

# Corporate Social Responsibility:

## Communication & Information

### LATIN AMERICA

Interview with José Luis López Follegatti, environmental specialist

## “Information is not just how it’s released, but how it arrives”

*In recent years the issue of Corporate Social Responsibility (CSR) has kindled varied opinions and debate in the region, including the polemic caused by those who defend its voluntary nature and those who stress the need to regulate it. To look at this issue in greater depth, we have talked to José Luis López Follegatti, advisor on dialogue, leadership and environment related issues in the nongovernmental organization Labor, based in Peru. Labor, along with other Peruvian and Latin American non-profits, forms part of Red Puentes, or Bridges Network, which promotes CSR from a citizen rights perspective.*

*In the following interview, conducted by Elsa Chanduví Jaña, managing editor of LATINAMERICA PRESS, López Follegatti talks about the importance of the right to information within the framework of CSR, highlighting that a lot still needs to be done to get at this information.*

### **What are the basic common principals related to CSR that are managed in Latin America?**

The most operative principals [are]: transparency in what is done, permanent information, participation systems — what you do can be done better if you make sure people are informed, even more so if they get involved in what you do; being accountable for actions; the ability to make allies — when you do something and you can involve one, two other actors, this makes it better. And also the ability to awaken others to their own abilities, their own potential, so that they themselves can exercise an activity that not only depends on small contributions or gifts, but their own ability, initiatives and support.

### **How are CSR practices currently being developed in the region?**

CSR is still unequally developed in the region, it is not a practice incorporated by the majority of companies. But there are enough good examples that we can get an idea of what it is, though it's different in each country.

There are good corporate alliances — like the Ethos Institute in Brazil that makes alliances and sets up suc-



José Luis López Follegatti

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cessful social responsibility projects — to individual alliances made by companies with mayors and communities as in Peru, or social responsibility that is practiced with the state or by the state, with a government that channels this social responsibility and makes it more effective, like in Chile's case.

There are also foundations created, like in Venezuela, Colombia and Argentina, that receive funding from corporations and do major works in favor of the most vulnerable communities. Then, there are different ways for companies to build their relationship with each country's government and society; each way is being tested, each has its own virtues and its own limitations.

### **How should CSR practices be in order to really support sustainable development and rights?**

[They should] break away from several current notions. [First] from the utilitarian notion, that is, the idea that I am socially responsible because it is convenient for me that people are calm and that I can get more investments. Though this is partly true, it cannot be the fundamental guiding aspect. So they have to get out of this direct utilitarian notion.

The other is "I am going to simply be the most giving and paternal in order to support the poorest communities, but their opinion or participation doesn't really matter to me." It is a philanthropic notion, which is not lasting.

The other notion is to tell the state, "I give you money and you are the one who has to solve the problem of being more socially responsible. Don't get me in this mess." Then they pressure the state to be more efficient. This notion, though it is necessary to have the state regulate, direct and facilitate the process of relationships and support, is not good because it relieves the company of taking responsibility.

Another general vision is: "You are socially responsible not because you want to meet one of the community's immediate needs, but you want to transfer a capacity so that the capacity transferred is assimilated and promotes activity in this social sector." But this is not achieved between a company and a community, it is achieved with an extensive relationship that

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— J. L. López Follegati

has many alliances so that all actors are mobilized: the university, governments, mayors, then all together bring about a final result of acquired capacity.

***Do you think there is any relationship between CSR and the right to information and communication?***

It is one of the most interesting points and is demanded to be practiced. These days there is so much speed, access and fluidity of information and communication, if you don't put yourself in the information circuit and say “here I am with my information, with my activities and I'm making them available for everyone,” the flow of the information and communication circuit that generates global integration can quickly bring about a distortion in the information. And that company, due to not wanting to inform, ends up trapped with distorted information on its activity and [people] develop an opinion based on that distorted information.

Thus it is not only a duty for companies to inform, but a strategic need, because if they don't inform, others will inform for them and they cannot be sure what information others are going to give.

***Information can also be seen as the communities' right, correct?***

**PERU**

Milagros Salazar in Lima

## Muted dialogue

### Communication between mining companies and communities in dire need of repair.

Cabuyal, situated on the border with Ecuador, is the most isolated town in the northern province of Ayabaca in the Piura department. Here, the Majaz mining company could make a strong social and environmental impact with their copper and molybdenum Rio Blanco project.

But the Cabuyal inhabitants, despite their close proximity to the mining site, are far from knowing the benefits and potential risks of their neighbor's activities.

In order to access the complete environmental evaluation of Majaz exploration (*LP, Oct. 3, 2007*), a townperson would have to travel more than 20 hours on foot, horse and bus until reaching the government offices of the Regional Mining Directorate in the city of Piura. And, on not finding the document, the journey would have to continue on down to Lima in an additional 14-hour bus ride in order to reach the archives of the Ministry of Energy and Mines.

