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Business sustainability in Brazil and Germany: case study of the automotive industry

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Abstract
A significant number of German companies are installed in Brazil, many of them in the automotive or automotive supplier sectors. Information about the economic, environmental and social performance of major companies in these sectors is easily obtainable from sustainability reports, available as printed reports distributed by the head offices or as files for downloading in corporate websites. This paper gives a brief review about corporate sustainability and the results of a study carried out on sustainability reports of three companies with head offices (or, in one case, a relatively independent subsidiary) in Germany and subsidiaries in Brazil. The results show that, although the sustainability reports of the analyzed companies contain relevant information, they do not allow any sustainability benchmarking that could distinguish better and worse environmental and social performances. They also do not help an environmental and social performance comparison between plants in the European Union (e.g. Germany) and Mercosur (e.g. Brazil). Nevertheless, they give some evidence of efforts aligned with the principles of the Global Compact.

Keywords: Corporate sustainability, Sustainability report, Corporate social responsibility.

1. Introduction

Since Rio de Janeiro's Earth Summit (United Nations Conference on Environment and Development) in 1992 the idea of sustainable development has grown increasingly strong. This means that no healthy society or economy can exist in a world with so much poverty and pollution. The traditional concepts of economic and social development do not consider the real importance of the environment. The aim is to meet people's main requirements and obtain an environment in good conditions as well as a healthy economy for everyone worldwide. This cannot be achieved by just one country alone. A world partnership is necessary for sustainable development. Sustainable development covers three dimensions - economic, ecological and social - and strives to integrate them. The main objective is to preserve environmental and cultural resources for future generations, to respect diversity and to reduce social inequalities.
Germany is one of Brazil's most important international economic partners. A significant number of German companies are installed in Brazil, many of them in the automotive sector and automotive

supplier sector. Figures show how important the automotive industry is for both countries. Germany is indeed one of the major car producing countries in the world. In 2006, 5.8 million vehicles were produced and jobs were given to 750,000 people (around 391,000 direct jobs in automotive companies and 429,000 jobs in the automotive supplier sector) [1]. That same year 2.2 million vehicles were produced in 30 Brazilian industrial plants of car manufacturing, giving direct jobs to 106,000 employees. These plants are connected to 500 main suppliers and 3,000 car dealers [2]. In 2006 the automotive industry in Germany had a share of 19% in the industrial GDP (Gross Domestic Product) [1]. In Brazil this share was around 14.5 % [2].

The increasing stringency of the related legislation and the rise in consumer awareness compels the automobile sector to continually improve its environmental performance. The environmental concerns are associated either with the product itself (use or post-use impacts) or with its productive process (manufacturing or logistical environmental impacts). The first kind of concerns includes not only gas emissions, but also the appropriated destination of replaced materials (parts and fluids) during vehicle's working life and of vehicle body and parts at the end of it. The second kind of concerns includes minimizing the use of raw materials, chemicals, energy, and water, as well as reducing effluents, waste and atmospheric emissions.

Further than environmental issues, the car industry has a wide range of social and economic impacts such as best practices in management, processes, product development, worker and consumer relations. Its activities are closed connected with the employment and welfare levels in associated industries (as suppliers and dealers).

Many of the main car makers are participants of the United Nations Global Compact (by joining date order: Daimler, BMW, Renault, Volvo, Volkswagen, PSA, Nissan, Ford, Hyundai and KIA). The UN Global Compact [xx] sees itself as "a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. By doing so, business, as a primary agent driving globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere." Companies are called on to:

1. Support and respect the protection of internationally recognized human rights;
2. Certify that their own corporations are not accomplices of human rights violations and abuses;
3. Support freedom of association and the effective recognition of the right to collective negotiation;
4. Eliminate all forms of forced and compulsory work;
5. Commit themselves to the effective abolition of child labor;
6. Eliminate employment discrimination;
7. Support a preventative approach to environmental challenges;
8. Develop initiatives that promote greater environmental responsibility;
9. Encourage the development and the diffusion of technologies that do not harm the environment;
10. Companies shall oppose all forms of corruption, including blackmail and bribes.

