

THE EVOLUTION OF CSR ACROSS LISTED BRAZILIAN FIRMS

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Abstract

This paper analyzes the improvements in corporate social responsibility (CSR) among Brazilian companies listed on the Sao Paulo Stock Exchange – Bovespa, focusing on the type of social and environmental projects together with the amount of investments over the period 2003–2007. The empirical analysis is based on the content of the CSR reports of 48 companies, among them those making up the Bovespa's Corporate Sustainability Index. All the identified social and environmental projects were classified into eleven categories and three investment categories: internal, external and environmental. The results show the need to standardize the CSR reports due to the absence of uniformity among the sample firms. The investment data reveal a significant increase in external investment projects, followed by the internal category. The results of the environmental category reveal only a moderate increase due to the reduction of the environmental investment in the petroleum industry. Overall, the results reveal that companies tend to invest in projects strongly linked to their main activities.

Key words: corporative social responsibility, social-environmental information, sustainability.

1. INTRODUCTION

Corporate social responsibility report, corporate sustainability report, corporate social balance sheet or social report are some of the names used by companies, analysts, researchers and regulatory agencies to refer to the information published by firms focused on social and environmental issues and projects.

Since the beginning of the 1980s, there has been growing interest among business organizations around the world for information on social and environmental activities. This trend and the respective incre-

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ased investment in this area in Brazil dates from the late 1980s (Adams et al., 1998; Siquiera & Vidal, 2002). Currently, Brazil is the country that leads the development of the CSR philosophy in Latin America, mainly through the support from the Brazilian business community for development of indicators by the Ethos Institute for Business and Social Responsibility and the social reports of the Brazilian Institute of Social and Economic Analysis (IBASE), both leading organizations in the field of CSR in Latin America, which have a similar work philosophy as that of the Global Reporting Initiative (GRI).

The information contained in the CSR reports allows disseminating individual projects not only to investors, but also to other stakeholders regarding the set of social and environmental activities of the company: employees and their families, trade unions, media, non-governmental organizations (NGOs), and governments. Currently, a worldwide trend to invest in companies that can be classified as "socially responsible" can be seen. In the case of Brazil's stock exchange (Bovespa), since December 2005 there has been a specific index (Corporate Sustainability Index – ISE in the Portuguese initials), which originally grouped the shares of 28 companies listed on the Bovespa that were rated as "sustainable" according to social, environmental, and financial criteria¹. During the first 12 months of the index, the number of companies included in the portfolio went from 28 to 34. In addition, the growth of the index during the 2006 was 37.82% compared to 32.93% for the overall Bovespa index (Ibovespa)². The better performance of firms included in the ISE and their number are clear indications of investors' interest in socially responsible companies, as well as the interest of the firms in belonging to an index of firms targeted at investors interested in sustainability and social responsibility.

There is also growing interest from the academic and professional world in CSR research, derived mainly from the growth of investment in enterprises that are socially responsible, sustainable and also profitable. For this reason, one can say that CSR research, and more specifically, analysis of the type of information presented and its quality, consistency, clarity and reliability, is crucial for strengthening the confidence of investors and other users in the information provided by socially responsible companies.

The bet made by the Bovespa³ in fostering investment in socially responsible companies and the evolution of the ESI index show the growing interest in socially responsible investment in Brazil. The main objective of this work is to strengthen the advances that have taken place in the field of CSR among Brazil's top companies. More specifically, our aim is to study the evolution of the investment levels, the type of projects developed and the format for presentation of information about CSR. An in-depth analysis of the information published in the field of CSR is the starting point to know the reasons that lead socially responsible companies to be more attractive to investors in the capital market.

Our sample consists of a total of 48 companies listed on the Bovespab between 2003 and 2007. Of them, 34 were part of the Corporate Sustainability Index (ESI) and the remaining 14 were firms investing in social responsibility but which were not included in the index. The empirical data were extracted directly from the CSR reports published at the institutional websites of the firms as well as those sent to the Brazilian Securities Commission (CVM). The results of the empirical analysis show a growing trend in investment levels in CSR projects and allow identifying the different areas of investment, the most active sectors, as well as to suggest some reasons that lead a business to be socially responsible and transparent.

This work is structured in the following way. Section 2 discusses the growing interest in CSR in recent decades, as well as the main lines of research in this area. Section 3 describes the sample and the analytic methodology. Finally, sections 4 and 5 analyze the results and summarize our main conclusions.

2. THE PROGRESS IN CORPORATE SOCIAL RESPONSIBILITY

2.1. The growing interest for the CSR in the government, social, and entrepreneurial realm

Accounting, as a social science, has developed new concepts, trends and accounting practices over the years, adapting itself to society's evolution and new demands. As highlighted by Tinoco (2001, p. 14) "*the existence of business organizations cannot be justified solely by their ability to generate profits for their ow-*

¹ The inclusion of a company on this sustainability index is based on the assessment by a council of "stakeholders" representing civil society of a series of factors based on the company's relationship with employees, suppliers and communities, corporate governance and the environmental impact of its activities.

² A difference of 14.84 percentage points between the two indexes in the ESI's first year.

³ Currently called the BM&FBovespa, alter merging with the Mercantile and Futures Exchange (BM&F) in 2008.

ners." In this respect, in most developed economies the idea has emerged that firms must not only prepare the standard financial reports, but also must account for their social commitments (Moreira, 2001).

In United States the idea of social responsibility arose in the 1930s (Carneiro, 1994; Batista, 2000). The Vietnam war (1964-1973), the use of more sophisticated and environmentally harmful weapons and growing demands of American society to end race and sex discrimination in employment made companies more aware of their social positioning and limited their ability to produce and sell whatever they wished (Tinoco, 2001). It can be said that the development of CSR in the United States arose from society's own initiative, prompting numerous legislative advances in the matter⁴. Businesses, aware of the social demand, began to respond to avoid a reduction in their share prices in the market. As Tinoco indicates (2001, p. 126), between late 1960s and early 1970s, the majority of U.S. companies began to prepare reports where economic information was linked to other social and environmental features: levels of contamination, participation in cultural works, contribution in the city's public transportation, and other benefits for the community focusing on the human aspects of the company and its contribution to society.

American companies were pioneers in publishing social information, although there is no legislation which compels them to disclose such reports annually. Perhaps for this reason and the characteristics of economic liberalism of the United States, the nomenclature used for these reports was quite variable: social audit, social balance sheet, social accountability, social responsibility report, social report. The Dow Jones Sustainability Index (DJSI) defined sustainability, in 1999, according to economic, social and environmental sustainability criteria, formalizing the disclosure of this information in the Social Audit, a socioeconomic report focusing on consumers, customers and society at large.