In its 2006 report on the Majaz case, the Peruvian Ombudsman detected that the

These days, rights are at the same time needs and conveniences with the other party. In this case, since information is a right and at the same time a convenience — we'll call it that for now — for the company, then this can be improved through the creativity of both actors. Then information is not just reporting an incident; information is the flow of a monitoring, observation and analysis system of what happens in a certain place when a company with a certain level of influence acts.

The monitoring, observation, analysis and evaluation system works with the company, but with the participation of the community, the NGO, the university, then it is going to react by providing valid, legitimate and timely information when it works effectively.

The other problem with information is, do I understand it? Can I challenge that information? Information is not just how it's released but how it arrives. How it arrives is what must be worked on. But all inform, there's no doubt about that. The state and the companies inform. But do I assure that the information arrived how I wanted it to? Some people make allies with NGOs so that they help ensure that the information adequately arrives to the communities. There are systems being built: legitimate audits, environmental audits that everyone shares. □

company did not fully comply with law requiring them to make public information available.

The journey to try to become an informed community member in a mining activity zone is full of obstacles and, additionally, the communication channels between communities and companies are usually blocked.

Experts claim that if companies were to look for effective ways to communicate with the communities surrounding their projects to listen and consider citizens' opinions as part of Corporate Social Responsibility (CSR), the companies could contribute to preventing socio-environmental conflict, cooperate in environmental management and promote the townspeople's rights.

### The key to being responsible

At first sight, CSR is understood as a corporate compromise to contribute to the prosperity of areas inside and outside their domain, including worker relations, good tax standing, protecting the environment and working toward inhabitants' well-being.

“The key to CSR is getting a company involved in a community's development,” sustained Iván Lanegra, manager of Natural Resources and Environmental Management in the regional government of Junin in central Peru. Then, said Lanegra, when the company links its activities to the future of these people's, no longer acting independently, “measures to establish good communication policies are taken.”

This method of approach, where central, regional, and local government plays a cen-



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Smelter and ecological tourist announcement of the company Doe Run.

tral role in enforcement and promotion, depends greatly on the access and quality of information: how transparent or trustworthy it is and if it is available or not so that communities can participate as informed citizens.

But this has become a remarkable challenge since the Environmental Evaluation — which companies must show to communities as well as the state before they begin exploration— and the Environmental Impact Studies

term for presenting observations on the evaluation from 25 to 20 days.

For Alice Abanto, the Ombudsman's commissioner for Public Services and Environment, this feeds the perception that the state is disinterested in what the communities think, causing the social validation process of the projects to convert "into a mere formality within an administrative process."

#### Clouded norms

In Peru there are very generic and weak norms on the issue of communication. The General Law on Environment establishes a company's voluntary adoption of socially responsible policies in the zones where they operate in order to mitigate or eliminate the impacts of their operations, and also lays out the government's duty to guarantee access to environmental information and citizen participation. But this norm is usually ignored or ineffective.

Regarding the regulation on citizen consultation and participation for approval of the environmental study, companies are obligated to carry out workshops and talks in order to gather the inhabitants' opinions before the mineral extraction phase, but are not obligated to incorporate the opinions.

Economist José De Echave of CooperAcción confirmed that communication is not set up as a "two way" process that allows suggestions to be implemented to generate "balanced relationships."

According to lawyer Fabián Pérez of the Center for Analysis and Conflict Resolution in the Pontifical Catholic University of Peru, dialogue efforts must be understood as part of the communication challenge for development that allows information to be conveyed honestly and transparently to these isolated communities that have low education levels due to the state's absence.

Communication is no longer just an act of good will, but an economic necessity if companies want to prevent conflict and to advance their projects, making dialogue initiation a key element for progress. □

## Communication and information: Blocked path

- In 2006, the nongovernmental organization Grufides discovered that Yanacocha — the biggest gold mining company in Latin America — copied two of their environmental evaluation reports word for word regarding the mining exploration stage of two different projects, which compromises the quality of these technical studies as well as the information's validity that, according to the law, must be available to the public. The projects in question are Yanacocha East-Basins of the Rejo and Porcon River (Peizo) and the Yanacocha East Zone-Basins of the Chonta and Quebrada Honda Rivers (Peyze), in the northern Cajamarca department.
- The communities surrounding the Blanco River project headed by the Majaz mining company in the high Ayabaca and Huancabamba provinces, have to travel between 15 and 20 hours from their towns to the city of Piura in order to access the environmental evaluation. In the town closest to the mining company only an executive summary was left even though the law demands that a copy of the full document must be left, according to the government Ombudsman.
- US company Doe Run promotes health and information campaigns on how contamination by the toxic smelting agents used in La Oroya — located in the central highlands in Peru — can be reduced through good health and hygiene. But environmental organizations warn that with these campaigns the company sidesteps its responsibility of significantly reducing their metallurgical plant's harmful emissions. According to studies, more than 90 percent of children residing in La Oroya have levels of lead in their blood above the 10 microgram per deciliter limit permitted by the World Health Organization.

