

# Sustainability and the financial sector in Brazil

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## **The story of a bank: questions we asked at the start**

**What role does a company play in society?**

**Is there a fundamental opposition between successful business and environmental care?**

**How liable is the financial sector in social and environmental terms?**

## **The story of a bank: questions we asked at the start**

**What role does a company play in society?**

**The business of business is right business**

**Is there a fundamental opposition between successful business and environmental care?**

**This is a false dilemma**

**How liable is the financial sector in social and environmental terms?**

**Any doubts?**

## **Independent Relationship Model**



- Us vs. them
- National supremacy
- Grow, grow, grow
- Tangible and immediate results
- Conflicts

## **Interdependent Relationship Model**



- Us
- Global/Regional Integration
- Gain, gain, gain
- Intangible and lasting results
- Peace

## WHY WE STARTED

***“There is limited value in succeeding in a country which does not enjoy the same success itself.”***



## THE BANKING SECTOR in 2008

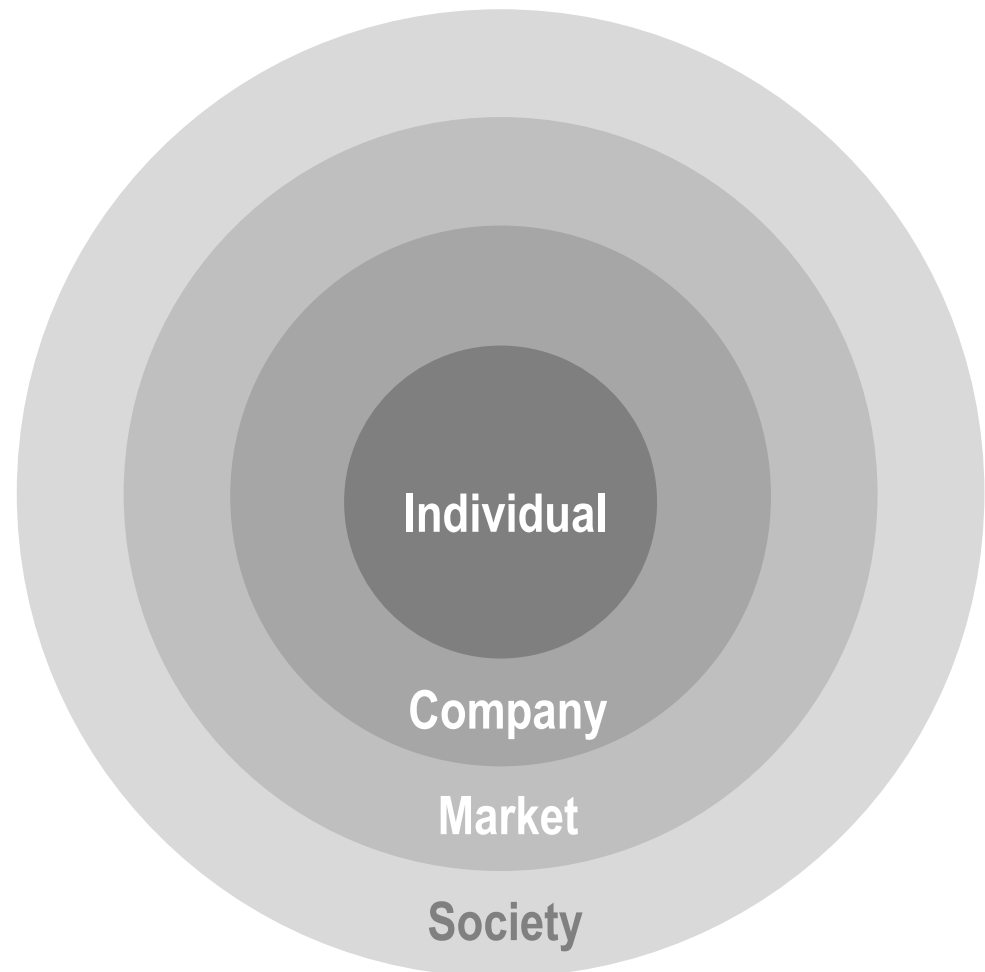
### Growth over 2003 (%)

- ❑ Total asset of R\$2.8 trillion (+ 155% )\*
- ❑ Total net equity of R\$245 trillion ( + 136% )\*
- ❑ Basiléia index 19.0 % \*
- ❑ Total credit R\$1,227 billion (+ 199%)
- ❑ Total deposits R\$ 132 billion (+ 98%)
- ❑ More than 435,000 employees
- ❑ R\$1 billion in social and cultural investments



\* Consolidated accounting positions of the institutions - commercial or multiple bank with commercial portfolio.