There have been numerous advances in CSR within the scope of the European Union. The first stimulus began in 2000, when the European Council in March of that year emphasized the need to ensure sustainable economic growth to achieve the strategic objective of being the most competitive and dynamic economy in the world⁵. Since then, the European Union has developed various initiatives highlighting its commitment to sustainable development and CSR. The most outstanding advances developed by the EU in the field of CSR are stated in the following Table:

Table 1: European Union initiatives on sustainable development and CSR

Year	Document and main objective
2001	COM ⁶ (2001) 366: Publishing of the "Green Book" to promote the development of a European framework for corporate social responsibility.
2002	COM (2002) 347 " <i>Corporate social responsibility: an entrepreneurial contribution to sustainable development</i> ". Objective: proposal to create the European Multilateral Forum on CSR and CSR promotion strategy.
2004	COM (2004): " <i>Green Paper Promoting a European Framework for Corporate Social Responsibility</i> ". Objective: the promotion of innovation, transparency and convergence of practices and instruments of Social Responsibility.
2005	COM (2005): It recognizes that the social responsibility of enterprises can play a key role in contributing to sustainable development and, at the same time, to strengthen the innovative potential and competitiveness of Europe. Objective: It continues to discuss how to promote CSR in the framework of the Cotonou Agreement and the new strategy for Africa.
	Decision 2005/600/CE of the Council: on the Guidelines for the employment policies of the Member States.
	COM (2005) 33: The European Commission proposes a new Social Agenda covering the period 2006-2010. Objective: to achieve "a social Europe in the global economy: jobs and opportunities for all".
	COM (2005) 658: It sets out a long-term strategy that combines sustainable environmental, economic and social development policies. Objective: to improve sustainable well-being and conditions of life for present and future generations.

⁴ The idea of CSR was introduced in the United States by some business leaders, such as Rockefeller, Carnegie, Ford, Hewlett and Packard. However, the real advance did not take place until the 1960s, when a series of legislative advances occurred in response to social pressure.

⁵ Comisión Europea: Diez años de la Estrategia Europea de Empleo. Luxemburgo: Oficina de Publicaciones Oficiales de las Comunidades Europeas. 2007 – 43 pp. – 17.6 x 25cm. ISBN 978-92-79-06583-5.

⁶ Communication from the European Commission.

2006	COM (2006): "Implementing the partnership for growth and jobs: making Europe a pole of excellence on corporate social responsibility". Objective: to establish a new phase in the evolution of European policy in CSR issue.
2007	COM (2007) 642: "Provisory report on the 2007 on sustainable development strategy". Objective: it considers that progress made has been modest but that policy development at both EU and Member States has especially progressed on climate change, clean energy and health.
2009	Lisbon Treaty: gives the EU's modern institutions and refines its working methods in order to meet the challenges of today's world, strengthens democracy in the EU and improves their ability to defend the interests of its citizens. Objective: to solve issues such as globalization, climate change, demographic trends, security and energy. P6_TA (2009)0190: Resolution of the European Parliament on the social responsibility of outsourcing companies in the production chains (2008/2249(INI)).

Source: Summaries of EU legislation, in http://europa.eu/legislation_summaries y http://europa.eu/lisbon_treaty/index_es.htm

In Brazil, the debate on CSR reports began in 1976 with the mobilization of business leaders, led by the Association of Christian Business Directors (ADCE) (Tinoco, 2001). However, the development of CSR in Brazil really got under way only at the end of the 1980s and the debate intensified in the mid-1990s. Some companies⁷ took the first steps in the disclosure of such information at that time (Araújo, 2003). Nevertheless, the idea only gained real strength when in March 1977, the sociologist Herbert de Souza (1935-1997) wrote the article "Public and citizen enterprise", which encouraged the publication of CSR reports in Brazil so that Brazilian companies could render accounts of their social activities both within and outside the organization (Negra et al., 2002).

Since then, a number of governmental initiatives have taken place⁸. For example, the city of São Paulo adopted Resolution 05/98, creating the "Business Good Citizen Day" and the "Business Good Citizen Seal", to encourage and recognize the work undertaken by firms that have high-quality social reports. This type of certificate of quality was also established later in other cities such as Porto Alegre (in the State of Rio Grande do Sul). Additionally, in Porto Alegre publishing a social report is compulsory for companies with headquarters in this city and with more than 20 employees (Kroetz, 2000).

In December 2004, along with previous initiatives, the NBR 16001 certification was established (managed by the Brazilian Association of Technical Standards, ABNT), which brings together a set of requirements related to business ethics, citizenship, human rights and sustainable development in Brazil. This certification aims at creating a series of national guidelines of conduct for firms to be considered socially responsible.

The publication of a report on CSR is becoming an increasingly consolidated practice among Brazilian companies, hence the interest in analyzing in detail their contents and structure, especially of listed companies, to determine the type of information, its quantity, quality, and ultimately its usefulness to users of this type of information.

2.2 Disclosure of corporate social responsibility information

Most of the research on CSR has mainly focused on analyzing the determining factors for publishing CSR information. Generally, there have been several reasons why companies are interested in publishing CSR reports. As Lewis and Unerman (1999) and Andrade et al. (2002) point out, one of the main reasons relates in meeting stakeholders' demands for information and promoting corporate image. Along with shareholders, stakeholders increasingly demand more socio-environmental information, exerting pressure on companies, which increasingly find it necessary to publish information on their social and environmental projects. CSR reports are one of the best ways to reflect the ethics of an organization with qualitative and quantitative information on its social and environmental projects. Firms' growing interest in presenting these reports may be justified in their usefulness to promote changes in the company (Dierkes & Antal, 1985). Changes usually occur as a result of the pressure exerted by the external or internal stakeholders, including managers, who based on information published in the report can take different positions with the company. Additionally, for managers the CSR report serves as a planning guide for the company in terms of goals in the socio-environmental area.

⁷ Nitrofert, a government-owned company, was the first company to publish a social report in 1984.

⁸ At the national level, in 1999 a bill (no. 32/99) on Corporate Social Responsibility was introduced in Congress, but it still has not been approved (Reis & Medeiros, 2007)

The information contained in the CSR reports can vary depending on the sector, size of the company, structure and style of management or the regional and temporal context in which the company is inserted (Adams et al., 1998; Lewis & Unerman, 1999; Teoh & Thong, 1984). These factors, as well as the pressure exerted by stakeholders, are crucial in the company's interest and ability to produce social and environmental information.

Reports published by the Brazilian companies differ significantly from those issued by European and American companies⁹ (Freire & Rebouças, 2001). As will be seen later, most of the Brazilian listed companies publish their social reporting based on the model of IBASE (Brazilian Institute of Social and Economic Analysis) together with the indicators of the Ethos Institute for Social Responsibility. This model is partially adapted from the GRI (Global Reporting Initiative) indicators, although with greater emphasis on aspects related to employment, education and improvement of the quality of people's lives, due to Brazil's institutional and socioeconomic characteristics.

Until the 1990s, several trends and movements in publishing socio-environmental information could be observed. For example, IBASE's early models had a clear trend towards focusing on the publication of firm's information related to social actions, while there was another trend that gave priority to aspects of management and transparency, similar to the Ethos Institute's benchmarking. Finally, a third current focused on environmental information, in a manner similar to the sustainability reports of the Brazilian Business Council for Sustainable Development (CEBDS). There is currently great interest in integrating social and environmental reports into a single document (Line et al., 2002).

