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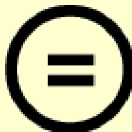
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Master's Thesis of International Studies

(International Commerce)

**Toward sustainable social
responsibility in the Peruvian mining
sector in the post-pandemic era: The
role of Multinational Corporations**

포스트 팬데믹 시대에 페루 광산 부문의 지속
가능한 사회적 책임을 위책임을 위한 다국적
기업의 역할

February 2023

Graduate School of International Studies

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International Commerce Major

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Toward sustainable social responsibility in the Peruvian mining sector in the post-pandemic era: The role of Multinational Corporations

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**Submitting a master's thesis of
International Studies (International Commerce)**

February 2023

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Abstract

We have been hearing about the earth's problems for decades, severe issues such as access to water, climate change, deforestation, lack of skills, insecurity, pollution, etc. Although we are very aware of the problems, why have we had so much trouble dealing with them? Consequently, there has been an increase in interest in sustainable development over the years. Companies, the primary actors in the development process, have become more concerned about it.

In addition, their role in society has become more significant as well. Likewise, the mining industry faces similar challenges. Even though there are many reasons for conflict, relationships between communities and mining companies are crucial because both parties share concerns and can work toward sustainable outcomes focusing mainly on resource use, especially water, because mining companies use a large amount of it.

This study aims to study the partnerships between communities and companies can lead to more sustainable results than one's company's corporate social strategies. By evaluating the viability of creating shared value, mining companies and communities can find solutions to problems that they share. This paper will analyze Peruvian mining companies, their strategies to contribute to society, their role in fostering sustainability after the pandemic, and their relationship with the Peruvian government.

(Keywords: Mining, community, ethics, renovation, sustainability development goals, business strategy, equality, Creating Shared Value (CSV), Corporate Social Opportunity (CSO), Environmental, Social, and Governance (ESG).

Sudent Number : 2020-20379

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List of Acronyms

CBP	Central Bank of Peru
CSR	Corporate Social Responsibility
CSV	Creating Shared Value
GDP	Gross Domestic Product
UNCTD	United Nations Conference on Trade and development
SDG	Sustainable Development Goals
WHO	World Health Organization
MERCO	Corporate Reputation Business Monitor
FDI	Foreign Direct Investment
MINAM	Ministry of Environment
MINEM	Ministry of Energy and Mines
EGS	Environmental, Social, and Governance

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I. Introduction

The main objective of this research is to analyze the evolution of creating shared value strategies in the Peruvian mining industry by analyzing the projects of four of the leading copper-producing companies in the country. Mining companies have internal policies that seek to promote social responsibility policies for their communities on social, economic, and environmental issues to generate development. Also, analyze how these efforts help the communities and how the company could benefit. This thesis is divided into six parts: introduction, literature review, theoretical framework, methodological aspects, case study, and conclusion.

In Part I, the problem to be investigated was developed, evidencing the causes and effects, the general causes and effects, the general and specific objectives, and the justification of the research work. Part II includes information on the development of CSR and its evolution. Part III describes the theoretical framework used for this research through the theories, including the concepts that contribute to the analysis of companies and their projects. Part IV covers the methodological framework of the investigation. Part V, the case study, is presented and provides an overview of the mining sector and identifies the four companies with a significant market share in the production of copper. Copper is the mineral that Peru exports the most.

Finally, the conclusion of the research is included. It is hoped that this research will he sustainable development of both companies and communities in the country's mining areas.

1.1. Study Background

This thesis aims to analyze the CSR projects that multinational companies have in Peru for which it is essential to distinguish the determine the period in terms of the pre-covid, covid, and post-covid eras; this will help us to identify if there were changes in terms of the perspective of CSR and what it means to be sustainable. In terms of social contribution and sustainability the mining sector, which multinational companies' control. This sector is one of the most controversial sectors in terms of social assistance and sustainable development.

During the pandemic companies played a crucial role in controlling the pandemic. Likewise, governments established policies to control it. In this way, both could move forward and get fewer losses. In that context, the interest in the environment and quality of life increased. As a result, the trend is that CSR is mandatory and less voluntary. It was also identified that there are commitments as result of the promotion of legislative initiatives within the 2030 agenda. On the other hand, the trend towards greater regulation of CSR in terms of social, governance, and environmental aspects has grown. CSR now becomes a moral and ethical obligation. It requires a new company culture, with a new re-organization. Also creative mechanisms and incentive systems. In this context, Porter and Kramer's concept of Creating Shared Value acquires more relevance.

The future advantages of CSV are: reducing risks, increasing market value in terms of intangible assets, increasing new opportunities, and sustainability, and generating an ecosystem of shared value with stakeholders. There is a growing

awareness in society and it is becoming more and more mandatory for existing international and supranational organizations (Pino, 2021). In other words, companies that behave ethically and seek lower costs will prevail in the market.

According to UNCTAD 2020 World Investment Report, FDI inflows increased. Peru has attracted new investments in recent years thanks to its attractive legislative and fiscal framework and dynamic mining sector. The mining industry accounts for 20 percent of total FDI, 10 percent of Peru's gross domestic product, and 60 percent of its exports. This makes it Peru's top export sector. Although the mining sector has generated many economic benefits for the country, according to the Peruvian Institute of Statistics, social gaps and environmental problems persist in the areas in which these activities are carried out. These statistical data confirm the importance of understanding the management ecosystem in the Peruvian mining sector, mainly in corporate and social responsibility relationships.

