

RESEARCH ARTICLE

Responsible Credit and Sustainability in Granting Financing: A Comparative Study of Two Brazilian Financial Institutions

Brugni Talles V^{1*}, Goes Antonio OS²

¹ Accounting Department, University of Sao Paulo (USP), Brazil.

² Lisboa Technical University (ISEG), Portugal.

*Corresponding Author: Email: tallesbrugni@hotmail.com

Abstract

The credits released by financial entities are used by borrowers of money for investments and costing in various branches of the economy, such as agriculture, industry, trade and services. One question arises in this context: Is there a concern in offering resources to organizations that are based on a sustainable tripod: economic, social and environmental? To discuss these issues, we examine the assessment criteria of two of the largest banks in Latin America. In the theoretical framework, we have discussed the environmental management system, sustainable business, and responsible credit. The research is descriptive and has qualitative approach. The data were collected from documents released by the banks and handled through content analysis. We show that companies in the study begin to take into account the question of business sustainability when granting credits. We hope that banks require more criteria of environmental protection in their lending activities in the near future.

Keywords: *Business sustainability, Environment, Granting financing, Responsible credit.*

Introduction

“The Value of Nature”

The production process harmful to the natural environment is being questioned. The current industrial process causes deep changes in nature. There is a sharp reduction of forests, rivers receive industrial and domestic waste, many seas are polluted and immense areas of native vegetation are intentionally burned. The destruction of forests by the timber industry, global warming, water pollution and many other issues are examples of situations experienced by society. In this sense, what alternatives in production may be carried out without compromising the natural environment? We know that the economic cycle cannot stop. This is undeniable.

The dynamics of the economy requires credit to make operational its processes. Companies need money to keep themselves productive. In this case, the banks are responsible for the release of credits to the productive activities and companies of any sector turn to financial institutions to obtain credit, expand themselves and invest in their activities. In short, the production process is seen as harmful to the natural environment, the economy needs to expand and the credit must be

released by banks. Given the above, the ways of granting credits to financial institutions should be linked to sustainability criteria. On the one hand, the manner of production linked to fireplace industry [1] depletes natural resources and destroys nature; on the other hand, organizations must meet the increasing demands of goods and services. In this sense, we question: how can credit entities offer credits to the needs of businesses, support the growth of the economy and, at the same time, create criteria for borrowers of money to invest in their businesses in a sustainable way, that is, respecting the natural environment? Another reflection: In relation to the release of credit, do credit institutions take into account the issue of sustainability of the business?

This research analyzes the evaluation criteria of two of the largest banks of Latin America: one of the public sphere – Banco do Brasil S.A. – and another of the private sphere – BRADESCO S.A. The specific objectives go deeper into the following purposes: i) identify the requirements established in the granting of money; ii) compare in the two entities investigated the sustainability assessment criteria at the time of release of the credit; and iii) identify the most relevant

environmental aspects that are required at the time of granting financing. We have discussed the environmental management system - a panorama of the green economy, sustainable business, and responsible credit – in the theoretical framework. The scientific method used was the comparative one. The research was descriptive in nature, with a qualitative approach and we have collected the data through interviews with representatives of the banks. The information was handled by content analysis.

To begin this research, a few questions and concerns were raised. How can the banks, the driving forces of the economy, create sustainability criteria at the time of granting money? Is the natural environment a concern of all those involved in financial transactions (credits)? As we can see, the challenges to be overcome are diverse. All on the issues of sustainability require efforts. The companies that were investigated are already experiencing CSR (Corporate Social Responsibility). We want to know, therefore, whether there is concern about environmental aspects in credit transactions.

Theoretical Framework

The Unbearable Lightness of Nature

Major economic and political transformations marked the second half of the twentieth century. These changes have brought a rapid increase of labor productivity through technological innovations and the consequent economic growth. While there has also been an increase of social-environmental impact of this growth based on a productivity model that is unsustainable, meanwhile, the debate on environmental issues as well as the awareness regarding this issue have grown largely in response to unsustainable practices. Thus, all the organizations are called upon to rethink their roles in the context of society and production models.

