
BRAZIL BUSINESS BRIEF

NOVEMBER 2021

NEWS FROM THE BRAZILIAN CHAMBER
OF COMMERCE IN GREAT BRITAIN



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VERA INNES

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Welcome to the latest edition of the Brazil Business Brief.

It comes at a time where we start to reap the benefits of the United Kingdom's successful vaccination campaign, which hopefully will allow us to get through the winter, and beyond, without a return to the lockdowns that we experienced at the earlier stages of the Covid-19 crisis. This means a lot for this country, for Brazil and for all of us.

Specifically as regards the Chamber, we are delighted to have been able to get back to organising in-person events in September, with the aptly named 'Back to Business Networking Reception' at the offices of our Premium Member PwC. It was a wonderful reception and the joy of being able to meet again was palpable amongst those who attended.

LETTER FROM THE CHAIR OF THE BRAZILIAN CHAMBER

Our next event will be our Christmas drinks reception at The Luggage Room bar of the London Marriott Hotel Grosvenor Square, on 1 December. We are hopeful that from then onwards it will be a case of full steam ahead in 2022, with a busy agenda of events throughout the year, both online and in-person. We are absolutely committed to giving back to our members the opportunity to meet face to face again.

Another important piece of news is that in line with our mission to promote discussions, networking and trade between Brazil and the UK, the Chamber is creating theme-based committees. The first one of these will be the Energy and Decarbonisation Committee, and we are planning others to follow. The first event to be organised by this committee will be an analysis of the results of COP26: details should reach you soon. We will be keen for members to participate actively in these committees, within their areas of expertise.

Our interview in this edition of the magazine is with Flávio Ofugi, vice president of corporate affairs at Shell Brasil, who answered questions on

subjects including Shell's current and forthcoming projects in Brazil; its investments in renewable energy; and the prospects for the oil & gas industry in the next 20 years.

We also have four articles about strikingly diverse subjects: Marloes van der Meer on how companies benefit from having a coherent environmental, social and corporate governance (ESG) strategy; Kamylla Caponi and Vanessa Maluly on the changed reality awaiting businesses in the wake of the pandemic; Michael Ellis on the basic principles of effective verbal and written communication in a business context; and Mauro Andrade on the potential, in Brazil, for hydrogen to live up to its billing as the energy source of the future.

We wish you enjoyable reading and look forward to seeing as many of you as possible at our future events, starting with our Christmas drinks at the London Marriott Hotel in Grosvenor Square.

With very best wishes,
Vera Innes
Chair

ARTICLES

THE IMPORTANCE OF EFFECTIVE BUSINESS COMMUNICATIONS

BY MICHAEL ELLIS



2021 has so far been a year in which the issues of climate change, sustainability and being more environmentally friendly have really been brought to the forefront of public debate worldwide, more than ever before.

Hardly a day goes by without seeing these subjects mentioned by global

leaders, advocates, and news and social-media channels.

Sky News, for example, has launched a [daily news programme](#) on climate change and its impact, with the participation of scientists, policy-makers and advocates. It is the first daily TV broadcast of its kind.

The challenges of building and communicating effective interna-

tional cooperation to combat climate change – discussing goals and targets, and trying to agree on climate-friendly standards – seem to be relentless.

Despite this, some progress is being made, and hopefully this will be seen at the forthcoming (at the time of writing) [COP26 Summit](#) in Glasgow, which the United Kingdom

will be leading in partnership with Italy. The aim will be to bring parties together to accelerate action towards the goals of the Paris Agreement and the UN Framework Convention on Climate Change.

The success of the event will depend on many factors, one of the most important being the communication to accelerate action and bring global leaders together as one voice.

The spoken and written language used during the event needs to be at the best possible level in terms of clarity, precision, correctness, completeness, understanding, flow, tone of voice and key words, so that it is engaging and resonates not only with the high-level attendees but also with the global target audience and community.

This is not only important for this type of high-profile global event, but more importantly for all of us in our daily business lives and communications, whether they be in spoken or written English or other languages.

Furthermore, the importance of good communication in international business is paramount and should never be underestimated.

Let's look, therefore, at some key points to remember when communicating in business.

THE IMPORTANCE OF GOOD COMMUNICATION IN INTERNATIONAL BUSINESS IS PARAMOUNT AND SHOULD NEVER BE UNDERESTIMATED

BE PRECISE

When speaking, being precise means being able to convey your message without excess words. This does not mean that the message will have less impact, but instead that it is articulated in a more efficient manner. The same is true for written communications, where clear and straightforward messages in plain, simple English, using only as many words as are necessary, leaves readers free to concentrate on the message instead of being distracted, and maybe confused, by complicated language.

