

FSG

SUSTAINABLE INDUSTRY AND ESG PRACTICES

April Edition - 2024











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EDITORIAL

Welcome to our special digital magazine on "The Sustainable Industry: ESG Practices." Throughout this month of April, we have delved deep into the universe of environmental, social, and corporate governance practices that are shaping the future of companies and driving a new era of corporate responsibility.

In this compilation, we present a comprehensive and inspiring view of the initiatives that are transforming how companies operate, interact with their communities, and contribute to a more sustainable world. From small businesses to global leaders, each one is playing a vital role in building a greener and more equitable future.

We explore how the concept of ESG (Environmental, Social, and Governance) has become a compass for companies, guiding them toward more ethical, transparent, and responsible practices. Through concrete examples like Alimempro, Vulcabras, Jangadeiro Têxtil, Durametal, BSPAR Incorporações, Cerbras, and Qair Brasil, we witness the positive impact these practices are generating not only for the companies themselves but also for the communities and the environment around them.

From adopting clean technologies to promoting employee well-being and committing to transparent corporate governance, each company featured in this issue exemplifies the power of innovation, collaboration, and leadership in building a more sustainable world.

Our digital magazine not only celebrates the achievements of the highlighted companies but also highlights the essential role of institutions like FIEC, which are leading the way by providing support, guidance, and recognition to companies on their journey toward sustainability.

EDITORIAL

As we navigate this exciting terrain, it is crucial to recognize that this is just the beginning. The journey toward a truly sustainable industry is long and challenging, but we are confident that, with determination, collaboration, and an unwavering commitment to ESG principles, we can achieve a better future for all.

We thank all our readers for joining us on this exciting journey. May this magazine serve as a source of inspiration, knowledge, and motivation for all those seeking to make a difference in the world.

Let's together build a more sustainable future!

Happy reading!



THE ESG BACKGROUND IN CEARÁ

ESG practices (Environmental, Social, and Governance, or Environmental, Social, and Governance) have become a fundamental pillar for companies worldwide, directly impacting foreign trade and the attraction of foreign investments. In Ceará, a Brazilian state with an emerging and diversified economy, the adoption of these practices by local industries is not only a matter of corporate responsibility but also a crucial strategy for strengthening their international trade relations and promoting sustainable development.

Environmental Impact and Foreign Trade

On the environmental aspect, industries in Ceará are increasingly committed to reducing their ecological footprint by implementing clean technologies and sustainable processes. This is vital, as many countries and economic blocs, such as the European Union, have established strict environmental regulations that affect the importation of products. Ceará companies that adopt ESG practices not only comply with these regulations but also stand out in the global market, providing a significant competitive advantage.

For example, the textile industry, one of the state's key sectors, has been adopting the use of natural dyes and water recycling processes, minimizing environmental impacts and meeting the demands of an increasingly conscious consumer market. These initiatives not only preserve the environment but also enhance the quality and perception of Ceará products abroad, boosting their exports.

Social Commitment and Access to New Markets

From a social standpoint, ESG practices involve a commitment to the local community, ensuring dignified working conditions, and promoting social inclusion. In Ceará, industries that uphold such values have been improving their internal environment and strengthening their brand image abroad. International investors and business partners tend to prefer companies that demonstrate social responsibility, as it reflects stability, respect for laws, and dedication to the quality of life of employees.

As an example of this practice, the footwear industry is one of the sectors that benefit greatly from the adoption of fair labor practices, as the reputation of respecting workers' rights is a decisive factor for international buyers and investors. The implementation of training and professional development programs enhances the competence of the local workforce and attracts the attention of foreign companies recognizing operations that value human capital.

Corporate Governance and International Trust

In the realm of governance, transparent and ethical practices are essential for attracting foreign investments. The adoption of good governance practices by companies in Ceará, such as transparency in operations, compliance with international accounting standards, and the implementation of anti-corruption policies, are seen as indicators of reliability and solidity. This is particularly important in a global scenario where investment security is paramount.

Foreign investors are attracted to markets that offer not only financial returns but also operational and legal stability. Companies in Ceará that excel in this aspect have greater access to international capital, financing, and strategic partnerships, expanding their operations and global presence.

Thus, ESG practices are not merely a complement to the business strategy of industries in Ceará; they are an urgent necessity and a strategic advantage in the foreign trade scenario. By integrating environmental responsibility, social commitment, and solid governance, Ceará companies ensure their long-term sustainability and reinforce their competitiveness and attractiveness in the global market, benefiting from greater export opportunities and foreign investment inflows. The adoption of these practices demonstrates a commitment to quality, ethics, and global responsibility, increasingly decisive factors for success in international trade.