At the Latin American level, the Fraser 2019 ranking ranked Peru as one of the most attractive countries for mining investment worldwide. The development of many of Peru's provinces depends mainly on mining (Ministry of Energy and Mines, 2018). One of the characteristics of inequality in areas with mining deposits is high levels of poverty and extreme poverty (INEI, 2018). This becomes contradictory to the wealth that is extracted from the mining area, which is why this research was born, in order to be able to understand how CSR and CSV strategies of mining companies can improve the sustainable development of the towns.

In addition, the social isolation caused by the expansion of COVID-19 expansion at the national and global levels has brought with it greater social inequality; provoking in many companies a feeling of social corporatism, and a focus on collective well-being. In this sense, mining companies are working to align themselves with the new trends in society by contributing to the generation of value, in many cases rethinking their CSR programs and in some cases CSV strategies.

II: Literature Review

Michael E. Porter developed research on business competitiveness and its social environment, in this sense he began to write articles jointly with Kramer on philanthropy "The competitive advantage of corporate philanthropy, 2002", and corporate social responsibility "Strategy and society: the link between competitive advantage and corporate social responsibility, 2006". Companies in this context seek to minimize the adverse consequences of their impact on society and their environment. Companies consider CSR as part of their overall strategy. The authors suggest that corporate social responsibility (CSR) is sometimes fragmented and disconnected from business activities and strategy, helping to understand that companies should consider that CSR, instead of being detrimental to profits and a cost, could be a source of opportunities, innovations, and even a competitive advantage.

In the article "Creating shared value: How to reinvent capitalism and unleash a wave of innovation and growth" (Porter & Kramer, 2011) the authors develop a different view of the content and practice of corporate social responsibility. CSR has become a fundamental concept conceived as a standard of conduct of the company where they serve to generate restrictions that people must respect in the relationship with third parties, therefore a direct relationship between CSR and business ethics is concentrated. To this concept is added the dimension developed by Porter & Kramer called the creation of shared value which postulates as a basic hypothesis that to make decisions is essential to consider as a restriction the "conduct" that allows creating value as an objective of the company. In this sense,

the development of a collective culture is generated through a code of values, in order to create a joint value between economic benefit and social welfare.

Porter & Kramer consider accompanying previous studies by adding the word "shared" since the word shared considers the economic benefit resulting from the activities of the company and generates the form of "social value". Therefore, the creation of shared value is a business tool for improving competitiveness while improving the social, environmental, and economic conditions of the communities in which they operate. Porter & Kramer's (2011) proposal of CSV challenges the traditional concept of CSR. For them, CSV is neither corporate social responsibility nor philanthropy, it is a step beyond CSR, creating a redefinition of the concept and the vision of the businesses involved in social improvement.

In this sense, it seeks that the company designs long-term strategies that allow obtaining greater benefits and at the same time to attend activities related to the welfare of society. The role of the company in society from Porter & Kramer's vision defines that on the one hand, it is believed that companies can create economic prosperity; on the other hand, societies face important social and environmental problems that become challenges for the State and the community. Since companies are in a society, they are under constant scrutiny as the cause or a contributor to many challenges. Thus, this new CSV approach incorporates the company's best practices for community work, in partnership with the community and the government.

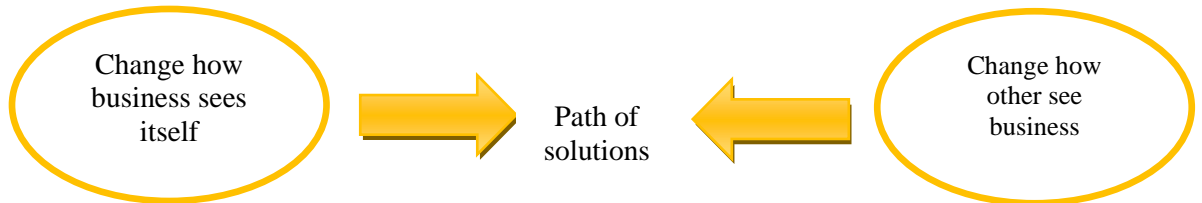
III. Theoretical Framework

There has been a significant evolution in the way companies act within the territory, which necessitates this research. Porter (2016) found that many companies had donated (philanthropically) to the improvement of the territories. Others had incorporated CSR programs where the core business was to implement sustainable initiatives to mitigate risk in the territories and maintain a good reputation.

Today, the path is creating shared value where the company develops a new business model based on the needs of the company and society as well as environmental change. Through this initiative, the social responsibility activities of the mining cluster will be examined. This will enable the understanding of the changes in the world that have resulted in a change in the competition and strategy of companies. Therefore, corporate activities of this type have enabled the development of significant social impact through initiatives and opportunities.

There is a widespread perception that business profits are derived from causing social problems, and this has to be changed. Basically, creating shared value is equal to creating social value plus economic value, and we can generate those levels of shared value by evaluating the three levels of shared value: Meeting societal needs through products, utilizing resources, suppliers, logistics, and employees more efficiently, and improving the local business environment.

Figure 1: Creating shared Value



Source: Made by the author based on Kramer's TED Talk

Kramer says in his 2015 TED Talk that every company has its own words and that certain companies under the banner of sustainability are creating shared value. Still, he believes the concepts are not identical. For him, sustainability has many different meanings. For some it is purely about the environment, about preserving scarce resources, for example: When a company finds a way to innovate and reduces its water use, it reduces its energy use, thus saving money more profitably; in fact, this shared value and sustainability. However, he points out that there is a broader definition of sustainability that has to do with rethinking capitalism; CSV works with capitalism and the market as it is today; it is about what companies can do today in the current structure and current incentives that can change the world for the better.

