

Corporate social responsibility for successful business: an example from Latin America

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Programmes of the Arauco Education Foundation include a mobile library to encourage children to read

Although there is no universally recognized definition of corporate social responsibility (CSR), the concept reflects a view of business that encompasses respect for ethical values, persons, communities and the environment. CSR is a combination of policies, practices and programmes that are incorporated into business operations, support the decision-making process and are rewarded by the leadership.

In the past ten years, many businesses have recognized, with support from empirical studies, that incorporating socially responsible practices and policies has positive effects on returns. Pressure from consumers, suppliers, communities, investors, activist organizations and others has also prompted companies and corporations to adopt or expand CSR efforts. Forest enterprises in Latin America are sensitive to this reality. The practices of the Chilean company Arauco illustrate how the concept of CSR can become part of corporate philosophy.

Arauco is one of the foremost forest enterprises in Latin America in terms of the area and yield of its plantations and its production of kraft cellulose (3 million tonnes per year), sawnwood (3.6 million cubic metres per year) and panels (2.6 million cubic metres per year). It markets its products in more than 60 countries and provides employment to more than 35 000 people in Argentina, Brazil, Chile and Uruguay.

The company's competitiveness is based on its forest assets, 1.48 million hectares of forest land in the four countries where it operates: 932 000 ha of pine and eucalyptus plantations, 302 000 ha of natural forest and 244 000 ha allocated for other uses. More than 20 percent of its landholdings are thus

natural forest, which Arauco strictly protects and conserves in cooperation with local communities, environmental organizations and government departments responsible for the sector. Certain parts of the holdings are administered as private parks open to the public, areas of high environmental value and protected zones dedicated to biodiversity conservation.

As part of Arauco's commitment to sustainable development, the company's corporate policy involves transparent long-term relations with local inhabitants, self-sufficiency in electricity produced from forest biomass, the conservation of areas of high environmental value, support for public education and adoption of the best technology available worldwide.

With regard to relations with the local community, the inhabitants of more than 100 municipalities and departments are part of the Arauco community. The company helps to promote local development by generating employment; boosting trade, production, consumption and local entrepreneurship; improving infrastructure; and fostering recreation and social development in the local community. The company helps to improve the quality of public education through the Arauco Education Foundation, which by 2007 had supported 4 000 teachers and more than 70 000 pupils in 20 towns and 470 schools. And as part of efforts to mitigate climate change, Arauco issued and sold 482 129 carbon reduction certificates in 2007, each corresponding to 1 tonne of CO₂ per year.

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