- ✓ **From inside out**
- ✓ **Integration into our Core Business**
- ✓ **Non-linear movement**
- ✓ **Use of opportunity windows**
- ✓ **Multiple ways to act**
- ✓ **Colective work**



# Business consistent with Sustainable Development

## Core Business

- Socio-environmental risk policy
- Socio-environmental products
- SRI funds
- Microcredit
- Financing alternative energy and green building
- Carbon market

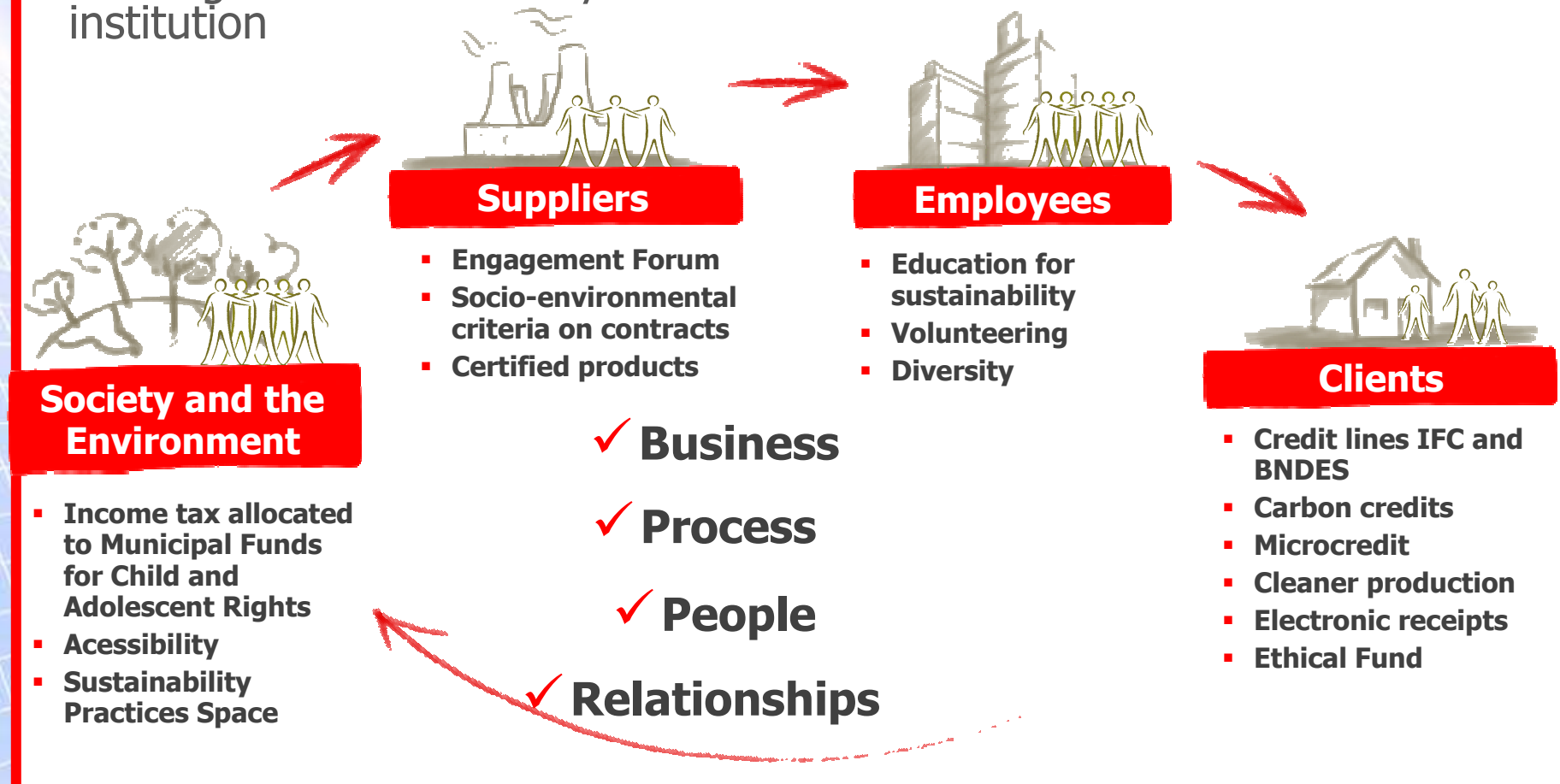
## Interacts with

- Suppliers
- Diversity
- Sustainability Reporting
- Eco-efficiency
- Social Investment
- Socio-environmental training & education
- Processes

**Credibility**

**Inovation**

We strive to act in a sustainable manner by fulfilling our role in society as a financial institution



## Sharing our Practices

### Public

### Initiatives

Corporate Customers & Suppliers

- Training Program "Sustainability in Practice: Pathways and Challenges"
- An exclusive virtual community

The public at large  
(live in class)

- Sustainability Workshop
- Institutional Lecture
- Sustainability Meetings
- Visit to a branch

The public at large  
(via web)

- Online courses
- Videochats
- Library
- Blog
- Practices database

# MISSION AND MAIN STAKEHOLDERS



## MAIN PRODUCTS AND SERVICES

**FEBRABAN**

- Elaboration of studies and technical notes related to bills in the National Congress
- Coordination of judicial initiatives for the sector's defense
- Positioning before the medias/press about the associates and the society's subjects of interest
- Representation of the banks before the authorities, national and international institutions
- Elaboration, disclosure and discussion of proposals with regulatory officials to improve the efficiency of the system and the reduction of risks
- Disclosure of information about banking products and services
