

ANALYSIS OF INDICATORS FOR THE INTEGRATION, IMPLEMENTATION, AND DEVELOPMENT OF THE ENVIRONMENTAL, SOCIAL, AND GOVERNANCE - ESG REPORT IN ISE/B3 COMPANIES

AUGUSTO LONDERO ORSOLIN¹

Federal University of Santa Maria

• <https://orcid.org/0000-0001-8713-5685>

augustoocontador@gmail.com

LUCAS VEIGA ÁVILA

Federal University of Santa Maria

• <https://orcid.org/0000-0003-1502-258X>

lucas.avila@ufsm.br

LEILA DAL MORO

Atitus Education

• <https://orcid.org/0000-0003-0456-4260>

leila.moro@atitus.edu.br

MARCELO TREVISAN

Federal University of Santa Maria

• <https://orcid.org/0000-0002-2403-7970>

marcelo.trevisan@ufsm.br

DIEGO MARQUES CAVALCANTE

Federal University of Santa Maria

• <https://orcid.org/0000-0002-1525-1465>

diegomc@hotmail.com

ABSTRACT

This study aims to identify the indicators that influence the integration, implementation, and development of the ESG (Environmental, Social, and Governance) Report in ISE/B3 companies. The research was conducted using a qualitative approach to determine the relevant indicators, with data analyzed through content analysis followed by descriptive analysis. Reports and questionnaires were evaluated on a scale from 0 to 5, where 0 indicated "not applicable" and 5 indicated "very high" regarding the application of ESG criteria in the companies. The findings revealed that companies initially began publishing ESG reports due to market demands, which later evolved into a strategic differentiator. Most companies demonstrated compliance with sustainable practices. In the environmental axis, companies achieved high scores (4 to 5) on variables such as greenhouse gas emissions mitigation, climate change adaptation, water usage, effluent management, biodiversity conservation and sustainable use, circular economy, waste management, and environmental management. In the social axis, key variables included private social investment, stakeholder dialogue and engagement, social impact, respect for human rights, combating forced or compulsory labor, combating child labor, diversity and equity policies, inclusion promotion, professional development, occupational health and safety, quality of life, freedom of association, compensation and benefits policies, and relationships with customers, consumers, and suppliers. In the governance axis, notable variables included corporate governance structure and composition, sustainability-related purpose and strategy, compliance, integrity programs and anti-corruption practices, combating unfair competition, stakeholder engagement, business risk management, and information security management.

Keywords: Indicators and Drivers. Sustainability. ESG. Sustainability Reports.

Edited in Portuguese and English. Original version in Portuguese.

¹ Correspondence address: Av. Roraima nº 1000 | Cidade Universitária | Camobi | 97105-900 | Santa Maria/RS | Brasil.

Received on 07/01/2024. Revised on 10/18/2024. Accepted on 11/28/2024 by Prof. Dr. Rogério João Lunkes (Editor-in-Chief). Published on 12/18/2024.

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1 INTRODUCTION

In Brazil, a recent initiative promoted by the B3 Stock Exchange aims to strengthen corporate competitiveness by highlighting best practices, enhanced reputation, and market solidity to investors (stakeholders). This effort seeks to provide greater transparency through the disclosure of information related to social, environmental, and governance aspects, benefiting both clients and investors (Oliveira, 2020).

Although companies have become more inclined and concerned with legitimizing their actions and ensuring transparency about their impacts through sustainability reports, there remains a lack of clarity regarding the strategies they adopt to achieve the United Nations' Sustainable Development Goals (Barra et al., 2024). Initiatives are crucial to balance these forces and promote actions in this direction, including the implementation of policies aimed at regulating the environmental performance of the private sector (Aguiar et al., 2023).

Despite the ambiguous results, several positive examples demonstrate the relationship between ESG criteria and corporate sustainability. These examples highlight the reasons why research on sustainable business models has gained traction and why organizations are shifting their business models toward sustainability (Souza Barbosa et al., 2023). Therefore, it is essential to develop standards that standardize ESG performance in large companies, considering the importance of this information to stakeholders and the balance between costs and competitive advantage for businesses (Pinheiro et al., 2024).

It is worth noting that, on the stock exchange, information can be measured using indicators that estimate the performance of organizations' assets and provide insights into the activities undertaken. However, it is important to highlight that the formulation and disclosure of reports remain voluntary (Marques, 2018). The disclosure of non-financial information is not mandated by law, regulation, or decree, making it a decision of the organization, which determines the disclosure criteria based on its relevance, without adherence to a standardized rule or guideline (Rouf & Akhtaruddin, 2018).

Given the above, this study addresses the following research question: *What are the indicators for the integration, implementation, and development of the Environmental, Social, and Governance (ESG) Report in companies participating in the ISE/B3?*

Based on this question, the objective of this article was defined as follows: to identify the indicators that influence the integration, implementation, and development of the ESG Report in ISE/B3 companies.