According to Veiga [2] the development was treated as a synonym of growth and material progress until the mid of the 1990s of the twentieth century. From then on the need rose to reflect on the development and the dimensions in which it should be structured, as the economic dimension was no longer efficient. Therefore, it has become essential to design a development turned towards the environment and the conscious use of non-renewable resources.

Sachs [3] was one of the first scholars of development to distinguish these two concepts increasing the social, political, ethical, cultural,

spatial dimensions contributing greatly to the discussion of sustainable and inclusive development. This contribution expands other horizons to rethink the natural environment.

According to Gregori [4] the concept of sustainable development started to be built from the work by Meadows and Meadows in 1972 having been devised due to the dilemma between the economic growth and the environment, which was at first, reported by the Club of Rome. The concept was formatted and published by the Bruntland Report (Our Common Future) as “the development that attends to the needs of the present without compromising the capacity of future generations to meet their own needs”.

This concept consolidated itself according to Gregori [4] as a principle and a global goal in the United Nations Conference on the Environment and Development, the 1992 Earth Summit or Eco-92 held in Rio de Janeiro being widely disclosed and transformed into a new economic paradigm.

The afore mentioned author also states that in order to implement this new paradigm, the United Nations (UN) proposed Agenda 21 – “a set of principles and programs established as a strategic plan of action for all the organizations that are components of the United Nation’s system, governments and civil society” [4].

In 1995 the declaration of Copenhagen, according to Gregori [4], restated the UN commitment to the basic principles of sustainable development which were redesigned and restated in 2002 at the World Summit on Sustainable Development known as Rio+10, held in Johannesburg, South Africa.

More recently, specifically in 2012, the conference held again in Rio de Janeiro, Rio+20, according to Gregori [4], reinforces the political commitment for a sustainable development since the member states agreed to launch universal goals for a sustainable development. Parallel to the discussion about environmental issues, the debate emerges about the role of the organizations in the context of sustainable development and then the concept of Corporate Social Responsibility (CSR) emerges. This terminology was widely made known at the end of the 1990s of the twentieth century. It has evolved into a broader concept namely the Socio-Environmental Responsibility (SER).

It is in the context of discussions and environmental conferences of the 1990 decade,

more specifically in 1992 during Eco-92, that the British standards of Specifications for Environmental Management System-BS 7750 came into force. These standards served as the basis for the elaboration of a system of worldwide environmental standards, the series ISO– (International Organization for Standardization) 14000.

The mentioned author also states that the Environmental Management System (EMS) was implemented from the ISO 14001 Standard of Certification, which defines the basic requirements to establish and operate an EMS. Hence, it can be stated that the discussions have already produced practical results for a development based on sustainability for various types of organizations. In this sense, financial institutions cannot stay out of this social context. It is a cry of society so that all those that are involved do their part when nature is concerned.

Wall Street: Money never Dies

The concept of sustainable businesses in the banking system emerges in the mid of the 1970s with the so-called socially responsible investors. The choice of investments under social criteria is not recent considering that for a long time there have existed investment decisions based on religious traditions (Jewish, Christian and Islamic). However, according to Comini, Barki and Aguiar [5] it is only since the 70s of the twentieth century that this kind of decision has had some impact upon the financial market.

The awareness of the banking sector in relation to responsible credit, took larger proportions from the 1980s on with the sentencing in co-responsibility of a North American financial institution for the recovery of a damaged area by solid waste in a USA industry. Since then the segment has started to consider the socio-environmental conduct of its clients in the operations of lending money and financing projects because an accident or an environmental liability can complicate the financial situation of a borrower [6].

It is worth pointing out that the socio-environmental practices of the financial system have distinct natures: the internal practices – positive or negative externalities caused by the activities of the organization itself - and the external practices – positive or negative externalities caused by organizations financed by the bank and for which the bank is jointly responsible. Only the external practices generate risks.