- Coordination of studies, surveys and initiatives to improve the sector's image and commercial relations with the consumers
- Implementation and management of the sectors' auto-regulation
- Implementation of the social responsibility, sustainability and social inclusion actions
- Qualification of the associates
- Congress, seminars, workshops and business meetings
- Negotiation of the Banking Labor Convention

## A change of perspective

From  
Federation that  
**PROTECTS**  
the **BANKS**

To  
Federation that **DIALOGUES**  
with **SOCIETY** and **STRENGTHENS**  
the **INDIVIDUALS**



... maintaining  
the defense of  
the associates  
interests

**Banks**

Strong relationship between banks and regulators

Transparency enhances consumers' trust

**Regulators**

**Society**

Consumers pressure regulators



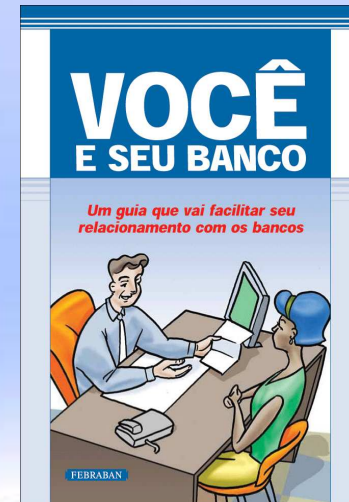
## Strategies

- ❑ Promote financial education
- ❑ Shine light on how the banks` results are formed
- ❑ Enhance the relationship with consumers
- ❑ Advance in the system's auto-regulation
- ❑ Advance in the social inclusion and sustainability
- ❑ Contribute to the system's efficiency and strictness
- ❑ Strengthen Brazil's position in the international financial scenario
- ❑ Modernize FEBRABAN's visual identity
- ❑ Deepen and intensify the relationship with the media

## Actions

### ❑ Promote financial education

- ❑ Professional qualification of the bank's employees  
2008 – 59 courses with 2,670 participants
- ❑ Professionalization of the Congresses, Seminars and other events
- ❑ Strengthening of the IBCB (Brazilian Institute of Bank Training)
- ❑ Guidance for the consumer and society in general  
2008 – 40 courses with 8,318 participants
- ❑ Integration with the COREMEC Labor Group, which develops the National Financial Education Strategy with participation of the CENTRAL BANK, SUSEP, CVM and SPC