The next section presents the indicators for integration and sustainable practices.

2 INDICATORS FOR ESG INTEGRATION AND SUSTAINABLE PRACTICES

Sustainable development is considered an essential and necessary measure to address population growth, urbanization, and technological innovations, given the impact on ecosystems caused by the excessive use of natural resources for production and consumption. Consequently, it becomes imperative to gradually incorporate actions into the lifestyles of individuals and organizations that promote environmental preservation, thereby reducing environmental degradation.

A few years after the publication of the Triple Bottom Line (TBL), the "Who Cares Wins" report, a collaboration between the World Bank, the UN Global Compact, and financial institutions from various countries, introduced a new discussion regarding socio-environmental factors in the capital market. This discussion was encapsulated in the term ESG (Environmental, Social, and Governance), reflecting the growing concern over qualifying the sustainable practices adopted or implemented by organizations (Costa & Ferezin, 2021). ESG encompasses the activities and behaviors of a company within environmental, social, and governance contexts, emphasizing the importance of transparently demonstrating these practices through information disclosure (Eccles et al., 2014).

The focus on ESG issues has grown in the context of climate change, human rights violations, corporate scandals, and other factors (Singhania & Saini, 2022). Globalization, technological changes, and increased regulations have significantly altered the corporate landscape (Albuquerque et al., 2023), raising societal expectations regarding corporate environmental, social, and ethical responsibilities (Singhania & Saini, 2022).

Various stakeholders, including investors, governments, and environmental organizations, are increasingly vocal about corporate contributions to sustainable growth and development, aligned with the UN's 2030 Sustainable Development Goals (SDGs) (Singhania & Saini, 2022). These criteria require companies to demonstrate that they are generating sustainable indicators and monitoring their actions' performance to align with the evolving ESG landscape (Silva & Imoniana, 2021).

The letters in the ESG acronym represent the non-financial dimensions that must also be considered in business and investment decisions: “E” (Environment) addresses issues such as climate change, energy transition, and the development of a circular economy (Plattek & Figueiredo, 2023); “S” (Social) focuses on aspects such as labor practices, gender equality, and product safety; and “G” (Governance) pertains to aspects such as board diversity, business ethics, and corruption, which have had widespread global implications for business sustainability (Singhania & Saini, 2023).

Corporate responsibility reports have shown positive signs of improvement worldwide due to the adoption of mandatory or voluntary regulations (Singhania & Saini, 2023). In this scenario, auditing plays a crucial role, particularly in enhancing communication to support corporate governance (Silva & Imoniana, 2021).

By aligning corporate practices with the Sustainable Development Goals, executives can redirect strategies, goals, and investment flows to create better opportunities for sustainable value creation (Barra et al., 2024).

In this context, several studies have analyzed the relationship between ESG practices and organizational performance, identifying a positive correlation, as evidenced by Fatemi et al. (2018), Yoon et al. (2018), and Zhao et al. (2018). However, other findings suggest that this relationship may have negative effects or even no correlation between the variables, as identified by Atan et al. (2018) and Duque-Grisales and Aguilera-Caracuel (2019). Additionally, other significant analogies have been noted, as affirmed by Cek and Eyupoglu (2020), indicating that the implementation of ESG policies and business value demonstrates a positive and consistent correlation.

In this regard, it is evident that organizations engaged in developing ESG practices modify their initial business models to improve organizational performance while also seeking to demonstrate that, beyond profit generation, the company is committed to and embraces sustainable issues (Machado et al., 2020).

In this context, investments in ESG practices have grown significantly in the financial market, as new products offered in this socio-environmental segment ensure that companies adopting more sustainable practices enjoy better reputations, consequently attracting more investors and achieving higher financial returns (Paz, 2022).

In Brazil, organizations have voluntarily had to adapt to new market trends driven by the need to measure sustainable practices, thereby reformulating their standards for disclosing ESG development (Pereira, Silva, & Carbonari, 2017). To address this issue, the financial market created sustainability indices aimed at measuring results associated with the environmental, social, and economic development of organizations. Among these, the **ISE B3** stands out for Brazilian organizations.

The ISE B3 has established a series of measures regulating organizations' environmental performance, social relations among all stakeholders, and corporate governance, based on ESG principles, which stands for Environmental, Social, and Governance (Orsagh et al., 2018).

The disclosure of ESG reports is a voluntary practice without legal requirements, developed by organizations that choose to engage in these activities. Consequently, the standardization of ESG reports to provide transparency to society is an ongoing effort. This practice highlights relevant aspects, as noted by Zahid et al. (2022), who emphasized that the standardization of sustainability reports ensures information uniformity, enabling comparisons among companies within ESG dimensions.

Given this context, challenges in implementing ESG practices in organizations and disclosing these reports to society become evident, stemming from the lack of standardization, as pointed out by Leoneti et al. (2016). This issue is linked to several important aspects within a company, such as the quality of the information and the operational costs associated with obtaining this information (investments in personnel and programs).