Given the above, the concept of responsible credit is linked to environmental issues. In other words: are the environmental risks identified when a financial institution releases resources to entrepreneurs? If yes, it is a step in favor of sustainable business. If not, criteria must be created to moderate the damages caused to the natural environment.

Another point discussed in this paper refers to Sustainable Business from the perspective of the banking segment. Other considerations follow.

Sustainable business, also called social business or inclusive business is defined as economically profitable initiatives and environmentally/socially responsible initiatives. The format of this type of business can vary and, according to Comini, Barki and Aguiar [5], ranges from non-profit organizations to multinational companies and in general, these initiatives are included in the area of Corporate Social Responsibility.

On the other hand, in the context of credit transactions, the environmental legislation added to the social pressures along with the spreading of the movement for socio-environmental responsibility all over the world, led banks to aggregate social and environmental aspects to their businesses not only to moderate risks, but also as a factor of competitiveness. Hence, CSR came to occupy strategic spaces in this type of business.

In relation to risk, Ramos [7] states that there exists a growing awareness that the activities undertaken by banks can cause inherent risks (soil degradation by clients) and at the same time provide business opportunities (environmental investment funds).

Regarding this issue, the concern has grown. For example, the United States since the end of the 1980s have adopted an environmental policy that holds the banks responsible for environmental pollution produced by their clients forcing them to bear the costs of depollution. As a result, the North American banks were the first to consider the issue of the credit risk [7].

In Europe the banks only started to introduce both the risks as well as environmental opportunities in their environmental policies around the 1990s [7]. The above-mentioned author states also that in Eastern Europe, in South America and Asia, the changes have also happened due to the influence of prestigious financial institutions, namely: the World Bank, the International Finance Corporation (IFC), the

Andean Development Corporation (ADC) and the European Bank for Reconstruction and Development (EBRD).

There exist other strong pieces of evidence that indicate the arrival of sustainability to the financial community, such as the launch of the Dow Jones Sustainability Group Index (DJSGI) in September 1999 where for the first time, a global index monitors the key companies that are leaders of sustainability [7].

Tosini (2005) states that the business risk for financial institutions includes the environmental factors or social correlatives and, in general, this risk involves the following elements or a combination of them; (1) environmental impacts (2) financial capacity of the client (3) institutional framework and governance of the country, and (4) characteristics of the sector in question. Thus, based on the concern about this risk the idea of responsible lending arises.

Brazilian Banking System and Responsible Credit

The Brazilian banking sector has stood out in relation to the other emerging markets on account of it incorporating the socio-environmental assessment in its businesses, since the year 2000, as well as due to the Brazilian environment

legislation, which has been an important motivator only due to their compliance. In this sense, the banks and clients have already paid attention to a significant part of the requirements of the environmental agreements and protocols. For example, the law that established the National Policy of the Environment (6.938/81) says in article 3 that those who are responsible directly or indirectly for environmental damages shall repair them [6].

Consequently, the banking segment has advanced greatly in relation to the socio-environmental practices adopted in the last decades, namely:

The Equator Principles are optional for the financial institutions and their application is “based on an establishment of a socio-environmental rating, the projects being categorized in A (high environmental and social risk), B (medium environmental and social risk) and C (low social and environmental risk)”. Furthermore, the values of financing and projects have to be superior to US\$50 million (40 million Euros) [9].

