the categories, with all the bubbles located almost exactly in the center of every chart.

Table 6 - Souza Cruz's initiatives

<b>SOUZA CRUZ</b>				
Initiative #	Initiative Description	Environmental - Social	Internal - External	Cost - Brand
1	Register and undertake a longer clinical study of biomarkers of exposure to tobacco smoke toxicants and biomarkers of biological effect under ethical approval and to high clinical standards by end 2012.	Social	External	Brand
2	Take the laboratory models of diseases through an external validation phase involving collaborative research with scientific partners by end 2012.	Social	External	Brand
3	Submit for publication more of our research on the tobacco genome and undertake further field trials on tobacco plants with lower toxicant levels by end 2012.	Social	External	Brand
4	Present our scientific findings at international conferences and continue to improve the standard of our publications in peer-reviewed journals by end 2012.	Social	External	Brand
5	100% adherence to our International Marketing Standards by end 2012.	Social	External	Brand
6	100% adherence to our global approach to youth smoking prevention (YSP) in all markets where implementation is required by end 2012.	Social	External	Brand
7	Revise and update our International Marketing Standards to take into account evolving marketing practices and regulation by end 2012.	Social	External	Brand
8	Reduce our CO2e emissions by 50% by 2030 and 80% by 2050 against our 2000 baseline.	Environmental	Internal	Cost

9	Reduce our energy use towards our 2012 target of 11.03 gigajoules per million cigarettes equivalent produced, 6.7% lower than our 2007 baseline.	Environmental	Internal	Cost
10	Reduce our water use towards our 2012 target of 4.2 cubic metres per million cigarettes equivalent produced, 13.4% lower than our 2007 baseline.	Environmental	Internal	Cost
11	Reduce our waste to landfill towards our 2012 target of 0.022 tonnes per million cigarettes equivalent produced, 12% lower than our 2007 baseline, and recycle at least 85% of our waste.	Environmental	Internal	Cost
12	Incorporate renewable and low-carbon energy options in the development of plans to help us meet our long-term CO2e targets by end 2012.	Environmental	Internal	Cost
13	Aim for zero use of natural forest for directly contracted farmers' curing fuels by end 2015.	Environmental	External	Brand
14	Incorporate requirements for human rights and other sustainability criteria into all our framework agreements with global suppliers by end 2012.	Social	External	Brand
15	Conduct a review of our approach to human rights following the publication of the OECD's revised Guidelines for Multinational Enterprises (MNEs), including input on our Child Labor Policy from the International Labor Organization (ILO) by end 2012.	Social	Internal	Cost
16	Conduct a detailed review of our strategic operational sites in high-risk water stress locations by end 2012.	Environmental	External	Brand
17	Roll out our energy and CO2e assessments for warehouses across the Group by end 2012.	Environmental	Internal	Cost
18	Roll out our program to improve fuel efficiency across all Group Trade Marketing & Distribution teams by end 2012.	Environmental	Internal	Cost
19	Develop the next version of our supplier scorecard and expand its use to machinery suppliers by end 2012.	Environmental	External	Brand
20	Review our approach to employee wellbeing, to establish how it can contribute to improved employee engagement by end 2012.	Social	Internal	Cost
21	Revise our employee opinion survey to strengthen our feedback culture and be better aligned to business priorities, with the revised survey to be carried out Group-wide by end 2012.	Social	Internal	Cost
22	Our global aim is to have a Lost Workday Case Incident Rate (LWCIR) of no more than 0.2 by end 2012. The local target set for all our companies is zero accidents and we have a zero accidents ambition for the whole Group.	Social	Internal	Cost

Source: (British American Tobacco, 2012)



Numbers represent the number of initiatives. Square: quadrant total; Circle: company total

Figure 7 - Souza Cruz summary charts

Source: elaborated by the author

This is a very peculiar situation presented by the tobacco companies. The leader in the Brazilian market presents actions with several different objectives and targets, balancing their data, as one can see in the charts.

One hypothesis is that the balance in its initiatives is due to the very controversial market in which the company operates. Nowadays the risks and health harms of the tobacco consumption are widely known by the general public. Because of this, it is vital for companies operating in this segment to balance the bad image of their products, by following an exemplar corporate behavior.

Linked to the need of enhancing the company's image, there is also a gain in cost effectiveness brought by CSR initiatives such as the education and capacitation of the tobacco

grower, or the improvement of the fuel efficiency in the distribution and trade marketing network.

The improvement of the company's image is necessary not only in order to sell the products, but also to attract and retain the talents working in the company, that is why, connected to the external actions regarding environmental sustainability and corporate social responsibility are the human resources policies, which include a large range of benefits and a very competitive salary.

In the company's report, British American Tobacco makes very clear how the CSR and environmental sustainability issues are important for the company and how it is a strategy to build values for the company, thus justifying the broader and more universal approach they have regarding responsible management:

“Our continued commitment to robust sustainable business practices is reinforced by the significant progress made across corporate processes and practices, as documented in this [sustainability] Report. We continue to address our social, environmental and economic impacts to build value for the business, for our shareholders – and for all stakeholders affected by our business” (British American Tobacco, 2012).

It is also clear in their report how the bad reputation of the tobacco industry influences the company's practices and how its initiatives are important for the company to change their image and reinforce the brand and the industry image as a whole:

“There is still a widespread mistrust of the tobacco industry. Some people think we fight all new regulation on principle, market to children and turn a blind eye to tobacco trafficking. This is not the case.

It may take years to turn the tide and build widespread trust among society. For some stakeholders, we may never get there.

Regardless, we are determined to rebuild trust through a demonstrably responsible approach everywhere – not least in our market, in fighting the black market and through open and honest engagement with governments in new regulations.” (British American Tobacco, 2012).

It is possible to see that adopting a responsible behavior is crucial for British American Tobacco, its affiliated companies and for the tobacco industry as a whole. The company's practices cover a very broad range of topics, with different objectives, such as harm reduction, marketplace regulation, black market and trafficking reduction, supply chain improvements and environmental sustainability, as well as people and culture, both employees and society as a whole (British American Tobacco, 2012).

One clear example of practice the company uses to gain trust and improve brand image is what they call “the international marketing principles”:

- “We will not mislead about the risks of smoking.
- We will only sell our products to adult smokers.
- We will not seek to influence consumers about whether or how much to smoke.
- It should be clear that our advertising comes from a tobacco company and is intended to sell our products” (British American Tobacco, 2012).

It is possible to see that this broader strategy that the company seeks to adopt is clearly reflected in the charts presented and how they are aligned to the business strategies of the company.

### 4.1.3 Natura

“Born out of a cosmetics and relationships passion, Natura has built its trajectory committed to sustainable development, quality of relationships and promotion of the Well Being Well. A leading player in the segment of personal care products, fragrances and cosmetics in Brazil, Natura operates through direct sales and currently rallies 1.5 million Natura consultants (NCs).

In order to support its relationship network, Natura employs 6,700 staff in Brazil [...]” (Natura, 2012).

In Figure 8 and Table 7 it is presented the charts that summarize Natura’s position concerning environmental sustainability and CSR. The company, which is a Brazilian cosmetic company, sells its products door-to-door through its beauty consultants.

Table 7 - Natura's initiatives

<b>NATURA</b>				
<b>Initiative #</b>	<b>Initiative Description</b>	<b>Environmental - Social</b>	<b>Internal - External</b>	<b>Cost - Brand</b>
1	Reduce water usage in the production process	Environmental	Internal	Cost
2	Provide free education for sales consultants	Social	Internal	Brand
3	Partnership with university to generate innovative retail knowledge	Social	External	Cost
4	Reduction of GHG emission	Environmental	Internal	Cost
5	Waste management: reduce waste generation and improve recycling	Environmental	Internal	Cost
6	Improve the fair trade in the Amazon region and improve life and productivity of suppliers	Social	External	Brand
7	Improve employees' life quality	Social	Internal	Cost
8	Improve the value added for all the supply chain	Social	External	Brand
9	Improve life quality in all the communities where the company gets its supplies from	Social	External	Brand

Source: (Natura, 2012)





Numbers represent the number of initiatives. Square: quadrant total; Circle: company total  
 Figure 8 - Natura summary charts

Source: elaborated by the author

Natura is very well known for being a highly concerned firm regarding environmental sustainability and CSR issues, being ranked in the first position of the most recent companies' environmental sustainability ranking, elaborated by Revista Imprensa<sup>11</sup> (2012, p. 53).

Natura, in its business model, is highly dependent on its beauty consultants, this is one of the reasons the company has a variety of CSR initiatives targeting this audience. This reflects in the charts when Natura is positioned towards social, but at the same time it is present in the internal and cost quadrants of the graphs.