IV. Methodological Aspects

4.1 Purpose of research and research questions

Peruvian sustainable development is a result of not only economic growth achieved by increasing investment, but also social and environmental responsibility. Today, the framework of action of responsible private enterprises incorporates the approach of sustainable development, which aligns all socio-economic and environmental aspects with the Sustainable Development Goals approved in September 2015.

CSR in times of pandemic plays a fundamental role in generating greater value to the company, with the social role of mining companies predominating. Solano (2020) outlines that in the research conducted among chief communication officers of Latin American, Spanish, and Portuguese companies, it was determined that the COVID-19 situation posed a significant opportunity for companies to increase CSR as well as generate value. According to 65% of the respondents, it is fundamental to achieving a successful CSR strategy that companies preserve the work of colleagues by thinking about the sustainability of the organizations; 60% of the respondents affirm it is fundamental to develop effective collaboration with stakeholders. It should also be noted that corporate communication plays a key role in these times of pandemic, demonstrating the value of companies as agents of social change, where innovation plays an important role. In this context, I would like to consider the possibility of creating CSV strategies that also come along with sustainability.

In order to achieve this purpose, I want to focus on the following research questions:

1. How do companies benefit from CSR strategies and what are the factors to develop projects? And how has the pandemic affected them?
2. Which strategies or actions are essential to ensure sustainable development?
3. What are the role of MNC's in the Peruvian sector when it comes implement Creating Shared Value strategies?

This study aims to study the partnerships between communities and companies can lead to more sustainable results than corporate social responsibility strategies. By evaluating the possibility of using the strategies under the concept of creating shared value CSV developed by MNC's in the mining sector. As a result, they can find solutions to problems that they and the communities share. This paper will analyze Peruvian mining companies, their strategies to contribute to society, and their role in fostering sustainability after the pandemic.

4.2 Methodology

Through qualitative research based on previous studies, articles, and governmental documentation, as well as the analysis of specific examples of CSR projects in the mining sector and the viability to use CSV strategies. This study intends to address and test the previous research questions. In this sense, I will focus on specific cases of CSR projects of Peruvian mining companies that were sustainable over time, as well as projects that were not.

Criteria for choosing the companies for analysis: Focus on mining companies that receive foreign direct investment because their CSR programs are well supported financially. Companies that are ranked first in the last five years in the Ranking of Corporate Social Responsibility. It is relevant to be able to study how mining companies within a specific region through their management units create value by interacting with the community.

According to the eighth edition of the Merco CSR Ranking 2019 (MERCO, 2020) the Antamina mining company continues to rank first in the mining sector. Then Buenaventura, Cerro verde, Southern Peru Copper Cooperation among others.

The MERCO methodology considers five evaluations to carry out its provisional and definitive provisional and definitive ranking:

- Group 1: General evaluation of the members of the steering committee.
- Group 2: Financial analysts; NGOs, trade unions, consumer associations, economic information journalists, business area professors; influential and social media managers.

- Group 3: Merco Talent: internal reputation.
- Group 4: Merco Consumo: general population.
- Group 5: Merit assessment: reputational merits.

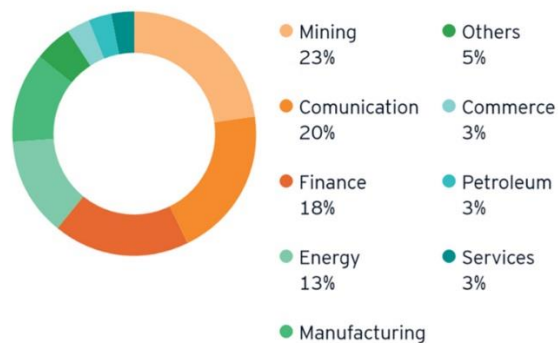
Mining companies, through the development of projects and social activities, seek not only to contribute to the development social activities seek not only to contribute to development but also to generate knowledge through the development of research on social problems or demands through their community relations areas. community relations areas. In this sense, these areas can contribute to the needs considering through their stakeholders the design of high projects value that contribute to the development and that contribute to the development and generation of value through ventures that respond to the ventures that respond to social problems. In this way, the SDGs create an attractive framework and a perfect opportunity to improve the reputation of mining companies, to bet on working on this agenda, and developing collaborative work with companies, the State, and all those who work for the improvement of the territories. In this sense, the mining companies, through their community relations areas, develop socially responsible social responsibility projects that allow them to change course to improve their reputation and it's reflected in more profits. The development of short, medium, and long-term projects are fundamental to communicating a new approach that will allow mining company managers to learn about generating collaborative management actions that seek to contribute to minimizing climate change problems, gender equality, and reduction of inequalities, among others.

The SDGs that can impact mining activities and at the same time give a framework to develop CSR strategies in a more effective and efficient way might be the following: SDG 7: "Affordable and clean energy", SDG 13: "Climate action", SDG 9: "Industry, innovation, and infrastructure", SDG 12: "Responsible production and consumption", SDG 15: "Life of terrestrial ecosystems".

