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ESG and Women in Brazil: challenges and opportunities

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Within a worldwide context increasingly focused on sustainability and corporate accountability, understanding the connection between ESG (Environmental, Social, and Governance) principles and the lived experiences of women in Brazil is fundamental.

Environment and Climate

Climate change presents a significant challenge for women, particularly those in vulnerable communities.

According to the United Nations, 80% of those displaced by disasters and climaterelated events are women. A key response to global warming involves "Nature-Based Solutions", encompassing initiatives such as forest conservation and recovery projects, and sustainable urban redevelopment. Many forestcentered projects that offer compensation to local populations are already underway.

However, a significant challenge in Brazil is the urban revitalization, particularly regarding to relocation of communities residing in high-risk areas. Moreover, some of these regions possess considerable environmental significance, such as areas containing springs or rich in water resources, necessitating public policies and infrastructure projects that address both social and environmental objectives.

According to the Brazilian Institute of Geography and Statistics (IBGE), 51% of households in Brazil are headed by women, a figure that rises to over 81% among low-income populations. In Brazil, discussing climate action without centering women is simply unsustainable. An important opportunity to associate the women's agenda with the climate discourse will arise at COP 29[1], where climate financing is expected to be a central focus.

Job Market

Beyond handling with climaterelated challenges, women in Brazil also fight for gender equality and wage parity. According to the IBGE, women earn, on average, approximately 30% less than men, and the female unemployment rate is 50% higher. Brazil's Superior Labor Appeal Court reveals that women dedicate more time to domestic duties, approximately 21.4 hours per week, compared to men's 11 hours. A study conducted by Brazil's stock exchange[2], B3, indicates that 55% of corporations listed on the exchange lack female representation among their senior executives, and 36% do not include women on their board of directors.

Good Governance

In 2023, Brazil's securities and exchange commission (CVM) released Resolution 193, requiring publicly traded companies to disclose diversity information. Additionally, CVM approved the ESG Annex proposed by B3, adopting the "comply or explain" approach. The ESG Annex sets forth regulations concerning gender diversity and the inclusion of under-represented groups in senior leadership positions, requiring companies to provide evidence of compliance with diversity objectives in the issuer Reference Form submitted to the CVM. To adhere to these regulations, Brazilian publicly traded firms must appoint at least one woman and one member from an under-represented community (including Black, Indigenous, other people of color, LGBTQIA+, and persons with disabilities) to their board of directors or senior executive management between 2025 and 2026.

The Importance of ESG

Transparency stands as a cornerstone of ESG principles, prompting both public and private entities to recognize the significance of reporting their actions, objectives, and metrics with greater clarity. Transparent reporting not only encourages social involvement but also offers a comprehensive understanding of the challenges confronting women in Brazil, thereby facilitating sustained engagement with these issues. While the regulations set forth by the CVM may not encompass all enterprises, they represent the aspirations of both domestic and international communities[3], shedding light on factors that could engender reputational risks while presenting valuable opportunities.

Research indicates that inclusive environments tend to have higher profitability by bringing together diverse and complementary perspectives[4]. Nonetheless, achieving genuine diversity necessitates investments in the population through effective public policies.

Concerning the climate agenda, ensuring the involvement of women is crucial, given their disproportionate vulnerability to the effects of global warming in their daily lives. Furthermore, initiatives solely focused on environmental preservation, without providing community support structures and financial compensation, are doomed to fail.

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NOTES

[1] The next UN Conference on Climate Change, to be held in Azerbaijan.

[2] The third “Mulheres em Ações” study, based on information reported by listed companies in public documents in 2023.

[3] Like the EU’s Green Deal.

[4] “Diversity Matters Even More: The case for holistic impact” da McKinsey & Company, 2023, https://divem.accem.es/wp-content/uploads/2020/05/Diversitymatters-even-more-The-case-for-holistic-impact.pdf

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