At the same time that the consultants wellbeing and performance is critical for the company, their closeness to the communities where they work is also very important, that is why the consultants are incentivized to participate in programs where they will engage in the communities they live to improve life. (Revista Imprensa, 2012)

As mentioned before, Natura is also very well known for its environmental sustainability programs and fair relations with suppliers. Those are the factors which place the company not too far from the center of the charts. In one hand, Natura has aligned its CSR to the business objectives, in the other hand it has many actions that will reinforce its brand image. (Revista Imprensa, 2012)

The company has projects concerning responsible management in various themes and lines of action, which justify the almost central positioning previously shown in the graphs. The company's priorities are "water, education, sustainable entrepreneurship, climate changes, quality relations waste and social-biodiversity"<sup>12</sup> (Natura, 2012)

The charts presented before are very well aligned to what Natura presents in its environmental sustainability report as it is possible to see in the matrix developed by the company where it presents and categorizes its practices concerning an external an internal approach:

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<sup>11</sup> "Press Magazine", author's translation

<sup>12</sup> author's translation

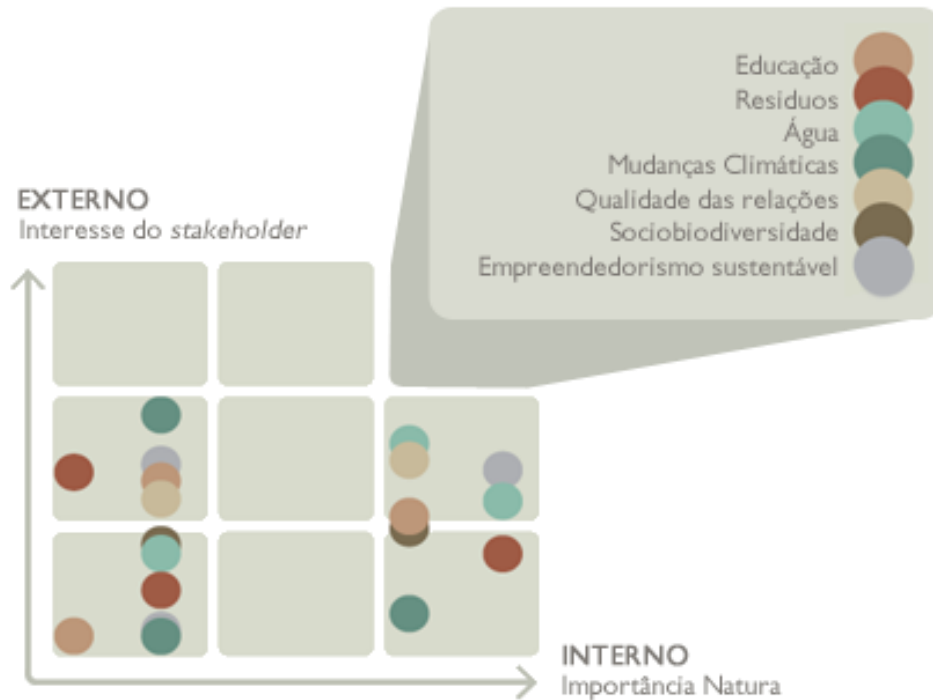


Figure 9 - Natura's importance matrix

Source: (Natura, 2012)

Their matrix summarizes the company's initiatives and shows that Natura is slightly positioned more towards internal issues. Also, the company states its focus on its own processes when it comes to social and environmental responsible management:

“We believe that the evolution of this [environmental sustainability and corporate social responsibility] strategy comes from a transversal approach in the organization as a whole, inserting the guidelines in all processes. The theme is central in the ‘Natura Management System’<sup>13</sup>, being considered from the strategic planning to the goals and KPIs definition”<sup>14</sup> (Natura, 2012).

<sup>13</sup> “Sistema de gestão Natura”

<sup>14</sup> author's translation

#### 4.1.4 Unilever

With more than 400 brands Unilever is the second largest FMCG company in the world, present in several countries, it holds the biggest product penetration among its competitors in numbers of households where their products are present. Their

“portfolio ranges from nutritionally balanced foods to indulgent ice creams, affordable soaps, luxurious shampoos and everyday household care products. We produce world-leading brands including Lipton, Knorr, Dove, Axe, Hellmann’s and Omo, alongside trusted local names such as Blue Band, Pureit and Suave” (Unilever, 2011).

The Figure 10 and Table 8 show the summary of Unilever’s position towards environmental sustainability and corporate social responsibility. The second largest fast moving consumer goods company in the world and leader in many Brazilian segments has been positioning itself as a strong supporter of the environment in the past few years.

Table 8 - Unilever's initiatives

<b>UNILEVER</b>				
<b>Initiative #</b>	<b>Initiative Description</b>	<b>Environmental - Social</b>	<b>Internal - External</b>	<b>Cost - Brand</b>
1	Health and Hygiene: Reduce diseases by improving sales of products for cleaning hands	Social	External	Cost
2	Improve oral health: Improve sales of oral hygiene products	Social	External	Cost
3	Improve self-esteem	Social	External	Brand
4	Provide clean and safe water	Social	External	Brand
5	Improve heart's health	Social	External	Brand
6	Reduce salt level in the food products	Social	External	Brand
7	Reduce saturated fats	Social	External	Brand
8	Increase essential fat acids	Social	External	Brand
9	Remove trans fat	Social	External	Brand
10	Reduce sugar	Social	External	Brand
11	Reduce calories	Social	External	Brand
12	Provide information about health diets	Social	External	Brand
13	Reduce GHG emission in skin and hair care products	Environmental	Internal	Cost
14	Reduce GHG emission in laundry products: Increase product concentration	Environmental	Internal	Cost
15	Reduce GHG emission in laundry products: Change product formula	Environmental	Internal	Cost
16	Reduce GHG emissions in laundry products: Change consumer behavior	Environmental	External	Brand
17	Reduce GHG in manufacturing processes: Reduce carbon dioxide emissions	Environmental	Internal	Cost
18	Reduce GHG in manufacturing processes: use renewable energy	Environmental	Internal	Cost
19	Reduce GHG in manufacturing processes: improve new factories' design	Environmental	Internal	Cost

20	<b>Reduce GHG in transportation</b>	Environmental	Internal	Cost
21	<b>Reduce GHG in refrigerators</b>	Environmental	Internal	Cost
22	<b>Reduce water usage in agriculture</b>	Environmental	External	Cost
23	<b>Reduce water usage in laundry processes: easy rinsing products</b>	Environmental	External	Brand
24	<b>Reduce water usage in laundry processes: detergents containing less water</b>	Environmental	Internal	Brand
25	<b>Reduce water usage in production: reduce water capitation</b>	Environmental	Internal	Cost
26	<b>Reduce water usage in production: improve new factories' design</b>	Environmental	Internal	Cost
27	<b>Reduce packaging</b>	Environmental	Internal	Cost
28	<b>Reuse packaging</b>	Environmental	Internal	Cost
29	<b>Increase recyclable material collection</b>	Environmental	External	Cost
30	<b>Use more recycled materials</b>	Environmental	Internal	Cost
31	<b>Reduce effluents</b>	Environmental	Internal	Cost
32	<b>Reduce effluents: improve new factories design</b>	Environmental	Internal	Cost
33	<b>Avoid packaging waste</b>	Environmental	Internal	Cost
34	<b>Eliminate PVC</b>	Environmental	Internal	Cost
35	<b>Use supplies from sustainable sources</b>	Environmental	External	Brand

Source: (Unilever, 2011)



Numbers represent the number of initiatives. Square: quadrant total; Circle: company total  
 Figure 10 - Unilever summary charts

Source: elaborated by the author

The company has established corporate targets concerning environmental sustainability and has spread them around all areas of the company, in form of practical actions that should be taken when executing each function (Almeida, 2013).

The charts reflect this positioning and also represent each of the main actions Unilever report as being the most important ones for them to get to their objectives.

It is possible to see, in the charts, that Unilever's focus is mainly in the environment, with twice the number of social initiatives. The graphs also reflect the company's advertising behavior, positioning most of its initiatives as brand building ones.

However, Unilever has a very large set of actions when it comes to environmental sustainability and CSR. They have clearly perceived and realized that it can be helpful for their business objectives. It is worth to highlight, mainly, its behavior towards employees and

its hiring and retention policies, that are included as CSR, and that are very well executed and play a very central role in their business strategies (Unilever, 2011).

The company's focus on environmental sustainability is made clear in Unilever's report:

“The great challenge in the 21<sup>st</sup> century is to provide good life standards to 7 billion people without consuming all Earth's natural resources or incur in a massive public debt.