Thus, this research aims to study sustainability with a focus on sustainability reports to identify and analyze the indicators for the integration, implementation, and development of the Environmental, Social, and Governance (ESG) Report in companies participating in the ISE/B3.

3 METHOD

The study followed a systematic reasoning framework to contextualize the content and highlight the problem.

This qualitative study aimed to identify the indicators that influence the integration, implementation, and development of the ESG Report in ISE/B3 companies. The index consists of 129 institutions, but the research focused on the five best-ranked companies according to the ISE/B3 classification, analyzing their ESG reports published between 2021 and 2022.

In 2005, the United Nations Principles for Responsible Investment (UN PRI) were established to promote the principle of sustainability in supporting investment and ownership decisions. These principles aim to understand the implications of ESG factors on a large scale and assist investors in incorporating ESG elements into their financial and investment strategies (Singhania & Saini, 2022).

In Brazil, ABNT PR 2030 is a standard developed by the Brazilian Association of Technical Standards (ABNT) that provides guidelines and recommended practices to help Brazilian companies implement ESG strategies (Environmental, Social, and Governance). While it is a voluntary recommendation and not a legal obligation, ABNT PR 2030 is considered an important reference for companies seeking to align their practices and improve corporate sustainability across three main axes (environmental, social, and governance), each detailed with specific criteria and best practices that companies can adopt.

In determining the ESG Report Analysis Protocol, the following steps were carried out for its development:

- a) Initially, a search was conducted for Brazilian companies with the best ESG performance, information available on the ISE B3 website (<https://iseb3.com.br/>), as disclosed in 2022.
- b) Since the list comprises 73 companies, the research was filtered to focus on the top 5 companies for analysis.
- c) For data collection of ESG reports from the companies listed on ISE B3, the sources considered were current reports and research on the companies' official websites.
- d) Based on the collected information, an analysis of the reports was conducted using a protocol to identify the practices implemented by the organizations and assign a weight to each variable in question.

In the data analysis process, content analysis was utilized to facilitate better categorization by grouping recurring words or phrases and inferring a term that represents them through analytical evaluation, highlighting the meaning of the information (Caregnato & Mutti, 2006).

Following the content analysis, a descriptive analysis of the results was conducted to showcase the behavior of the studied variables and, consequently, the variance within the research (Gil, 2002).

For the stage involving the analysis of the organizations' ESG reports, the following steps were required:

- a) The reports were analyzed individually, identifying and understanding the variables within the environmental, social, and governance spheres.
- b) Scores were assigned to each ESG axis using a scale to assess the applicability of the concept and practices for each variable, ranging from 0 to 5: 0 - Not Applicable; 1 - Very Low (represents the lowest degree of applicability); 2 - Low; 3 - Moderate; 4 - High; and 5 - Very High (the highest degree of applicability).
- c) After assigning the scores, the content of each practice identified in the report was selected, pinpointing items that could serve as drivers (score of 5) and indicators (scores of 0, 1, and 2) for the implementation of ESG in organizations.

These results are discussed in conjunction with the Recommended Practice PR 2030 of 2022, to ensure comparability and to highlight new means of incorporating ESG reports into organizations. The following sections present the results and analyses.

4 RESULTS AND ANALYSES

The analysis of the top 5 companies listed in the ESG performance ranking of ISE/B3 aimed to highlight key aspects such as mission, vision, values, sustainability, and organizational scope, followed by an evaluation of ESG indicators and a description of the practices adopted by these organizations.

4.1 History of the Analyzed Companies

Within the scope of the ESG reports of the companies listed on ISE B3, a standardization of variables established by various metrics was observed. Based on this information, the ESG Report Analysis Protocol was developed, using the ranking of the top five companies from the listing as a benchmark for ESG compliance, as presented in Table 1.

Table 1
5 Best ESG Rankings of ISE B3

Company	Sector	ISE Score
EDP - Energias do Brasil	Electric Energy	90.25
Lojas Renner	Retail	85.13
Telefônica Brasil	Telecommunications	84.09
CPFL Energia	Electric Energy	81.99
Natura	Consumer Goods	80.89

Source: ISE B3 website.

For the data triangulation process, information was collected based on the evaluation of the Brazilian Corporate Sustainability Index (ISE B3), which serves as an indicator of the average performance of the stock prices of companies committed to corporate sustainability, highlighting practices applied in the environmental, social, and corporate governance (ESG) spheres.

Thus, for this analysis, the top five indices were selected in descending order, corresponding to the following organizations: EDP Energias, Lojas Renner, Telefônica Brasil, CPFL Energia, and Natura.

From this selection, each organization was studied by observing the practices implemented in each ESG axis to identify which activities are being developed according to criteria based on the ABNT PR 2030 Standard. For this stage, the organizations were selected according to their ISE B3 ranking, and their reports were analyzed to describe their history, mission, values, scope, and the programs they have implemented in recent years.