V. Case Study

FDI in Peru is focused on the mining, communications, finance, manufacturing, and energy sectors. According to the World Economic Forum, Peru is among the top countries in Latin America in terms of macroeconomic stability, human capital, market size, financial system, etc. Furthermore, according to Doing Business 2020, Peru ranks 76th out of 190 countries in terms of ease of starting a company and doing business and ranks sixth in Latin America.

Figure 2: Foreign Direct Investment in Peru by industry 2019



Source: ProInversion

5.1 Mining Sector in Peru

The main minerals that are extracted in Peru are copper, silver, and zinc, which is the second-largest producer in the world in each case, concerning gold, Peru is the eighth-largest producer in the world among others.

Regarding the regulatory framework, the Peruvian government is the owner of the natural resources within the territory and has the power to provide rights to foreign companies. In the case of the mining sector, the government gives a concession (mining right). The main institutes that regulate activities in this sector are:

- The mining and Metallurgical Geological Institute (INGEMMET) is in charge of giving consultations.
- The Ministry of Energy and Mines (MINEM) focuses on enforcing the regulations of mining activities and public policies.
- The organization of Supervision and Environmental Assessment (OEFA) is in charge of supervising and imposing sanctions if there are violations of environmental regulations.
- National Superintendence of Labor Inspection (SUNAFIL), is in charge of supervising the health and safety conditions of mining activities.

Another concept that must be mentioned is the Mining Royalty also called “canon minero”, which is constituted 50% (fifty percent) of the Income Tax obtained by the State and paid by the owners of the mining activity for the exploitation of mineral resources, metallic and non-metallic. The distribution of the Canon resources is considered as the area of influence of the territorial area of the Local and Regional Governments in whose jurisdiction the natural resources are exploited. With respect to the distribution criteria. 10% of the total royalty for the local governments of the municipality or district municipalities where the natural resource is exploited. 25% of the total royalty for the local governments of the district and provincial municipalities where the natural resource is exploited. 40%

of the total royalty for the local governments of the department or departments of the regions where the natural resource is exploited. 25% of the total royalty for the regional governments where the natural resource is exploited. Of this percentage, the Regional Governments must transfer 20% to the National Universities in their jurisdiction. This money should be used to develop projects that benefit the community. However according to the study conducted by Antamina in its area of action 80% of municipalities analyzed in 2013 lacked adequate investment management, and 50% lacked accountability and adequate participatory processes (Sustainability Report, 2020).

The role of mining companies and their CRS projects plays a very significant role in this context because they are more experienced and also have a broader understanding of the industry because they were involved in the original investment. Alternatively, international companies that have invested in a particular area have to make sure that all concerns and interests are taken into account. This is to ensure that all needs are met as well. In spite of this, this is not enough because in order to have more satisfactory outcomes for both parties, it is imperative that when designing a project, the concept of CSV be considered so that more gratifying outcomes can be achieved.

The main objective of shared social value is to build harmonious and mutually beneficial relationships with different stakeholders in order to contribute to generating a social, environmentally responsible, and committed image. In that sense, Peruvian regulation provides different tools for the fulfillment of the right to

citizen participation in the design of projects. In that way, companies can identify the needs of a community. However, the key is how to implement the mechanisms and the analysis of the context in which a social and environmental baseline is determined, and it is also vital to incorporate gender and intercultural approaches.

Mining companies under the law are obliged to carry out an **Environmental Impact Assessment** in which commitments with the surrounding communities are established under the indications of Article 10.

Table 1: Law of the National System of Environmental Impact Assessment and its Regulations

Law No.27446 Law of the National System of Environmental Impact Assessment and its Regulations	
Article 10°.- Content of the Environmental Impact Assessments	
10.1	In accordance with the provisions of the Regulations of this Law and with the terms of reference approved in each case, the environmental impact study must contain: <ul style="list-style-type: none"> a) A description of the proposed action and the background of its area of influence; b) The identification and characterization of the environmental impacts during the entire life cycle of the project; c) The environmental management strategy or the definition of environmental goals including, as the case may be, the management plan, the contingency plan, the compensation plan, and the abandonment plan. d) The plan for citizen participation on behalf of the proponent; e) The follow-up, surveillance, and control plans; and, f) An easy-to-understand executive summary.

Likewise, according to the supreme secret No 002-2009-MINAM Article 28, citizen participation must be ensured under the following terms:

Table 2: Supreme Decree No. 002-2009-MINAM

Regulation on transparency, access to public environmental information, participation and citizen consultation in environmental matters, Supreme Decree No. 002-2009-MINAM.
Article 28° - Environmental processes with citizen participation
Citizen Participation will be verified at least in the following processes; a) Elaboration and dissemination of environmental information. b) Design and application of policies, norms, and instruments of environmental management as well as environmental plans, programs, and agendas. c) Evaluation and execution of public and private investment projects as well as natural resource management projects, within the framework of the National Environmental Impact Evaluation System. d) Environmental follow-up, control, and monitoring, including complaints for violations of environmental legislation or threats of violation of environmental rights and citizen vigilance. e) Others defined by the entities of the National System of Environmental Management.

