Corporate Social Responsibility (CSR) enjoys broad support among private sector companies, trade unions and non-governmental organisations in Brazil. The emphasis is on the collective, social aspects such as labour relations, the distribution of income and wealth, non-discrimination and companies’ social investment in their employees and in the wider community. Environmental policy is not always regarded as an intrinsic component of CSR.

Social aspects
Brazil is a diverse country with major regional differences. Over twenty per cent of the population, mostly in the rural areas, live below the poverty line. A significant cause of social inequality is the uneven distribution of land. Successive governments have formulated proposals for land reform but they have yet to be successfully implemented. Several hundred thousand people continue to have no access to (fertile) land, while a far smaller number of landowners control extremely large areas. In recent years, the situation of the indigenous population has deteriorated due to land conflicts. Brazil has comprehensive employment legislation. The ‘consolidated labour laws’ (Consolidacao das Leis do Trabalho) contain over nine hundred separate articles regulating everything from working hours to the role of the trade unions, lighting in the workplace and access to drinking water.

In practice, the sheer volume of legislation forms an obstacle to compliance, exacerbated by inadequate enforcement and corruption. Local trade unions regularly examine and report on working conditions in various sectors. A foreign company wishing to comply with Brazilian labour law needs a local partner or adviser. You should devote particular attention to aspects such as equal opportunity, fair wages and the avoidance of child labour or forced labour, not only in your own policy and operations but also in those of your suppliers.

Legislation
Brazilian law places stringent requirements on companies and can be extremely detailed and complex. However, there is often a significant discrepancy between the letter of the law and what happens in practice. The interpretation of federal legislation can vary from one state or municipality to another, as can the way in which it is enforced. The judicial system is overburdened, often slow and not always impartial: those with influence and good contacts are likely to enjoy preferential treatment. To find one’s way around the complex legislation, it is essential to have a good, reliable local partner or adviser. It may be appropriate to retain the services of a reputable law firm. Allow for the fact that government agencies do not always communicate effectively with each other, whereupon their activities are not well coordinated.
Corruption
There are frequent reports of corruption in Brazil. The risk is greatest when dealing with government officials at state or municipal level in matters such as tender applications, VAT liability, municipal property taxes (rates), access to municipal services, planning permission or other forms of licence or permit.

The Brazilian business culture places a strong emphasis on interpersonal relationships and status, with somewhat less attention devoted to personal responsibility or strict compliance with the law. This can make it difficult to draw a distinct dividing line between acceptable relationship management practice and corruption. It is a good idea to talk to other international business people about their experiences.

Environment
The citizen’s right to a clean and liveable environment is established by the Brazilian constitution. As a result, there are various laws and institutions which exist to protect the environment. The problem is that the responsible authorities often lack the necessary power or resources, whereupon enforcement, control and implementation are difficult. Although deforestation in the Amazon basin has slowed in recent years, it remains a significant problem. Approximately one fifth of the rainforest has now been lost. After several years of discussion and debate, the federal government enacted a new Forest Code in October 2012. It represents a difficult compromise between the varied interests of the many stakeholders.

The percentage of the land area which is protected remains unaltered. Depending on the region concerned, 80%, 35% or 20% must remain forested. In addition, certain critical areas and features are protected. They include water sources, river banks, some hillsides and escarpments. Where deforestation has exceeded the permitted limits, remediation is required. Dispensation has been granted to small landowners (with less than four fiscal units of land) who had cleared an area greater than permitted before 22 July 2008, this being the ‘cut-off date’ of the Forest Code.

Further information
• These topics and many others are considered on the CSR in Brazil website at:
  http://english.rvo.nl/topics/international/corporate-social-responsibility
• The Dutch government endorses the OECD Guidelines for Multinational Enterprises, which set out how companies doing business abroad should address matters of Corporate Social Responsibility. The guidelines provide useful input for companies wishing to compile their own Code of Conduct covering issues such as corruption, working conditions and environmental management. See www.oesorichtlijnen.nl (in Dutch) or www.oecd.org/corporate/mne/ (in English).
• MVO Nederland has produced a ‘quickscan’ to identify CSR risks in your sector:
  http://brazilie.nlambassade.org/zaken-doen/economie-en-handel/mvo (in Dutch)
• Brazil has several national organisations devoted to promoting CSR. They include Ethos, founded by managers and entrepreneurs, which organises regular activities. See www3.ethos.org.br/ (in Portuguese)