4.1.1 Analysis of ESG Report – COMPANY A: EDP ENERGIAS

One of the leading European operators in the energy sector, EDP is a holding company with investments in the segments of Generation, Distribution, Commercialization, Transmission, and Energy Services. EDP has been operating in the energy transmission segment in Brazil since the end of 2016 and currently has seven transmission line projects under development in the country. EDP Brasil is a company committed to ESG excellence and considers sustainability as the main value of its integrated strategy.

EDP received the highest score for combating climate change and ensuring water security for the sixth consecutive year, being recognized by the international organization CDP (Carbon Disclosure Project) for its outstanding practices, climate policies, and efficient water resource management, achieving a double A, the highest score on the list.

In 2022, EDP was recognized by the CDP (Carbon Disclosure Project) with the highest rating, grade A, awarded to only a limited number of companies (around 15.000 globally). By demonstrating excellence in these categories in the CDP evaluation, EDP became responsible for providing global information as a reference for investors, companies, cities, states, and regions to manage their environmental impacts. In this context, approximately 600 investors, managing trillions in assets, requested the company to disclose data on environmental impacts, risks, and opportunities through the CDP platform to evaluate their investments in 2022.

4.1.2 Analysis of ESG Report – COMPANY B: LOJAS RENNER

A fashion and lifestyle ecosystem connected to customers through digital channels and over 600 stores in Brazil, Argentina, and Uruguay. Since achieving significant milestones in 1965, it is now a leader in omnichannel fashion retail in the country. This entire journey is built on solid values, supported by more than 24.000 employees across Renner, Camicado, Youcom, Realize CFI, and Repassa businesses. A sustainability journey was created, with commitments to increasingly responsible fashion. Through its operations, the company delights employees, customers, and everyone involved in its network.

Among these highlights are certifications obtained by the company, such as the Better Cotton Certificate (or Brazilian cotton) for more sustainable cotton production, focusing on soil care and water usage in processes. Similarly, the fibers used in product manufacturing include recycled-origin fabrics certified by the Recycled Claim Standard and Global Recycled Standard, such as PET fabric made from PET bottles transformed into polyester threads. For the eighth time, the company has been recognized by the market and is listed on the Dow Jones Sustainability Index, a global benchmark for corporate sustainability that evaluates ESG practices of publicly traded companies.

4.1.3 Analysis of ESG Report – COMPANY C: TELEFÔNICA BRASIL

Telefônica Brasil S.A., owner of the Vivo brand, is the largest telecommunications company in the country, with 33.000 direct employees and 101.000 partners. It is a publicly traded company with common shares listed on B3 – Brasil, Bolsa, Balcão under the ticker VIVT3. and

on the New York Stock Exchange through the trading of American Depositary Receipts (ADRs) under the code VIV. The Telefónica Group, considered its parent company, is one of the largest telecommunications conglomerates in the world, with operations in 12 countries across Europe and Latin America.

Telefônica Brasil participates in social programs promoting inclusion, equity, and diversity within the organization. They view the social aspect as a fundamental pillar of Vivo's culture, believing that through the diversity of people, experiences, behaviors, skills, and attitudes, they can create a safe, diverse environment with equal rights for all workers, free from prejudice and uncertainties.

4.1.4 Analysis of ESG Report – COMPANY D: CPFL ENERGIA

A company in the electric energy sector with operations in generation, transmission, distribution, commercialization, and service provision. Through four substations, it delivers energy to ten million locations, serving over 22 million people with an efficient service network. With a policy of business excellence, the company has positioned itself as a leader in the renewable energy sector in Brazil over the years, boasting a diversified and consolidated energy matrix that includes hydroelectric, solar, wind, and biomass sources.

CPFL Energia's 2030 ESG strategic plan is built on four pillars: renewable and smart solutions, sustainable operations, shared value with society, and safe and reliable performance. These pillars serve as the foundation for implementing ESG within the organization, providing solutions for a carbon-neutral future, striving to minimize environmental impacts, creating shared value with stakeholders, and fostering a culture of safety and responsibility.

Highlights include the completion of the CPFL Transmission integration, positively impacting over 40.000 children and young people through the CPFL Institute, offering more than 1.000 courses in the CPFL University portfolio, launching the 2030 ESG Plan, enhancing R&D studies focused on innovation and environmental management, achieving a 100% electric fleet in Indaiatuba, SP, with 20 electric vehicles and 16 charging stations, among other achievements.

4.1.5 Analysis of ESG Report – COMPANY E: NATURA

The largest Brazilian multinational in the cosmetics industry, Natura was founded in 1969 and specializes in hygiene and beauty products. A leader in the direct sales sector in Brazil, the company achieved a net revenue of 7.9 billion reais. Natura's products are designed to evoke pleasure and well-being, awaken the senses, and enhance people's relationships with themselves, their bodies, others, and the world. Thanks to its commitment to sustainability from the very beginning and its goal to create positive social, environmental, and economic impacts by 2020. Natura became the largest B Corp-certified company globally and the first publicly traded company to receive this certification in December 2014.