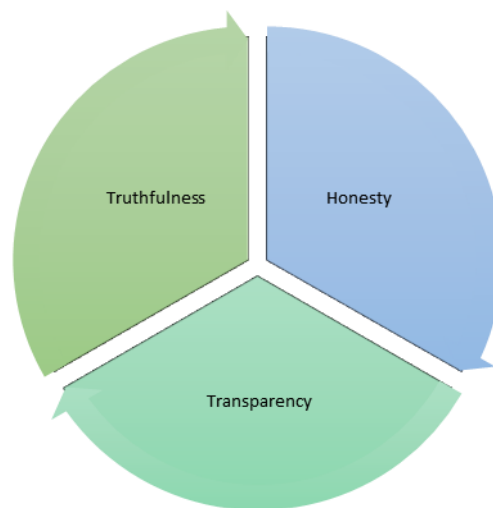
While the law establishes what should or should not be done, the decree indicates how it should be carried out. The decree is intended to deal with an urgent situation and establishes how to act and the norms and rules to be followed in such a situation (it can be considered as a rule book).

Also, according to the Peruvian Ministry of Culture, the following conditions are necessary for citizen participation to be exercised efficiently:

- Technical assistance: To develop, according to the budgetary availabilities, programs of information to the public and of generation of capacities on the scopes and benefits of citizen participation.
- Transparency: To keep records of the processes of citizen participation and their results, as well as of the requests received and the answers provided.

- **Expeditionousness:** Stimulate the demands and requirements of form that hinder, limit, or prevent the effective participation of natural or legal persons in environmental management.
- **Timeliness:** Ensure that participation takes place at least in the stage prior to the decision-making or execution of the measure.
- **Provide information:** Provide adequate, timely, and efficient information so that the public, particularly those potentially affected by the measure or decision, can formulate an informed opinion.

Figure 3: Components to guarantee citizen participation



Source: Made by the author based on Peruvian Ministry of Culture Website.

- **Truthfulness** implies that the information provided by all parties to the process is truthful, accurate, and true.
- **Honesty** implies that the process takes place in a climate of trust, collaboration, and mutual respect.

- Transparency: Commitment to disclose to the public the information requested and collected through appropriate channels and in a timely manner.

In the case of a mining project, the scenario is as follows:

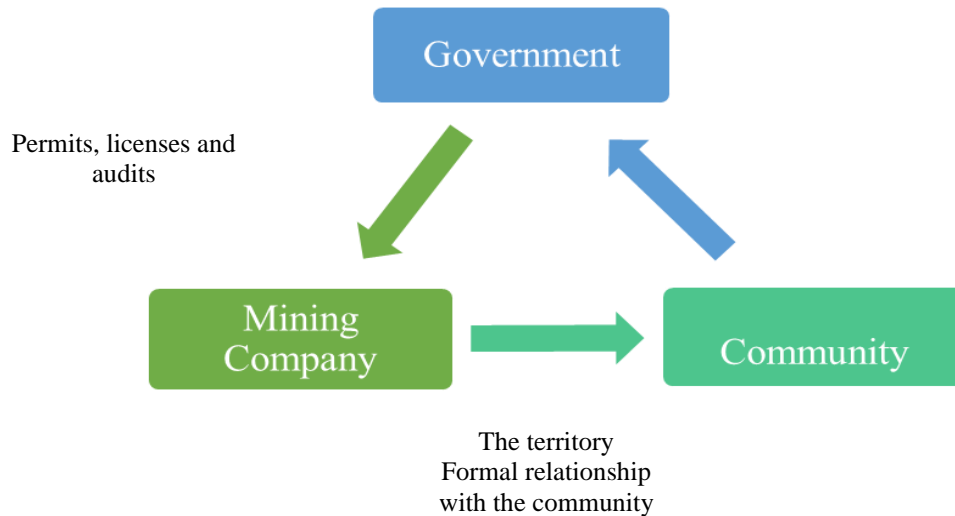
- The community relations officers must be chosen.
- The plan for citizen participation must be elaborated.
- The strategy for the implementation of the citizen participation plan must be presented.

Likewise, according to the Ministry of Culture, which specifies the processes of prior consultation, the mechanisms that can be used in the process are the following: Use of traditional media, public hearings, participatory workshops, opinion surveys, suggestion boxes, publication of notices in written and radio media, submission of contributions, comments, or observations, distribution of informative materials, participatory surveillance, and monitoring.

5.2 Multi-actor Model

This model facilitates coordinated efforts and articulated work while strengthening the capacities of all participants to attain community sustainability and it is used by most mining companies. A key objective of Antamina's strategy and other companies is to enhance the capacity of local development management and territorial competitiveness. Together with public and private stakeholders, they promote projects and programs in the areas of education, health, and economic development. This strengthens the leadership of the local governments that institutionalize development processes.

Figure 4: Triangle of community relations



Source: SMEE Society. Latin American Society for mining, energy, environment and natural resources. International Congress on CSR and sustainable development (May 3-7, 2021)

By adopting a multi-stakeholder model, the company encourages coordinated efforts and equitably allocates responsibilities among all participants in the search for sustainability. Their central themes of intervention are social infrastructure, capacity building to improve competitiveness, and strengthening social and institutional capital. Upon reviewing their strategies after the pandemic, it is noted that there has been a change in the approach and the design of projects, it is emphasized that the projects are developed within the context of the sustainable development goals.

