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ELABORATION OF A CORPORATE SUSTAINABILITY STRATEGY IN AN AUTOMOTIVE COMPANY

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Abstract: There is great competition between different companies to be the best performers in corporate sustainability management. This study aims to present an elaboration of a sustainability strategy for an automobile company located in Brazil. The studied company has sustainability practices aligned with sustainability perspectives. To understand this scenario, the case study technique was chosen in line with action research. As an instrument of data collection, analysis of primary and secondary documents was carried out. Also, a benchmarking with eight large companies to understand the best practices in ESG. In addition, the materiality of the company was created using the GRI Standards. As a main result, a roadmap was drawn up, showing ways to improve and strategically integrate sustainability actions.

Key words: *Corporate sustainability strategy, ESG, Sustainability report, Materiality, GRI Standards (Global Reporting Initiative).*

1. INTRODUCTION

Corporate sustainability is increasingly in evidence in the business world. One of the most used approaches to describe the concept is termed as TBL (Triple Bottom Line). The TBL shows the management of corporate sustainability through the environmental, social, and economic perspective [1]. Despite the great corporate adherence, other great initiatives appeared in this area, as is the case of the acronym ESG (Environmental, Social, and corporate Governance). The ESG praises the attention of the financial market to the subject, including Corporate Governance strategies [2].

The United Nations movement called 'The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity' [3]. Thus, institutions such as governments, NPOs, and for-profit companies can contribute to sustainable development through one or more of the 17 goals and 169 targets set out in the Global Goals[4].

All this market movement, including several stakeholders, means that companies have to reformulate their processes in order to meet new demands. This continuous improvement process favors the adoption of corporate sustainability and especially the improvement of organizational flows [5].

Internally, this movement causes companies to modify their design, both in terms of product, process, and operation [6]. Externally it could not be different, companies began to look at their supply chain in search of the inclusion of sustainable practices [7]. In the automotive industry, it could not be different, several strategies related to corporate sustainability emerged that increasingly gained emphasis in the business context, such as the management of carbon emissions [8].

These actions are in line with the value chain application presented by Porter, where at each stage of the process, the organization must add value to the business context [9]. Porter, later brought the idea of shared value where the organization could not only carry out strategies for its benefit but also share with the ecosystem and society [10].

Based on this context, the objective of this paper is to show the development of corporate sustainability in a company in the automotive sector.

2. RESEARCH DESIGN

This paper uses the case study technique to demonstrate the development of a sustainability strategy in an automobile industry company. The case study method is a rigorous technique that aims to describe a real-life situation [11]. Simultaneously, the action research technique was used as a data collection instrument and also due to its influence on process change [12]. The authors were in loco for two years for the development of this research. Therefore, the use of action research as an important and strategic technique chosen for this study [13].

3. APPLICATION

This chapter presents information on the company's context and proposed actions aimed at developing a sustainability strategy.

3.1 The company's X-ray

This study originated from an application in an automobile company located in Brazil for over 25 years. The company located in Brazil is a European subsidiary. The Group's first company is more than 100 years old and is one of the largest companies in the world both in operating size and in revenue.

In Brazil, the company has more than 7,000 direct employees and 25,000 indirect ones, being responsible for the local development of the installed region and GDP. On its site, the company has four factories. A factory destined to passenger vehicles, another one for utility vehicles, another one for aluminium injection, and the last one for manufacturing engines.

As it is a subsidiary company, the case company must create its strategies according to the alignment of the business group to which it belongs. However, this same group has a great adherence to the theme of sustainability, encouraging the improvement of processes, flows and propositions of strategies.

Aiming at this, the company's Communication Department and its Institute (social perspective) demanded a project entitled "Corporate Sustainability" for researchers to diagnose and analyze the current situation of the company in terms of management of the theme. The project aimed to create a sustainability strategy for the Brazilian market, based mainly on internal and external analysis. Thus, document analysis, benchmarking, and creation of the materiality process were carried out to support this new strategy.