The sustainable practices adopted to support this vision include the use of ingredients from Brazilian biodiversity, exemplified by the launch of the Ekos line. The Amazon Program paved the way for establishing "Amazônia Viva" as one of the company's priority causes since 2000.

According to the company, by 2030, the commitment is not only to continue protecting the Amazon but also to tackle the Climate Crisis, using the slogan, "A beauty company can do much more for the world".

4.1.6 Analysis of Applicability Level

The companies underwent an analysis to assess their level of applicability regarding the variables within the environmental, social, and governance axes. A score was assigned based on compliance/adherence to each scenario according to the practices adopted by the organization.

For the classification of these items, the companies EDP Energias (A), Lojas Renner (B), Telefônica Brasil (C), CPFL Energia (D), and Natura (F) were evaluated using an applicability scale composed of factors related to the relevance of the information disclosed through the practices implemented by these organizations.

The scale is classified as follows regarding compliance with the practices disclosed in their reports: 0 - Not Applicable, 1 - Very Low (represents the lowest level of applicability), 2 - Low, 3 - Moderate, 4 - High, and 5 - Very High (represents the highest level of applicability).

The evaluation points used for each item on the applicability scale considered factors of relevance and the information provided in the reports. For scale level 5, the highest level, the report fully addresses the variable under analysis, clearly and comprehensively explaining the practices implemented by the organization, as well as the performance and the consequences of these activities for both the company and society. The highest level of applicability is associated with the highest quality of information provided in the report.

Conversely, scale level 1, representing the lowest level, reflects the opposite: either no substantial information about the related practices was found, or the subject is very vague with minimal explanation, merely mentioning the item in the report without fulfilling the obligation to inform stakeholders and society about the activities carried out for everyone's benefit.

At scale level 2, the information provided is not as insignificant as at level 1. Although it explains some aspects of the trajectory of developed actions, it still lacks many details about the performance of activities and their overall context. On the other hand, level 4 is slightly less detailed and comprehensive than level 5 but still provides a significant and extensive range of explanations and approaches regarding the mentioned variable, showcasing practices and the outcomes of these activities with substantial information.

As for scale level 3, it is considered a middle ground between good and poor a sort of "moderate" level. The information presented is satisfactory but could be improved with more data and explanations about the developed practices, their impacts, and returns for the company and society. Nevertheless, it still contains important insights about the organization's activities.

Therefore, to provide a clearer identification and analysis, a table was created for a more precise technical breakdown. Table 2 presents the detailed weighting of the ESG report analyses.

Table 2
Technical Breakdown of ESG Report Analysis Weightings

Degree	Weighting	Application
1	Very Low	Information about the variable is minimal and lacks explanations, providing only the bare minimum of data describing the variable, its practices, and results obtained.
2	Low	Information about the variable is minimal, containing only the basic description of the variable without further details about the practices undertaken and results achieved.
3	Moderate	Moderate information, with basic data on developed practices and obtained results.
4	High	Comprehensive information, with numerous explanatory elements addressing applied practices, outcomes obtained, illustrations, and short- and long-term experiences.
5	Very High	Extremely comprehensive, with visible information including illustrative and explanatory data about all processes involving the variable, examples, and documented experiences of activities, along with a vast array of data demonstrating the company's practices related to the variable.

Source: Authors, 2024.

In analyzing the level of applicability of organizations regarding the implementation of ESG practices in their activities, the axes are composed of variables categorized based on the ABNT PR 2030 Standard. The environmental axis includes 14 criteria related to environmental

issues, the social axis includes 15 criteria addressing social issues, and the governance axis comprises 13 criteria concerning the organization's processes, policies, and regulations, totaling 42 evaluations, as shown in Table 3.