The purpose of this paper is to address the outcome of a research undertaken on the sustainability performance of three companies with headquarters (or, in one case, a relatively independent subsidiary) in Germany and subsidiaries in Brazil. Only the two German headquarted companies are participants of UN Global Compact. The research had three main objectives:

a. To evaluate the sustainability performance of each of those companies. Are their activities compatible with the principles of the Global Compact? Is there a relevant sustainability performance difference between Global Compact committed and not committed companies?
b. To compare their sustainability performances (benchmarking);
c. Verifying whether the automotive multinationals have comparable environmental and social performances between their plants in the European Union (e.g. Germany) and Mercosur (e.g. Brazil) or, at least, whether they do in fact implement their environmental and social principles in a similar way in both countries.

For the achievement of objective *a*, the sustainability reports of the companies were analyzed, in order to verify whether the reported actions cover the principles of the Global Compact.

As the Global Compact provides no indicators for sustainability performance evaluation, it recommends the use of the Global Report Initiative (GRI) Guidelines [3]. Therefore, for the achievement of objective *b*, the companies' most recent sustainability reports were checked against the 97 economic, environmental and social indicators of the second version of GRI Guidelines.

For the achievement of objective *c*, the research has compared data from German and Brazilian factories. For this purpose, information on the sustainability performance of the companies was gathered in their corporate websites and by interviews and subsequently arranged in matrices.

2. Sustainable business management and benchmarking

The relations between business and social issues set off in the early 20th century with philanthropy. But, as Tenorio [4] utters, the exhaustion of the industrial model and the development of post-industrial society have build up new concepts going much further than philanthropy. Now the business plans of the corporations should embrace the point of view of related *social agents* (mainly trade unions, NGO's and governmental agencies). This means adopting transparent relations between management and all stakeholders.

The new trend generated concepts like business volunteers, corporate citizenship, corporate social responsibility and, lastly, sustainable development. The late introduces a new objective: setting business goals compatible with the sustainable development of society. In fact numerous standards, regulations, benchmarks and guidelines have been proposed recently in order to direct business practices towards sustainable development. They are often the result of joint work by multiple social agents. Table 1 lists the main international references for business alignment to sustainable development, as well as some Brazilian initiatives, including seminal pioneer *Balanço Social* (Social Balance) proposed by IBASE (Brazilian Institute for Social and Economical Analyses).

Table 1. International and Brazilian sustainability references

SOCIAL ASPECT	REFERENCE
Global initiatives	OECD guidelines, Agenda 21, Principles of the Global Compact, Millennium Development Goals (MDG), Earth Charter, UN Convention against Corruption
Human rights	Universal Declaration of Human Rights (UDHR), Norms on Human Rights Responsibilities of Transnational Corporations and Other Business Enterprises
Labour	Guide to International Labour Standards, SA 8000 (Social Accountability 8000), Fundamental Principles and Rights at Work and their Follow-up, OHSAS 18001 (Occupational Health Safety Assessment Series), Guidelines on Occupational Safety and Health Management Systems (ILO-OSH 2001)
Protection of consumer relations	UN Guidelines for Consumer Protection
Environment	The Natural Step (TNS), Convention on Biological Diversity (CDB), Rio Declaration on Environment and Development, FSC Principles (Forest Stewardship Council), ISO 14000 series, UN Framework Convention on Climate Change, Vienna Convention for the Protection of the Ozone Layer, Stockholm Convention on Persistent Organic Pollutants
Corporate Governance	OECD Principles of Corporate Governance, IBGC Code of Best Practices of Corporate Governance, CVM (Brazilian Securities & Exchange Commission) Recommendations on Corporate Governance
Financial organizations	The Equator Principles
Corporate Social Responsibility	Accountability Standard AA1000 (AccountAbility), Brazilian Private Pension Fund Association (Abrapp) and Ethos Basic Principles of Social Responsibility, ABNT NBR 16001: 2004 (Brazilian Standard: Social Responsibility Management System – Requirements)
Sustainability reporting	IBASE Social Report, Ethos Indicators, Bovespa (São Paulo Stock Exchange) Business Sustainability Index (ISE), Global Reporting Initiative (GRI)

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As already mentioned, the research here described used GRI sustainability reports to benchmark the sustainability performance of three automotive companies. Benchmarking is a well known strategic management technique used to compare specific aspects of the performance of an organization and of its competitors, in order to consider the adoption of industry's best practice [5]. Lately benchmarking has been aplied to rank the sustainability performance of banks [6], social responsible investments [7] and other industries.