Concerning the depth and technicality of the content and format of the reports, there is a wide divergence of views in the academic and professional literature. Some authors advocate more simplified reporting, arguing that its main objective is the dissemination of information to a public (stakeholders) that generally is little or not at all familiar with the technical aspects of financial information. However, another line defends that reports should have technical rigor and that they can still be used and interpreted by stakeholders other than shareholders (Shaoul, 1998; Preston, 1981). Another debate involves the need to regulate and even compel CSR reporting. Advocates of greater regulation of the reports give two main reasons (Roberts, 1998; Sutton; Arnold, 1998): (a) that the stakeholders have little power to demand certain kinds of information and their demands are often ignored by companies and (b) the quality of the reports is not satisfactory. Thus, some countries, like France, have already developed mechanisms for regulation of these reports (Freire & Rebouças, 2001). Nevertheless, in the case of Brazil, the publication of such reports is not regulated at the national level yet (Siqueira & Vidal, 2002). However, as has already been mentioned, there are some municipal initiatives¹⁰ to regulate CSR reports. Also, the National Electric Energy Agency (ANEEL) issued a resolution making CSR report publication mandatory for companies in the electricity sector since 2003.

3. SAMPLE SELECTION AND DATA COLLECTION

The empirical study aims at undertaking an in depth analysis of information on CSR published by the companies in the sample, as well as the evolution of CSR investment during the period 2003-2007. The sample consists of a total of 48 companies from 21 sectors of the economy that are either included in the Corporate Sustainability Index (ESI) or companies listed on the Bovespa considered to have greater social responsibility¹¹ within the framework of the "In Good Company" project developed by the Bovespa. Appendix 1 includes all companies that are part of the sample.

⁹ In Europe, most companies use the model developed by the GRI (Global Reporting Initiative), focused on environmental factors and sustainability. The heterogeneity present in the form of stating information on CSR led to the development, at the international level, of the GRI, involving companies, government and social organizations from five continents. The main objective of this initiative is to disseminate the importance of publishing CSR reports. It also publishes a series of guidelines which allows unifying information that is useful for different stakeholders. As in Europe, the model most used by listed companies in the United States is the GRI.

¹⁰ The municipalities of Sao Paulo (SP) and Porto Alegre (RS) have regulated CSR reporting.

¹¹ BOVESPA's "In Good Company" project aims at disseminating good corporate business practices, more specifically, the social and environmental responsibility projects developed by a set of listed companies, thus showing the sustainable economic development of the country through the power of socially responsible investment.

Thirty-four out of the total of 48 companies in the sample are part of the Bovespa's Corporate Sustainability Index (ESI)¹². The remaining 14 companies were selected through the web page of the Bovespa, dedicated to the "In Good Company" project, which aims at disseminating good corporate practices¹³.

The information used in the empirical analysis comes from CSR reports of companies in the sample, as well as other kinds of information published by companies in their annual reports or other documents made available to the public. We obtained information through the websites of the companies in the sample, via e-mail contact as well as in the reports of the Bovespa. The analyzed information encompasses the period from 2003 to 2007.

Once all CSR reports and additional data were collected, we performed in-depth content analysis. More specifically: (1) we identified all projects developed by the firms referred to in their reports as well as in other sources of information; (2) we grouped projects into 11 categories to carry out a comparative analysis of the type of projects developed by each industrial sector; and (3) we analyzed the evolution of the investment levels in social and environmental projects during the study period, in order to see whether there was growing interest and commitment of companies to invest in projects of this nature. In the last analysis, we grouped investment in CSR into three indicators: (1) internal social indicator (ISI) associated with firms' investments in their own employees (mandatory social contributions, pensions, occupational health and safety, education, culture, training and professional development, daycare, profit sharing, commuting allowances, recreational activities and housing); (2) external social indicator (ESI), related to investment in society; and (3) environmental indicator (EI), related to the investment in environmental projects.

4. ANALYSIS OF RESULTS

4.1. The presentation format of the CSR report

As pointed out earlier, one of the consequences of the lack of regulation for CSR reporting is the lack of a single model of presentation. The data presented in Table 2 reveals that during the period 2003-2005, most Brazilian companies were inclined to present the CSR report in accordance with their own models or the IBASE model (Brazilian Institute of Social and Economic Analyses), in which the Ethos Institute indicators are used. Nevertheless, this trend seems to have shifted in recent years toward the GRI model or a combination of the latter with the Ethos Institute indicators. While in 2003, only 3 out of the 48 companies in the sample used the GRI model or a GRI/Ethos combination, in 2007 this number increased to 30, i.e., 62.5% of the sample. The results show the trend of Brazilian companies to change to CSR reporting formats with greater impact and international recognition, showing their interest in improving the quality of CSR information.

With regard to the form of publishing the CSR report, more than 50% of the analyzed companies (54.58% on average during the period) published the CSR report independently, while the remaining 45.42% integrated the CSR information in their annual reports. There were no significant changes in this ratio over the period under consideration.

Table 2: Distribution of firms in the sample based on the CSR report model. Analysis for the 2003-2007 period.

Year		GRI/ Ethos (Ibase)	GRI	Ethos (Ibase)	Own model
2003	No. of firms	2	1	22	23
	(%)	4,17	2,08	45,83	47,92
2004	No. of firms	2	2	23	21
	(%)	4,17	4,17	47,92	43,75

¹² This index, a crucial reference for socially responsible investments, is intended to reflect the profitability of a portfolio comprised by shares of companies with recognized commitment to social responsibility and acting as bellwethers of good practices in the Brazilian business environment. The inclusion of a company in this index depends on a deliberative council chaired by a representative of the Bovespa, responsible for developing the ESI index, its calculation and its technical management. Along with the Bovespa, organizations such as ABRAPP (Brazilian Association of Pension Funds), ANBID (National Association of Investment Banks), APIMEC (Association of Capital Market Analysts and Investment Professionals), IBGC (Brazilian Institute of Corporate Governance), IFC (International Finance Corporation), Ethos Institute for Business and Social Responsibility, and the Ministry of the Environment take part in the council.

¹³ The webpage for direct access to this Bovespa's project is the following: <http://www.bovespa.com.br/wrs/Index.asp>

2005	No. of firms	4	3	24	17
	(%)	8,33	6,25	50,00	35,42
2006	No. of firms	13	6	19	10
	(%)	27,08	12,50	39,58	20,83
2007	No. of firms	23	7	13	5
	(%)	47,92	14,58	27,08	10,42
Total	No. of observations	44	19	101	76
	(%)	18.33%	7.92%	42.08%	31.67%

Like the diversity in reporting formats, the length of reports is also highly variable. Table 3 contains information on the average length of CSR reports by sectors. Panel A refers to the length of each report, as measured by the number of pages, while Panel B refers to the length of each report measured based on the number of collected items.

Focusing on the number of pages, a clear trend of growth in CSR reports for the period under consideration can be observed. This same trend is also observed in Panel B, when analyzing the number of items in the reports. Nevertheless, the trend of growth in the number of items is not generalizable to all industrial sectors. In the final analysis, the results point to an increase in the extent and the contents of the CSR reports.

The largest reports were issued by firms in the electric power sector, with an average length 687.8 pages and about 100 items. In second place are companies in the financial sector, with an average length of 587 pages and an average of 77 items in their reports. Third comes the steel and metallurgy sector, with an average length of 377.4 pages and about 46 items in their reports. In these three mentioned sectors, a growing trend in the extent of their CSR reports is presented, both in number of pages and items.

In contrast to these lengthy and detailed reports, other sectors publish very little information on CSR. Their reports present information concisely, reflecting little investment in CSR, focusing primarily on internal aspects of the company.