For Ceará industries, investing in ESG is building a solid bridge to the future, ensuring not only the preservation of resources and social well-being but also positioning Ceará as a leader in sustainable development and ethical business practices on the global stage. This will certainly attract more partnerships, customers, and international investors, strengthening the state's economy and fostering more harmonious and sustainable development.

Together, the private and public sectors in Ceará seek to promote and invest in ESG practices to enhance the image of local companies abroad, significantly contributing to the economic and social progress of the state. The integration of ESG into the business strategies of Ceará industries should be seen as a foundation for sustainable growth and as a key element for success in the competitive global market.





SUSTAINABLE INDUSTRY AND ESG PRACTICES POSTS

ESG, the short term for Environmental (E), Social (S) and Governance (G), represents a progressive approach that has revolutionized the way companies view their responsibilities and impacts in the world. For industries in Ceará, ESG practices represent not only an evolution in management standards, but also an opportunity to stand out as leaders in sustainability and social responsibility. Check out the full versions on our LinkedIn page!





The ESG center was created in 2022 by the FIEC system to spread knowledge and support the implementation and culture of sustainability in Ceará's industries and companies, based on social, environmental, and governance practices.

Alimempro is the first small company ESG-FIEC certified. The company specializes in processing noble purple garlic, an exclusive product of Brazilian soil and considered one of the best garlics in the world due to its high concentration of allicin and vitamins.



SUSTAINABLE INDUSTRY AND ESG PRACTICES POSTS

Vulcabras is a company that stands out for its innovative and technological approach to reducing environmental impact. Through continuous research and development, the company has implemented effective solutions to minimize the impact of its operations on the environment.

Check out the full versions on our LinkedIn page!





Jangadeiro Têxtil is an inspiring example of how the fashion industry can combine creativity with environmental and social awareness. Committed to ESG practices, the company has demonstrated its concern for the environment when developing its collections, seeking to minimize environmental impact and promote the well-being of its employees.

Durametal operates in the automotive parts manufacturing sector in the state of Ceará and in 2024 the company was awarded the ESG-FIEC Sustainable Industry seal.

Since 2021. the company has been developing its ESG management models to achieve sustainable profitability. In the 2025 strategic plan, for the first time, the company has established a set of environmental, social, and governance targets in four strategic lines: CIE culture, ethical commitment, ecoefficiency, and active listening.



SUSTAINABLE INDUSTRY AND ESG PRACTICES POSTS

BSPAR Incorporações recently received the ESG-FIEC seal, standing out in Ceará for its commitment to environmental, social, and corporate governance sustainability. By incorporating ESG into its corporate culture, the company, led by businessman Beto Studart, increases its credibility and responsibility to the market and society.

Check out the full versions on our <u>LinkedIn page</u>!





Cerbras, a national reference in the porcelain and ceramic coatings segment and present in the market for over 30 years, is an example in the industry recognized for its environmental, social, and corporate practices. Cerbras adopts various <u>#sustainable</u> practices that ensure product quality and reduce environmental impacts and as such, has gained the ESG-FIEC seal.

Qair Brasil is part of a select group of companies in the energy sector that have received the maximum score (AAA) in the assessment of risks and opportunities related to socio-environmental governance, which has been noted by investors around the world





ALCILEIA FARIAS

Master's in Business Sciences from the Polytechnic Institute of Portugal and postgraduate studies in ESG Governance | 15 years of experience in coordinating Social Responsibility practices in the Renewable Energy sector in Ceará | ESG Coordinator at FIEC

The Ceará Global team was deeply honored to receive its first-ever interview guest at UNIFOR, in Nupex's room. It was an insightful conversation where Alcileia Farias shared valuable insights about the ESG core of FIEC and its impactful actions on state's economy and how it aims to guide the future of the state.

How would you describe the role of the ESG Core of the Federation of Industries of the State of Ceará (FIEC) in supporting sustainable practices in the industry of Ceará?

I would describe it as pioneering. Not only within the federation, but among all federations in Brazil. It was the pioneering nucleus. An initiative conceived by our president. I would say it's essential. Nowadays, there's a lot of talk about ESG, many articles, books. Every day there's a discussion on the topic. But many understand that there are indeed criteria, indicators, frameworks, standards already consolidated worldwide

We're talking about a pragmatic agenda, which has methodology, and many entrepreneurs, professionals, CEOs still haven't realized how pragmatic its implementation is, partly because the market also practically identifies and selects those who are doing something relevant on the ESG agenda.

How does FIEC's pioneering in implementing an ESG core help to drive these practices in the state?

Every form of pioneering is a challenge. We sought assistance from BioVeritas, our partner and certifier (they gave us) tremendous help in understanding models like SASB, GRI, and CDP itself, which are widely discussed nowadays, particularly carbon credits, but how to measure these credits, how to inventory, how to credit them.