# Companies promote integral citizenship

**A wider notion of social responsibility gains territory.**

Achieving integral citizenship for all Brazilians is the core of social responsibility, a concept that has been extending across Brazil.

This responsibility includes companies' ethical participation in their relationship with all links of the productive chain, including stakeholders, not only in terms of financing a social project or program, but also integrating the wider notion of social responsibility.

Augusto Rodrigues, director of corporate communication and institutional relations at CPFL Energy, the principal private group in Brazil's electricity sector, observed that in recent years there was an evolution in the concept of corporate social responsibility (CSR), which includes some concerns for the future: the future of the company, the community and the planet. In this way, the company becomes a protagonist, giving incentive to mobilizing and helping give information on issues that will affect the future, such as global warming, education and the fight to end corruption.

## **Ethical compromise**

The notion of CSR really began to spread after the action taken by organiza-

tions like the Ethos Institute of Companies and Social Responsibility, created in São Paulo in 1998.

The Ethos Institute promotes the idea that a company is ethically responsible for its workers' well-being, for its customers and the community where it operates. The idea also includes the need for companies to be concerned about the environment, being attentive to the origin of the products they work with and not accepting, for example, materials made from child exploitation.

## **Irreversible tendency**

"Corporate social responsibility is an irreversible tendency, not a trend," said businessman Luis Norberto Pascoal, president of DPaschoal Group and one of the biggest proponents of the concept's diffusion in Brazil. Pascoal originally conceived the idea of DPaschoal Foundation, created in 1989 to give incentive to projects and programs on education.

According to a study conducted by the Group of Institutes, Foundations and Companies (GIFE, for its initials in Portuguese), created in 1995, education is the area that companies are most attentive to in their practice of social responsibility. The 2005-2006 study revealed that of the 68 institutions examined, 55 implemented or supported education-related initiatives. The amount disclosed by 34 organizations adds up to 124 million Brazilian reais (US\$70.4 million) for investments in education in 2005. GIFE estimates that the total investment in education is at least twice that amount.

Various studies are showing that social action taken by companies is increasing in the nation, as part of an amplified vision of social responsibility. According to the Company Social Action Survey by the Institute of Applied Economic Research (Ipea), with ties to the Ministry of Planning, company participation in socially responsible activities increased from 59 to 69 percent between 2000 and 2004. This means that in 2004 close to 600,000 companies voluntarily participated in social action in Brazil. Furthermore, it is estimated that companies invest more than R\$5 billion (\$2.84 billion) in this social action.

The Business Pact Against the Sexual Exploitation of Children in Brazilian Highways — launched at the end of 2006 and supported by big companies like *Petróleo Brasileiro* (Petrobras), *Arcor do Brasil*, *Suzano Petroquímica* and *Itaipú Binacional* — is one of the most concrete indicators of how the concept of corporate social responsibility has evolved in Brazil.

Pascoal believes that company social responsibility still has a long way to come in Brazil, insofar as it is a concept that should be practiced by all of society, by all social sectors, as part of seeking full citizen participation.

"Brazilians have good hearts, are cooperative, but the majority of these actions have the characteristics of charity, of help to attend an immediate need. We still don't have a culture built on social responsibility, said Pascoal. □

## Petrobras closely watched

**Nongovernmental organizations closely follow company actions in Brazil.**

Petrobras, the Brazilian company that has some of the biggest potential impacts on environment, is trying to implement a policy of social and environmental responsibility through their Development and Citizenship Program. The project focuses on the company's compliance with public policies, respecting diversity, making youths a priority and seeking to make their actions sustainable.

However, Petrobras confronts critical actions such as those related to spills. In 2000, 4 million liters of crude oil was spilled in the Iguazu river in Parana, which roused them to make an investment of \$3.8 billion Brazilian reais (US\$2.2 billion) over three years through the Program of Excellence in Environmental Management and Operational Security, resulting in a 97 percent decrease of spills between 2000 and 2002.

The construction of the Urucu-Manaus gas pipeline in the middle of the Amazon has also sparked concern among environmental and human rights organizations with respect to its effects on 10 nearby native communities over time. The pipeline, 670 km long, is in its final stage of construction and will carry natural gas from the Urucu oil zone, in the Coari municipality, to Manaus, capital of the Amazonas state.

Petrobras is also closely monitored by Brazilian non-profits for their activity in Latin America. For example, the Project for a Sustainable Brazil/FASE launched the book *Petrobras: integration or exploitation?* with articles about critical situations involving Petrobras, such as the project in the Yasuni National Park in Ecuador, where the Huaorani indigenous tribe lives (*LP*, July 27, 2005 and May 16, 2007). —JPM.