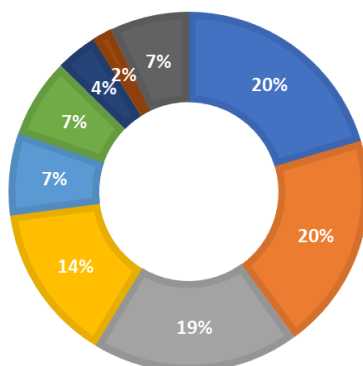
5.3. Project Analysis

According to MINEM at the company level, Compañía Minera Antamina S.A. ranked first with a 20.4% share. Similarly, in second and third place were Southern Peru Copper Corporation (19.6%) and Sociedad Minera Cerro Verde S.A.A. (18.7%), respectively. It is noteworthy that these 3 companies are market leaders, have operations in many of the areas shown in Table 4, and their vision and mission are also very similar, which might be the reason why many of their projects are similar. Furthermore, I have decided to include Quellaveco mine on this list. The reason I chose it is that it is the most recent project in Peru, it has an automated system, and it has already signed an agreement to develop renewable energy products in the area in which it is located.

Figure 5: Cooper Production / Market share

2020: Copper production structure by company, January-March

■ Antamina ■ Southern ■ Cerro Verde ■ Las bambas ■ Antapaccay
■ Chinalco ■ Hudbay ■ El brocal ■ Otros



Source: Ministry of Energy and Mines

Table 3: Mining Companies and Shareholders

Mining Company (Cooper)	Location/Region	Shareholders (Country)
Antamina	Ancash	BHP Billiton (Australia) GLENCORE (Switzerland) Teck Resources (Canada) Mitsubishi Corporation (Japan)
Southern Peru Cooper	Moquegua	Grupo Mexico (Mexico) Americas Mining Corporation (US)
Sociedad Minera Cerro Verde S.A.A.	Arequipa	Freeport-Mc Moran Inc (US) Compañía de Minas Sumitomo Metal Mining Co.,Ltd.(Japan) Buenaventura S.A.A. (US)
Quellaveco	Moquegua	Anglo American (UK) Mitsubishi Corporation (Japan)

Source: Made by the author based on each company's official website.

Table 4: Mission and Vision of main companies that produce cooper

Mining Company	Mission	Vision
Antamina	We achieve extraordinary and predictable results in health and safety, the environment, community relations, quality and efficiency, with the commitment, participation and leadership of our people.	Be a Peruvian example of mining excellence in the world. Extraordinary leaders who transform challenges into successes. Working for tomorrow's development, today.
Southern	Meet the market needs in which we participate, through large-scale and long-term projects, always at the forefront of technology and maintaining a permanent commitment to our people, the environment, our values and our social responsibility, maximizing the value creation for shareholders.	To be the world leader in efficiency and profitability in the businesses in which we participate, with an orientation towards people and their integral development, guaranteeing the sustainability of our operations.
Cerro Verde	Lograremos nuestra Visión a través de: ✓ Excellence in Safety and Environment:	We are leaders in Safe Copper Production, making every day our best day.

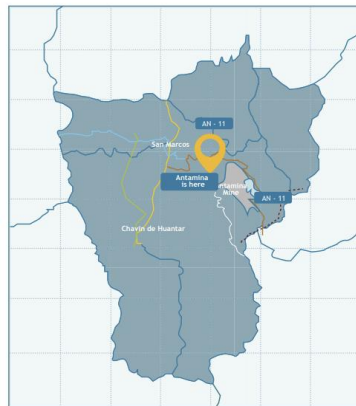
	<p>"Everyone goes home safe every day."</p> <ul style="list-style-type: none"> ✓ People Excellence: "Working together to strengthen our high-performance culture." ✓ Operational Excellence: "Achieving better operational efficiencies every day." ✓ Cost Management: "Investing money wisely to maximize profit." ✓ Social Responsibility focused on stakeholders: "Maintaining acceptance to operate locally" 	
Quellaveco	Our mission is to deliver value to our shareholders and customers by providing engineering services, supplies, construction, and the operation, and management of infrastructure, industrial, and energy projects.	To be the leading engineering and construction company, renowned for our working methodologies, technological heritage, and human resource capabilities.

Source: Made by the author based on each company's official website.

In the case of Antamina began commercial operations on October 1, 2001, after having made an investment of US\$2.52 billion, considered at the time the largest mining investment in Peru. Two decades later, the mining unit continues to lead copper production, a commodity that drives the national economy. On the occasion of the 20th anniversary of Antamina, Antamina's president and general manager, Victor Gobitz, stated that they intend to extend the mine's lifespan to at least 2036. "We intend to extend Antamina's lifespan, at least, until 2036 or 2040. if we talk about the quality of the deposit, Antamina is going to be in the production records for several more decades. but, in engineering terms, we are building a business case for the next 20 years", he told El Comercio newspaper. The executive also stressed that "Antamina is one of the most conspicuous skarn-type deposits (polymetallic

copper deposit) in the world. And the other thing is that those who conceived the project (in the 90s) designed it with a lot of foresight".

Figure 6 : Antamina Operations (Yanacocha and Punta Lobitos Port)



Antamina Sustainability Report 2020

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As it is mentioned on its website Antamina is concerned about bringing a better quality of life to its neighbors, so they try to create and improve the infrastructure of health centers during the pandemic. They also tried to strengthen the improvement of nutrition in children. Regarding Covid, Antamina supported the regional authorities and the Ministry of Health in the fight against the pandemic. Among its contributions is the oxygen plant installed in the Huaraz Hospital, another plant was made available to the authorities of Huari, and in coordination with the authorities of the Conchucos Sur Health Network, equipment, ambulances, and health personnel were provided for care in the districts in its area of influence. They also added vaccination brigades, vaccine-carrying thermoses, and transportation to contribute to achieving the vaccination goal of the region: to vaccinate the population over 18 years of age in 5 months. This is a case of CSV

because in this way Antamina made sure that all its workers could come to work.