Identifying the criteria that made sense within the state of Ceará was a major challenge, and pioneering entails a lot of that, doesn't it? BioVeritas was a significant partner in the beginning to identify which of these global criteria make sense within the Ceará industry, especially for small and medium-sized enterprises, which form the larger economic context in the industrial sector.



What are the criteria and requirements that companies need to meet to obtain the ESG certification from FIEC?

The ESG program of FIEC, until last year, was comprised of 68 criteria. Today, we have 74, because we already have industries currently undergoing recertification. The first ones that received the FIEC ESG seal are already in a process of recertification. What forms these criteria, as I mentioned, is that we constructed them based on international and national criteria. Nationally, we largely adopted what is implemented within Brazil, not just because it's national, but because it's well-adapted to our territory, which is the AB system. The ISOs of Brazil are respected worldwide, such as the entire 14000 family in the environmental area. The two for social responsibility, which are 26 and 16001.

In short, it consists of environmental, social, and governance criteria, mandatory legal criteria, mandatory FIEC program criteria, and non-mandatory criteria. It's not a binary system; it's important to say that. It's not a questionnaire of "compliant" or "non-compliant". We evaluate at different stages and degrees of maturity. So, it's not a certification; there are several types of certification, even to bring equity to this evaluation. We have to treat the different ones as they are, different. The small ones are starting out, the big ones are already more mature, but they still need guidance. And so, we proceed in a more equitable manner.

How does the ESG Core of FIEC assist companies in the implementation and adoption of sustainable practices, from small to large industries?

We provide consulting services. I'm a consultant and also an advisor in the external environment, outside FIEC. We help companies implement the ESG agenda and the SDG agenda, which are the 17 Sustainable Development Goals, through methodologies such as risk matrix, materiality matrix, SWOT analysis. We outline an action plan tailored to what this company wants to achieve, even if it's not structured, strategic planning, and if it doesn't have one, we also help implement it. Because everyone does something related to ESG and may not even know it's called that, we bring it within a platform we have in a very structured way so that it's well understood what "E", "S", and "G" are. Environmental, social, and corporate governance.

It sounds very logical, but when we move to the term socio-environmental, we see that practices also merge, as if they were a single word. Socio-environmental is harder for people to distinguish. Sometimes, an action is so important for the environment, but it positively impacts communities so significantly that its benefit is much greater in the social aspect. So, structuring this in a well-organized way within a platform was our biggest challenge in the beginning. Today, we can assist companies in both the certification process, which lasts up to 12 months, and in implementation, in structuring from scratch, the sustainability agenda. Sustainability encompasses both ESG and the SDGs.

What are the main challenges faced by companies in Ceará when adopting and maintaining ESG practices in their operations?

The main challenge is understanding the "S" of social. Environmental aspects, we know that our laws and guidelines are very logical. It's more about the company's daily routine; it knows the environmental legislation, our Forest Code, and then it can direct its actions. What should I do to comply with the law? And if I do it to comply with the law and make upgrades, it's much more logical, easier, and more visible.

In the "G" of governance, those who don't manage their business with ethics, transparency, concreteness, equity, diversity, humanity, and social and economic justice won't have a long-term sustainable business. But the social aspect is always a question that arises, what do I do socially? So, I say that the social aspect is the broadest pillar of ESG because it encompasses both internal social aspects, such as our employees and subcontractors, those who work within the company and make the business wheel turn, produce, sell, make things happen. But there's also external social aspects that aren't just about social projects or philanthropy, donating food baskets, etc. Understanding the guidelines of our ISO 26000, ISO 8000, knowing how to implement corporate social responsibility standards, that's the big challenge. To give the company a purpose, something that aligns with its culture, what pain it intends to address - because unfortunately, in Brazil, we go through many social pains. From citizenship to lack of sports, lack of access to quality education, training, what makes sense for this company. The ESG core plays a significant role in mapping out the path for them to understand how they can truly contribute to their social responsibility.

How does ESG certification benefit companies in Ceará in terms of brand image, competitiveness, and access to international markets?

Well, the certification and the ESG process at FIEC, and the ESG process worldwide, it doesn't do anything alone. The company needs, first and foremost, that's why having this diagnosis of what I do today is important. Why do I want to talk about this today? To bring about the strategy.

I'm a business administrator, I'm a company consultant, and I have a very logical view of sustainability. Ultimately, we're talking about business. So, how do we bring business to the table? How do I bring this differentiation that the company seeks so much? We know that the fight for price, for quality, is a lost battle. Quality is a given, and price is determined by the cost structure. The factors that shape the price are very similar for everyone. So how do we bring this competitive edge? By bringing it to the present day, and this present day is today, it's right now, where sustainability and the socio-economic challenges of the planet call for the company's action.