Thus, it is also worth pointing out that increasingly the banking institutions conceive

Table 1: Evolution of the main socio-environmental practices of the banking segment

Year	Socio-environmental practices
1995	<ul style="list-style-type: none"> Implementation by the Brazilian Federal Government of the Green Protocol - guidelines, operational strategies and mechanisms for the incorporation of environmental issues in the process and management of credit and fiscal incentives of the official financial institutions;
1999	<ul style="list-style-type: none"> Launch of the <i>Dow Jones Sustainability Index (DJSI)</i> by the <i>Dow Jones Group</i> – first global index to analyze the companies from the point of view of their SER policies. This index has become the referential for responsible investors;
2003	<ul style="list-style-type: none"> Creation by the IFC (<i>International Finance Corporation</i>)/World Bank, banking institutions, clients and NGOs, of the Equator Principles – a set of criteria for the granting of project financing;
2010	<ul style="list-style-type: none"> Announcement of new government rules for the signatories of the Equator Principles; Creation by the board of the Central Bank of Brazil (BCB), of a specific area to address issues related to the SER of the National Finance System as well as the financial inclusion of the population ; Signature by the BCB and the Ministry of Environment (MMA), of a Technical Cooperation Agreement - develop measures that enable the monitoring of socio-environmental actions undertaken by the financial institutions that signed the Green Protocol; Implementation of the SER Project of the National Finance System - established a standard of good practices of the SER for the financial institutions regulated by the BCB.

Source: adapted from Ventura [8] and the BCB and MMA sites.

sustainability issues beyond environmental risks. Accordingly, the banks have sought new business opportunities through new products such as specific lines of credit with socio-environmental scope and benefits. Among them, one can

highlight micro-finances, socio-environmental financing and socially responsible investment funds as for example ethical funds, environmental technology funds, eco-efficiency funds and sustainable investment funds.

In summary this article shows the theme of sustainable development in a succinct way. One can thus clearly note that new requirements are perceived in the conduct of the organizations particularly in this study, financial institutions. The research of sustainable business also revealed its importance in society when it broadens the operations of the companies, not only in the economic bias, but also in the bias of the natural environment. Finally, responsible credit with criteria that respect nature. Now the

analyses of the information that was obtained in this investigation will be made.

Results and Discussions

The companies Banco do Brasil SA and Bradesco S.A. in their reports published in 2012 show a visible concern about socio-environmental issues. The textual clippings are reproduced below [10] [11].

Table 2: Guidelines and policies of sustainable development

BANCO DO BRASIL	o Banco do Brasil offers its clients the access to necessary resources in order to fulfill their aspirations and enable business in the country and abroad. It constantly invests in the training of its employees and opens opportunities to grow personally and professionally. It acts in a responsible way and sponsors discussions and projects to preserve natural resources and ensure the well-being of future generations through measures that start in the bank's agencies by reducing the consumption of paper, water and energy in a work that is appreciated by society.
BRADESCO	o The Report of Sustainability of the Bradesco Organization expresses our vocation and commitment about sustainable development and the diffusion of a corporate culture of environmental responsibility.

Source: Adapted from the BB Annual Report [10] and the Bradesco Report of Sustainability [11] (our highlight)

One can perceive that the guidelines of these organizations value the natural environment as an asset valuable and necessary to human life regarding life on the planet. Both Bradesco and Banco do Brasil are involved in practices of conservation and protection of natural resources. In particular, Bradesco coins itself as the "Bank of the Planet". It is inferred, therefore, that these major financial institutions of Latin America predispose actions of environmental conservation by valuing the issue of nature. For a further strengthening of this posture, Bradesco and Banco do Brasil signed various treaties, protocols and principles of good socio-environmental practices. Bradesco states that it follows global guidelines for the protection of nature and the procedures of institutions that are engaged in the protection of the environment. A clipping of the confirmation report shows these statements when it registers:

"In line with global guidelines such as the Equator Principles, the Global Pact, the PRI (*Principles for Responsible Investment*), the *Carbon Disclosure Project* and the Green Protocol, starting 2006 the Organization (Bradesco) has elaborated the Report based on the guidelines of the Global Reporting Initiative (GRI) and, in this edition, it incorporates the parameters of sustainability addressed by the Corporate Sustainability Index (BM&FBovespa) and by the *Dow Jones Sustainability Indexes*, indexes of which Bradesco is a part since 2005

and 2006 respectively." (Bradesco Report of Sustainability 2011 (2012) (our highlight).