Table 3: Average length of the CSR reports by sector. Analysis for the 2003-2007 period.

Panel A: Analysis of the number of pages

Sectors	No. firms	2003	2004	2005	2006	2007	Average no. of pages
Mineral extraction	1	100	173	164	141	192	154,00
Financial	5	403	600	532	468	932	587,00
Water and sanitation	2	39	34	86	86	277	104,40
Diversified holding	1	122	89	108	119	140	115,60
Electricity	10	367	287	834	809	1142	687,80
Pulp and paper	4	65	159	195	249	401	213,80
Highway operation	3	117	91	197	259	288	190,40
Airlines and railroads	3	148	211	278	235	293	233,00
Insurance	1	-	61	90	63	93	76,75
Transportation material	2	78	24	30	37	126	59,00
Food	2	117	147	166	176	174	156,00
Oil, gas and biodiesel	1	37	108	79	160	124	101,60
Petrochemicals	2	92	64	114	56	192	103,60
Personal use goods	1	108	67	155	132	107	113,80
Steel and metallurgy	4	202	212	274	616	583	377,40
Motors and industrial equipment	1	14	21	13	32	32	22,40
Diverse services	1	-	-	-	90	77	83,50
Car rental	1	-	-	56	8	6	23,33

Tobacco	1	-	-	69	77	80	75,33
Medical	1	-	-	51	32	37	40,00
Packing material	1	33	29	33	40	2	27,40
Total	48	2.042	2.377	3.524	3.885	5.298	

Panel B: Analysis of the number of items

Sectors	Nº. firms	2003	2004	2005	2006	2007	Average no. of items
Mineral extraction	1	17	23	26	35	17	23,60
Financial	5	72	75	72	97	70	77,20
Water and sanitation	2	9	8	12	13	27	13,80
Diversified holding	1	11	13	7	8	16	11,00
Electricity	10	62	53	133	119	133	100,00
Pulp and paper	4	13	22	14	29	39	23,40
Highway operation	3	17	18	29	26	20	22,00
Airlines and railroads	3	12	45	30	25	32	28,80
Insurance	1	-	19	9	8	6	10,50
Transportation material	2	29	9	10	10	23	16,20
Food	2	25	29	28	25	25	26,40
Oil, gas and biodiesel	1	7	7	6	6	7	6,60
Petrochemicals	2	11	12	8	4	17	10,40
Personal use goods	1	11	13	19	14	13	14,00
Steel and metallurgy	4	42	40	37	60	55	46,80
Motors and industrial equipment	1	9	10	7	5	5	7,20
Diverse services	1	-	-	-	21	12	16,50
Car rental	1	-	-	5	16	14	11,67
Tobacco	1	-	-	11	19	7	12,33
Medical	1	-	-	8	11	10	9,67
Packing material	1	18	18	18	18	13	17,00
Total	48	365	414	489	569	561	479,6

4.2. Analysis of CSR projects developed by the companies in the sample

Once the characteristics of the structure of CSR reports were analyzed, we investigated in detail the projects contained in each CSR report published by the companies in the sample in the study period. We classified these projects into 11 categories, allowing an overview of the type of projects. The identified investment categories are shown in the following table.

Table 4: Description of each category in which identified CSR projects have been classified.

Category	Description
Environment (1)	Projects aimed at preventing and combating environmental pollution related to the firm’s main activity. Investment in non-polluting infrastructure, as well as external projects aimed at environmental protection.
Professional development (2)	Professional development of the firm’s employees, as well as offering graduate study scholarships.
Citizenship (3)	Investment in social development projects: education, culture, health, sanitation, housing, sports, leisure, daycare, food and other aspects related to citizens’ rights, excluding social spending on the company’s own employees.

Community (4)	Volunteerism and social work projects developed by the company in the communities where the firm has operations, to provide not only infrastructure, but also social capital to allow the development of its activities. Among the projects developed in this area include incentives for reading in public schools and development of handcraft production as a sustainable option to earn income for the community.
Culture (5)	Entertainment promotion, financing of cultural activities: music, theatre, arts etc.
Education (6)	Investment in teacher training, internship programs, scholarships and stipends for books, as well as other expenditures on education and training of children, young people and adults residing in poor regions. The projects are intended to serve as a mechanism for the promotion of culture, involving not only to students but the entire community, thus enhancing their interaction and integration in society.
Health (7)	Investment in health plans, medical assistance, preventive medicine and quality of life programs and other health expenditures with former and current employees, as well as with their families.
Sports (8)	Sponsorship and support of sports activities
Suppliers (9)	Projects aimed at strengthening the relationship with suppliers, encouraging compliance with established contracts, improvement of their relationships in associations and transmitting the values of the code of conduct to all participants of the supply chain.
Consumers and customers (10)	Projects focused on the development of reliable products and services, capable of minimizing the risk of damage to health. Similarly, in this realm can also be found projects aimed at ensuring the advertising and instructions of the products regarding appropriate use, as well as customer services to assure their rights before, during and after the purchase of the product.
Employees (11)	Investments in, beyond the rights established in labor legislation and collective bargaining agreements. The projects in this category are related to investment in the improvement of working conditions and income. Projects seek greater involvement of employees in the management of the company, encouraging their participation in the company's profits as shareholders, formalizing pension plans or encouraging participation in trade unions.

As shown in Table 5, 16,381 projects were identified, of which 44.12% (7,227 projects) were developed by Petrobras. Discounting data on this company, the number of projects is reduced to 9.154¹⁴. Along with Petrobras, firms in other sectors such as steel and metallurgy, financial, electric or transportation material, also carried out a significant number of projects, although well below that company.

Table 5 details, for each analyzed industrial sector, the number of projects identified in each of the categories defined above. Most of the projects developed by Petrobras are in the areas of culture (2,201 projects), citizens' rights (1,983), community support (808), environment (621), professional development (565), and education (461). Without considering Petrobras, the categories with more projects are culture (2.327), community (1,352), environment (1,290), citizens' rights (1,054), education (902) and employees (695). The areas with less investment are the customers and suppliers categories.

¹⁴ When eliminating Petrobras from the sample, the most affected areas by number of projects are the following: citizens' rights, with 65.3% decline, professional development with 50.4%, suppliers with 49.07%, culture with a 48.6%, education with 33.8%, environment with 32.5% and community with 37.41%.