In the initial scenario, it was verified that before the project the company already had initiatives in the management of TBL. However, they are not necessarily aligned in terms of better communicating and capitalizing on external and even internal audiences. Many employees were unaware of the company's practices. Some examples of practices can be observed in the sequence. From an Environmental perspective, the company has been "Landfill Zero" since December 2016, being the group's 6th factory, the only one outside Europe, to achieve this important mark. From an economic perspective, the company reached a record market share in 2017 — 7.7% — with 167,100 vehicles registered. In the Social perspective, the company accumulates a large sequence of participation among the best companies to work for and also, great highlights in social management by its institute, such as obtaining awards.

3.2 The documents

A context analysis was carried out to understand the current situation in which the market conducts the theme, thus verifying trends in the industrial field. For this, market tools, specialized websites, sustainability reports, legislation and other documents were consulted. This stage of data collection included primary and secondary documents. It was necessary to understand how the company's current situation was in managing the issue and how the market in which it operates was managing sustainability practices.

3.3 The benchmarking

The purpose of using the method was to compare the company's Corporate Sustainability management with the main players in the market. Thus, verifying the next steps that the company will have to take to be a national (and even international) reference in the conduct of the theme. The face-to-face benchmarking with 8 large companies was carried out. Companies from the same sector and from others were chosen due to their best practices (such as beauty and cosmetics, airplane manufacturing, solar panels, etc.). The companies listed in this benchmarking were chosen by various criteria.

The first determining premise was to verify which companies in Brazil have the status of excellence in the operationalization of Corporate Sustainability Management. Indexes, awards, and national and global recognition were taken into account. Also, the sample counted companies from the same industry (auto) to serve as a parameter for comparison between the company and companies from the same market. Through a 'benchmark level', a script was created with 29 questions that would guide the benchmarking process. This entire stage had the approval of both companies to carry it out, as well as acceptance by the legal department when the company is from the same sector.

As a summary of the results of this step, it is possible to observe that organizations, in general have an area to carry out sustainability coordination, thus ensuring strategic alignment of corporate sustainability. Without a formalized structure, the companies in the study lost the potential of their environmental, social and economic actions, as each area, department and/or function 'swimmed' to a different path.

This problem was solved with the creation of the process formalization. This problem solved by organizations is similar to the target company of this study. This coordination in the form of governance aims to be the interaction of TBL, aligning actions, projects and mainly strategies aimed at maximizing results and performance.

To assist in the elaboration of sustainability governance, it was observed that the company should create a committee, a commission, and a working group to assist in the bottom up flow of

actions. Also, to ensure a strategy that everyone knew about the next steps of the organization, top-down, it was seen that the company should have a vision and policy of sustainability, both internally (as with norms) and externally, on its website and other means of communication.

Another important result observed was that companies with best practices used the materiality process differently when compared to the company in the study. The target company used materiality exclusively to build its sustainability report (as a requirement), while most of the benchmarking companies, in addition to using it to build their sustainability report, also used it to guide the creation of the next strategies. It was noted that materiality is much more strategic than it was used. Its correct definition ensures that the company knows the main issues it must manage, as well as their relative importance in comparison with its stakeholders.

3.4 The materiality

The methodology is intended to prioritize sustainability issues at the crossroads between the importance of stakeholders and the organization itself. In addition to serving as a selection tool for sustainability indicators, its use will be present in activities related to Corporate Sustainability management. In all, 601 people participated in this process; whether as an interviewee, survey respondent, or workshop participant. The public consulted was: Government (Municipal, State and Federal), Academia, Banks, Workers Union, Groupe (through the opinion of the VP of CSR), and Employees in general. For the first time in materiality development, the Steering Committee) carried out the validation and prioritization of material topics; as required by the GRI Standard. This stage was one of the most important of the project. Through it, it was possible to understand which topics were strategic for the business, both for the company and for its stakeholders [14].