Banco do Brasil also shows convergent actions with the idea of sustainability. Below there is a positive statement by Mr. President Aldemir Bendine – President of Banco do Brasil.

"In the Ibovespa index we occupy the seventh position with a 3.17 % participation and our roles continue to integrate the Index of Corporate Sustainability (ICS) of the BM&FBovespa. We have also done a lot in **sustainability** guided by our Business Agenda 21, a structured document based on Agenda 21, a worldwide commitment in favor of social justice, environmental balance and economic efficiency established in the Eco-92 conference, Rio de Janeiro. In it are set our principles and our strategies of socio-environmental responsibilities. The document is a cross project of the whole Organization based on the commitment and action of all those that built it. It embodies business with focus on sustainable development [12]. (Our highlight)

Thus it can be noted that these financial institutions of national and international reference incorporated in their policies of management guidelines, the principles, compliances and "determinations" of organizations and event protocols such as the : Equator Principles, Global Pact, PRI (*Principles for Responsible Investment*), *Carbon Disclosure Project*, Green Protocol, *Global Reporting*

Initiative (GRI), Corporate Sustainability Index (BM&FBovespa), *Dow Jones Sustainability Indexes*, Agenda 21 and Eco-92 Conference (Rio de Janeiro).

To confirm the importance given to the environment, the banks also express in their

missions, views and values, commitments to fulfill their financial activities with focus on sustainable development. Below table 3 shows the organizational guidelines of the companies that were surveyed.

Table 3: Organizational mission, view and values

BANCO DO BRASIL	
MISSION	○ Be a competitive and profitable bank, promote the sustainable development of Brazil and fulfill its public function with efficiency.
VIEW	○ Be the first bank of the Brazilian people, the companies and the public sector; be a reference abroad, the best bank to work at, be recognized for its performance, lasting relationships and socio-environmental responsibility.
VALUES	○ (...) • Commitment with the sustainable development of the communities and the country - • socio-environmental responsibility (...)
BRADESCO	
MISSION	○ Provide financial solutions, products and services and insurances with agility and competence, mainly through the banking inclusion and the promotion of social mobility, contributing to sustainable development and the construction of lasting relationships to create values for shareholders and the whole society...
VIEW	○ Be recognized as the best and most efficient financial institution of the country and for its action in favor of the banking inclusion and sustainable development.
VALUES	○ (...) Socio-environmental responsibility with the promotion and encouragement of actions for sustainable development.

Source: Adapted from the BB Annual Report (2012) and the Bradesco Report of Sustainability (2012) (our highlight).

Given the above, one can thus consider that the entities that were studied revealed in their organizational strategies a business posture with focus on sustainable development. These companies are attentive to current concerns in society. Individuals require new alternatives of economic growth. Industries of the chimney area, highlighted by Peter Drucker [1] in the processing of goods and services need to be modified with a “cleaner” production and a friendly process towards environment. The “green” economy is a possibility that can alter highly the productive process (production, exchange, distribution and consumption). In this sense a less aggressive and disruptive development is needed when nature is concerned.

Thus, the financial system being aware of these situations cannot stay out of this debate. What has been seen in the previous comments is that the banks are contributing to a new awakening of sustainable development. Through the records in their reports, it can be confirmed that the financial institutions (BB and Bradesco) have already embodied in their discourse the subject of sustainable development. Hence, the following question: Do the practices reflect the suggested ideas? Some considerations and examples of the actions by these financial companies are made.

The financial industry has already established principles of sustainability. The projects that were developed address various areas ranging from environmental preservation to citizenship issues, health and education. The socio-environmental responsibility is already embedded in the social practices. For the two companies that were surveyed, social responsibility is a theme taken into account. The stages of introduction are already well advanced for both Banco do Brasil and Bradesco internal and external social actions, mainly environmental actions, are common practices. The activities focus on education, community care and valorization of the collaborators. The environmental dimension is of great importance, sustainability is printed in several activities of the 2011 BB Annual Report and the 2011 Bradesco Report of Sustainability (published in 2012).