Hertin et al. [8] discussed the possibilities of sustainability benchmarking to act as instrument supporting governance for corporate sustainability. Sustainability benchmarking is defined as "quantitative or semi-quantitative comparisons of individual companies on environmental and or social criteria with the aim of distinguishing between better and poorer performers". They distinguished basically two types of initiatives for sustainability benchmarking:

- Evaluatory sustainability assessments provide an overall appraisal of the sustainability performance of companies presented in a highly aggregated and simplified format. Examples are: Dow Jones Sustainability Indexes, FTSE4Good, SAM, ISE/BOVESPA (Brazilian corporate sustainability index) and other rating agencies;
- Diagnostic sustainability benchmarking is relevant for stakeholders that require detailed information about the sustainability performance of the companies. This is often conducted by consulting firms, fund managers, research institutes, trade associations, regulatory agencies and companies themselves. Results are often restricted to certain people [8].

This second type of benchmarking fitted better the purpose of the research.

Morhardt et al. [9] have benchmarked the 1999 reports of 40 of the largest global industrial companies. They found out that many of those reports scored highly when evaluated against three pioneering sustainability benchmarking models, but not so well when evaluated against scoring models derived from the ISO 14031 environmental performance evaluation standard and from the GRI 2000 guidelines, which were much more detailed and comprehensive.

3. Sustainability reports and the Global Report Initiative (GRI)

There is a wide range of potential sources of information about the sustainability record of companies, as media reports, corporate environmental and sustainability reports, studies by consulting firms or research institutes, and ratings [8]. As Blanke et al. [11] utter, "communication has become a strategic success factor for companies. Companies have presently not only the classic product competition, but also communication competition. Therefore they succeed - through the continuous growing information provided – in achieving at most dialogue with society".

The development of Internet has changed the communication processes with the public. The communication management of companies should now address the developments of technology and react with appropriated communication strategies. Blanke et al. [11] state that "new public relations have been formed in a virtual ambient (…). Besides these new structural requirements of corporate communication, the sustainability concept has become more important for businesses".

Consequently many business enterprises are using Internet to inform about their products, services and corporate data. Sustainability reports can be found in the websites of most multinational companies. BMU [12] affirmed that "over the past few years corporate sustainability reporting has undergone rapid evolution. More and more companies have begun to inform their stakeholders about the corporate environmental and social performance in addition to financial disclosures. Associations, consulting companies, academia and technical literature are driving the agenda of sustainability".

According to Dwyer and Owen [13], "the most consistent reports have predominantly, but not exclusively, been large companies operating in ´sensitive` industrial sectors. These companies primarily produce a substantial stand-alone paper and/or web based report." Sustainability reports can provide important information that is normally not found in financial reports and that can be included in the evaluation of company business. This information may include corporate human capital, corporate governance, risk management, environmental liabilities and innovation capacity [14] [15].

One of the reflections of the sustainability report progress is the growing amount of guidance documents on sustainability and sustainability reporting, such as GRI (Global Reporting Initiative) guidelines, ISO 14063 (international standard for environmental communications), AA1000 (assurance standard for social and sustainable reporting of accountability, which is a American non-profit organization), BS 8900 (British standard for guidance of managing sustainable development) and NBR 16001 (Brazilian standard for the requirements of social responsibility management system).

In spite of progress, environmental and sustainability reports have received little attention from some target stakeholders. The possible causes of this may be insufficient comparable and unreliable audit procedures, uncertain validity of data and poor definition of the target stakeholders and, therefore, wrong focus of the information with too many or too few indicators, data and explanations.