CORRECTNESS

Especially with spoken language, your communication needs to be

correct in order for your audience to understand it. There are many ways that this is achieved. In the case of COP26 it will be in through the correctness of spoken and written content and words, sentences and structures, together with the use of specific key words, vocabulary and tone of voice. Moreover, correctness will increase both your own confidence and the confidence your audience has in you. It will also give your message greater impact, ensuring your audience remains fully engaged.

BE CONCRETE WITH IDEAS

Concreteness is related to the idea of avoiding any fuzzy, unclear ideas in your communication. Support your arguments with facts, figures, and specific key words and vocabulary. Ensure there is no chance of being misunderstood or misinterpreted. This too will raise levels of confidence.

COMPLETENESS

Spoken and written communications are only complete when the target audience has received all the information they need. If this has been achieved, your call to action will be conveyed more forcefully and your reputation will be enhanced.

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YOUR VOICE

Your voice not only delivers your message – it can say a lot about you. Whether we like it or not, people make judgments based on the way we speak. The flow and tone of verbal communications should be consistent with the message, and you should pay special attention to stress, emphasis, pace, rhythm and pause. These should be used for impact. They are tools for keeping your audience fully engaged, focused on your words and wanting more.

SUMMARY

If you can incorporate all the above points into your communications, your message will become more effective, engaging and powerful.

At an event such as COP26, speakers will certainly be aiming to communicate with authority and confidence, and doing their best to be precise, correct, concrete and complete. They will be practising their speeches and presentations beforehand, of course, and working on the flow, tone, stress, emphasis, pace, rhythm and pauses, hoping to hold the attention of the participants and a global audience.

We can all maximise the impact of our communications in our business

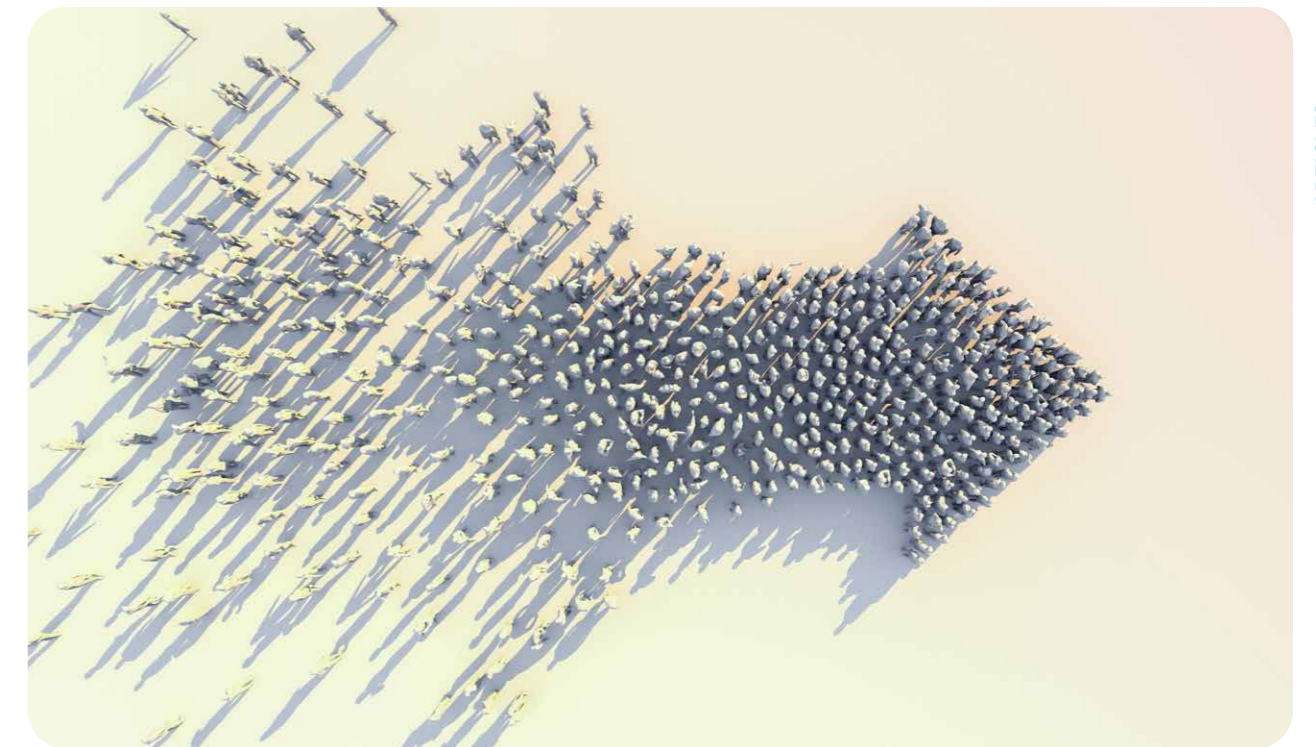
THE MAIN THINGS WE NEED ARE PERSONAL CONFIDENCE, SELF-BELIEF, ENERGY AND FOCUS. IN MANY CASES, WORKING TOGETHER WITH A COACH, TUTOR OR MENTOR CAN BE VERY HELPFUL AS AN EXTRA FACTOR

lives: the main things we need are personal confidence, self-belief, energy and focus. In many cases, working together with a coach, tutor or mentor can be very helpful as an extra factor.