Table 5: Breakdown by sectors of the projects identified from 2003 to 2007, classified in the 11 categories of investment in corporate social responsibility

Industrial Sectors	[1]	%	[2]	%	[3]	%	[4]	%	[5]	%	[6]	%	[7]	%	[8]	%	[9]	%	[10]	%	[11]	%	Total	%	
Mineral extraction	55	2,88	20	1,78	16	0,53	10	0,46	20	0,44	35	2,57	20	2,53	10	2,53	5	2,93	5	3,11	0,00	35	3,65	226	1,38
Financial	80	4,19	54	4,82	160	5,27	200	9,26	1157	25,55	123	9,02	71	9,00	41	12,42	20	12,02	5	12,42	45,45	97	10,11	2.008	12,26
Water and sanitation	37	1,94	6	0,54	13	0,43	21	0,97	52	1,15	16	1,17	3	0,38		0,00		0,00	2	0,00	18,18	22	2,29	172	1,05
Diversified holding	15	0,78	2	0,18	17	0,56	5	0,23	5	0,11	5	0,37		0,00	5	1,47		0,00		0,00	0,00	15	1,56	69	0,42
Electricity	204	10,68	53	4,73	59	1,94	197	9,12	519	11,46	99	7,26	39	4,94	2	0,59	16	0,59		9,94	0,00	127	13,24	1.315	8,03
Pulp and paper	59	3,09	25	2,23	47	1,55	57	2,64	19	0,42	58	4,26	20	2,53	4	1,17	8	4,97		4,97	0,00	7	0,73	304	1,86
Highway operation	31	1,62	12	1,07	53	1,75	25	1,16	38	0,84	28	2,05	42	5,32	6	1,76		0,00		0,00	0,00	3	0,31	238	1,45
Airlines and railroads	17	0,89	8	0,71	46	1,51	29	1,34	16	0,35	17	1,25	31	3,93	6	1,76		0,00		0,00	0,00	27	2,82	197	1,20
Insurance	9	0,47	5	0,45	5	0,16	4	0,19	130	2,87	8	0,59		0,00	1	0,29		0,00		0,00	0,00		0,00	162	0,99
Transportation material	84	4,40	168	14,99	252	8,30	336	15,56	33	0,73	84	6,16	168	21,29		0,00		0,00		0,00	0,00	84	8,76	1.209	7,38
Food	43	2,25	12	1,07	37	1,22	29	1,34	2	0,04	38	2,79	14	1,77	11	3,23	3	3,23		1,86	0,00	64	6,67	253	1,54
Oil, gas and biodiesel	621	32,50	565	50,40	1.983	65,29	808	37,41	2.201	48,61	461	33,82	124	15,72	121	35,48	79	49,07		49,07	0,00	264	27,53	7.227	44,12
Petrochemicals	5	0,26	3	0,27	6	0,20	9	0,42	19	0,42	5	0,37	3	0,38		0,00		0,00		0,00	0,00	20	2,09	70	0,43
Personal use goods	18	0,94	11	0,98	26	0,86	14	0,65		0,00	16	1,17	6	0,76		0,00		0,00		0,00	0,00		0,00	91	0,56
Steel and metallurgy	590	30,87	157	14,01	271	8,92	379	17,55	243	5,37	325	23,84	222	28,14	119	34,90	27	16,77		16,77	0,00	189	19,71	2.522	15,40
Motors and industrial equipment	13	0,68	10	0,89	21	0,69	20	0,93	21	0,46	20	1,47	5	0,63	15	4,40		0,00	4	0,00	36,36		0,00	129	0,79
Diverse services		0,00	2	0,18		0,00	2	0,09	4	0,09		0,00		0,00		0,00		0,00		0,00	0,00		0,00	8	0,05
Car rental		0,00	1	0,09	8	0,26	2	0,09	45	0,99	1	0,07		0,00		0,00		0,00		0,00	0,00	2	0,21	59	0,36
Tobacco	18	0,94	3	0,27	3	0,10	9	0,42		0,00	15	1,10		0,00		0,00	3	1,86		1,86	0,00	3	0,31	54	0,33
Medical	8	0,42	4	0,36	10	0,33		0,00	4	0,09	5	0,37	17	2,15		0,00		0,00		0,00	0,00		0,00	48	0,29
Packing material	4	0,21		0,00	4	0,13	4	0,19		0,00	4	0,29	4	0,51		0,00		0,00		0,00	0,00		0,00	20	0,12
Total	1.911		1.121		3.037		2.160		4.528		1.363		789		341		161		11		959		16.381		
Total excluding Petrobras	1.290		556		1.054		1.352		2.327		902		665		220		82		11		695		9.154		

(1) environment, (2) professional development, (3) citizens' rights, (4) community, (5) culture, (6) education, (7) health, (8) sports, (9) suppliers, (10) consumers and customers, (11) employees.

Focusing on each of the 11 categories, the following can be highlighted:

Environment: most of the companies in the sample developed environmental projects. Only two sectors are strangers to this type of investment. A total of 1,911 projects were identified, of which 621 were carried out by Petrobras and an additional 318 by companies belonging to sectors whose activities have a strong environmental impact. For example, the power sector developed 10.68% of the identified projects (10 companies and 204 projects), followed by the pulp and paper industry with 4 companies and 59 projects (3.09% of the total number of identified projects) and mining with 55 projects developed by one company (2.88% of the total number of identified projects);

Professional Development: In this category a total of 1,121 projects were identified, spread over 20 of the 21 sectors represented in the sample. 75% of the analyzed companies (36 of 48) invested in projects aimed at their employees' professional development. In addition, out of the 1,121 identified projects, the majority (565, or 50.4% of the total) were developed by Petrobras. The enormous investment in professional development projects in the oil, gas, and biodiesel sector is related to the complexity of activities in this sector and the need to invest in worker training. Excluding this sector, projects for professional development in significant numbers were found in the transportation material and steel and metallurgy sectors.

Citizens' rights: A total of 47 companies in the sample (98%) invested in social projects of this nature. Once again, of the 3,037 identified projects, Petrobras developed 65.3% (1,983 projects). The remaining 1,054 projects are distributed among firms in 19 industrial sectors, including steel and metallurgy and transportation material.

Community: There were 47 companies that invested in projects of this nature, representing 98% of the total sample. Once again, the oil, gas, and biodiesel sector was the most involved in such projects, with 808 projects (37.4% of the projects in this category). Along with it, steel and metallurgy, transportation material, power and the financial sectors also stand out in the number of projects.

Culture: A total of 45 companies in the sample (94%) invested in 4,528 cultural projects. The oil, gas, and biodiesel sector was again the leader in cultural investment with 2,201 projects (48.6%, or 4,528), followed by the financial and power sectors, with 1,157 and 519 projects respectively (25.55% and 11.46%). The companies least involved in such projects belong to the food, medical, miscellaneous services and holding company sectors.

Education: There were 1,363 educational projects, led by firms in the oil, gas and biodiesel sector with 461 projects (33.82%), followed by steel and metallurgy sector with 325 projects (23.84%).

Health: Companies that invest in such projects accounted for 33.33% of the sample (16 companies). All told, there were 789 projects, of which 222 were executed by firms in the steel and metallurgical sector (28.14%, or 789), followed by transportation material (21.29%), oil, gas and biodiesel (15.72%) and the financial sector (9%).

Employees: In this category a total of 959 projects were identified, distributed in 15 of the 21 sectors represented in the sample. 87.5% of the analyzed companies (42 of 48) invested in personnel. In addition, of the 959 projects identified, 264 were developed by Petrobras, followed by steel and metallurgy sector with 4 companies and 189 projects (19.71% of the total) and the power sector with 10 companies and 127 projects (13.24% of the total). The companies least involved in this kind of projects belonged to the car rental, tobacco and highway operation sectors.