Also, as it was mentioned before the government does not know how to manage money to design successful projects that benefit the community. In this regard, the company developed "the Strengthening of Local Development Management (GDL)" project, which helps municipalities improve their management capability for greater efficiency and transparency, resulting in more good services for citizens. Moreover, it strengthens the institutional framework of local management, improving local territories' governance and enhancing social actors' participation in decision-making. This CSR project supports sustainability but needs to evolve and the CSV concept can be considered to achieve better outcomes.

In 2011, Southern Peru Copper corporation another company with many years in the market had a project in the Tia Maria area near Tambo Valley. There was intense opposition from farmers to the company's plan to use groundwater as a source of water for the mine. The mine would contaminate local rivers, adversely impact underground water resources, and destroy vegetation. To resolve this problem, the company said it would create more jobs and that this would be its way of contributing to the community. However, this approach created more conflict and the project could not forward. Therefore, when developing projects, companies should consider the needs of the community (Fraser 2018).

Around the same time, in 2011 the company Cerro Verde had to consult the communities in the region and identified their needs to continue their operations. Then to do so they agreed to build a partnership with regional and municipal

governments and water management authorities to plan, build, finance, and operate a wastewater treatment plant. This project helped both parties and is a clear example of CSV. This shows that a different approach to a common interest can create opportunities for both parties and contribute to sustainable development (Fraser 2019).

In the case of the Quellaveco mine, they have committed to building dams that will help the company access water and the surrounding communities. The Vizcachas dam is an essential infrastructure for the mine and a social project, as it will provide clean water during the dry months. The dam was concluded in March of this year. Vizcachas will store up to 60 million cubic meters, with a water delivery capacity of up to 28 million cubic meters per year. Of this amount, Quellaveco will only use an average of 4 million cubic meters per year for its operations, which will be pumped to the mine 95 km away. Most of the water will be for the towns. This is certainly an example of a CSV strategy.

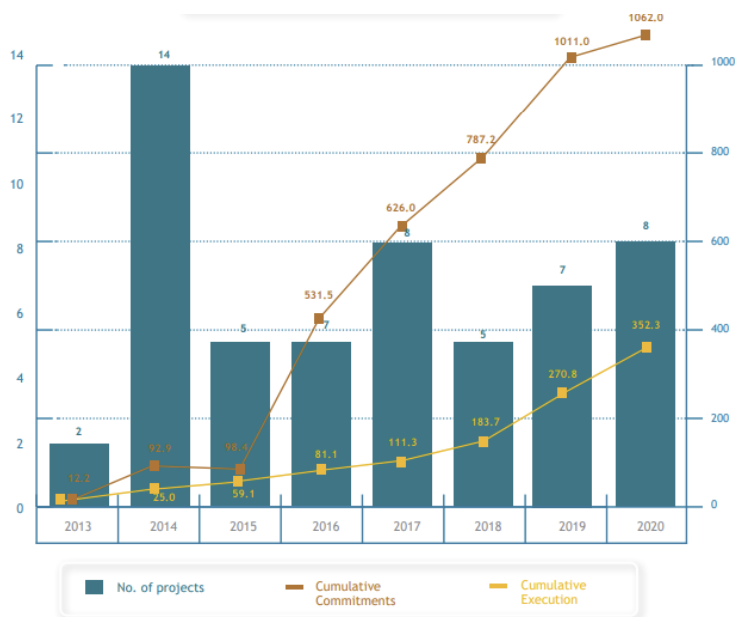
Public Works for Tax Reductions

The Works for Taxes mechanism closes gaps in social and productive infrastructure, improves our territory's competitiveness, and enhances its quality of life. In March 2020, the outbreak of COVID-19 had a severe impact on the nation, resulting in the declaration of a National State of Emergency, which paralyzed all projects, with the most significant impact on civil work projects, which were immediately halted.

That is to say that a percentage of the financing for projects is provided by the

companies and the other by the regional government and as a result, deductions are made when they have to pay income tax. The company has to be involved in the whole process to guarantee transparency that the government processes are being followed, and it has to be approved by the state. Antamina and Southern have participated and benefited from it. This can be, in a way considered CSV. In figure 7 you can observe the work that Antamina has been doing.

Figure 7: Antamina's work Taxes 2013-2020 (Amounts expressed in millions of soles)



Source: Sustainability Report 2021

Reflection:

Regarding projects, Antamina, Southern, Cerro Verde and Quellaveco are like bubbles because not all companies have the budget to develop a diversity of projects. The communities that are in the surrounding area are known as "the zone of operational influence." Therefore, the social impact must cover the territory that includes the mine. In the case of Antamina San Marcos, Ancash, and the districts through which the pipeline passes to transport the ore. This certainly cannot be done by smaller companies with a limited budget.

Then they must work on a short, medium, and long-term basis with the participation of all stakeholders. In addition, companies should change their inner vision. Antamina for example considers that viability and sustainability must also be considered when developing projects. The viability responds to the fact that the social managers ensured that the mine does not stop its operations due to social conflicts. This is reflected in the loss of millions of dollars. Due to its expansion, Antamina is working with a 20-year vision, the social managers have to consider sustainability. For this, they must develop projects thinking in 20 years, that is to say, in the long term. The parents, for example, might ask me to give laptop computers to the students. In that case, that is viability, as it responds to a request, a donation. Still, if I build a school, I combine viability and sustainability because that infrastructure will last for 10 or 15 years, helping the territory where it was previously impossible to access education. Many other mining companies in Peru do the same.