The material topics defined by the project team based on the GRI Standards were: Sustainable Cities and Urban Mobility; Local Community Development; Dialogue with

Stakeholders; Human rights; Diversity and Equal Opportunity; Emissions (products and factories); Business Ethics and Compliance; Water Management; Power management; Waste Management and Circular Economy; Social and Environmental Impacts of the Supply Chain; Profit and Economic Viability; Research and Innovation; Employee health and Work Environment; Security in the site (fire, explosion and pollution prevention). The material topics presented were presented and validated by senior management (including the board). Also, they were prioritized using the AHP (Analytic Hierarchy Process).

4. ACTION PLAN

Strategy elaboration was based on exploratory analysis (including documentation and interviews), benchmarking process, and materiality creation. The strategy for the company was organized into implementation levels such as difficulty, related costs and benefits. To facilitate operationalization, the strategy was organized through an action plan for the company. This plan contains 14 actions that can be seen in Table 1.

Table 1: Proposed actions that constitute the strategy

N.	Action	Score
1	Coordination corporate sustainability	4.77
2	Sustainability on the website	4.67
3	Vision sustainability	4.59
4	Using the report strategically	4.55
5	Sustainability policy	4.52
6	Work group	4.50
7	Sustainability committee	4.41
8	Use of materiality	4.41
9	Engagement workshop	4.27
10	Participation in the global compact	3.95
11	Disclosure and communication of the SDGs	3.68
12	Integrated report	3.64
13	Assurance	3.50
14	BCorp Certification	2.41

Table 1, in addition to presenting the composition of actions, shows the ranking performed by the managers. Upon completion of the project, actions were presented to managers (28) aimed at engagement, validation and ordering. Managers from different areas participated in the process, including innovation, production, institutional relations, communication, institute, supply chain, purchasing, etc.

5. CONCLUSION

As presented in this paper, the lack of alignment of sustainability strategies affects performance. There is a need for a unified strategy of actions to align and optimize results. Therefore, this study verified whether it is necessary to create a Corporate Sustainability Coordination area, based on research, as shown below. Based on the mentioned methodologies and their execution, it is recommended to adopt the recommendations of this document, among them the creation of an area to coordinate sustainability actions.

Thus, the main purpose of the recommendations that will be set out below is to ensure that Corporate Sustainability Management makes a significant contribution to the business; managing risks, identifying opportunities and, more than that, ensuring that decisions involving sustainability (business perspective) guarantee business continuity in a strategic plan for the next Years. The elaboration of a sustainability strategy provides companies with the continuity of competing in a market with more and more competitors. These new demands make companies listen more and more to their stakeholders. As the elaboration of this sustainability strategy demonstrates.

A great "engine" for the elaboration of this strategy was the performance of benchmarking with reference companies in the conduction of the theme. The benchmarking process provided a list of the topic's management status and also provided innovations for the automotive company. That is, there was synchronization of the company's current tasks (such as documents and performance measurement) with what the market performed as best practices.

In addition, the realization of materiality helped to connect this 'engine'. The materiality carried out for the company showed the main stakeholders of the company, the way they influence and, mainly, the degree of this influence. In addition, it was possible to present the theme for the first time to senior management. Senior management validated the corporate materiality on three occasions, providing a list of strategic topics for the business.

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ELABORAREA UNEI STRATEGII DE SUSTENABILITATE CORPORATIVĂ ÎNTR-O COMPANIE DE AUTOMOBILE

Există o competiție mare între diferite companii pentru a fi cele mai performante în managementul sustenabilității corporative. Acest studiu își propune să prezinte o elaborare a unei strategii de sustenabilitate pentru o companie de automobile situată în Brazilia. Compania studiată are practici de sustenabilitate aliniate cu perspectivele de sustenabilitate. Pentru a înțelege acest scenariu, tehnica studiului de caz a fost aleasă în conformitate cu cercetarea-acțiune. Ca instrument de

colectare a datelor, s-a efectuat analiza documentelor primare și secundare. De asemenea, un benchmarking cu opt companii mari pentru a înțelege cele mai bune practici în ESG. În plus, materialitatea companiei a fost creată folosind standardele GRI. Ca rezultat principal, a fost elaborată o foaie de parcurs, care arată modalități de îmbunătățire și integrare strategică a acțiunilor de sustenabilitate.

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