Remaining categories (sports, suppliers, consumers/customers): the number of projects in the three remaining categories was significantly lower, particularly the consumers/customers category, where only 8 companies in the sample invested in a total of 11 projects. The suppliers category presented a greater interest with 161 projects divided among 32 companies, and once again Petrobras stood out. However, other sectors such as the financial, power and steel/metallurgy were also involved in the development of projects within this category. Finally, there were 36 companies, in the area of sports, in the sample (75%) that invested in sport activities with 341 projects. The oil and metallurgy and steel sectors were those that developed most of the identified projects, with 121 (35.5%) and 119 projects (34.9%), respectively.

Table 6: Temporal analysis of the number of identified projects

Panel A: Temporal analysis of the number of identified projects for each of the 11 identified categories.

Category of projects	2003	%	2004	%	2005	%	2006	%	2007	%	Total	%
1 - Environment	282	13,53	448	14,26	349	11,83	412	12,50	420	8,56	1.911	11,67
2 - Professional development	131	6,29	201	6,40	207	7,01	229	6,95	353	7,19	1.121	6,84
3 - Citizens' rights	204	9,79	234	7,45	566	19,18	962	29,18	1.071	21,82	3.037	18,54
4 - Community	287	13,77	436	13,88	553	18,74	360	10,92	524	10,68	2.160	13,19
5- Culture	671	32,20	1.175	37,41	557	18,87	478	14,50	1.647	33,56	4.528	27,64
6 - Education	171	8,21	226	7,20	233	7,90	386	11,71	347	7,07	1.363	8,32
7 - Health	134	6,43	152	4,84	154	5,22	156	4,73	193	3,93	789	4,82
8 - Sports	60	2,88	81	2,58	73	2,47	63	1,91	64	1,30	341	2,08
9 - Suppliers	9	0,43	11	0,35	52	1,76	44	1,33	45	0,92	161	0,98
10 - Consumer and clients	2	0,10	2	0,06	1	0,03	3	0,09	3	0,06	11	0,07
11 - Employees	133	6,38	175	5,57	206	6,98	204	6,19	241	4,91	959	5,85
Total	2.084		3.141		2.951		3.297		4.908		16.381	

Panel B: Excluding Petrobras

Category of projects	2003	%	2004	%	2005	%	2006	%	2007	%	Total	%
1 - Environment	198	13,62	243	14,81	275	14,50	266	14,43	308	13,28	1.290	14,09
2 - Professional development	85	5,85	92	5,61	105	5,54	127	6,89	147	6,34	556	6,07
3 - Citizens' rights	189	13,00	198	12,07	205	10,81	220	11,93	242	10,44	1.054	11,51
4 - Community	203	13,96	236	14,38	261	13,77	271	14,70	381	16,43	1.352	14,77
5- Culture	340	23,38	387	23,58	527	27,80	446	24,19	627	27,04	2.327	25,42
6 - Education	156	10,73	187	11,40	190	10,02	174	9,44	195	8,41	902	9,85
7 - Health	118	8,12	122	7,43	128	6,75	130	7,05	167	7,20	665	7,26
8 - Sports	44	3,03	43	2,62	41	2,16	44	2,39	48	2,07	220	2,40
9 - Suppliers	9	0,62	11	0,67	19	1,00	21	1,14	22	0,95	82	0,90
10 - Consumer and clients	2	0,14	2	0,12	1	0,05	3	0,16	3	0,13	11	0,12
11 - Employees	110	7,57	120	7,31	144	7,59	142	7,70	179	7,72	695	7,59
Total	1.454		1.641		1.896		1.844		2.319		9.154	

Table 6 undertakes a temporal analysis of the number of identified projects in each identified socio-environmental investment category. Panels A and B allow to observe the time evolution of the number of projects identified in each category of investment, as well as observe year and category that increased a greater number of projects. Unlike Panel A, Panel B excludes information from Petrobras, which, as noted already, is the company that develops 44.12% of projects in the sample.

Consistent with the data in table 6, the largest number of projects is concentrated in the area of culture, where more than 25% of surveyed projects are developed. This area is followed by Community, Citizenship and Environment.

If we focus on the time evolution of the number of identified projects in each area, we can see that the highest growth occurs in the category of suppliers, passing from 9 to 45 projects in 2003-2007 period (average growth of 95.46%). While it is not the most important category, it is that showing the largest growth, followed by the culture (63.22% average growth), citizenship (59.47%), clients (37.50%), and professional development (30.3%) categories.

In Panel B, the projects undertaken by Petrobras are excluded, noticing in this case substantially significant changes in the average growth observed in each of the analyzed categories of investment. The growth becomes more constant through time. In Table B, the category of clients has largest average increase in the period (37.5%), followed by the suppliers (27,56%), culture (18.8%), community (17,82%), professional development (14.77), employees (13,44%), and the environmental (12.10%) categories

Generally, one can say that investment in CSR of the Brazilian enterprises is focused towards culture, citizenship, community, environment and education, both in their workers and in society as a whole, highlighting the importance of the participation of companies to promote the collective well-being. Additionally, the detailed analysis of reports' content also suggests that companies use social responsibility as a competitive strategy to strengthen their institutional image, through social marketing. The level and nature of the investments depends largely the type of company's business, and ultimately, its main activity. Thus, for example, companies in the mining, power, pulp and paper sectors or the oil industry make heavy investments in environment, while other sectors such as the financial sector focus on activities related to culture promotion.

CSR reports are an informative instrument targeted more to society as a whole, and particularly, for the main users of the economic-financial information. Reports of this nature have the capability to reflect the human and social side of enterprises, their capacity to respect the environment, their social projects, their collaboration with all actors in the supply chain and their respect for clients. The growing importance of companies' social and environmental investment turns such reports in additional key instrument for stakeholders' decision-making.

4.3. Analysis of the evolution in CSR investment

After analyzing the number of CSR projects, we assessed the evolution of CSR investment, grouping it in three indicators: (1) internal social indicator (ISI); (2) external social indicator (ESI) and (3) environmental indicator (EI).

Internal Social Indicator (ISI): it encompasses investment projects identified under the category of professional development (2), suppliers (9), consumers and customers (10) and employees (11).

External Social Indicator (ESI): it reflects the level of investment in projects aimed at the community or society in general, related to education, culture, health, sport and leisure, the fight against hunger or food security. More specifically, it includes projects related to categories 3, 4, 5, 6, 7, and 8.

Environmental Indicator (EI): it groups the investment in projects identified under the environmental category (1).

As can be seen in Figure 1, the investment related to internal social projects increased 81.03% from R\$ 18.9 billion in 2003 to R\$ 34.2 billion in 2007. However, the external social investment had an even larger increase during the period, reaching 120.8% growth. Total investment in 2003 reached R\$ 78.5 million and increase progressively to R\$ 173.5 billion in 2007. Environmental investments had a 41.7% increase in the period.