So, how are we going to do this, starting with a diagnosis, answering this question, why do I want to talk about this now? Once you understand why this company wants to talk about it, we'll start to open up the map of possibilities.

Where can you act to build an image of a responsible company, of a well-managed, financially balanced company, managed with social justice, bringing the community to be heard? That your product has quality, but also has responsibility for the quality of the product, of the waste, which is your waste, not your customer's waste. Our general solid waste law says a lot about this. So it's from the manufacturer to the consumer, those who pass through commerce also have legal responsibility for this. So, we need to build an image. For what? So that the result of this comes through gaining the image, this achievement of the competitive edge.

What are the future trends in ESG practices that companies in Ceará should be aware of to remain relevant and sustainable?

Urgently, climate change. We know that socio-environmental challenges are pains, human pains, pains that we must soothe as soon as possible, but many of these pains are caused by human intervention in the climate. We know, the drought is severe, the rain comes at the wrong time, there's no environmental balance, and it affects production, the economy, which ultimately affects our society's quality of life. So, climate change is the issue of the moment.

If I want to do something, I need to conduct a greenhouse gas inventory, I need to understand my impact, I need to devise actions to mitigate this impact, reducing, zeroing, and even offsetting this carbon. We talk about carbon because it's the basic measure, but we have 7 gases that cause the greenhouse effect on the planet, so positioning yourself. Is this important to me? Making an energy transition. It's okay to look at the cost, install a solar panel, but publicize it, that it's within the thematic material. You win on both sides, you win in reducing the cost of your energy and you win in your image because you're addressing a topic that is important to the world. How is your transportation? We talk a lot about electric cars; I myself just bought one, but Brazil was a pioneer in the transition from fuel when we have ethanol. When we stop to think about how much carbon gasoline burning emits, how much carbon ethanol burning emits.

So, if possible, look at your transportation, look at your logistics chain. Make this change. We have many actions, and in Ceará, we have important partners who do this carbon credit, who do carbon inventory. We do the carbon inventory through the nucleus. We don't yet do the credit, but we instruct those who are doing this carbon credit, who can instruct the company. Why? To sell and generate profit. So you can win on both sides.

How does the ESG Core of FIEC plan to expand its reach and influence to continue promoting sustainability in the industry of Ceará in the coming years?

It has already begun. We started with the certification process, which is the main one. Let's call it the nucleus product, the main deliverable. Dr. Ricardo likes the word 'deliverable' a lot. But today, in 2024, we have introduced 4 more services. So, we are conducting courses of 4, 8, up to 12 hours in-company or online for companies to understand, for their team of employees to understand the basics of ESG.

It's about knowing to act. Without knowing, you start to stumble, and you waste a lot of time, a lot of effort, and time in companies is something expensive, it's an expensive resource. We are also working on the preparation of sustainability reports, based on the GRI. We are working on the preparation of the greenhouse gas inventory and mentoring other institutions that cannot be certified in the implementation of the agenda. For example, the Legislative Assembly of the State of Ceará (ALECE) and the Santa Casa de Misericórdia.

They are not eligible for certification, as our certification is aimed at the production process, the industrial sector. But I want to implement the agenda, I want to 'make sustainability happen here inside.' And that's how it comes, 'making sustainability happen,' comes in this term. So, we'll implement the agenda, we'll go through a situational diagnosis, we'll develop all your strategic planning, look at your audience. Who is your audience? In the case of Santa Casa de Misericórdia, it's not a productive company, but it's a company that needs its image to attract maintainers. And the maintainer, like the investor, chooses whom to serve. So, it's not supposed that they direct their financial resources to a company that may incur risks to their image. So, positioning oneself as a signatory of the global compact, having a sustainability agenda, waste is a concern in my hospital setting, caring for others is a purpose of my social responsibility. And we're addressing all of this, including with partnerships with other institutions there at Santa Casa.

In your view and with your experience, how can we make Ceará increasingly global, but in accordance with ESG practices?

I firmly believe that we need to compile actions. There are many good people doing many good things. But I need to bring academia, I need to bring the government, I need to bring the private sector - even if it's a macro representative - so it's not just a big open hall, but a roundtable of thoughtful minds so that we can, for example, within Ceará, within the government plan of Ceará, we have something scattered, yes, which is important. Characteristics and peculiarities need to be put on the table, but we need to have a cross-cutting policy. So we have to talk to public entities, academia, to bring this youthfulness to the discussion, even to foster new formations, because everything is moving very fast. We have to keep up, there are many good people doing many good things. We need to lead a junction so that together, in a herd effect, we move in the same direction.



APRIL EDITION - VOL.11 - 2024









CÂMARA DE COMÉRCIO E INDÚSTRIA



