

Sustainability is the way, not the end

Having a comprehensive vision and caring not only about a company's good financial performance, but also of society and the environment, is essential for companies looking to be profitable and around for a long time. And, although specialists point out that marketing is still bigger than actions in this field, many companies, like pulp and paper makers, are already on the right path when the subject matter is sustainability

By Marina Faleiros

The utilization of Earth's resources is already greater than the ability to replenish them. According to a report issued by U.S. consulting firm Global Footprint Network, in 2005 human action already exceeded the planet's sustainable limit by 31%. Land and natural resources utilization rates, as well as increased pollution only continued to increase since then, and the forecast for is that by 2030, if the current population and consumption growth rate continues the same, we will need two planets to sustain the human race.

Given the dramatic scenario, the need for change has led many companies to pursue sustainable production models, that is, that contemplate a broad vision of business impacts on the environment and society, while at the same time continuing to be financially sound.

In the pulp and paper sector, which activities are intrinsically linked to natural resources and play an important social role in the country, the concern towards this tripod – society, economics and environment – is evident, and the investments for maintaining it in balance are constant. According to a

Bracelpa report, in 2007 the sector invested US\$ 585 million in areas such as education, health and environment education. Forest development projects, which provide for income distribution among small producers and are a big example of the connection between the social, financial and environmental links within the segment, totaled 16.4 thousand properties on 344 thousand hectares of land.

Investing in sustainable development, however, is not an easy task, and the challenge goes way beyond putting social and environmental projects



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into practice. According to consultant Jodie Thorpe, from the British organization Sustainability, the concept of sustainability is perceived in various ways among all sorts of companies, generating work discrepancies. "For us, sustainability relates to two fundamental concepts. The first is that it is necessary to run one's business so as to maintain its existence, which involves the continuity of society, economy and the environment. The second is that companies need to be able to provide transparent answers about their production impacts".

According to the specialist, many companies self appoint themselves sustainable in their advertising, which is a serious mistake: "Companies that truly understand the concept and try to do the right thing say 'we are changing', 'we are trying' and show a target plan so that others decide whether the company is on the right track".

This is the vision of Votorantim Celulose e Papel, which won the 2008 O Papel Industry Award in the Social responsibility category. "I would say that the company is on the path towards sustainability, but we have not yet gotten there, since the concepts need to be totally incorporated in the company's routine and that takes time, since people need to be involved, trained and have awareness", says Umberto Cinque, VCP's General Manager of Sustainability.

In turn, Irani Celulose is the only company in the sector that entered Leading Report's Top 10 ranking, divulged in the end of 2008 by Sustainability and the Brazilian Sustainable Development Foundation (FBDS). The study encompassed 300 companies and aimed to show which companies provided transparent information about their business activities. "Our report follows a very strict methodology that allows closely monitoring our indices", says Odivan Cargnin, Irani Celulose's Administrative-Financial and Investors Relations Director.

He also believes that there are no sustainable companies, but rather "companies committed to sustainability", he said. "There are indicators that you can push back and will have

to work on to correct, that's why having a map of all one's actions is important for maintaining focus on the work being carried out".

However, not all companies are able to achieve this level of maturity. "In Brazil, R\$ 3 billion are invested annually in Social responsibility, but this has not been sufficient to improve our social and environmental indicators", says Giovanni Barontini, partner at Fábrica Éthica Brasil and member of PUC/SP's Studies of Future Nucleus.

In spite of concepts many times not yet being well defined, Jodie, from Sustainability, believes that society cannot risk just criticizing companies in an unfair manner because they still don't do everything right. "Sustainability is an unending journey and companies are not perfect, but they are decided to make serious changes and should be encouraged to do so", he said.

GETTING DOWN TO BUSINESS

The opportunities for companies to develop projects that seek sustainable development are plenty. According to Jodie, the work of pulp and paper makers, as well as of other sectors, is very important for Brazil, and examples of responsible companies include Natura and Banco Real, among many others. She points out, however, that there are still major challenges to be addressed, such as the high level of poverty and social inequality, in addition to the Brazilian government's institutional weakness. "As such, even though some companies in the country are doing more than American or European ones in the same sector, they really don't do enough to change everything, especially because the obstacles are much bigger too."