[...] The future success of Unilever depends in its capacity to detach our growth from our environmental footprint”<sup>15</sup> (Unilever, 2011).

In another part of the report, the company clarifies its main drivers for adopting the initiatives presented in the report. It is possible to see that, as presented in the charts above, Unilever's main driver is its brand building capabilities, without taking the costs issues out of the equation:

“While we implement our plan, we recognize that the business issues favorable to the integration of the [environmental] sustainability to our brands are very strong:

1. Our consumers want [...]
2. Our customers want [...]
3. It promotes innovations [...]
4. It helps developing new markets [...]
5. It saves money [...]
6. It inspires our people [...]”<sup>16</sup> (Unilever, 2011).

Unilever also shows the highlights of their strategy in 2011, in which is possible to find many examples on how the company's brands benefit from the environmental sustainability strategy.

For instance, the company lists the success obtained by Lifebuoy, its antibacterial soap brand. When advertising it as a health and life improver, they were able to reach 48 million people and are planning to improve the project in which it teaches low-income population the importance to use its product in Indonesia (Unilever, 2011).

Another project inserted in its CSR initiative concerns the margarines and their content of saturated fat. In a response to the health trends in which health has become an important drive

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<sup>15</sup> author's translation

<sup>16</sup> author's translation

for choosing food products in the last years (Euromonitor, 2011), Unilever has reduced the fat content in the margarines and advertised it as social initiative and improved its brands image (Unilever, 2011).



### 4.1.5 Bunge

Bunge's business include the production and processing of grains and vegetables, processing and transport of oil and its sub products and energy, sugar and alcohol from the processing and distillation of sugar cane and its sub products as well as fertilizers and other crop improvers (Bunge, 2012).

Table 9 - Bunge's initiatives

<b>BUNGE</b>				
<b>Initiative #</b>	<b>Initiative Description</b>	<b>Environmental - Social</b>	<b>Internal - External</b>	<b>Cost - Brand</b>
1	Control over areas in risk of use of slave like labor	Social	External	Brand
2	Do not use products originated in areas present in the list of areas embargoed by IBAMA.	Environmental	External	Brand
3	Improve tools to pursue the farmers to use environmentally friendly techniques	Environmental	External	Cost
4	Do not buy soy from deforested areas in the amazon rain forest after 2006	Environmental	External	Brand
5	Have a surplus of carbon credits to negotiate internationally	Environmental	Internal	Cost
6	Use wood only from reforested areas	Environmental	External	Brand
7	End the use of burning to clear areas for cultivation	Environmental	Internal	Cost
8	Reduce the emission of GHG in the areas of fertilizers, foods and agriculture	Environmental	Internal	Cost
9	Reduce the water consumption	Environmental	Internal	Cost
10	Improve the efforts to inform the consumer about benefits of a healthy diet	Social	External	Brand
11	Improve the use of recycled cooking oil	Environmental	External	Cost
12	Reduce waste not destined to sustainable management	Environmental	External	Brand

Source: (Bunge, 2013)



Numbers represent the number of initiatives. Square: quadrant total; Circle: company total  
 Figure 11 - Bunge summary charts

Source: elaborated by the author

The charts presented summarize the situation of the environmental sustainability and corporate social responsibility of Bunge, a company focused in agribusiness, the largest exporter in this sector in Brazil (Bunge, 2012).

It is clear in the charts presented that Bunge's main focus is the environmental issues. This is justified by the kind of business it conducts. The company is involved in growing and processing many different kinds of harvested products, thus dealing with environmental question on a daily basis. In this scenario the company seeks for efficiency and increase of the fields' productivity in one hand to reduce costs and comply with regulations and in the other hand to build an image of responsible company that is becoming more important each day.

“Encouraging sustainable agriculture is strategic to Bunge so it can provide customers and consumers with products manufactured with the maximum efficiency in the use of natural resources. This pillar of the Sustainability Platform seeks to sensitize and empower farmers to minimize the environmental impacts in their activities, as well as to guarantee that environmental laws, labor and human rights are fully respected and practiced” (Bunge, 2013).

It is possible to see in the charts that Bunge has a predominant focus in environmental sustainability, mainly in external aspects, this is also due to the type of activity they conduct. Most of the initiatives are linked to the farms they have as suppliers, as the transcript above presents.

It is also important for Bunge, for its brands and to comply with legislation and regulation, to guarantee that its suppliers are operating in responsible way: environmentally and socially.

“All the critical suppliers are evaluated in what concerns the compliance to the best practices in human rights. Critical suppliers are the ones that can expressively impact the company's operations, are in high risk of non-compliance to the human rights practices or can impact significantly the environment due to its operations. In the same way, 100% of the investment contracts includes clauses concerning human rights and environmental responsibility”<sup>17</sup> (Bunge, 2013).

Bunge works also as a monitoring agent, which even apply sanctions when necessary.

“The farmers that: (1) break environmental laws, and because of that are included in public list; (2) do not comply with voluntary agreements pro-environment, such as the ‘soy moratorium’<sup>18</sup> or the ‘pact for eradication of slavery’ and (3) do not comply with the clauses included in contracts signed

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<sup>17</sup> author's translation

<sup>18</sup> “Moratória da Soja” is the name given to the pact made among soy producers and processors, as well NGOs and the government to prevent the deforestation of the Amazon rain forest.

with Bunge concerning employees' rights and environmental practices, will receive sanctions such as the suspension of the purchasing contracts and will have the supply of fertilizers frozen, suffering an embargo from Bunge"<sup>19</sup> (Bunge, 2013).

Bunge's main initiatives have an internal focus and are also connected to environmental and cost issues as water and waste management. Besides being a response to governmental regulations, these initiatives help the companies to cut costs, by saving water and reusing what would be simply wasted.

"Bunge develops mechanisms and processes to reduce water usage in its manufacturing processes as well as promotes the rational use of water and other non-renewable resources in order to manage operational efficiency. [...] In the sugar and bioenergy plants the production of ethanol generate vinasse<sup>20</sup> as effluent. This effluent is used, mixed with water to fertilize sugarcane crops"<sup>21</sup> (Bunge, 2013).

Concerning the social initiatives Bunge has established a Social Institute as well as partnerships with NGOs which grants it the right to invest in social programs and at the same time benefit from fiscal incentives (Bunge, 2013). This explains why the company's charts presented before do not reflect the social projects conducted by Bunge.

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<sup>19</sup> author's translation

<sup>20</sup> vinasse is a byproduct of the sugarcane processing, rich in potassium

<sup>21</sup> author's translation

#### 4.1.6 JBS

JBS is the largest animal protein processor in the world. Its products range from meat to biodiesel, including leather and milk and other products such as collagen (JBS, 2013).<sup>22</sup>

The Figure 12 and Table 10 present a summary of the environmental sustainability and CSR initiatives of the company.

Table 10 - JBS' initiatives

<b>JBS</b>				
<b>Initiative #</b>	<b>Initiative Description</b>	<b>Environmental - Social</b>	<b>Internal - External</b>	<b>Cost - Brand</b>
1	Reduce water consumption	Environmental	Internal	Cost
2	Treat liquid effluents	Environmental	Internal	Cost
3	Control GHG emission	Environmental	Internal	Cost
4	Adequate storage and disposal of solid effluents	Environmental	Internal	Cost
5	Use recycled plastic resins	Environmental	Internal	Cost
6	Use and commercialize energy produced using vapor generated by sugar cane distillation	Environmental	Internal	Cost
7	Use oil and fats, byproducts of core productions, to produce and sell biodiesel	Environmental	Internal	Cost
8	Collect used oil to produce biodiesel	Environmental	External	Cost
9	Sustainable livestock raising	Environmental	External	Brand
10	Reject supplies from deforested areas	Environmental	External	Brand
11	Reject slave like and child labor	Social	External	Brand
12	Reject land disputes and squatting	Social	External	Brand
13	Reject the invasion of indigenous lands and protected areas	Social	External	Brand
14	Support groups pro sustainable livestock raising	Environmental	External	Brand
15	Help farmers raise confined cattle to increase productivity	Environmental	External	Cost
16	Use the leather removed from the cattle in an environmentally friendly way	Environmental	Internal	Cost

Source: (JBS, 2012)

<sup>22</sup> author's translation



Numbers represent the number of initiatives. Square: quadrant total; Circle: company total  
 Figure 12 - JBS summary charts

Source: elaborated by the author

The company's environmental sustainability and CSR policies had their development kick off in the beginning of the years 2000 with the creation of its environment department and are sustained and guided by three pillars (JBS, 2012).