But also, practice makes perfect. Honing and polishing your spoken and written communications is especially important if you want them to be impactful and to really resonate with your target audience. It is the route to being better perceived and understood, and to increased awareness, professionalism and business success. ●

LOOKING AT THE FUTURE OF ORGANISATIONS

BY KAMYLLA CAPONI AND VANESSA MALULY



The question most business leaders have (or should have) on their minds is how to determine the right path for their organisation in a post-pandemic world. A successful way forward will lie in selecting the right opportunities, taking account of the unique circumstances of each business. A one-size-fits-all approach is unlikely to work, especially for businesses operating simultaneously in very different

environments such as Brazil and the United Kingdom.

Reshaping business strategy post-pandemic is a task that requires complex and honest discussions to understand the direction leaders want for their organisations, considering the particular environments in which they operate. Businesses face the challenge of managing day-to-day activities and delivering for stakeholders, while also laying the foundations for the future. As it is turning out, the

return to normality is not as straightforward as we might have hoped.

In a recent learning session with some of our clients at Telos Partners, 84% of participants acknowledged that they would not be going back to their old way of working. At the same time, nearly two-thirds admitted that while their intention was clear, they had yet to achieve clarity on a way forward.

This is probably not too surprising, as there are a lot of moving parts. A number of factors have changed and

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are continuing to change, namely: ways of working, customer needs, environmental factors, competitive landscape, supply chains.

To support leaders in balancing 'managing the present' and 'creating the future', one approach is to focus on getting accurate answers to four questions:

QUESTION 1: WHAT HAS CHANGED FOR MY BUSINESS?

Leaders who think their businesses will revert to the 'old normal' are likely to miss opportunities. Performance and attitudes during the pandemic have impacted customers, employees and supplier engagements.

Start by revisiting the objectives and activities of the business. That means examining market demands, customer needs and the competitive landscape. A close look at these aspects can support your thinking on how to shape a response to the changes. This is an invitation to examine what has changed on a deeper level, for example in customers' relationships with the business and their current attitudes, in order to make clear the extent of change that might be required.

This exercise can be helpful in building a plan and ensuring it is

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adapted to the market reality for each business. For example, in Brazilian culture, the emotional aspects of relationships are more important than the brand. There is therefore a significant opportunity to leverage this mindset to deepen relationships with customers and suppliers and to identify opportunities for the future.

QUESTION 2: HOW HAVE EMPLOYEES' EXPECTATIONS CHANGED?

Employee attitudes have certainly changed, with a new-found freedom for those working from home. But what else has changed in the way they operate? To explore this question, open a dialogue with your people to consider the following:

- What do they think about going back to the regular commute to the office? Would working from home continue to be feasible?
- Is there a desire for the social interaction that an office environment can encourage, and can this be achieved with only partial office attendance?
- What opportunities does the business have to recruit people who do not live nearby (and may indeed be in a different region or county)?

It will be important to take into account the particular operating environment of each business. Different workforce profiles will determine the approach taken. While only 11% of Brazil's workforce can work remotely, in the UK the figure is much higher, at almost 50%. One-size-fits-all is therefore unlikely to be a suitable approach.

QUESTION 3: HAS THE NATURE OF THE WORK CHANGED?

During the pandemic, organisations have had to find ways of working together effectively. There is an opportunity to take stock and reflect on what organisations should take forward for the future. The invitation is to take an objective approach. Identify activities

that may be better performed away from the office and brainstorm the activities where working face to face is still advantageous.

How can we ensure that people who are working in different geographical locations are connected and living under a united organisational culture? Start by matching employees' expectations with the needs of the organisation. This will lead to the development of a plan to nurture a healthy corporate culture and deliver results.

QUESTION 4: HAVE THE FUNDAMENTAL PRINCIPLES CHANGED FOR MY BUSINESS?

In a recent IBM survey, 27% of employees who changed jobs were searching for more meaningful work. People increasingly want to make a difference and are attracted by an organisation's 'reason for being'. The question of why the organisation exists is becoming as important as what the organisation does. Examine whether the purpose of the organisation has changed as a result of the pandemic, and whether the values and principles on which its culture is built are still applicable. Have they continued to influence a healthy culture? This will allow leaders to refresh the way they operate, if neces-

THE QUESTION OF WHY THE ORGANISATION EXISTS IS BECOMING AS IMPORTANT AS WHAT THE ORGANISATION DOES

sary, and become a distinctive feature of their organisations.