Table 3
Analysis of Indicators Based on ESG Reports

AXIS	CATEGORY	VARIABLE	COMPANIES				
			A	B	C	D	E
Environmental	Climate Change	Mitigation of Greenhouse Gas (GHG) Emissions	5	5	5	5	5
		Adaptation to Climate Change	5	5	5	5	5
		Energy Efficiency	5	4	4	5	3
	Water Resources	Water Usage	5	5	4	5	4
		Effluent Management	5	4	4	5	4
	Biodiversity and Ecosystem Services	Conservation and Sustainable Use of Biodiversity	5	5	4	5	5
		Sustainable Land Use	4	4	3	4	4
	Circular Economy and Waste Management	Circular Economy	5	5	4	5	5
		Waste Management	5	5	4	5	5
	Environmental Management and Pollution Prevention	Environmental Management	5	5	5	4	4
		Prevention of Noise Pollution (Noise and Vibrations)	3	3	3	3	3
		Air Quality (Pollutant Emissions)	4	4	4	4	4
		Management of Contaminated Areas	4	4	4	4	4
		Hazardous Products	4	4	4	4	4
	Social	Social Dialogue and Territorial Development	Private Social Investment	5	5	5	5
Dialogue and Engagement with Stakeholders			5	5	5	5	5
Social Impact			5	5	5	5	5
Human Rights		Respect for Human Rights	5	5	5	5	5
		Combate ao trabalho forçado ou compulsório	5	4	4	4	4
		Combatting Child Labor	4	4	5	5	4
Diversity, Equity, and Inclusion		Diversity and Equity Policies and Practices	5	4	5	5	5
		Culture and Promotion of Inclusion	5	5	5	5	5
Work Relations and Practices		Professional Development	5	5	4	5	5
		Occupational Health and Safety	5	5	5	5	5
		Quality of Life	5	5	5	5	5
		Freedom of Association	5	4	4	5	4
		Compensation and Benefits Policy	5	4	4	5	5

	Promotion of Social Responsibility in the Value Chain	Relationship with Consumers and Clients	5	4	4	4	4
		Relationship with Suppliers	5	4	4	5	4
Governance	Corporate Governance	Structure and Composition of Corporate Governance	5	5	4	4	5
		Purpose and Strategy Related to Sustainability	5	5	4	4	4
	Business Conduct	Compliance, Integrity Program, and Anti-Corruption Practices	5	4	4	5	5
		Practices to Combat Unfair Competition (Antitrust)	5	4	4	4	4
		Stakeholder Engagement	5	4	4	4	4
	Control and Management Practices	Business Risk Management	5	5	4	4	5
		Internal Controls	5	5	5	3	4
		Internal and External Audits	4	4	5	3	4
	Information Security Management	Legal and Regulatory Environment	4	4	4	3	5
		Information Security Management	5	5	4	4	4
		Personal Data Privacy	5	5	5	4	3
	Transparency in Management	Accountability (Responsibility)	5	3	5	4	3
		ESG, Sustainability, and/or Integrated Reports	5	4	5	4	4

Source: Authors, 2024.

Legend: Companies A: EDP - Energias do Brasil; B: Lojas Renner; C: Telefônica Brasil; D: CPFL Energia; E: Natura. Classification: 0 - Not Applicable; 1 - Very Low (represents the lowest level of applicability); 2 - Low; 3 - Regular; 4 - High; 5 - Very High (represents the highest level of applicability).

Table 3 presents the analysis of the indicators of the companies studied based on their ESG Reports. Company A: EDP - Energias do Brasil, when related to the environmental axis, demonstrates an excellent qualification in its scoring, standing out among the other evaluated companies. One of its unique strengths, scoring a 5 (very high), is the category of social responsibility in the value chain. This result aligns with its explanations, reflecting its commitment to economic, social, and environmental responsibilities. As highlighted, the company adheres to the Global Compact initiative, collaborating with the United Nations to encourage companies to adopt social responsibility policies. Its aim is to build a fairer and more sustainable society through programs and tools focused on Inclusion and Diversity, thereby strengthening the culture of diversity within the company.

It is worth noting that during its evaluation (42 items), 19.04% of the items for Company A: EDP Energias do Brasil scored below 5, indicating less comprehensive information, with basic data on the practices developed by the company. Specifically, in the item "Prevention of Noise Pollution (Noise and Vibrations)," the company did not present any plan for this variable.

For Company B: Lojas Renner, according to the evaluation, it was observed that compared to the other companies, it achieved 50% of its evaluations with scores above level 3 (moderate). In other words, of the 42 items evaluated, 21 were classified with scores between 3 and 4, indicating above-average adherence. Regarding sustainable commitment, Lojas Renner demonstrated significant efforts in promoting inclusion, respecting human rights, and improving the social development and quality of life of its employees, making these areas even more critical for the company's sustainable and promising development.

Company C: Telefônica Brasil S.A., owner of the Vivo brand, stood out for its percentage of responses with limited theoretical/practical foundation, with 59% of the variables being

classified below a score of 5. primarily showing basic data and results with limited explanatory elements regarding practices and experiences for the company. Among the axes examined, the social context of the company received the highest scores. The company invests in management models proposed by ISO 26.000 (Guidelines on Social Responsibility), emphasizing corporate volunteering that engages employees in both in-person and digital actions to address social issues. The company's mission, "Digitalize to Connect," reinforces its commitment to providing quality connections and digital inclusion to people and businesses across Brazil.