“Sustainability is a fundamental part of the JBS culture. We view sustainability through the triple bottom lens of social responsibility, economic viability and environmental sustainability. [...] JBS strives to incorporate environmental soundness and social justice into our daily operations. The company has adopted a posture of transparency where we openly communicate our efforts to continuously improve the management of our operations, promote the well-being of our workforce and community, and advance our environmental performance” (JBS, 2012).

It is possible to notice in the company's summary charts that the company has many actions targeting environmental issues and it tends to have a more internal approach, while having a strong cost reduction tendency.

This can be explained by the nature of the company and the specific market it is inserted in. JBS deals with production of animal protein, which requires growing and dealing with live animals, thus requiring a special care to the environmental questions, from the areas used to implement the farms to how the livestock is dealt with.

In the report, it is possible to see that the projects implemented by the company have the objective of preventing future liabilities and regulations compliance avoiding direct costs and possible fines or other punishments. For instance, the highlighted environmental investments are related to reduction of water usage, costs, and a proper management of waste and GHG (JBS, 2012).

“JBS has adopted an Environmental Investment Plan **to provide financial support to our operations** for specific projects in the areas of:

- Reduced water consumption
- Treatment of wastewater effluents
- Management and control of GHG emissions
- Proper storage and disposal of solid waste<sup>23</sup> (JBS, 2012)

As it can be seen in the transcript above, the main driver for the company's initiatives is the financial benefit they can provide to JBS' operations.

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<sup>23</sup> highlight made by the author

Another very important factor that contributes as a driver to the company's projects concerning the environment is the fact that it has made possible to profit out of what was its waste and now it is transformed in sub products of the meat processing, such as the production of biodiesel, collagen, leather, etc. (JBS, 2013)

JBS has also implemented a power plant that uses the sugar cane waste to provide energy to its plants and a vegetable oil recycling project to provide with more inputs for its fat processing facilities. Reducing their costs with supplies and waste processing:

“Biolins, a unit of JBS, produces electricity and steam from cogeneration, using bagasse from sugar cane as fuel. The Biolins power station has an installed capacity of 28,000kw, enough to supply the JBS industrial complex at Lins and **produce a surplus of energy. The available surplus is sold to other companies in the area.**

[...]JBS Biodiesel, a subsidiary of JBS, has the capacity to produce biodiesel from vegetable oils and animal fat (tallow). This fully automated plant includes a modern production system and laboratory to test the biodiesel product for suitability of use<sup>24</sup> (JBS, 2012)

It is possible to notice in the charts that JBS is not completely focused in initiatives driven by cost saving. It has also some projects which the driver is linked to brand building. In JBS' case, it has to do with the prevention of image harming by not preserving the countries' environment and protecting the communities in which it is present.

“The purpose of the group is to discuss and formulate, in a transparent manner, principles, standards and common practices to be adopted by the sector, which will contribute to the development of sustainable livestock based on the principles of social responsibility, economic viability and environmental sustainability” (JBS, 2012).

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<sup>24</sup> highlight made by the author



#### 4.1.7 Marfrig

“Marfrig. is a multinational company with operations in the food and food service sectors in Brazil and in 15 other countries around the world. Our activities are focused on the production, processing preparation, sale and distribution of animal protein (beef, pork, lamb and poultry), pasta and similar foods (pizzas, lasagnas, breaded products and desserts), ready-to-eat meals and frozen vegetables, as well as the distribution of other food products (frozen items, cold cuts, sausages and fish, among others) and semi-finished and finished leather” (Grupo Marfrig, 2011).

Figure 13 and

Table 11 presented are the summary of the environmental and social initiatives conducted by a Brazilian company which is one of the largest meet producer in Brazil and internationally (Grupo Marfrig, 2011).

Table 11 - Marfrig's initiatives

<b>MARFRIG</b>				
<b>Initiative #</b>	<b>Initiative Description</b>	<b>Environmental - Social</b>	<b>Internal - External</b>	<b>Cost - Brand</b>
1	Do not have any employee fatality due to labor accident	Social	Internal	Cost
2	Increase women in leadership functions	Social	Internal	Brand
3	Provide access to cheap food in communities in need	Social	External	Brand
4	Reduce CO2 emission and water waste	Environmental	Internal	Cost
5	Increase suppliers participation in the smart supply chain program	Social	External	Cost
6	Support groups pro sustainable livestock raising	Environmental	External	Brand
7	Use the leather removed from the cattle in an environmentally friendly way	Environmental	Internal	Cost
8	Help suppliers achieve better productivity and comply with the human rights	Social	External	Brand
9	Corporate pact to make it viable to be environmentally sustainable in the Amazon	Environmental	External	Brand
10	Reduce packaging and develop better supply chains	Environmental	Internal	Cost
11	National pact for the eradication of slavery in Brazil	Social	External	Brand
12	Integrated Pollution prevention and control	Environmental	Internal	Cost
13	Promote the sustainable use of palm oil	Environmental	Internal	Cost
14	International Pact for environmentally friendly food production	Environmental	External	Brand
15	Participation in the tax reduction program for the energetic efficiency in UK	Environmental	External	Cost
16	Use of bio digesters to produce energy	Environmental	Internal	Cost
17	Effluent treatment	Environmental	Internal	Cost
18	Reduce energy consumption	Environmental	Internal	Cost
19	Reduce water usage	Environmental	Internal	Cost
20	Reduce effluents and increase recycling	Environmental	Internal	Cost
21	Take care of Amazon's biodiversity	Environmental	External	Brand
22	Support reforestation	Environmental	External	Brand
23	Support organic production	Environmental	External	Brand
24	Support animal wellbeing	Environmental	External	Brand

Source: (Grupo Marfrig, 2011)



Numbers represent the number of initiatives. Square: quadrant total; Circle: company total  
Figure 13 - Marfrig summary charts

Source: elaborated by the author

Marfrig is present in 110 countries being the largest meat producer in some of them. The company uses the triple bottom line approach to guide its responsible development and corporate behavior.

“The pursuit of the business sustainability is one of the strategic pillars of Marfrig Group and it reflects in all its activities, based on the triple bottom line concept, translated by the social, environmental and economic pillars – generically people, planet and results”<sup>25</sup> (Grupo Marfrig, 2011).

As well as other companies operating in the agriculture and food processing markets, Marfrig’s charts present a tendency towards environmental sustainability that is due to the peculiarities presented by its specific supply chain. Marfrig has farms and other forms of growing different animals for food production. Similarly to JBS, many of their initiatives are linked to the full use of all the food production, such as leather, fat, bones, etc. (Grupo Marfrig, 2011).

In the social part of its projects, the company invests in food access campaigns, which is a trend in food producer companies and is connected to their brand building strategies. Another considerable risk factor for the company is that its employees are very exposed to labor accidents, mainly in the slaughterhouse. Due to that, Marfrig invests in labor safety and accidents prevention.

“The board has defined targets for 2020: zero fatalities due to labor accidents [...], health food access for a reduced price for communities in need, reduce by 30% the GHG emissions and by 10% the use of water and energy...”<sup>26</sup> (Grupo Marfrig, 2011).

The company also participates in industry wide initiatives regarding the management of the livestock and its processing, to be the more human possible. Marfrig also signed several agreements and pacts to be environmentally responsible and to stop deforestation of the Amazon rainforest, as well some international agreements and local agreements in other countries the company has operations (Grupo Marfrig, 2011). These are related to brand building – although some are enforced by law – and are focused in external aspects, besides being almost an industry standard.

In the internal aspects, the company reports in detail its saving concerning energy, water, GHG emissions and effluents treatment. Besides helping reducing costs, these initiatives also

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<sup>25</sup> author's translation

<sup>26</sup> author's translation

guarantee regulation compliance in the different countries where it operates (Grupo Marfrig, 2011). Moreover, Marfrig also has investments on organic production, which has become a trend in the food market and is more valued by the consumers (Euromonitor, 2012).

“The Marfrig Group considers environmental principles when managing their activities and creates opportunities for sustainable practices associated with the production in all areas – Industrial, Commercial and Services – in order to become a benchmark in sustainability in the segments in which it operates.

The Company seeks to rationalize the use of natural resources – earth, water and air. Thus, monitors and seeks constantly technological alternatives to reconsider the applications of these resources as well as reduce, reuse and recycle supplies and materials.

In 2011, the Marfrig Group, through Marfrig Beef and Seara Foods has invested BRL 58.9 million in programs and actions focused on the environment<sup>27</sup> (Grupo Marfrig, 2011).