Resetting strategy beyond the pandemic is not an easy task. It will require energy, effort and cooperation from leaders in organisations. Layers of complexity due to differences between cultural realities, such as those of Brazil and the UK, are also important elements to consider. Taking the opportunity to reflect on these questions can support the creation of innovative business solutions and help create resilient organisations that generate long-term sustainable success. ●

This article is based on one published in May 2021 by Peter Ward of Telos Partners, entitled 'There's a million ways to go'.

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BRAZIL: A LAND OF OPPORTUNITY FOR HYDROGEN AND SUSTAINABLE INDUSTRIALISATION

BY MAURO ANDRADE



Ever since the oil crisis of the 1970s, discussions have taken place among strategic planners about how best to improve the efficiency of energy policies and boost investments in alternative energy sources. Increased environmental awareness in recent years has pushed these issues further up the corporate agenda. Digitalisation, decentralisation and decarbonisation have become

recurrent issues in the debates about the energy transition, against the backdrop of the need to move away from fossil fuels.

Since the 2015 Paris Agreement on climate change, the race to speed up transition has intensified, with 60 countries committing themselves to achieve carbon neutrality by 2050. The United States has pledged to cut emissions by 50% by 2030; Germany aims to slash them by 55% by 2026

and to achieve neutrality by 2045. In Latin America, Chile is targeting 25GW electrolysis capacity by 2030 and is the only non-European Union country with a specific target for electrolyzers, aiming for green hydrogen as a fuel of the future.

Leading international oil companies have started to make their operations more sustainable, for example by transforming heavy into light oil, reducing contaminants, and mak-

ing great efforts to produce the next barrel of oil or cubic metre of gas with the lowest possible emissions. Other segments of the international economy – such as fertilisers, cement, steel and plastics – are investing in technologies aimed at reducing emissions, making greater use of renewable energy, and embedding scopes 2 and 3 of emissions as part of their awareness of environmental, social and governance (ESG) criteria.

It is in this context that hydrogen is considered the ‘energy source of the future’. With demand growing every year (78MTons in 2018; 90MTons in 2020), production is still heavily based on steam methane reforming (80%), with 4% from electrolysis and, amazingly, only 1% from green sources, which comes from water electrolysis using renewable energy.

The expectation is that demand will more than double by 2030, reaching 200MTons per year. This will come mainly from what are currently the most emissions-intensive sectors — including steel, chemicals and cement — and from transport decarbonisation.

Hydrogen projects announced already total US\$80bn, US\$47bn of which should be implemented in the next ten years. However, there are

BRAZIL WOULD BE AN IDEAL PARTNER AS OUR ENERGY MATRIX HAS THE HIGHEST PERCENTAGE OF RENEWABLES IN THE WORLD (50%, FROM HYDRO, WIND AND SOLAR)

many bottlenecks, ranging from a shortage of available land for industrial development to a lack of the specific infrastructure necessary to produce green or blue H2.

Europe is already seeking producing partners, as it needs to import green hydrogen due to insufficient capacity to produce renewable capacity. Brazil would be an ideal partner as our energy matrix has the highest percentage of renewables in the world (50%, from hydro, wind and solar). We also have the potential to be a leader in wind energy (onshore and offshore) and second to none in solar irradiation, which explains why many international players are looking to partner with Brazil in producing renewable energy as a source of hydrogen.

Taking into account various forecasts, and public policies in Germany and Japan, it appears that green hydrogen will develop significant momentum in the coming decade. In the form of green ammonia or methanol, it is set to become a commodity by 2030. A significant part of demand and production will be located around industrial complexes in ports or areas with competitive outbound logistics.

About 95% of the world’s industrial ports are discussing re-engineering and transition because previously they have been based around fossil fuels. However, the Port of Açú, the only private port-industry complex in Brazil, has the potential to be as sustainable as possible from the beginning to the end of the value chain, by pursuing hydrogen production and demand on site.

At Açú we are co-developing projects aimed at sustainable industrialisation, with ‘enablers’ that include available land, modern infrastructure, ongoing solar and offshore wind-energy projects with feasibility studies and environmental licensing, plus a reliable source of water for the intended electrolysis.

Açú therefore offers a unique opportunity for low-carbon industrialisation, playing the role of gateway

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between the value chains of the future and Brazil's growing economy. This vision became a reality in 2020 when Fortescue Future Industries chose us to evaluate green H₂-generation plant at the port.

Brazil has several outstanding advantages. Wind and solar power – through a unique combination in certain regions – raise the renewable capacity factor to nearly 100%, a decisive factor in fully utilising electrolyzers and lowering overall costs. Combined with a sizeable industrial park, Brazil can become a green-hydrogen exporter and a key player in global industrial decarbonisation.