For Company D: CPFL Energia, the categories were addressed with satisfactory practices, with more than half of its variables scoring above 3. However, the data analysis highlighted a shortage of senior management professionals (CEOs) for internal audits and controls, likely due to the company's many incorporations. Plans to address these gaps over time are considered essential to ensure the effective implementation of its mission, vision, and values, ultimately enhancing the company's credibility and improving its ESG evaluation scores. The social axis was particularly strong, with most items scoring 5. supported by successful permanent actions such as the CPFL Institute, which has been operating for over 20 years as a platform for social investments. The institute develops social, sports, and cultural projects that positively impact communities, particularly vulnerable children and youth. Other notable efforts include the Sustainability and Social Investment Program (Enercan) and the evaluation of 100% of critical suppliers based on sustainability criteria.

Company E: Natura stands out as an example of corporate governance, diversity, and sustainability. However, like any institution seeking constant improvement, Natura received some results below a reasonable score (3). Aware of these gaps, the company is implementing measures to enhance these variables, such as decarbonizing its energy matrix and achieving zero-carbon transportation for its products. Natura is also conducting online research through anonymous surveys to collect data from employees in alignment with the General Data Protection Law (LGPD) to establish a baseline for future improvements).

The results for the variables show that more than half of Natura's responses achieved a score of 5. reflecting the extensive work developed by the company. Focused on empowering women not only through products but also through opportunities, Natura adopted a direct sales system in 1974. enabling women of all educational levels to earn an income, either as a primary or supplementary source. Today, the company has over 8 million consultants engaged in direct sales. Furthermore, in the 1990s, Natura became a pioneer in advertising by celebrating "real beauty," a powerful initiative that boosts women's self-esteem by breaking limiting and prejudiced beauty stereotypes and embracing beauty standards of all colors, sizes, and ages. Another important initiative aligns with corporate governance, diversity, and sustainability: the company's efforts to raise awareness about refillable products and packaging recycling. This approach not only makes products more affordable but also significantly promotes environmental awareness through the refill movement.

Regarding the companies analyzed, all scored reasonably on the variable related to noise pollution, with few documented plans or actions addressing this critical ESG factor.

It is worth emphasizing that all the companies studied are committed to governance over both the short and long term, reflecting the importance of strategic planning to align goals with global expectations.

In the environmental axis, all analyzed companies excel in developing activities and structures to improve environmental practices. These include reducing greenhouse gas emissions, adapting to climate change through investments and partnerships, implementing energy efficiency solutions such as electric fleet renewal, process remapping, waste management, and controlling hazardous products and materials.

The classifications for the environmental axis range from 4 to 5. particularly in variables such as mitigating greenhouse gas emissions (GHG), adapting to climate change, water use,

effluent management, biodiversity conservation and sustainable use, circular economy, waste management, and environmental management. Other variables also scored well, though occasionally receiving a score of 3, indicating practices are in place but lacking clarity and detailed execution information.

Areas for improvement in the environmental reports include the sustainable use of soil, where Telefônica Brasil received a score of 3, indicating that the actions detailed in the report were average. Similarly, noise pollution prevention (noise and vibrations) scored 3 across all companies analyzed, with limited, superficial information that does not allow for a clear understanding of the practices implemented.

The social axis outperforms the others, achieving the highest scores between 4 and 5, demonstrating that the practices and the dissemination of information effectively communicate progress towards a more just and equitable environment. Key variables include private social investment, dialogue and stakeholder engagement, social impact, respect for human rights, combating forced or compulsory labor, combating child labor, diversity and equity policies, culture and inclusion promotion, professional development, occupational health and safety, quality of life, freedom of association, compensation and benefits policies, and relationships with consumers, clients, and suppliers.

In the governance axis, standout variables include corporate governance structure and composition, purpose and sustainability strategies, compliance, integrity programs and anti-corruption practices, anti-competitive practices, stakeholder engagement, business risk management, information security management, ESG and sustainability reports, and/or integrated reporting. Scoring between 4 and 5, these results highlight that organizations are well-prepared and actively developing initiatives that enhance management, restructure business models, and bring significant value to the company in terms of performance optimization.

It can be inferred from the score of 3 attributed to the variables of internal controls, internal and external audits, and legal and regulatory environment for Company D that the organization provides basic data on its processes, requiring a broader range of information for a more comprehensive understanding of its procedures. Additionally, it is notable that Company E, regarding the variables of data privacy and accountability, contained superficial information on these topics, indicating that the company could focus efforts on developing tasks in these areas to improve management and information disclosure to society.

Table 4 presents the comparative ESG ratings of the analyzed companies.

Table 4
Comparative ESG Ratings

Company	Score A (5)	Score B (4)	Score C (3)	Total
EDP Energias do Brasil (A)	80.95 %	16.67 %	2.38 %	100.00 %
Lojas Renner (B)	50.00 %	45.24 %	4.76 %	100.00 %
Telefônica Brasil (C)	40.48 %	54.76 %	4.76 %	100.00 %
CPFL Energia (D)	52.38 %	33.33 %	9.52 %	100.00 %
Natura (E)	45.24 %	35.71 %	9.52 %	100.00 %

Source: Authors, 2024.