As Marfrig provides financial data regarding its initiatives, it is important to notice that, although the amount invested seems very large, it brings improvements in efficiency and cost savings and when compared to BRL 21.9 billion of revenues (Grupo Marfrig, 2011), the amount becomes less expressive, representing only 0,26% of the company's revenue in 2011.<sup>28</sup>

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<sup>27</sup> author's translation

<sup>28</sup> in our sample, Marfrig was the only company to present investments data

#### 4.1.8 Cargill

Cargill is a conglomerate operating mainly in the agriculture and food business, but that has also a much diversified portfolio, ranging from financial services, energy and logistics to pharmaceutical and personal care products. All these products and services comes from synergies the company developed throughout the years (Cargill, 2013). In Figure 14 and Table 12, it is possible to see a broad picture of their CSR and environmental sustainability policies.

Table 12 - Cargill's initiatives

<b>CARGILL</b>				
<b>Initiative #</b>	<b>Initiative Description</b>	<b>Environmental - Social</b>	<b>Internal - External</b>	<b>Cost - Brand</b>
1	Improve energy efficiency	Environmental	Internal	Cost
2	Reduce GHG emission	Environmental	Internal	Cost
3	Increase renewable energy usage	Environmental	Internal	Cost
4	Reduce water consumption	Environmental	Internal	Cost
5	Reduce deforestation in the Amazon	Environmental	External	Brand
6	Help cocoa producers to environmentally sustainable	Environmental	External	Brand
7	Improve environmental efficiency in transport	Environmental	Internal	Cost
8	Improve living standards of palm farmers	Social	External	Brand
9	Increase African farmers productivity and income	Social	External	Cost
10	Treat animals humanely	Environmental	Internal	Brand
11	Produce safe and wholesome food	Social	Internal	Cost
12	Create safe workplace	Social	Internal	Cost
13	Respect people and human rights	Social	External	Brand
14	Supply emergency food aid	Social	External	Brand
15	Invest in agricultural research	Environmental	Internal	Cost
16	Support African agriculture	Social	External	Brand
17	Increase farm yields	Environmental	Internal	Cost
18	Help farmers improve productivity	Social	External	Cost
19	Encourage crop diversification	Environmental	External	Cost
20	Promote responsible agricultural practices	Environmental	External	Cost
21	Advancing agricultural education	Social	External	Cost
22	Providing financing to farmers	Social	External	Cost
23	Partnering with food processors to assist production in Africa	Social	External	Cost
24	Improve nutrition	Social	External	Brand
25	Nourish children	Social	External	Brand
26	Fund food banks	Social	External	Brand
27	Advocate for policies that increase food security	Social	External	Brand
28	Fight poverty	Social	External	Brand

29	Improve access to nutritious food by communities in need	Social	External	Brand
30	Increase world's food availability	Social	External	Brand
31	Construct kitchens in poor communities	Social	External	Brand
32	Supply clean and safe water	Social	External	Brand
33	Expand schools	Social	External	Brand
34	Invest in education	Social	External	Brand
35	Bridge the digital divide	Social	External	Brand
36	Advance learn for older students	Social	External	Brand
37	Protect marine environments	Environmental	External	Brand
38	Preserve rivers	Environmental	External	Brand
39	Build healthy communities	Social	External	Brand
40	Recycling materials	Environmental	Internal	Cost

Source: (Cargill, 2012)



Numbers represent the number of initiatives. Square: quadrant total; Circle: company total  
Figure 14 - Cargill summary charts

Source: elaborated by the author



In Figure 14 and Table 12 above, it is possible to see a broad picture of the CSR and environmental sustainability of a conglomerate operating mainly in the agriculture and food business, but that has also a much diversified portfolio, ranging from financial services, energy and logistics to pharmaceutical and personal care products. All these products and services comes from synergies the company developed throughout the years (Cargill, 2013)

Cargill CSR and environmental sustainability policies are sustained by four main pillars, according to which it operates in its broad areas.

“Cargill’s goal is to operate in a responsible way across the agriculture, food, industrial and financial markets we serve. The four pillars of our approach to corporate responsibility focus on conducting business with integrity; operating responsible supply chains; working to feed the world; and enriching our communities” (Cargill, 2012).

Although Cargill is a company deeply linked to the environment due to its business, it is possible to see in the graphs that it has an important concern to social issues. It also presents as a main driver the brand building, which together with the external focus creates a picture of a company which invests in responsible behavior to improve its image towards consumers and even potential and current employees.

It is also related to the fact that they have a strong relationship and dependence of farmers, who, in many cases, are small producers that need close assistance to guarantee that they do not leave the market, which would reduce bargain power and choice of suppliers for Cargill, eventually damaging its costs of supplies.

“CSR in Action:

We employ innovative approaches to conserve resources, use renewable raw materials and reduce impacts to help preserve and protect the environment.

We promote the best, most responsible agricultural practices, including working closely with farmers to increase yields sustainably and treat animals humanely.

We are committed to safeguarding the wholesomeness and integrity of the food we produce and sell.

We respect people and human rights by treating our employees with dignity and respect and providing safe, secure and healthy work environments.”  
(Cargill, 2012)

It is possible to see in the quotes taken from their report, that in the aspects they highlight in the report, more initiatives are concerning social aspects and external focus.

#### 4.1.9 Nestlé

“Nestlé is the world's largest food and beverage producer, also consecrated as the world's foremost authority on Nutrition, Health and Wellness. In all countries where it is present, the focus of its activities is to improve the quality of life of people with healthy and tasty products”<sup>29</sup> (Nestlé, 2013).

Figure 15 and Table 13 present the summary charts concerning Nestlé's environmental sustainability and corporate social responsibility strategies. It is possible to see that although the company has a tendency towards environmental, external and costs, explained by the nature of its business, it is positioned close to the center of the graphs, following the tendency of similar companies, such as Unilever.

Table 13 - Nestlé's initiatives

<b>NESTLÉ</b>				
<b>Initiative #</b>	<b>Initiative Description</b>	<b>Environmental - Social</b>	<b>Internal - External</b>	<b>Cost - Brand</b>
1	Provide enough and easy information about nutritional values	Social	External	Brand
2	Incentive to sports	Social	External	Brand
3	Reduce energy consumption	Environmental	Internal	Cost
4	Reduce water consumption	Environmental	Internal	Cost
5	Reduce effluents	Environmental	Internal	Cost
6	Reduce CO2 emissions	Environmental	Internal	Cost
7	Reduce acid gases emission	Environmental	Internal	Cost
8	Reduce waste generation	Environmental	Internal	Cost
9	Reduce the use o supplies	Environmental	Internal	Cost
10	Create an ecolaborative supply and consumption chains	Environmental	External	Brand
11	Improve productivity in the vegetable crops	Environmental	External	Cost
12	Educate milk farmers to avoid losses and increase productivity	Social	External	Cost
13	Help Cocoa farmers to improve productivity and profits	Social	External	Cost
14	Help coffee farmers to improve environmental sustainability and productivity	Environmental	External	Cost
15	Educate parents and teachers about child nutrition	Social	External	Brand
16	Educate public schools' teachers to engage children in protecting the environment	Environmental	External	Brand
17	Capacitate teachers in rural areas	Social	External	Brand

Source: (Nestlé, 2012)

<sup>29</sup> author's translation



Numbers represent the number of initiatives. Square: quadrant total; Circle: company total  
 Figure 15 - Nestlé summary charts

Source: elaborated by the author

The fact that it goes towards environmental and cost issues is also related to the fact that Nestlé has a foundation that takes care of several of its social programs, which are not accounted in the graph.