Investment Growth in CSR during the period of 2003 - 2007

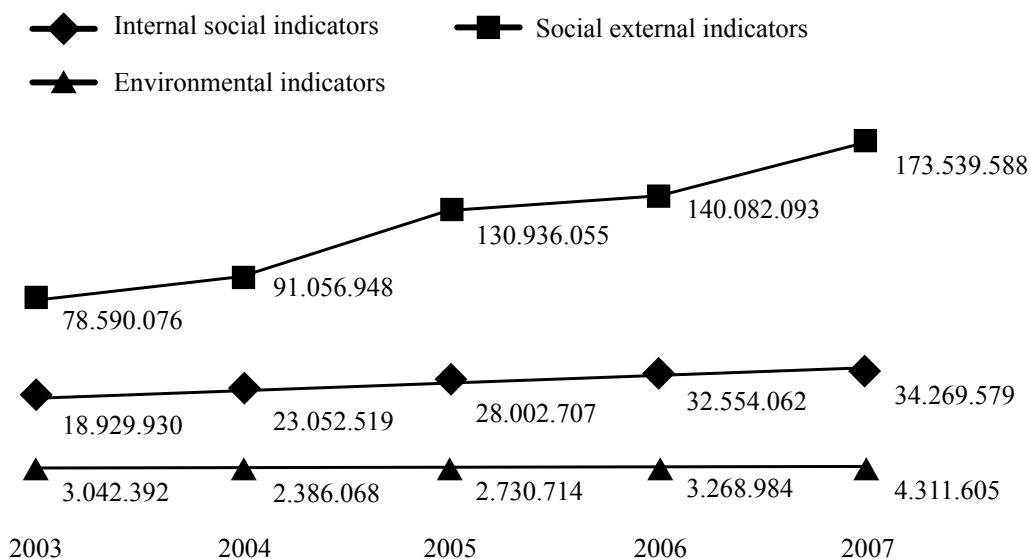


Chart 1: Investment growth in corporative social responsibility for the period from 2003 to 2007 (data in thousands of reais – R\$).

If Petrobras is removed from the sample (Figure 2), the results are affected but the general trend of three areas of investment is not altered. A clear growth trend is observed in the area of investment in environmental projects. Specifically, the data reflect growth of environmental investment of 211.09%. Concerning the internal and external investment projects there are also slight variations. Thus, as can be seen in Figure 2, internal project-related investment increased 75.2%, from R\$ 14.8 billion in 2003 to R\$ 25.9 billion in 2007. External social investment had a greater increase during the period compared with the data of Figure 1, reaching 176% growth, from R\$ 36 million in 2003 to R\$ 99.5 million in 2007.

Investment Growth in CSR during the period of 2003 - 2007, excluding Petrobras

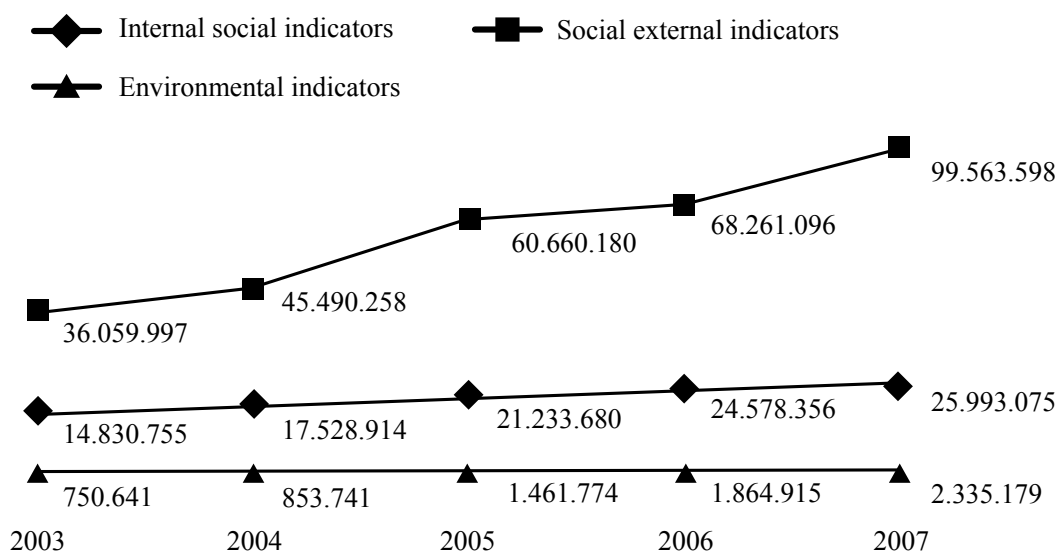


Chart 2: Investment growth in corporate social responsibility for the period from 2003 to 2007 period, excluding Petrobras (data in thousands of reais – R\$).

Table 7 presents the annual growth rate for each of the three investment areas in each sector analyzed. Consistent with data depicted in Figure 1, the highest average growth rate corresponds to external social investment, with 22.63%, followed by internal investment (16.19%) and the environmental investment, with 11.12 %

Table 7 allows analyzing the evolution of CSR investment in each of the analyzed sectors. The results are consistent with the projects identified in Table 6 and confirm companies’ interest in developing projects closely related to their main activity. We can take as an example the airline and railroad sector, whose activities directly affect the environment through the emission of CO2 in the atmosphere. This sector is the one that, along with companies making personal hygiene products, most increased its environmental investment over the period under consideration, although also noteworthy is the investment increase in other sectors such as mining, iron and steel and diversified holdings¹⁵. In contrast to these sectors, environmental investment fell in the petrochemical and highway operation sectors.

¹⁵ The increase in environmental investment by the "diversified holdings" sector (represented by Ultrapar) is related to an improvement in the natural resource exploitation processes since 2006. The company used environmental conservation projects and programs to reduce and control the emission of pollutants and industrial waste. In addition, it optimized the use of clean raw materials and adopted recycling, as well as enhanced its stakeholders’ awareness of the importance of the environment.

Table 7: Average growth of investment rate in corporate social responsibility during the period of 2003-2007

Panel A: Environmental indicators

Sectors	<i>Annual growth (%) of the environmental indicator</i>				I.INT
	2003-2004	2004-2005	2005-2006	2006-2007	Average
Water and sanitation	15,37	43,08	22,00	(1,99)	19,62
Airlines and railroads	177,78	98,88	386,74	(61,87)	150,38
Mineral extraction	5,73	18,67	140,61	60,55	56,39
Oil, gas and biodiesel	(33,12)	(17,21)	10,65	40,76	0,27
Steel and metallurgy	3,59	277,43	(1,02)	35,81	78,95
Petrochemicals	-	-	(66,11)	1,31	(32,40)
Pulp and paper	(62,26)	102,93	(6,39)	(33,31)	0,24
Transportation material	24,54	39,29	59,46	(12,77)	27,63
Electricity	143,66	(16,00)	41,43	5,77	43,71
Financial	(59,82)	83,13	14,19	14,39	12,97
Insurance	-	-	67,07	(48,03)	9,52
Industrial machinery and equipment	(6,26)	60,59	(33,99)	94,43	28,69
Food	1,83	54,53	39,02	11,41	26,70
Diversified holdings	30,93	36,25	23,27	240,62	82,77
Packing material	-	-	-	-	-
Highway operation	-	(2,59)	(20,34)	(27,24)	(16,72)
Diverse services	-	-	-	-	-
Cigarettes and tobacco	109,02	(68,53)	0,28	71,82	28,15
Car rental	-	-	-	-	-
Personal hygiene products	148,31	89,76	(60,16)	317,38	123,82
Average	(21,57)	14,44	19,71	31,89	11,12