Based on this information, it is inferred that the highest weightings correspond to the top levels of ESG practice ratings in organizations, revealing that companies operate with at least 40% above the highest rating in terms of information on practices executed in their activities.

These factors demonstrate that all organizations are heavily engaged in combating environmental damage through effective corporate governance policies, enabling the development

of better strategies for protecting global flora and fauna. Similarly, these policies strengthen social ties among employees and mitigate social issues through inclusion, equity, and equality.

Among the key findings from the organizations' practices, the activities related to environmental care stand out. These include efforts to create a greener world through reforestation, water and air preservation, and the use of technology and innovation to develop processes and products that support these goals while generating profits conscientiously and with minimal planetary impact.

Overall, the insights gained from the report analyses indicate a gradual and long-term growth in efforts to improve ESG practices. Companies are evolving positively, modifying structures and business models to meet global market demands while offering employees better living and working conditions and addressing social and environmental issues worldwide.

5 CONCLUSIONS

The results of the report analysis demonstrated that the five top-performing companies on the ISE B3 - EDP - Energias do Brasil, Lojas Renner, Telefônica Brasil, CPFL Energia, and Natura - achieved excellent ratings, scoring between 4 (high) and 5 (very high), representing the two highest levels of applicability for the variables assessed across the environmental, social, and governance axes.

All analyzed companies scored above average (classification 3 – regular) in all aspects of ESG. This is a satisfactory outcome, as it highlights their commitment to socio-environmental improvements within society.

The environmental axis showed the best performances in variables such as: mitigation of greenhouse gas (GHG) emissions, adaptation to climate change, water usage, effluent management, conservation and sustainable use of biodiversity, circular economy, waste management, and environmental management. In the social axis, the standout variables included: private social investment, dialogue and engagement with stakeholders, social impact, respect for human rights, combatting forced or compulsory labor, combatting child labor, diversity and equity policies and practices, promotion of inclusive culture, professional development, occupational health and safety, quality of life, freedom of association, compensation and benefits policies, customer and consumer relationships, and supplier relationships.

In the governance axis, variables such as structure and composition of corporate governance, purpose and strategy regarding sustainability, compliance, integrity programs and anti-corruption practices, practices to combat unfair competition, stakeholder engagement, business risk management, and information security management achieved the highest applicability ratings.

Although these variables scored above the regular average, certain areas require improvement in their applicability and development. These include categories like environmental management, noise pollution prevention, sustainable land use, internal controls, internal and external audits, legal and regulatory environment, personal data privacy, and management and control practices.

This highlights and reinforces the need for companies to direct efforts towards developing these areas to improve management and the dissemination of information about these indicators to society.

Among the variables analyzed in the companies' reports, the lowest-rated variable was noise pollution prevention (noise and vibrations), revealing that while all companies meet the basic and minimum criteria for this indicator, the performance of practices in this area is not as refined or developed as other variables in the study.

These findings indicate a gap in this area, possibly due to a lack of investments or incentives, resulting in a decline in the evaluation of activities undertaken.

Regarding the other variables analyzed, where one company excels in a specific criterion compared to another, this may be linked to the nature of the activity performed, in this case, the sector in which each operates, as the study focused on the best-performing companies, regardless of their specific industries.

Therefore, a limitation of the study lies in the broad context, which makes it challenging to justify or find a viable reason for why one organization excels in a particular variable while another performs less effectively.

For future studies, it is suggested:

- Propose contributions to the structure, development, and implementation of ESG Reports based on the evidence found.
- Identify the applicability of Environmental, Social, and Governance practices in organizations and measure the barriers to the integration, implementation, and development of ESG Reports in companies.
- Investigate the impacts of Environmental, Social, and Governance (ESG) scores and Sustainable Development Goals (SDGs) on the performance of Brazilian companies.

Finally, it is concluded that the present study provided significant contributions to theory through its results, identifying the indicators that influence the integration, implementation, and development of ESG Reports in ISE/B3 companies. This reflects practical and economic contributions, as it enables the strategic planning efforts of companies to be directed towards the development of the identified areas for better management and disclosure of information regarding these indicators to society, improving their positioning and competitiveness, as well as the social impact that such actions represent.

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CONFLICT OF INTERESTS

The authors declare no conflict of interest regarding this submitted work.

AUTHOR CONTRIBUTIONS

Roles	1^a author	2^o author	3^o author	4^o author	5^o author
Conceptualization	◆	◆			
Data Curation	◆				
Formal Analysis	◆	◆			◆
Funding Acquisition	◆	◆			
Investigation	◆				
Methodology	◆	◆	◆	◆	
Project Administration	◆	◆			
Resources	◆	◆			
Software	◆	◆			
Supervision	◆	◆			
Validation	◆	◆	◆	◆	
Visualization	◆	◆	◆	◆	◆
Writing – Original Draft	◆				
Writing – Review & Editing	◆	◆	◆	◆	◆