Other memorandums of understanding aimed at assessing the prospects for developing green hydrogen have been signed in Brazil. The regulatory framework still has gaps – for example with regard to logistics and the current lack of a carbon-tax-reduction policy – but the recent announcement of a national hydrogen programme by the Ministry of Mines and Energy will certainly shed some light on these issues and promote not only the green but all the 'rainbow route', including hydrogen, from biomass.

In that sense, blue hydrogen is also a route that offers opportunities. A

COMBINED WITH A SIZEABLE INDUSTRIAL PARK, BRAZIL CAN BECOME A GREEN-HYDROGEN EXPORTER AND A KEY PLAYER IN GLOBAL INDUSTRIAL DECARBONISATION

combination of natural gas with carbon capture and storage. For example, considering Port of Açu's proximity to depleted oil and gas fields, it could become home to a blue-hydrogen plant that uses existing pipelines reverted for gas reinjection. Whether blue or green, hydrogen can be used as an energy carrier and as a clean base industrial product.

In summary, Brazil has the chance to be at the forefront of the energy transition and to become a leading producer of hydrogen in the coming decades, thereby supporting decarbonisation of global value chains. The window of opportunity is open and we do not intend to let it close. ●

MAKING ESG WORK FOR YOUR BUSINESS – THE FIRST STEPS

BY MARLOES VAN DER MEER



With an array of mounting pressures from regulators, investors, clients, employees, competitors and society to invest in sustainable solutions, businesses are increasingly finding themselves at a crossroads. Does your company already have an environmental, social and corporate governance (ESG) strategy in place to

address this issue and succeed in a changing business environment? Despite numerous companies announcing big commitments to this cause, many struggle to find ways to achieve tangible results. With the United Kingdom hosting the 2021 COP26 and rolling out its so-called green taxonomy that will force companies to disclose their climate-related risks, it's past time to get fit for these future pressures.

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CREATING YOUR FIRST ESG STRATEGY

With thousands of frameworks, requirements, protocols and performance indicators out there, it's easy to get lost in the 'ESG ecosystem'. Rather than getting stuck on reporting, the first step should involve realising that ESG can be used to identify gaps, improve internal processes and, ultimately, gain competitive advantages in the market. According to Sustainalytics, the top-rated ESG companies on the S&P 500 have outperformed their peers by as much as 15% in the last six years. As every industry and company is unique and constantly evolving, leveraging ESG for your benefit means knowing which specific topics are relevant to your business.

This is where a materiality assessment comes into play. Based on questionnaires with stakeholders, these reports can identify which measures have the greatest impact and provide guidance by bringing in best practices from your industry. In this article we share some practical advice for companies looking to set out on their own ESG journey.

LEVERAGING ESG BEYOND MERE RISK

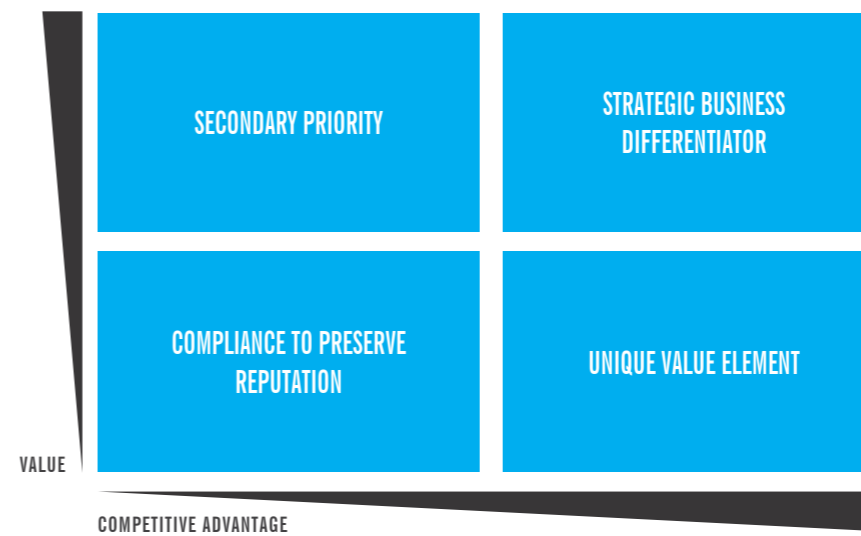
Companies across the globe are now seeing that ESG offers clear-cut opportunities. It can generate top-line growth by leading to new product development and clients, bottom-line efficiencies by lowering costs and increasing employee efficiency, and help guarantee business continuity through more effective risk management. While materiality assessments often tend to focus on risks, they can be leveraged as an effective way to gain a deeper understanding of which opportunities ESG can offer your business.