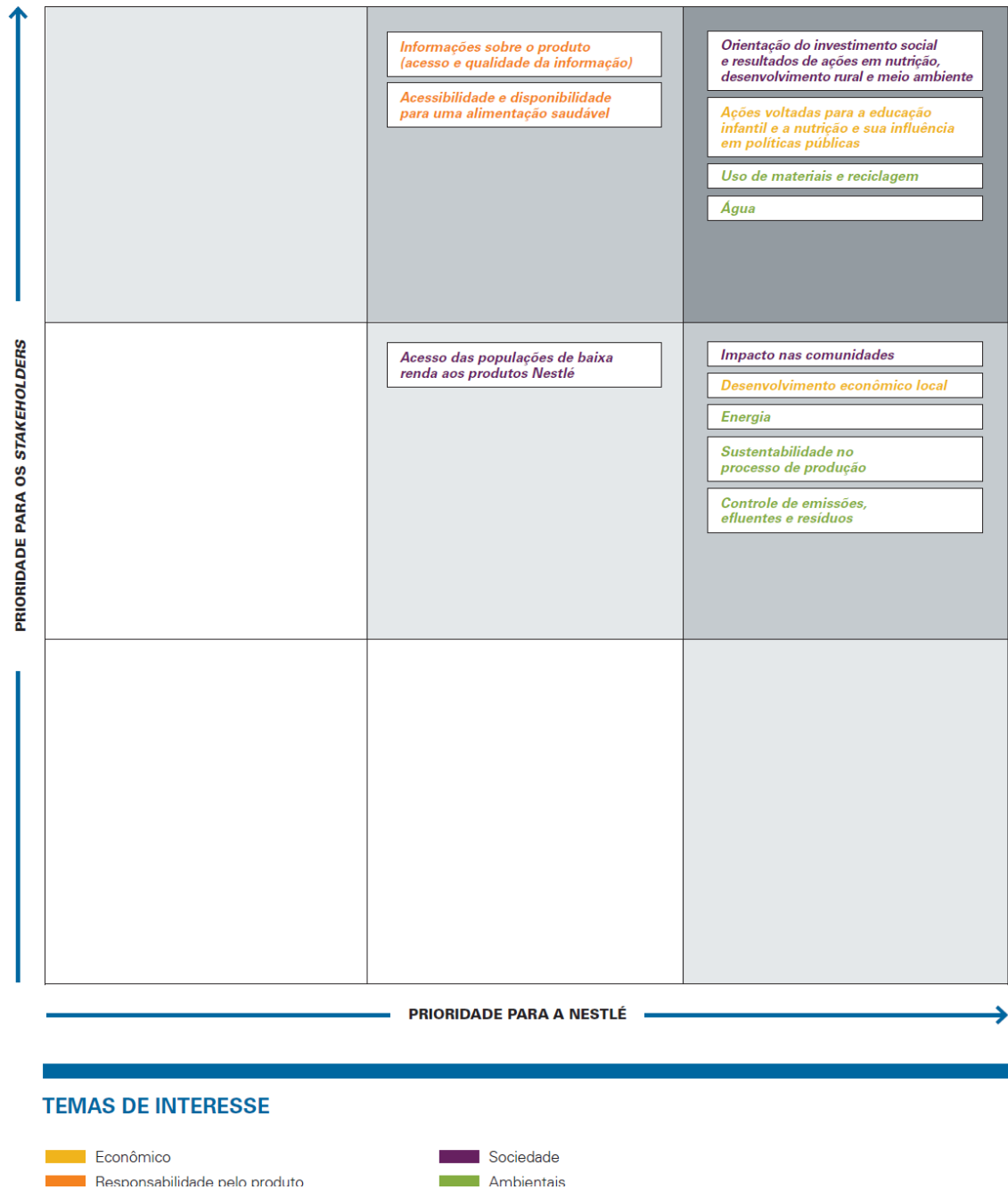


Figure 16 - Nestlé's materiality matrix

Source: (Nestlé, 2012)

In the same way as Natura, Nestlé presents in its report a matrix positioning its key strategies according to the internal and external priorities, also classifying in four categories.

It is possible to see, that one of the main concerns of Nestlé concerning social issues is related to food access for the population in need, following the same trend of the other food companies presented in this study.

It is also important to notice in the matrix, that the graphs presented before are aligned to what is presented by the company. The materiality matrix presents its programs towards the quadrants showing external importance, and has a tendency towards environmental sustainability.

The company report describes that the responsible behavior is part of its business strategies and is divided in three main perspectives: (1) compliance: related to the company's internal guides, regulations and law; (2) sustainability: long term strategy and (3) shared value creation: concerns the responsible corporate behavior<sup>30</sup> (Nestlé, 2012).

“For Nestlé Creating Shared Value means creating value for its shareholders and achieve long-term results, but also contribute to the welfare and growth of society.

The management of the business seeks to bring benefits to all involved in the value chain - partners and suppliers, nearby communities, consumers - and promote environmental preservation.

Creating Shared Value directs the company's actions and is based on compliance with laws and regulatory requirements and Nestlé Principles of Business Management.

Nestlé has identified three strategic areas in the value chain in which you may have greater success for the Creating Shared Value. These pillars are: Nutrition, Water and Rural Development<sup>31</sup> (Nestlé, 2012).

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<sup>30</sup> author's translation

<sup>31</sup> author's translation

#### **4.1.10 Procter & Gamble**

Procter & Gamble (P&G) has become the biggest fast moving consumer goods company in the world after the acquisition of Gillette in 2005. The North-American company produces from dog food to blades and batteries, as well as products for personal and home care (Procter & Gamble, 2012a).

In Figure 17 and

Table 14 it is possible to see that P&G has a focus on environmental sustainability, which is deeply linked to its concerns with the efficiency of the supply chain and reduction of the use of energy, water and materials in its production processes (Procter & Gamble, 2012b).

Table 14 - P&amp;G's initiatives

**PG**

<b>Initiative #</b>	<b>Initiative Description</b>	<b>Environmental - Social</b>	<b>Internal - External</b>	<b>Cost - Brand</b>
1	Use renewable materials in all packaging	Environmental	Internal	Brand
2	Expand the reach of the Pantene's bio bottle	Environmental	External	Brand
3	Zero consumer waste going to landfill	Environmental	External	Brand
4	Capacitate people to transform consumer waste into valuable products by reuse and recycle	Environmental	External	Brand
5	Cold-water washing: design products that conserve resources	Environmental	External	Brand
6	Reduce packaging	Environmental	Internal	Cost
7	Sustainably sourced renewable materials usage	Environmental	Internal	Brand
8	Guarantee product safety	Social	External	Cost
9	Eliminating research involving animals	Environmental	Internal	Brand
10	Zero net deforestation	Environmental	External	Brand
11	Buy wood pulp only from sustainable forests	Environmental	External	Brand
12	Ensure palm oil suppliers manage the crops in a responsible manner	Environmental	External	Brand
13	Ensure all the paper packaging is recycled when possible, or from reforestation	Environmental	Internal	Cost
14	Use 100% of renewable energy	Environmental	Internal	Cost
15	Zero manufacturing waste going to landfill	Environmental	Internal	Cost
16	Reduce manufacturing waste	Environmental	Internal	Cost
17	Improve lead times and inventory to reduce transportation impact on the environment	Environmental	Internal	Cost
18	Reduce carbon footprint	Environmental	Internal	Cost
19	Reduce energy consumption	Environmental	Internal	Cost
20	Reduce GHG emissions	Environmental	Internal	Cost
21	Reduce waste disposal in all activities and offices	Environmental	Internal	Cost
22	Increase waste recycling	Environmental	Internal	Cost
23	Reduce water consumption	Environmental	Internal	Cost
24	Reduce and control air pollution in the factories	Environmental	Internal	Cost
25	Improve babies' life in Africa	Social	External	Brand
26	Support education of children in India	Social	External	Brand
27	Donate product for those in need	Social	External	Brand
28	Prevent pneumonia in Bangladesh	Social	External	Brand
29	Provide P&G's water purifier to those in need	Social	External	Brand
30	Guarantee equality of treatment for HIV positive employees	Social	Internal	Brand

Source: (Procter &amp; Gamble, 2012b)





Numbers represent the number of initiatives. Square: quadrant total; Circle: company total  
 Figure 17 - Procter & Gamble Summary charts

Source: elaborated by the author

At the same time, Procter & Gamble has an important project with its suppliers for their compliance to the same environmental policies followed by the company. The suppliers have to deliver a score card concerning those issues to be certified as a P&G supplier (Procter & Gamble, 2011).

Table 15 - P&G suppliers' environmental sustainability scorecard dimensions

<b>Core Measure</b>
(Electric) Energy Usage
(Fuel) Energy Usage
(Input / Withdrawal) Water Usage
(Output / Discharge) Water Usage
Hazardous Waste Disposal
Non-Hazardous Waste Disposal
Kyoto Greenhouse Gas Emissions Direct (Scope 1)
Kyoto Greenhouse Gas Emissions Indirect (Scope 2)
Annual Volume/Output (and Factor % to approximate Scope P)
P&G Sustainability Ideas & Initiatives Supported
Fines & Sanctions
Environmental Mgt. System
Data Protocol
<b>Optional Measure</b>
Renewable Energy
Kyoto Greenhouse Gas Emissions Indirect (Scope 3)
Potential Waste Material Recycled, Reused, Recovered
Transportation Fuel Efficiency (Transportation Suppliers Only)

Source: (Procter & Gamble, 2011)

P&G has 3 main focus areas concerning the CSR and environment issues, being two of them related to sustainability, which goes in line with the charts presented before:

“Our Focus Areas

We have set specific strategies and goals to ensure we are delivering continuous improvement toward each of our focus areas.

Products:

Delight the consumer with sustainable innovations that improve the environmental profile of our products.

Operations:

Improve the environmental profile of our own operations.

Social Responsibility:

Improve children's lives through our social responsibility programs" (Procter & Gamble, 2012b).

The company has also a very strong brand building strategy, with several brands that are worth more than 1 billion dollars each (Procter & Gamble, 2012a). Due to that reason, brand appears as an important driver for the company. The company has noticed the growing trend of green marketing and is investing in initiatives in that field. One of the examples they bring in the report is the Pantene's bio bottle.