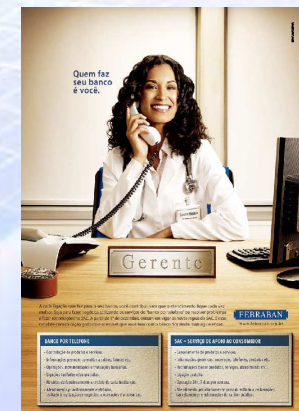
## Actions

### Enhance the relationship with consumers

#### Service

- ❑ Permanent dialogue with the Sistema Nacional de Defesa do Consumidor (National Consumer Defense System - SNDC)
- ❑ Identification and managing of the main complaints
- ❑ Joint structuring with the SNDC: closure of current accounts and Directive about customer service
- ❑ Ombudsman
- ❑ Enhancing the Customer Support Services (Serviços de Apoio ao Consumidor - SACs)
- ❑ Advertising campaign of the SACs and “Talking to your Bank”
- ❑ DDA Launch advertising campaign
- ❑ Opening and participation in other sectors events

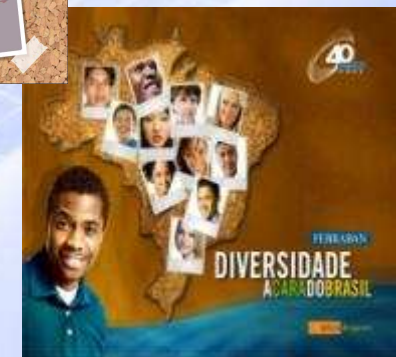
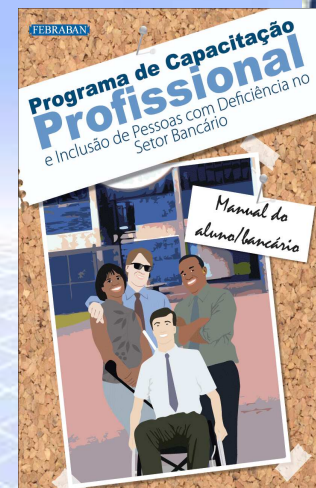
**Enlarge the sector's auto-regulation  
FEBRABAN, ABECS, ABEL, ACREFI and ANEF**



## Actions

### ❑ Enhance social inclusion and sustainability

- ❑ Diversity Valuing Program
  - 209 M responding banking employees
- ❑ Qualification of Handicapped people
  - 500 people in the pilot project
- ❑ Young Learner Program
  - + than 6,000 young people accepted
- ❑ Child and Teenager Rights Funds - R\$40 MM
- ❑ Water Tank (Cistern) Project
  - 30 M water tanks - 289M people benefitted
  - Internal Return Rate 4.8 % per year.
- ❑ Coffee with Sustainability – 13 meetings
- ❑ Adhesion to the “Green Protocol”



**Pioneering Social Report: 1993**

## Actions

Agreement between FEBRABAN and Environment Ministry for offering credit only to sectors committed with sustainable development

### Socio-environmental loans

- Offer **special credit conditions** to projects presenting socio-environmental benefits and **provide financial orientation to borrowers**

### Socio-environmental risk

- For high impact projects, request **legal environmental licenses** and embed **socio-environmental criteria** when approving credit

### Natural resources use

- Include **socio-environmental criteria in procurement** and adopt **eco-efficiency** practices

### Engagement

- **Train employees** in order to develop the needed competencies for implementing the Protocol

## **Vision**

**A healthy, ethical and efficient financial system is an essential condition for the country's economic, social and sustainable development**

## Lessons learned

There's no way back from including sustainability as part of the business model. The issue now is **HOW**:

- Conviction vs. Convenience...
  - Sometimes competitors and consumers induce the changes
  - Sometimes government and the 3rd sector induce the changes
- Sustainability is a driver for INNOVATION
- It is important to be open to diversity, dialogue with and engage stakeholders
- Deal with dilemmas and uncertainties



We understand the journey  
is long...  
and we're not finished yet

**Trust to build!**

**Thank you!**  
**[www.febraban.org.br](http://www.febraban.org.br)**