BMU [12] affirms that, "in order to achieve a minimum of quality and to reduce data uncertainties standardized core indicators could be useful. However, experts underscored that a standardization of essential content elements and the definition of core indicators are not enough to improve the information quality sufficiently. To achieve comparability and credibility high-quality accounting methods measuring corporate sustainable performance are a must. Sufficient freedom to choose and develop new reporting methods and communication channels should be secure to spur innovation and progress."

GRI [14] declares to be "an independent institution whose mission is to develop and disseminate globally-applicable Sustainability Reporting Guidelines. The guidelines are for voluntary use by organizations for reporting on the economic, environmental, and social dimensions of their activities, products and services". The GRI involves representatives from business, accountancy, investment, environmental, human rights, research and labor organizations worldwide. GRI became independent in 2002 and is an official collaborating centre of the United Nations Environment Program (UNEP), working in conjunction with the Global Compact [10] [14].

GRI [10] describes reporting as follows: "the GRI Reporting Framework provides guidance on how organizations can disclose their sustainability performance. Report makers choose the guidance and indicators contained in the various framework components to suit their needs and their stakeholders' interests. The framework is applicable to organizations of any size, type or location". Table 2 presents the report contents of the second version of GRI guidelines [10]. Following the GRI guidelines, the sustainability reports should have the following contents: (a) Strategy and analysis; (b) Organizational profile; (c) Report parameters; (d) Governance, commitments and engagement; and (e) Management approach and (core and additional) performance indicators.

GRI guidelines have a third version (G3 2006), published in October 2006. This version is very similar to the previous one. It contains 121 elements (21 less in comparison to GRI 2002) and among them are 49 core indicators and 30 additional indicators. The publication of the third version is recent and, therefore, most of the reports registered in the GRI in May 2007 was still adopting the second version (the GRI 2002). By the end of 2008 one of the three analyzed companies had not yet published a G3 sustainability report, hindering an updating of the comparison intended in this work.

Table 2. GRI 2002 (Summary): report contents

REPORT CONTENTS	AMOUNT OF ELEMENTS		
1. Vision and Strategy	2		
2. Profile	22		
3. Governance Structure and Management Systems	20		
4. GRI Content Index	1		
INDICATORS	Core	Additional	Total
5. Performance indicators			
5.1. Economic Performance Indicators	10	3	13
5.2. Environmental Performance Indicators	16	19	35
5.3. Social Performance Indicators			
5.3.1. Labour Practices and Decent Work	11	6	17
5.3.2. Human Rights	7	7	14
5.3.3. Social Performance Indicators: Society	3	4	7
5.3.4. Product Responsibility	3	8	11
Total Social Indicators	24	25	49
Total amount of elements	142		
Total of core indicators	50		
Total of additional indicators	47		
Total of indicators (core + additional)	97		
Total amount of elements (without additional)	95		

GRI puts particular emphasis on the possibility of using the reports for benchmarking, as well as for checking performance in relation to laws, regulations, codes or performance standards and for comparing performance within an organization and among different organizations over periods of time [10] [14].

4. Summary of alignment between Global Compact elements and GRI guidelines

The use of the GRI guidelines is recommend by the United Nations Global Compact Office as means to communicate their progress in relation to the Global Compact principles [16]. In table 3 is presented the alignment between Global Compact Communication on Progress (COP) and G3 guidelines.

United Nations [16] describes that "the COP is a description of actions taken by the participants in support of the Global Compact and is intended to demonstrate commitment to the Global Compact and progress in implementing the ten principles".

Table 3. Alignment between Global Compact elements and GRI guidelines

GC COP ELEMENT	G3 GUIDELINES DISCLOSURES
A statement of continuing support	Strategy and analysis
Policies, commitments and systems	Governance, commitments, engagement
	Disclosure on management approach (DMA)
Description of practical actions	Disclosure on management approach (DMA) and select performance Indicators
Measurement of outcomes	Performance indicators

In April 2008 around 2,900 businesses from more than 100 countries were signatories to the Global Compact. Companies A and C have registered COPs. [16]

5. GRI and the automotive industry: Analysis of available GRI sustainability reports

In May 2007 the GRI reporting database was consulted and it was found that around 900 organizations worldwide were registered, which means that they use the GRI sustainability reporting guidelines. Forty-five of these organizations (5%) were German, four belonging to the automobile and parts sector (0.5%). Worldwide, 36 GRI registered organizations (4%) were from the car and parts sector. Twenty-five organizations (3%) were Brazilian, none of them from the car and parts sectors [14].