There are constantly medium-term projects in the territory that are urgent things to be considered. During the pandemic, it was urgent critical force security for the people. It is feasible because if the community does not feel safe or is not healthy it affects the company. Also, the most challenging change is that several things were paralyzed, closures appeared and they had to stop operations and stay with the minimum. Some mines had massive contagions that made them reduce their personnel and this dichotomy between economic and health issues came into play. Although COVID arrived late in the rural area at that time, companies had to act very quickly providing help through CSR, since the health and sanitary issues showed the shortcomings of the Peruvian health system, so during the pandemic, many companies have focused on health and education projects and have donated supplies or equipped their health centers with more ambulances, doctors and medicines and reinforcement in the health area.

As many companies already had projects planned and signed, they did not change them but added more projects because of more needs. This resulted in people reformulating their objectives and starting to prioritize sustainability. There were some projects that, due to the nature of the pandemic, could not move forward. They had to be stopped and focused on other areas at the critical moment of the pandemic. Now, these are being taken up again, using a short, medium, and long-term efficient long-term territorial agenda with the communities.

However, a big problem that has arisen is that these large companies that invest millions in these rural areas are like the lighthouse that shines the brightest in the

area, so they all want to receive the benefits. Despite having a budget, the mining canon has inadequate management, so mining companies should develop more training and educational programs. Likewise, the multi-stakeholder model tells us that the company is not at the center of development, but rather the territory and the stakeholders are in it. In other words, there are no projects imposed by the company itself, but they must follow. Still, their agreements should try to comply with the environmental impact assessment in which the company's commitments to the community are established.

VI. Conclusions

In Peru, sustainable development depends not only on economic progress obtained by a boost in investment but on the responsibility of the company concerning the environmental and social aspects. So today, responsible private enterprise's framework incorporates the sustainable development approach based on the development goals approved in September 2015. Also, the companies should use the concept of "CSV" to obtain better outcomes for communities and companies.

Due to the pandemic, there was a change in the business model of many sectors. A new paradigm of business management was created. In this context, it is important to emphasize that corporate social responsibility is not voluntary, but the causal relationship must be the other way around: Reorientation of corporate social responsibility strategies was reflected in the fact that companies now have a more human approach. There was also reconciliation and teleworking as health is very important as well as the welfare of workers.

As for shared value, it was intended to test the extent to which there is a migration towards the development of activities that seek collaborative work between the State, companies, and the population. The study follows Porter & Kramer (2006) as they are the first to identify the relationship between the two variables under study and especially their impact on sustainable development. Shared value is therefore a concept that includes all the dimensions studied in the framework of CSR. It is essential to develop strategies and activities that achieve inclusive development. The results found affirm Porter and Kramer's (2011) definition of shared value as

the increase in competitiveness and the economic and social conditions of the community in which the company operates.

Thus, many of the companies that work in Peruvian mining have had to adapt their operations to a greater commitment to the environment and society, seeking a greater benefit in terms of social responsibility. In that sense, companies should reorient their strategies based on sustainable goals. Also, the crisis caused by COVID-19 portrays the need for companies to support the communities. On the other hand, there is a need for the creation of a supranational body that regulates CSR activities.

The need for the creation of a supranational body to regulate corporate social responsibility and sustainability was identified in such a way that the common good, human rights, and the planet (sustainability) prevail over private and individual profit. In this sense, there is a need for further research on EGS strategies in the country because the Peruvian government is not ready to implement them. However, MNCs are going ahead in this area, such knowledge can be used to start a change in the country.

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논문 초록

우리는 수십 년 동안 지구가 직면한 문제, 물에 대한 접근, 기후 변화, 삼림 벌채, 기술 부족, 불안, 오염 등과 같은 심각한 문제에 대해 들어왔다. 왜 우리는 문제를 잘 알고 있음에도 그 문제들을 해결하는데 그렇게 많은 어려움을 겪었는가? 결론적으로, 수년간 지속 가능한 개발에 대한 관심이 증가했다. 개발 과정의 주요 주체인 기업들의 고민이 깊어졌다. 게다가, 사회에서 그들의 역할 또한 더욱 중요해졌다.

마찬가지로, 광업도 비슷한 도전에 직면해 있다. 갈등의 원인이 많음에도 불구하고 광업회사들이 물을 많이 사용하기 때문에 물을 중심으로 자원 사용에 더 많은 관심이 쏠리고 있다. 공동체와 광산 회사 간의 관계는 이러한 맥락에서 중요하다. 양측 모두 관심사를 공유하고 지속 가능한 결과를 위해 노력할 수 있기 때문이다.

본 연구의 목적은 기업의 사회적 책임 전략보다 지역사회와 기업의 파트너십이 더 지속가능한 결과로 이어질 수 있다는 것이다. 공유 가치 창출의 실행 가능성을 평가함으로써, 광산 회사와 지역 사회는 그들이 공유하는 문제에 대한 해결책을 찾을 수 있다. 본 논문은 페루 광산기업들과 그들의 사회공헌 전략, 그리고 대유행 이후 지속가능성 제고를 위한 그들의 역할을 분석할 것이다.

(키워드: 광산, 지역사회, 윤리, 혁신, 지속가능성 개발 목표, 비즈니스 전략, 평등, 공유가치 창출(CSV), 기업 사회적 기회(CSO), 환경, 사회 및 거버넌스(EGS).