Environmental actions are most recognized within the pulp and paper sector, since the main raw material is the forest. "The need for wood makes the sector highly sensitive to environmental issues and reforestation projects to stand out", says Cinque from VCP.

According to Cargnin at Irani, without doing anything the sector already contributes to the environment since it utilizes a renewable natural resource. "But we must do more than just the basic, since even though the use

of forests facilitates our life considerably, we need to assess our impacts in generating gases, using water, chemical products and even improve productivity in order to produce more with less."

In joining the pillars of sustainability, Cinque explains that VCP works various fronts. With regards to the part that helps generate profits and social inclusion, for example, it invests in the Forest Savings Program, which encourages small producers to plant eucalyptus trees and stimulates the preservation of native forests also at small farms. "In addition, the Vale do Paraíba Ecologic Corridor project generates income for environmentally-oriented work and aims to recuperate 150 thousand hectares of area that's been cut down in ten years", he said.

In the ecoefficiency area, VCP seeks cleaner production, producing goods in a more rational manner without damaging the environment. For such, since 2005 the company has been following the United Nations Environment Program's (UNEP) International Declaration on Cleaner Production. VCP was also the first company in the sector to receive Carbon Footprint certification in its entire chain, controlling all CO₂ emissions, from pulp production to the transporting of goods. "What you measure you then manage", said Cinque.

On account of this, he said the mapping even included ocean transport emissions, which are considerable, to discount from the carbon sequestered by forests. According to the company's report, it rescues 3.69 tons of carbon for each ton of pulp produced. "This type of action demonstrates the commitment towards climate change matters, since our clients don't pay anything extra for this type of work."

The company's goal is not limited to only maintaining these concepts in its own business. "The main challenge is for responsibility to be practiced in the company's daily activities and extend this frame of mind to clients", he said. For such, VCP developed an ecoefficiency model for printing companies in partnership with Senai and offers courses to clients at no cost, including classes on how to reduce waste and on conscientious consumption. "We have

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already worked with six printing companies, multiplying our knowledge within the chain, in addition to partnering with suppliers and NGOs.”

In the financial area, Cinque says that being sustainable needs to be an aspect that's always analyzed, since the company is listed on the Dow Jones Sustainability Index and Bovespa's Corporate Sustainability Index (ISE). “We feel the difference and shareholders are always making decisions that are closely tied to sustainability practices. That's why we are also part of the Carbon Disclosure Project (CDP), which is the largest database worldwide of information on carbon emissions”, he said.

In turn, Irani Celulose's social report was included in Sustainability's ranking. According to Cargnin, this was made possible because the company has always faced its sustainability challenges in a technical and coherent manner. “If you look at our report, you will see that it is highly technical”, he said. Cargnin explains that there exists a methodology, audits are performed and the company is always pursuing new certifications, in addition to all indicators possessing financial targets too. “It is not anything plastic or advertising oriented to be used as marketing, but rather a transparency approach towards the market.”

He says that the major changes at Irani started back in 2003, when the company's management changed and they were convinced that the path of sustainability was the best way to go. “The business model based on this positioning involves much more than simply being environmentally correct. It makes the company become more competitive since, behind this concept, there are better costs, greater margins and a more complete management model”, explained the director.

Examples of change in the company include the generation of carbon credits, from which the company obtained US\$ 5.1 million in 2008. In order to achieve this figure, the company possesses two projects that follow Clean Development Mechanism (CDM) premises, approved by the United Nations: one for cogeneration and the other for waste treatment. “Other areas we always focus on is to reduce specific consumption of water per ton of paper, as well as using less chemicals in the production process”, said Cargnin.

On the social aspect side, the company seeks to work from the inside to the outside, that is, thinking first about the employees and surrounding communities. “We have education projects for employees, investments in neighborhoods where they live and partnerships with local governments.” In order to assess their impact in the region, the company carried out a survey among all neighbors of the mill. Cargnin tells of example of action stemming from this survey, in which one resident said he was scared of the company's trucks, since they drove by his home too fast, whereby the logistics area was informed about this fact. “A lot of things in sustainability are very easy and simple to do, but we tend to ignore or are not aware of them.”

In other areas, like the industrial, in which capital investment is necessary, the company has been focusing on reducing energy consumption per ton of paper. “Today, the company's energy grid is 80% clean and produced internally, coming from small hydroelectric and biomass plants. The objective now is to reach 100%”, hopes the executive. ▲