The Bradesco concept on social responsibility is part of their corporate values as it practices corporate citizenship by encouraging economic, social and environmental development with the improvement of the quality of life of the community and society in general. Through the disclosure of the Social Balance Sheet, it shows with transparency to its collaborators, shareholders, investors and the public in general

the result of all the actions that were developed. Furthermore, the actions of social responsibility act upon the areas of education, solidarity, culture, environment, digital inclusion, sports, support of folklore and community events. The main strategic point of direct social action is education. The latter is seen by Bradesco as the most efficient means to transform society, reduce inequities and strengthen citizenship.

Banco do Brasil has adhered to the commitment with environmental issues since 1995 with the Green Protocol in 1995 up to the present day (2011) when it became an *Organizational Stakeholder* (OS), of the *Global Reporting Initiative* (GRI). This multi-stakeholder nonprofit organization is responsible for the development of the guidelines for the preparation of sustainability reports most used in the world. Meanwhile, the actions happened in several fields: environmental education, conservation of nature, citizenship, water resources, etc. The examples are: (2004-Agenda 21), (2005–*Carbon Disclosure Project*), (2007–Pro-Gender Equity Label), (2010-Água Brasil).

Therefore, it is inferred that Banco do Brasil and Bradesco have already established practices of socio-corporate responsibility. The actions are visible. The reports not only register how society is actually benefited. The results that are exposed confirm that these banking institutions by means of their financial products and services contribute to the sustainable development of Brazil, be it directly or indirectly in practices, the support of projects, in partnerships and in management models.

What the banks are doing to encourage sustainable business can be appreciated at this moment. Before one remembers the concept of sustainable businesses, these are defined as economically profitable and environmentally/socially responsible initiatives. BB and Bradesco also support initiatives of economic activities, which focus on the financial result (profit) as well as social and environmental results. The proposals of both banks are listed below.

Table 4: Credit operations directed to sustainable businesses

BANCO DO BRASIL	<ul style="list-style-type: none"> ○ The axis Sustainable Businesses focuses on the implementation of actions in support of sustainable development, financing of activities that generate jobs, income and social inclusion as well as activities and technologies that are environmentally adequate. In the axis, BB has achieved excellent results with the Business Strategy for Sustainable Regional Development, which seeks to boost the economy of the regions where it is present, fostering activities that promote social inclusion, creation of jobs and income in a sustainable way.
BRADESCO	<ul style="list-style-type: none"> ○ (...) Bradesco, [in the operations of sustainable business] seeks to include sustainability in its day-to-day business strategies and business practices...

Source: Adapted from the BB Annual Report (2012) and the Bradesco Report of Sustainability (2012)

Table 4 above shows a great step given by the banks in the issues of business activities in the procedures of sustainability. On one hand, the organizations that use the financial products (loans, credits, financing, etc) have to produce assets and offer services viewing profitability; on the other hand, these companies need to have social gains and respect the natural environment. The results that are obtained (financial profit, social profit and “environmental profit”) are the components of sustainable business.

Banco do Brasil and Bradesco include in the granting of credits the requirements of the Equator Principles. These statements are confirmed by the banks that were surveyed. The information contained on the Banco do Brasil website states that the policies and guidelines used in the granting of credits are sustained by the Equator Principles. It also adds that the financing projects of a value equal or superior to US \$ 10 million are analyzed under the criteria

established by the International Finance Corporation (IFC), a branch of the World Bank. The most relevant points of these principles address environmental assessments, protection of natural habitats, management of pests, dam safety, indigenous population, involuntary resettlement of population, cultural propriety, child labor, forced or slave labor, projects in international waters, health and safety of work [10].