The collection "Nature Fusion" had its bottle changed to one that uses up to 45% of bio-resins and brings this information on the bottle. This bottle is used in Europe and United States since 2011. In 2012 was introduced in Russia, Turkey and Poland and the company has plans to introduce it in several other countries in the near future (Procter & Gamble, 2012b).

Initiatives like this, together with the social responsibility actions put P&G positioned as having a slightly higher amount initiatives with a branding driver.

### 4.2 General Findings and conclusions

After the analysis of each company separately some conclusions can be drawn concerning the fast moving consumer goods companies in Brazil. It is clear that this industry has a broad field of action when it comes to environmental sustainability and corporate social responsibility.

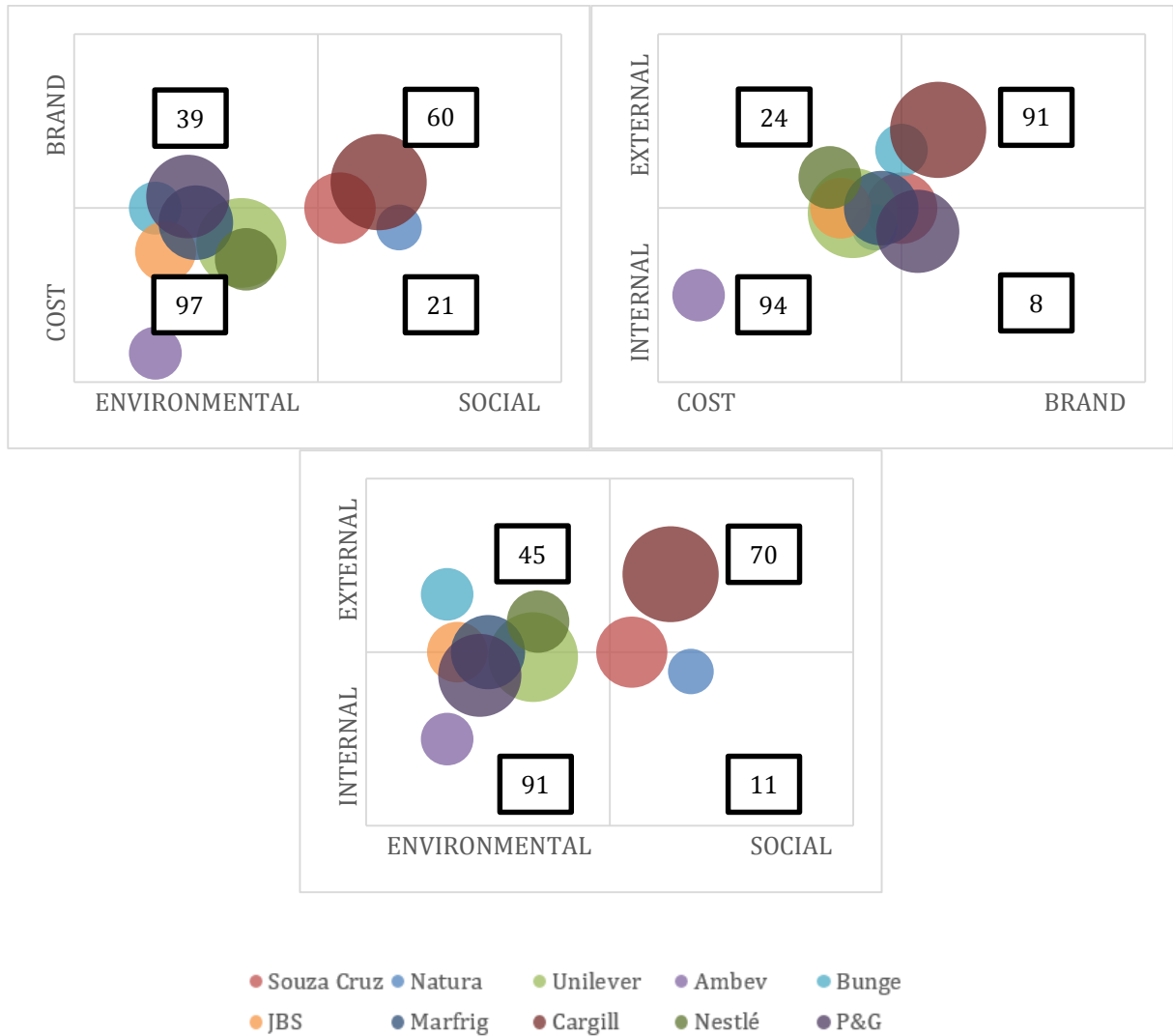


Figure 18 - Industry summary charts

Source: elaborated by the author

If all the companies' data is plotted on the same charts it is possible to observe some interesting trends concerning the initiatives conducted by them.

In the first graph it is possible to see that most of the companies are positioned in the environmental side and concentrated in the cost driver. This is relevant to perceive that the

companies have been working with initiatives that tend to benefit themselves as well as the environment and the society, which is also supported by the fact that in the other graphs they appear with a slight tendency towards the internal side.

An understandable tendency to a correlation between external orientation and the brand building driver can also be seen in the second graph. It is natural that if a company has its brand as a driver to behave responsibly, it will focus more in external actions that will bring a greater visibility to the company, instead of working internally.

During the analysis of each company it became clear that most of the companies initiatives are connected to their activities and their own impact, especially concerning the environmental activities. Clear examples of this are the companies that deal directly with agriculture. Three out of four of them are positioned in very clearly in the environmental side of the graphs.

Cargill, although dealing directly with agriculture, offers more processed products than the other three (Bunge, JBS and Marfrig), this tends to approximate it to other companies such as Natura, Unilever, Nestlé and P&G, as reflected in the graphs.

As a fifth company that could be considered as dealing directly with agriculture, Souza Cruz differentiates itself due to the type of product sold. In accordance to what was said in the company's analysis, tobacco companies have a very controversial product, which brings a problem for all the brand building strategies and corporate image. Investing in CSR and environmental sustainability is a way for companies with almost unanimously bad products to deal with this problem.

According to the results shown by the Labor Ministry (2012), the slavery like work conditions continues to be a problem in Brazil. In 2012, almost 3,000 people were freed from this condition by agents of the ministry. Out of those cases, 18% were found working in livestock farms around the country. It is the sector in which the problem was more relevant in Brazil. Such data explains what was shown in the results of companies such as JBS and Marfrig that are deeply involved in the sector, and have to invest a lot to eradicate the problem.

Another problem involving the meat industry is the GHG emissions. A research conducted at the National Institute for Space Research (INPE) showed that livestock farming is the main source of GHG emission in Brazil. The need for land due the extensive method adopted in

Brazil, is also the main cause for the deforestation of the Amazon rain forest (Ometto, 2010). Considering these facts, it is possible to find a reason in the adoption of initiatives concerning those topics in the main companies of the sector in Brazil. Although they do not control all the livestock farms, they have to work with their suppliers to ensure compliance with their companies' policies.

Thus, it is important to note here, that JBS and Marfrig are also very concerned with their livestock management and the labor involved in it. The meat industry in Brazil is one of the biggest responsible for GHG emissions, as well as for the deforestation of native forests. Also, the industry suffers with the problem of the slavery like work conditions. Those factors explain why the companies have a considerable amount of initiatives concerning those issues.

Another company that is positioned very differently from the others, especially if considered those selling similar products, is Ambev. As it can be seen in the charts, the company is clearly positioned in cost, environmental and internal quadrants. This can be explained, as mentioned before, by Ambev's aggressive cost strategy. In that sense, the company invests in areas it will profit (cost driver) from it and mainly in aspects concerning its own impact (internal and environmental).

Another trend observed in almost all the companies studied is the efforts to improve the supply chain efficiency. Seven out of the ten companies studied have programs to improve the supply chain efficiency and nine clearly state that refuse products that are not originated from suppliers concerned with responsible management. The drivers observed for that varies between cost and brand.

The cost driver is usually connected to the social perspective, by seeking to improve the production and life quality of suppliers the companies gain in reduced cost and better supplies. In the other hand, environmental questions are usually linked to branding: by enforcing the environmental sustainability of the suppliers the company can make use of green marketing when selling the products.

Also, the use of resources is present in all the reports. The ten companies have objectives to reduce the use of water, which, besides being an issue with high visibility and very discussed nowadays, is an effective form of cutting costs.

Energy efficiency and renewable energy are also topics present in all the companies. Both of them appear to be connected to cost cuts. Reducing the use of energy and having a broader energetic matrix, thus more choices of suppliers, tend to reduce energy cost. Moreover, the use of renewable energy can be used as a brand improver.