Panel B: External social indicators

Sectors	<i>annual growth (%) of the external indicator</i>				I.EXT.
	2003-2004	2004-2005	2005-2006	2006-2007	Average
Water and sanitation	2,82	35,93	16,65	12,61	17,00
Airlines and railroads	49,81	11,72	50,71	(12,62)	24,91
Mineral extraction	1,61	96,24	46,08	4,29	37,05
Oil, gas and biodiesel	7,14	54,23	2,20	3,00	16,64
Steel and metallurgy	138,16	13,22	(10,14)	299,98	110,31
Petrochemicals	-	-	3,78	(11,84)	(4,03)
Pulp and paper	(30,28)	19,93	(18,09)	40,19	2,94
Transportation material	(3,23)	(3,44)	35,61	(40,66)	(2,93)
Electricity	24,43	21,89	27,88	2,65	19,21
Financial	11,37	49,81	4,85	26,05	23,02
Insurance	-	-	23,81	14,57	19,19
Industrial machinery and equipment	19,89	22,93	9,97	74,02	31,70
Food	46,25	174,93	(4,04)	29,92	61,77
Diversified holdings	37,32	4,13	(61,91)	269,51	62,26
Packing material	-	-	-	-	-

Highway operation	-	-	-	29,18	29,18
Diverse Services	-	-	(12,04)	(100,00)	(56,02)
Cigarettes and tobacco	12,30	4,79	2,34	16,87	9,07
Car rental	-	-	-	38,57	38,57
Personal hygiene products	-	-	-	6,32	6,32
Average	15,86	43,80	6,99	23,88	22,63

Panel C: Internal social indicators

Sectors	annual growth (%) of the internal indicator				I.INT
	2003-2004	2004-2005	2005-2006	2006-2007	Average
Water and sanitation	10,50	0,52	16,24	(0,65)	6,65
Air transportation and railways	46,17	21,42	30,70	45,89	36,05
Mineral extraction	28,87	14,04	(14,65)	126,03	38,57
Oil, gas and biodiesel	34,75	22,55	17,83	3,77	19,72
Steel and metallurgy	27,82	38,93	34,89	(46,36)	13,83
Petrochemicals	-	-	20,65	20,98	20,81
Pulp and paper	23,96	16,73	(0,11)	(2,76)	9,46
Transportation Material	40,14	5,86	8,32	28,63	20,74
Electricity	10,63	13,27	14,36	(16,50)	5,44
Financial	14,25	18,05	16,01	8,35	14,17
Insurance	-1	-	25,66	(3,74)	10,96
Machines and industrial equipments	30,78	6,27	23,74	18,24	19,76
Food	34,28	25,93	12,03	18,23	22,62
Diversified holdings	19,25	(4,73)	17,72	29,62	15,47
Packing material	42,12	4,32	10,01	(100,00)	(10,89)
Highway operation	-	53,54	(20,18)	51,18	28,18
Diverse Services	-	-	4,51	(100,00)	(47,75)
Cigarettes and tobacco	11,11	19,23	18,85	7,76	14,24
Car rental	-	-	53,18	14,13	33,65
Personal hygiene products	101,15	60,94	2,77	60,35	56,30
Average	21,78	21,47	16,25	5,27	16,19

Concerning external CSR investment, it grew significantly in the steel and metallurgy sector. This growth was the result of expansion and increasing competitiveness at the global level¹⁶, as well as the strong investment in community education projects. The companies in this sector also developed projects in sports and health. Along with this sector, also standing out is the growth of investment by the food industry, which was centered mainly in sports. Sports-related projects are a good way of disseminating brands and company activity and this has traditionally been the main objective of companies in the food sector, which in the past two years have stepped up investment in the sponsorship of sports teams in national and international competitions. The holding sector also stands out due to the growth of investment in external projects, with the creation of the *Ultra Formare* educational project, aimed at training young people from lower social classes, as well as providing financial support to educational institutions. [Where does this figure come from? What is the reference of “past two years” (until when)? Does it mean “in the last two years of the study period stepped up...”?]

Finally, in the area of internal CSR investment, the sectors' growth rates are more moderate, with reductions only in sectors of low CSR investment. The investments by firms in the diverse services sector decreased 100% in the period of 2006-2007, followed by the packaging sector with a similar reduction in the same period, as it can be seen in Table 7, Panel C. This decrease is due to the fact that firms, mainly of the diverse services sector, eliminated their pre-

¹⁶ According to the Brazilian Steel Institute (IBS, 2007), in the period between 1994 and 2006, the steel sector made investments on the order of US\$18.9 billion.

vious investments in vocational training projects for their employees. The personal use products sector (Natura Company) had higher growth in internal investment in the period (56.3%), which is explained by investment in education and quality of life programs for their employees, as well as the development of the sales team training programs.

It is important for companies to develop projects whose main objective is related to their main activity. That is, they should avoid investing in projects that do not have any link to the company's activity and development and growth strategy, or their brand image. Good practices should also be accompanied by good CSR management. A clear example is the case of companies in the airline/railroad sector, where 31 projects were targeted to the health of employees, such as pilots, train engineers and truck drivers[What do truck drivers have to do with airlines/railroads?]. The consequences from the stress these people may suffer make it indispensable to protect their health to avoid missed work time, affecting both the company and society. Another example is the highway operation sector, with 12 specific training projects for employees in operational functions, such as the handling of hazardous products, prevention of occupational accidents, assistance to highway users, operational training in toll collection, first aid in case of accidents on roads, among others.

CONCLUSIONS

Corporate social responsibility (CSR) has evolved very rapidly in the Brazilian business universe in recent years. In the beginning, philanthropy gave way to volunteer projects and social investment in nearby communities. Later, ethics and transparency came to the fore. Finally, the objective was to show that, in practice, CSR is synonymous with good management. Currently, the main concern of companies is sustainability. In short, environmental and social issues, which often were ignored by organizations, are now part of their strategies. In all analyzed business sectors, the debate lies in how to turn sustainability into opportunities.

As previously mentioned, the objective of this paper is to analyze the advances in social responsibility in Brazil, with emphasis on the kind of information presented and the level of investments made during the period 2003-2007. The empirical analysis was based on the content of the CSR reports published by a total of 48 companies listed on the Bovespa that report on their CSR activities.

The results of the empirical analysis reveal that in the current business context of growing interest in CSR is changing the way business organizations develop their products and relate to society. In reality, the firms in the sample prioritize "responsible products" and "clean" production, with a low environmental impact technology. Also, the vast majority of firms adopt the discourse of "responsible marketing" and "conscious consumption", developing projects related to the impact of their main activity on society.

According to the content of the analyzed annual reports, priorities and strategic challenges relate to the development of human resources through professional development; the increase in the quality of processes, products and services; investment in innovation, research and development; growth and geographic expansion; and cost reduction. Companies are aware of the need to invest in customer service quality, education, relationship with suppliers and other parties, employees' health and safety, as well as in the analysis of the socio-environmental risk of the company's activities to develop these strategies.

Finally, the empirical analysis also reveals the lack of uniformity in the presentation of the CSR reports disclosed by the companies, with an absence of standardized structure or format. In this sense, there is a need to establish a more uniform format for the submission of such reports. The results of this study confirm the need for some minimal presentation standards based on the GRI (Global Reporting Initiative) indicators, which currently are the most complete format for presentation of such reports, adaptable to companies with different sizes and from different countries and industrial sectors.

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