In April 2008 an attempt was made to consult the GRI sustainability reports database, in order to update those figures. It was found that the database was no longer available. GRI was contacted to explain the reasons for this, but there was no reply.

According to the May 2007 inquiry, only two of the automotive companies registered in GRI have headquarters in Germany and plants in Brazil (companies A and C). A third GRI registered company is based in the USA, but has a very strong presence in Germany and Brazil (company B). These three companies were chosen to be analyzed. Their sustainability reports were downloaded from the corporative websites. Most data for this study was collected between January and December 2007.

Most indicators provided by the three companies were totaled overall (on a global basis, without grouping by country or region). The few exceptions belong to the economical dimension. None of the reports showed specific figures for environmental and social performance in the different countries where they operate or per industrial plant.

Each sustainability report gives a measure of its compliance with the GRI 2002 Guidelines. Every indicator reported is classified as *fully covered content*, or as *partially covered content* or as *not covered content* in relation to what is prescripted by the Guidelines. It is worth mentioning that no external auditors checked the reliability or substantiveness of the reports information, nor on this point, nor on any other one. This was also far beyond the scope of the research. Nevertheless, an exploratory assessment has been made. It has shown that at least half of the social indicators claimed by the companies to be fully or partially covered are indeed not covered, or only slightly covered by the sustainability reports. On some occasions detailed descriptions are given, but with no evidence of fulfilling the requirements of GRI Guidelines.

GRI classifies its indicators as core (those required for every GRI report) or additional. The analysis took into account only the core indicators coverage, because the reports seldom mentioned the additional indicators. This could mean that the companies considered them to be not meaningful enough for the stakeholders, or that the companies feared that this additional information could be used inauspiciously by competitors or activist groups, or still that they simply wanted to reduce the reporting costs.
Table 4 shows the extent to which the sustainability reports had covered the GRI 2002 core indicators at the eyes of the companies themselves. The number of GRI core indicators that were fully embraced in the reports range from 58% to 78%. A significant number of GRI core indicators (22% to 42%) were not covered.

Table 4. Sustainability reports: results of analyzed companies in relation to the core indicators of GRI 2002 (base date: March 2007)

SUSTAINABILITY REPORTS	COMPANY A	COMPANY B	COMPANY C
Year published	2005	2006	2007
Core indicators			
(1) Contents fully covered (%)	36	58	78
(2) Contents partially covered (%)	33	-	-
Average of (1) + (2) (%)	68		
(3) Contents not covered (%)	31	42	22
Average of (3)	32		

Table 5 gives the degree to which each Triple Bottom Line dimension (economic, environmental and social) has been covered by the reports.

Table 5. Sustainability reports: results of analyzed companies in relation to the core indicators of GRI 2002 (base date: March 2007)

SUSTAINABILITY REPORTS	COMPANY A	COMPANY B	COMPANY C
Core indicators fully or partially covered			
Economic indicators (%)	90	50	80
Environmental indicators (%)	62	63	88
Social indicators (%)	76	96	96
Core indicators not covered			
Economic indicators (%)	10	50	20
Environmental indicators (%)	38	37	12
Social indicators (%)	24	4	4

Companies A and C reports give no reasons for the uncovered or partially covered indicators. Company B's report does it, but not always in a convincing manner. For example, the indicator EN1 (total materials use) was not provided, because the company "does not consider it relevant for its activities" — what is very arguable.
It can be seen that company B (which is not committed to Global Compact) has a bigger number of not covered GRI indicators, but half of them are economic indicators. Its environmental indicators coverage degree is similar to company A's and its social indicators coverage degree is much better.

5.1 Analysis of information relating to economic indicators
GRI 2002 guidelines lists thirteen economic indicators, ten being core and three additional. As can be seen in Table 4, none of the companies achieved a complete coverage of core economic indicators. Company B admitted an insignificant reporting level.