On the other hand, Bradesco also adopts the Equator Principles. This bank complies with the Equator Principles in the contracts for operations that involve projects of a value equal or superior to US \$ 10 million in the modality *Project Finance* and voluntarily of values above US \$ 50 million regardless of modality [11].

One can consider that the banks that were surveyed are guided by principles that protect the environment. It is evident that a new conduct

regarding the granting of credit is already incorporated in the administrative procedures of Banco do Brasil and Bradesco.

It is worth mentioning that the financial institutions that were studied, regardless of the credit value, established socio-environmental criteria. Bradesco, as to the release of credit, consults the data bank of the companies that show irregularities with IBAMA. Companies that are on the “dirty list” of employers by the Ministry of Labor and Employment due to forced labor are

evaluated in a different way that means they are included in situations of high risk. Furthermore, licenses, documents, projects, laws, etc. accompany financing, depending on the sector [11].

The second goal made a comparison of the actions between Banco do Brasil and Bradesco that means, compare the sustainability criteria at the time of granting credit by both institutions.

Table 5: Criteria of sustainability in credit activities

Bank	Guidelines	Main criteria
Banco do Brasil	<ul style="list-style-type: none"> o Green Protocol o Equator Principles o Resolution CMN 3.545 o Financing of farming and cattle breeding 	<ul style="list-style-type: none"> o Categories of Project o Social and environmental assessment o Plan of action o Mechanism of interaction o Independent assessment o Indication of an expert o Commitment with sustainability
Bradesco	<ul style="list-style-type: none"> o Green Protocol o Equator Principles 	<ul style="list-style-type: none"> o Categories of projet o Consultation of public information o Insertion of socio-environmental contractual obligations for the borrowers, in relation to human rights, preservation of biodiversity and sustainable management of natural resources. o Social and environmental Assessment o Plan of action o Mechanism of interaction o Independent Assessment o Indication of an expert o Commitment

Source: Adapted from the 2011 BB Annual report [10] and the Bradesco 2011 Report of Sustainability [11].

The guidelines presented in the comparative table that are incorporated by the two banks are the Green Protocol and the Equator Principles. The banks that were studied, regardless of the criteria, have a broad approach. The banks operate in many areas. One can thus consider that the financial institutions as a model of organizations can be examples of procedures in the provision of products and services with aspects of sustainability. From these activities listed above, one can infer that the surveyed organizations practice most of the postulates of

responsible credit regarding Corporate Social Responsibility – CSR. The management of Banco do Brasil and Bradesco in their guidelines and in their realities, include the dimensions of social and environmental character.

The last goal represents the environmental aspects most required by both banks at the time they grant credits. Table 6 that follows shows the most important topics identified by the banks.

Table 6: Environmental requirements in credit analyses

BANCO DO BRASIL
o Banco do Brasil is a signatory of the UN Global Pact that has as a goal to mobilize the international business community for the promotion of fundamental values in the areas of human rights, labor, environment and fight against corruption .
o Banco do Brasil keeps a label “Child Friendly Company” of the Abrinq Foundation, an institution internationally devoted to fight child labor and to foster actions of support given to Brazilian children.
o Banco do Brasil has extended the use of criteria of socio-environmental responsibility established under the Equator Principles to all the projects of this modality regardless the value.
o Banco do Brasil joined the Pact for the fight against Slave Work proposed by the Ethos Institute. Through the Pact, the signatories commit themselves to augment efforts aiming to dignify and modernize labor relationships in the productive lines of the sectors mentioned in the “Register of Employers” (Decree MTE 540/2004), which have kept workers in conditions similar to slavery. Since August 2004, BB has already practiced the suspension of new credits to clients that are included in the register mentioned above .
o The Green Protocol is a document that makes official the intentions of socio-environmental responsibility by Banco do Brasil. Signed in 1995 between the Ministry of Environment, Banco do Brasil, Banco do Nordeste, Caixa Econômica Federal, Banco da Amazônia and Banco Nacional de <i>Desenvolvimento</i> Econômico e Social it was ratified in 2008 with the intent to undertake policies and practices that are increasingly in harmony with the promotion of sustainable development of the country.
BRADESCO
o The analysis routine and the management of socio-environmental risks in financing are based on studies, licenses, documents,