The greenhouse gases are also a theme that has been largely discussed by society lately and not only that, since the Kyoto Protocol, companies can trade carbon credits. This might explain, together with legislation and regulation, why all the companies have initiatives concerning this issue.

Tax discounts has been shown to also be an important driver for many companies, mainly connected to social issues. But it is important not to forget that this is largely used as a brand image booster. The first driver also explains why many companies have partnership with NGOs or have their own foundations and institutes.

It was also observed that all the initiatives that concerns directly the products sold by the companies and can be easily perceived in it, as expected, have the brand building as a driver.

Table 16 - Initiatives summary

<b>Dimension</b>	<b># of Initiatives</b>
<b>Environmental</b>	136
<b>Social</b>	81
<b>Brand</b>	99
<b>Cost</b>	118
<b>Internal</b>	102
<b>External</b>	115

Source: elaborated by the author

Table 16 shows a summary of the classification given to all the 217 initiatives analyzed. In the table it is possible to notice that environmental causes have the greatest predominance among all the categories. This might be explained, as said before, by the nature of several companies, that deal with agriculture or have natural resources as important supplies. It can also be explained, however, by the regulations and trends concerning GHG emissions, reduction of waste and water and energy consumption.

It is also relevant the tendency towards cost as a driver. Although it is not a large difference, cost might be the main driver for the companies, which have gained the perception that investing in responsible behavior is not only good for the green marketing perspectives, but can also reduce and/or prevent costs.

Although a focus on the environmental issues can be seen in all companies, much probably because of legislation and regulation, the social initiatives are still relevant. The number of social initiatives presented tends to be smaller also due to the fact that this is the main concern of the institutes maintained by the companies. However, one point that is very present in many companies is the product safety for the consumers, which represents an issue that goes further CSR, and has to do with liabilities, thus it is understandable the importance of the theme.

Another trend that can be seen in the social area is the improvement of access to their products by consumers in need. This is especially relevant in companies that operating with food and health care products. Working to improve life in the communities where the companies work is also an important in many companies.



## 5 CONCLUSIONS AND FINAL CONSIDERATIONS

The objective of this study was to categorize the initiatives companies are conducting nowadays in the areas of environmental sustainability and CSR in Brazil. Giving a general panorama of how the topic is developed in the country and understanding how the companies are dealing with the growing challenge of being profitable and responsible at the same time in an important sector such as the one of fast moving consumer goods, due to its massive penetration throughout all the population and all around the country.

The results shown are very positive, and although much more can be done by the companies and their responsibility is huge, the firms are working to at least diminish their negative footprint, responding to consumer and society pressures or directly benefiting from their actions.

The research showed that concerns with global warming, GHG emissions, green energy use are a tendency among all the companies. Initiatives such as improving the supply chain efficiency, to reduce GHG emissions and energy use are present in all the companies.

Another finding regards the convergence between the business strategies and the environmental sustainability and CSR policies. Also, the results showed sectorial trends, i.e. companies that have a very similar business, operating in the same specific markets, tends to have similar initiatives, e.g. companies dealing with agribusiness, in general, have concerns linked to sustainable management of the crops and livestock; food companies have initiatives linked to access to food for communities in need.

It is important to notice that the categories created here, especially the one concerning the drivers, are a methodological choice to classify and position the initiatives and the companies, and are not an attempt to morally judge the motives and what has been done. No matter why, it is important that companies perceive their role in society and act to positively impact the world.

Also, the study conducted had limitations and can be complemented by further studies and methodological improvements. The most significant limitation concerns the methodology. The initiatives were evaluated by the quantity. The amount invested and the positive impact of the initiatives were not evaluated.

The comparison of the companies also has been made impossible by the fact that the information was collected from the reports, which, besides having their own limitations, are not standardized and can lead to faulty comparison and even classifications. Moreover, the reports are presented and elaborated by each company and the veracity of the information were not verified, thus generating another limitation of the methodology that can be assessed in further researches.

The methodology was based in cluster categories, however, the initiatives are not completely one thing or another, i.e. one initiative can have different impacts, drivers and/or focus, in those cases the most relevant one was chosen to classify them. Also, the initiatives conducted by foundations and institutions maintained by the companies were not considered in the study.

Considering all that, some further studies should be considered to have a more deep understanding of the dynamics and performance of the companies regarding CSR and environmental sustainability. First, one study containing more companies of the industry would be more valid from a statistical perspective.

Also, a dimension evaluating the extent of the impact of each initiative would enable a comparison between each company's performances.

This comparison would be even more precise if the data collected from the reports could be standardized, by contacting each company and understanding each of the initiatives. This could be done either qualitatively or quantitatively.

Another study could tweak the methodology in order for it to be more flexible and be able to adapt better to the different nuances of each initiative, mainly in what concerns the drivers, which tend to have a more complex logic behind them than simply defining them totally cost or totally brand.

Although all the limitations, this study serves to its purpose of providing a first picture of the situation of the companies in this industry and can be easily replicated to other industries, countries or companies. Moreover, the data organized for this study can be used to conduct a series of other researches and analysis. This is a mapping of the situation that raises questions and opens new possibilities for further researches on the CSR and environmental sustainability topics.

It can also help companies understand how they are positioned in the map and see potential areas for greater investments or for the reorganization of the current investments, either to have a better positive impact or to have better business results. This methodology can be easily applied inside a company and the results can be compared with the business, financial and marketing strategies, to guarantee their alignment to the CSR and environmental sustainability strategies.

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## APPENDICES

### Appendix 1 – Biggest FMCG companies present in the Exame Ranking

Ranking	Company	Net Sales ('000 USD)	Net Profits ('000 USD)	Sector	Employees
6	Cargill	11.914.854	187.105	FMCG	7.210
10	Bunge	11.099.381	40.493	FMCG	6.689
14	JBS	8.281.437	374.428	FMCG	NI
17	BRF	7.193.845	10.439	FMCG	54.079
21	Ambev	6.584.737	3.281.074	FMCG	18.911
34	CRBS	5.410.005	959.151	FMCG	9.006
58	Unilever	3.432.548	NI	FMCG	NI
68	Natura	3.154.454	397.547	FMCG	6.683
70	Souza Cruz	3.071.878	789.538	FMCG	7.400
93	P&G Industrial	2.366.307	NI	FMCG	1156
96	Nestlé	2.322.018	NI	FMCG	NI
97	Marfrig	2.292.167	-262514	FMCG	10435

Source: (Exame, 2013)

## Appendix 2 – CYAN Movement advertising material

Cuidar da água é um sonho grande. E a nossa vontade de realizá-lo é ainda maior. Por isso que nós da AmBev estamos lançando hoje, 22 de março, Dia Mundial da Água, o Movimento CYAN. Um movimento que vai convidar empresas, a sociedade e, principalmente, você a ver a água e enxergar seu valor. Está na hora de assumir uma postura consciente sobre o consumo de água no planeta. Aqui na AmBev todos estão envolvidos nesse grande sonho, desde a área de meio ambiente ao nosso jurídico. E, juntos, podemos fazer muito mais. Faça parte do Movimento CYAN. Acesse [www.movimentocyan.com.br](http://www.movimentocyan.com.br) e descubra que quem vê a água enxerga seu valor.

**WWF-Brasil**  
Em parceria com o WWF-Brasil a AmBev desenvolveu um projeto para proteção de nascentes e mobilização das comunidades na bacia hidrográfica do Paranoá, DF.

**USP**

**PEGADA HIDROLÓGICA**  
A AmBev é a única empresa de bebidas do Brasil a fazer parte do Water Footprint Network e a desenvolver, junto com a USP-São Carlos, um estudo de pegada hidrológica com o objetivo de reduzir o consumo de água em toda a cadeia de produto.

**PARCERIA SUSTENTÁVEL**  
A AmBev vai incentivar toda a cadeia de produto, desde quem planta a cevada até os bares e estabelecimentos que servem a cerveja, a consumir a água de maneira sustentável, garantindo sua economia.

**PRODUÇÃO CONSCIENTE**  
Há 18 anos a AmBev tem um sistema de gestão ambiental em que o cuidado com a água é uma prioridade. Entre 2002 e 2009, economizamos 14,2 bilhões de litros de água, volume suficiente para abastecer uma população de 2,6 milhões de habitantes por um mês.

**MOVIMENTO "MENOS 1L"**  
Uma forma de disseminar pequenos gestos e mudanças de hábito que podem fazer a diferença no consumo individual da água e, no futuro, impactar positivamente o consumo de água do planeta.

**QUEM VÊ A ÁGUA ENXERGA SEU VALOR.**

movimento  
**CYAN**

**ambev**