No data was found in any of the investigated reports on “suppliers: monetary flow indicator”. A similar situation was found for “public sector: monetary flow indicator”.

Company C provided clear monetary data in table form on “donations to community and civil society”, listed by type and group, for the years 2004 and 2005. Company A presented some of its international social projects (as Aid Project New Hope after Tsunami, Battle against HIV/AIDS in Brazil and South Africa and humanitarian fund for former forced labourers), but did not disclose monetary values. Instead of giving information on this indicator, Company B shows the results of its evaluation by international sustainability and CSR rating agencies.

A more detailed analysis of the economic indicators provided by the three companies reveals that they were totaled (overall total, without grouping by country or region), except for the indicator “geographic breakdown of markets”, in which two of the companies gave data on its Brazilian operation (among others).

5.2 Analysis of information relating to environmental indicators

In the GRI 2002 guidelines 35 environmental indicators are listed, 16 of which are core and 19 additional. As can be seen from Table 4, companies A and B admit that their sustainability reports do not cover more than one third of the core environmental indicators. On the other hand, company C declares to cover 88% of them.

No data was found in the investigated reports on: (i) total materials use other than water, by type, (ii) indirect energy use, (iii) location and size of land owned, leased, or managed in biodiversity-rich habitats, and (iv) description other major impacts on biodiversity associated with activities and /or products and services.

Company A provides significant data related to indicator EN15 (percentage of the weight of products sold that is reclaimable at the end of the products´ useful life and percentage that is actually reclaimed), as well as the results of a Life Cycle Assessment that compared innovative and conventional materials recycling processes. The soon to be implemented innovative process would lead to a further 30 percent drop in greenhouse gas emissions.

Company B relates the CO2 emissions from its production plants and the number of produced vehicles (EN8 - Greenhouse gas emissions). Very few figures are given about EN10 (NO_x, SO_x, and other significant air emissions by type), although the company states that the introduction of water-based paints reduced by some 70 percent the 1990s solvent emissions level.

Undoubtedly company C is the one which discloses more relevant quantitative information about its environmental performance progress.

5.3 Analysis of information relating to social indicators

In the GRI 2002 guidelines 49 social indicators are listed, 24 of which are core and 25 additional. As can be seen from Table 4, companies B and C claim to report almost all core social indicators. Company A lies far behind, with a 24% level of non-coverage.

Little data was found in the investigated reports on indicators relating to human rights and society, as follows: (i) description of policies, guideline, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results, (ii) evidence of consideration of human rights impacts as part of investment and procurement decisions, including selections of suppliers/contractors and, (iii) description of policy to prevent forced and compulsory labor and extent to which this policy is visibly stated and applied.

Companies A and B placed an average of 12% for the number of female employees, which indicates that these companies have predominantly male employees. Company C can demonstrate a much better situation (21 %).

Almost all additional social indicators of the GRI 2002 were not provided in the reports analyzed. Examples of these indicators are: (i) description of appeal practices, including, but not limited to, human rights issues, and (ii) awards received relevant to social, ethical, and environmental performance.

It is noteworthy that only company C offers a Balanço Social report, the sustainability model introduced by IBASE. Balanço Social reports are more concise than GRI reports, but they have earned a good reputation in Brazil.

5.4 Results

The information provided by the analyzed GRI-pattern reports allowed an appraisal of the two German headquarted companies' efforts to fulfill their commitments to the Global Compact, as well as of the third company's aptitude to adhere to it. This is an expected result, as GRI guidelines explicitly underline the content connection between both protocols.

Nevertheless, it was not possible to develop an accurate quantitative comparison of the information in the reports. Although the assessed reports adopted the guidelines when preparing GRI sustainability reports, each company presented the GRI indicators heterogeneously. This hinders the possibility of distinguishing companies with better or worse performances in relation to the economical, environmental and social criteria.

Daub [17] highlights "not forgetting that the GRI guidelines, though extensive and supporting the idea of standardized report content, do not require the company to fulfill or handle all topics. Thus, companies are free to use the guideline in any way they choose. This can both be seen as the strengths as well as the weaknesses of the GRI guidelines."