For example, many companies already know that plastic waste is a growing issue. The materiality assessment can be used to listen to your customers' ideas and expectations for new products or packaging models and incorporate these into your product development. The opportunities vary greatly from industry to industry. If you're in banking and finance, it's not just about whether reducing greenhouse-gas emissions is important, but where clients expect to see this reflected in financial products, such as via green investment portfolios and thematic bonds.

TRANSLATING ESG INTO A CLEAR STRATEGY LINKED TO THE BUSINESS

The real challenge of ESG strategies is translating ideas into concrete actions, and this is where many businesses get stuck. ESG strategies often fail because they remain an 'add-on' that is inconsistent with the overall business strategy and that doesn't consider each business unit. There is little to gain from an ESG goal that will simply be sidelined when push comes to shove – such as a logistics company committing to greener energy until price fluctuations force a reversal back to fossil fuels. We recommend reviewing each topic in terms of how it specifically connects to the business, and setting priorities accordingly.

This should happen at two levels: considering competitive advantage and value to the business. Which of the identified ESG factors can your business address better than its competitors? Which are 'must-haves' because they are needed to avoid reputational damage? Factors related to competitive advantage consider potential for gaining clients and market share, while the value level looks at impact on revenue growth and profitability.



In the mobility sector, innovative low-emission models are top of mind for customers, unlike waste. Offering competitive advantage and high value to the business, an ESG strategy focused on emissions can translate into new customers and market share. Focusing on waste (little competitive advantage and low value for mobility) will merely avoid long-term reputational damage. When defining ESG actions it's easy to get lost in the sheer number of topics, so prioritising is key. To get on track, we recommend starting with the top three most impactful topics.

THE FIRST STEP OF A GREATER TRANSFORMATION

ESG is here to stay. Placing the matter on the backburner could very well render your business irrelevant in the near future and even lead to divestment. Since this topic is nascent, use the materiality assessment as an opportunity to involve and engage your leadership so they understand what it means for the business. Also use it to onboard employees – this will help embed ESG into daily work routines, demystifying it and highlighting the benefits.

A client we consulted in the paper industry achieved success by taking a multifunctional approach, putting together a sustainability committee comprised of directors from all business units. By working together to prioritise actions and reviewing them annually with team leaders, accountability remains with the teams who lead implementation, meaning that initiatives easily translate into day-to-day activities.

LOOKING TO THE FUTURE

ESG offers clear long-term benefits. As such, the materiality assessment should not simply be an operational exercise but rather an opportunity to truly listen to stakeholders and understand what changes they expect from your offering and business model. Use it as the first stepping stone for effectively introducing ESG into your business. ●

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INTERVIEW



FLÁVIO OFUGI RODRIGUES VICE PRESIDENT OF CORPORATE AFFAIRS, SHELL BRASIL

BY IEDA GOMES
BRAZIL BUSINESS BRIEF

Flávio Ofugi Rodrigues has worked at Shell for more than 30 years. He became Vice President of Corporate Affairs in July 2021, having previously served as Head of Government Relations and Regulatory Affairs and as External Affairs Manager.

Can you tell us a little about Shell's history in Brazil?

Shell has a very long history in the country, with 108 years of continuous operations in different businesses such as the exploration and production of oil and natural gas, and fuel distribution. More recently we have entered the power-trading and production markets, including from renewable energy sources. Most of our

customers in Brazil know us only from our petrol stations, but our scope goes far beyond that.

In August 2003, Shell became the first international operator to produce commercial-scale oil in Brazil, in the Bijupirá and Salema fields in the offshore Campos Basin, after the opening of the Brazilian market. In exploration and production [E&P] the principal focus is on deep water. The company's daily production has been around 400,000 barrels of oil equivalent. Our E&P portfolio has assets at every stage, from exploration to decommissioning.

In natural gas we are partners with the Marlim Azul thermal power plant, the first thermal power plant to use pre-salt natural gas, with production

expected to start in 2023. We are taking the first steps in the solar-power market, where we expect to announce a few forthcoming projects.

In other business areas, Shell holds a 50% stake in Raízen, one of the most competitive energy companies in the world and one of the largest in sales in Brazil, operating in all stages of the process: sugarcane growing, sugar production, ethanol and energy, marketing, domestic and export logistics, distribution, and fuel retail. A Shell brand licensee, Raízen has about 30,000 employees, who work to generate sustainable solutions that contribute to the development of the country, such as the production of bioelectricity and second-generation ethanol from sugarcane co-products.

In addition to its head office and lubricants plant in Rio de Janeiro, Shell Brasil has offices in São Paulo and Brasília. Our purpose is to power progress through more and cleaner energy solutions.

Shell is currently the second-biggest producer of oil and gas in Brazil. Are you investing in technology and infrastructure in the country?