consultancy and public information, meetings and technical visits and also through the insertion of contractual obligations and the creation of action plans and their respective monitoring when necessary.
○ Bradesco develops and uses a tool based on satellite images where one can verify the location of the project or the company that was evaluated, indicating the biome in which it is inserted, the proximity of protected areas, indigenous lands, natural cavities and mining activities , besides having indications of biodiversity in some regions and various other information. This system also gives an enlarged view of the project in the local context, including the risk associated to other activities in the region of influence, the presence of areas of interest for preservation and the proximity to local communities , indicating whether there are other socio-environmental risks besides those already reported.
○ As a measure of contribution to the abolition of child labor and slave work or forced or compulsory work, Bradesco is aligned to the international conventions and treaties besides the local regulations that are in vigor and applicable, and puts in all the contracts standard clauses about the subject.
○ In 2011, Bradesco acquired a license to use the tool <i>Integrated Biodiversity Assessment Tool (Ibat)</i> , developed and used by <i>International Finance Corporation</i> in the assessment and monitoring of projects from the perspective of risks to biodiversity and environmental services and since then has incorporated this information in the assessment of projects.

From the above it can be observed that the most relevant areas converge towards the socio-environmental risks at the time of granting money. A natural environment is, in principle, a topic of concern by financial institutions. Considering these procedures as a reality that has already been incorporated by Banco do Brasil and Bradesco, one can affirm that a very big step was given in environmental issues. Financing as a driving force of the economy can rescue the tripod of economic, social and environmental sustainability. The awareness of conserving nature also exists at the time credits are granted.

At last one can consider that Banco do Brasil and Bradesco, large financial institutions, consider the principles of sustainability when granting credits. Based on what has been described, the offer of money to boost the economy addresses environmental issues. The efforts of these two banks are visible so that the credit made available be a responsible credit with respect to nature. Viability goes necessarily through the issue of risks and uncertainties (financial profit) as well as environmental sustainability (social profit).

Conclusion

This paper addressed the issue of sustainability in financial business, mainly in the granting of credit by the banks: Banco do Brasil and Bradesco. By what has been exposed, the goal to describe the criteria of sustainability at the time of releasing money has been achieved. Furthermore, the SER is practiced by the banks that were surveyed; the reports of the Social Balance Sheets are already consolidated by the institutions that were investigated. The actions are visible and can be perceived by society.

References

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The processes of granting credit are oriented by the Equator Principles. Besides these procedures of the mentioned PRINCIPLE, both banks comply with the existing norms and legislation valid in environmental issues. Licenses, certifications, studies on sustainability, etc. are requested when credit analyses involve environmental questions. Depending on the branch of activity and the values that are involved, the banks under study are more judicious when money is granted. Because of all this, one can state that both, Banco do Brasil and Bradesco, are entities concerned about economic growth as well as “an” economic development that protects the natural environment, particularly in credit operations. In this case, nature has to be protected and preserved. To ensure that future generations will be able to enjoy all natural resources is an urgent priority of society.

On the other hand, it is naïve to think that everything has been resolved in the issue of financial transactions (credit). On the contrary, everything is still at its beginning. More and better criteria are needed so that financing operations are backed by the principles of sustainability. Other works can be suggested in order to deepen this theme. Even identify operations of low value, for example R\$ 10,000.00. In such a case, one suggests that any types of loans (financing or funding) undergo grant analyses with some criteria of sustainable business – profitability and environmental protection.

In the future, financial transactions of any value should pass through the sieve of the tripod of sustainability: 1) be economically viable 2) be socially fair and 3) be environmentally correct.

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