Therefore, the sustainability reports of the three companies under study do not allow any business sustainability benchmarking. The scarce literature about sustainability reporting tends to support this conclusion. Langer utters that "comparability of reports may be limited by the heterogeneity of sustainability reports". In his analysis of sustainability reports of Austrian and multinational corporations, he found out that "there are considerable differences between the reports issued by different corporations. The sometimes hidden variations go beyond differences that are due to the industry and the size of a company". He concluded that "these concealed differences may influence the usability of sustainability reports for benchmarking and initiatives for further standardization of sustainability reporting and rankings of companies" [18].

It must be stressed that G3, the 2006 release of the GRI Guidelines, intends to increase comparability of data across organizations [19].

6. Analysis of companies' disclosing practices

Every GRI report must offer an e-mail or phone contact to answer its reader's questions. The second part of the research intended to use this possibility to fill the mentioned information gaps. Questionnaires were sent to the three companies with very precise questions. There has been no answer from company A. Visits were made both to its head office in Germany and to the Brazilian subsidiary, with no results. Companies B and C right from the start denied any access to further information. As in company A, various contacts were made and almost no question was answered. All three companies stated that they were not going to provide any additional data on their economical, environmental and social performances other than what could be read on their sustainability reports.

Company A has provided for two years a sustainability portal, where relevant information was available. After beginning 2008 the portal has been replaced by a small inclusion in the corporative portal, with much less details. Company A gives no explanations about this decision.

From this contact experience it could be apprehended that:

- information in the sustainability reports has been processed basically at the company headquarters, with a passive participation of the Brazilian subsidiaries;
- dialogue with stakeholders is more effective at head offices than at the subsidiaries, which demonstrates a strong centralization of corporate communication in the head offices.

The Brazilian subsidiaries provide data to the head offices, but they do not have much participation in the drafting process of the sustainability reports. More than this, they don't use the reports in their contacts with the Brazilian stakeholders, since the reports are not available in Portuguese. The subsidiaries' websites make no references to the companies' sustainability reports, nor provide any quantitative information on results relating to environment and social responsibility (except for company C's Social Balance Report).

This raises the following questions: Do Brazilian stakeholders not exert enough pressure for subsidiaries to provide further information? Are Brazilian stakeholders not strategic enough in the companies' corporate governance?

Dwyer and Owen [13] affirm that many academic researchers "express concern that reporting processes have become prone to ´managerial capture` in that corporate management have taken control of the entire process of production of the reports, with the result that information is collected and disseminated only if

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it is deemed appropriate to advance the corporate image, rather than seeking true transparency and accountability to stakeholders.”

7. Conclusions

The research here described analyzed the sustainability reports of three automotive multinationals through their head offices or large subsidiary in Germany and industrial plants in Brazil.

The reports could demonstrate the two German headquarted companies’ efforts regarding their commitments to the principles of the Global Compact. It has also shown that the not Global Compact committed third company has a comparable sustainability performance and could easily adhere to it. Considering that few companies have a systematic mechanism of public disclosure of sustainability information, the three companies’ posture is remarkable, although it remains not clear if deeper actions were necessary. This evaluation was the first objective of the research.

The second objective (to distinguish those with better and worse performance in relation to environmental and social criteria) didn’t turn out so well. It was not possible to have a clear comparison of information from the sustainability reports of the companies, since each one of it presented the indicators heterogeneously. Accordingly, benchmarking of business sustainability was not achieved.

Moreover, it was not possible to compare the environmental and social performances of the companies’ industrial facilities in Germany and in Brazil (third objective), because most indicators were totaled overall, without country specific information. This prevented reaching a conclusion whether the multinationals adopt the same approach to environmental and social principles in both countries. Although GRI principles require that companies should answer by e-mail or by phone the report readers remaining doubts, all three companies refused to provide any additional data, both in Germany and in Brazil.

In general terms, the reports only allow a skin-deep assessment of the environmental and social performance of the companies. Those results justify some skepticism about the benefits of current automotive industry sustainability reports.

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