R&D [research and development] is a topic Shell Brasil takes very seriously. In recent years we have been winners in different categories of the ANP Innovation Award, which is the result of the quality of work and commitment to R&D, and which justifies the company's investments of, on average, more than R\$900 million between 2018 and 2020. Our plan is to invest about R\$1.6 billion in R&D in the country over the next five years, with 30% of this total in renewable energy.

We have worked with more than twenty universities/institutes across the country to conduct research on CO2 capture and new energy, development of technologies for deep-water production systems, subsurface geosciences, and enhanced oil and gas recovery.

R&D is an area that generates

OUR PLAN IS TO INVEST ABOUT R\$1.6 BILLION IN R&D IN THE COUNTRY OVER THE NEXT FIVE YEARS, WITH 30% OF THIS TOTAL IN RENEWABLE ENERGY

many opportunities, and we are working to make sure we can make the most of these projects, whether in assets operated by Shell Brasil or partner companies.

In the infrastructure part, in 2020 Shell Brasil signed – together with Petrobras, Petrogal and Repsol Sinopec – an agreement to establish an Integrated Natural Gas Flow System [SIE] and an Integrated Natural Gas Processing System [SIP] in Brazil. The company took another important step in the Brazilian gas market, enabling the direct commercialisation of associated gas from its pre-salt assets, also supporting the government's efforts to open the domestic gas market.

Also in infrastructure, the construction of the Marlim Azul thermal power plant will employ up to 1,500 people, ensuring the plant will be able to supply energy to approximately 2.5 million people.

What are your current projects in Brazil and how do you see Shell's growth in the country over the next 10–15 years?

Shell Brasil has numerous projects under way in the country, including in oil and natural-gas exploration and production, and in power generation and trading. For example there's the exploration work in the Gato do Mato field, which has the first oil planned for this decade. There's our stake in the aforementioned Marlim Azul plant, which will be the first in the country to generate electricity with pre-salt gas. And there are the authorisations to build solar plants in Minas Gerais and Paraíba states, with a total installed capacity of more than 2 GW. Also, in renewables, our new Nature Based Solutions [NBS] arm is searching for attractive opportunities to restore degraded areas and generate carbon credits, while reducing our emissions.

Also under way in Brazil are the Mero 1, 2, and 3 FPSOs [floating pro-

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duction storage and offloading units] that will start production later this decade. Operated by Petrobras, Shell is a proud and active partner in the project in the offshore Santos Basin.

This shows that our growth in Brazil will be multifaceted, as the country has a diversified energy matrix and interesting business opportunities for companies who have a long-term view of the country.

Could you tell us more about Shell's research and investment in renewable energy and the decarbonisation of energy?

I can give two specific Brazilian examples, both of which we're very proud of.

In 2018 we launched the Center for Innovation in New Energies [CINE] with FAPESP [the São Paulo Research Foundation], the state universities of Campinas [Unicamp] and São Paulo [USP], and the Institute of Energy and Nuclear Research [Ipen]. CINE is receiving investment of R\$110m over five years to develop, for example, new energy-storage devices that have zero (or near-zero) emissions of greenhouse gases and use renewable sources as fuel, and also new technological routes to convert methane into chemicals.

CINE IS RECEIVING INVESTMENT OF R\$110M OVER FIVE YEARS TO DEVELOP, FOR EXAMPLE, NEW ENERGY-STORAGE DEVICES THAT HAVE ZERO (OR NEAR-ZERO) EMISSIONS OF GREENHOUSE GASES AND USE RENEWABLE SOURCES AS FUEL

The second example is RCGI, the Research Center for Gas Innovation, which is another Shell partnership with FAPESP. It is a world centre for advanced studies in the sustainable use of natural gas, biogas, hydrogen and CO2-emissions management, transportation, and storage. The centre operates at the University of São Paulo. In addition, Shell Brasil has a working group focused exclusively on the analysis and development of sustainable projects that may add value to the company.

Talking of partnerships, what is Shell's philosophy when selecting and working with partners?

In addition to proven technical and commercial capacity, ethics and

compliance are non-negotiable pillars for the Shell Group. All our partners go through a thorough vetting process and are made fully aware of the values that guide us and that we expect from them.

In the exploration and production of oil and natural gas, we have a true partnership relationship not only with the partners of the projects we develop, but also with the entire supply chain. We periodically hold meetings with potential regional and countrywide suppliers to explain how they can become a Shell supplier. And when we talk about other players in our industry, we often say internally that international energy companies only compete on auction days for new areas. A spirit of partnership, networking and cooperation prevails.

Climate change, political risks, resource nationalism and inflation are increasing the risks for large international energy companies. How do you see the future of the oil and gas industry over the next 10–20 years?

The question is not specific to Brazil, but given that we work particularly closely with the Brazilian energy sector, my answer in going to be Brazil-related.

Energy projects essentially look at the long term. Having been operating in Brazil for more than a century, we have experienced many different situations – some quieter, others more challenging. So our business decisions need to be made in a longer time frame, but without losing sight of the short-term fluctuations.

For more than 40 years Shell has been using the scenarios methodology, which is undoubtedly a powerful tool to assist global and local leaders in making concrete decisions that affect the business. And it's no different with Brazil.

I believe the oil and gas industry will still be relevant beyond the next 10–20 years in Brazil, not only because of the portfolio we still have to develop – the result of the regular auctions that the country has had since 2017 – but also because decarbonisation is more difficult in some sectors. This brings greater security for production companies and the supply chain, even in the face of an inevitable energy transition. Brazil has the advantage of possessing abundant energy resources, in different sources, that an attractive mix for investors. Recent renewable-resource-allocation decisions here in Brazil only demonstrate our appetite.

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Do you see opportunities for British suppliers in your sector in Brazil?

Yes, because Shell's portfolio in Brazil is growing. Whether in the supply of products and services for activities that are expanding rapidly – such as the development of solar and wind plants – or in oil and gas, there are opportunities for a wide array of suppliers. The UK energy industry is highly developed, specialised and quite diversified, and I believe that either on their own or in partnership with Brazilian companies, UK companies will be able to find good business opportunities in Brazil.

What are you doing to develop local talent and enhance diversity and inclusion in the countries where you operate, particularly in Brazil?

For Shell Brasil, diversity and inclusion [D&I] goes far beyond complying with a law – it's a fundamental business value for the company. Our CEO Ben van Beurden said recently that our D&I strategy and actions are of vital importance to the business. The company believes that discussions towards a more diverse and inclusive culture in the workplace are absolutely necessary.

Shell's strategic plan is based on four pillars: the definition and monitoring of diversity goals; active and visible participation of the leadership, at all levels; use of reputation and brand to promote an inclusive culture in the company's value chain; and the constant pursuit of an inclusive organisational culture for all people who direct or indirectly work for us.

The company has several initiatives to reduce barriers to inclusive recruitment and increase internal diversity. All Shell Brasil recruitment processes are open to candidates with disabilities, and we strive to make those processes as fair as possible. I could also mention our Jacundá project,

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which offers positions to those who don't necessarily have a university degree or speak a second language, bridging the gap with institutions that collaborate in the recruitment of transgender people, black people, and people with disabilities.

What advice would you give to young people who are deciding on their future career paths? Is the oil industry still attractive to young talent?

First and foremost, I believe that people should pursue happiness and seek fulfilment in their career, regardless of the area of activity they choose.

As for the oil and gas industry, there is no doubt that it is an attractive sector not only for its benefits and career plan, but also for the sense of purpose it can offer, which is something the younger generations are increasingly looking for. The important role that the sector plays in economic, social and environmental development through the generation of wealth – which is a key element for Brazil's development – is unquestionable.

Young people today are entering the job market at a very special time – that of the energy transition. Being part of this movement will certainly be a huge challenge but also, above

YOUNG PEOPLE TODAY ARE ENTERING THE JOB MARKET AT A VERY SPECIAL TIME – THAT OF THE ENERGY TRANSITION. BEING PART OF THIS MOVEMENT WILL CERTAINLY BE A HUGE CHALLENGE BUT ALSO, ABOVE ALL, A GREAT ACHIEVEMENT

all, a great achievement. The quest to reduce and neutralise carbon emissions is about much more than meeting a target – it is an opportunity to leave as a legacy for our children and grandchildren a more sustainable and healthier world.

What are the key challenges and opportunities for the energy industry in Brazil?

As I said, Brazil is privileged in terms of its natural resources – its rivers, winds, and sunshine; its for-

ests with carbon-capture potential; its offshore and onshore geological potential. These provide incredible opportunities, but they don't come without challenges. I see that the central point in the discussion is how the country will be able to maintain the attractiveness of projects and at the same time manage its energy matrix efficiently. How to source fossil resources as competitively as possible while ensuring space for renewable sources and maintaining the security of the system? Taking pre-salt oil as just one example, there are great logistical and technological challenges that have already been overcome and others that persist. But I believe it is precisely because of these difficulties that opportunities arise for innovation and the development of new technologies, in which the vast knowledge and expertise accumulated in Brazil's universities and other centres of study can be harnessed.

The country's economic growth will not come about without an increase in energy consumption. Therefore companies and the government must come together to make the country increasingly attractive to new investors, allowing for ever-stronger economic advances and development. 🌍



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EDITORIAL

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IN GREAT BRITAIN

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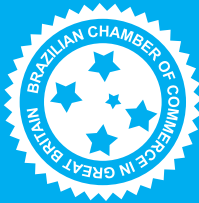
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