

**ARPEL CONFERENCE**  
Punta del Este, April 2009



**Round Table**  
"Social responsibility and value chain of the Industry - Contractors and Suppliers"



**responde**  
*responsabilidad social empresarial*

Promote the social responsibility  
of suppliers and contractors  
to add value to the communities where the company  
operates.

CSR to add value      Forgotten by CSR      Chain reaction      Good practices



**responde**  
*responsabilidad social empresarial*


## Industry Agenda



- ✓ Financial crisis
- ✓ Climate change and scarce resources
- ✓ Energy efficiency
- ✓ Relations with the communities in areas of influence and indigenous peoples
- ✓ Environment, health and safety management
- ✓ Alternative fuels: biodiesel
- ✓ In the region: Hostile political context for foreign investment.




## CSR to add value





**RS para agregar valor**

**Método**  
Diálogo con los grupos de interés  
Alianzas

**Bases**  
Inclusión (asociada a la esencia del negocio) + Innovación



**Marco de actuación**  
Ética

The new CSR models are associated with the results of the business.

## CSR to add value



The intangible assets now depend on what happens in the entire chain.

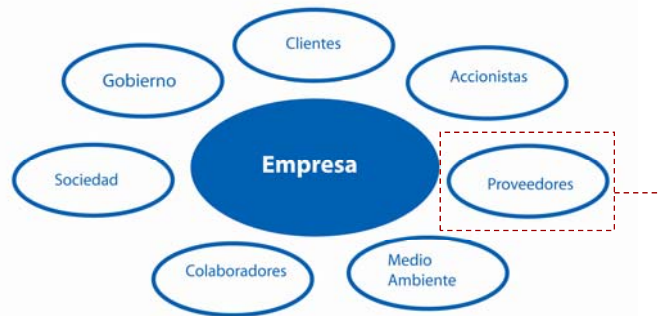
## CSR to add value

<div style="background-color: #003366; color: white; padding: 10px; text-align: center; margin-bottom: 10px;">Economic</div>	<ul style="list-style-type: none"> <li>✓ Increasing exploration and production</li> <li>✓ Good corporate governance</li> <li>✓ Risk and crisis management</li> <li>✓ Optimum relations with creditors</li> <li>✓ Optimum relations with consumers</li> </ul>
<div style="background-color: #003366; color: white; padding: 10px; text-align: center; margin-bottom: 10px;">Environment</div>	<ul style="list-style-type: none"> <li>✓ Environmental performance (eco-efficiency)</li> <li>✓ Climate change strategy</li> <li>✓ Management of environmental policies</li> <li>✓ Biodiversity protection</li> <li>✓ Environmental reports</li> <li>✓ Closing of environmentally responsible operations</li> </ul>
<div style="background-color: #003366; color: white; padding: 10px; text-align: center;">Social</div>	<ul style="list-style-type: none"> <li>✓ Labor practices indicators</li> <li>✓ Development of human capital</li> <li>✓ <i>Stakeholder engagement</i></li> <li>✓ Social reporting</li> </ul>

To be a leader, it is necessary to have high social and environmental standards, good corporate governance and an optimum economic performance.

## Those forgotten by CSR: the suppliers



The suppliers and contractors are relevant stakeholders, as many times, the standard of actions in a chain or the reputation of a corporation depend on their practices.

There are not many experiences of social responsibility strategies with suppliers and contractors in the region.



responde  
responsabilidad social empresarial

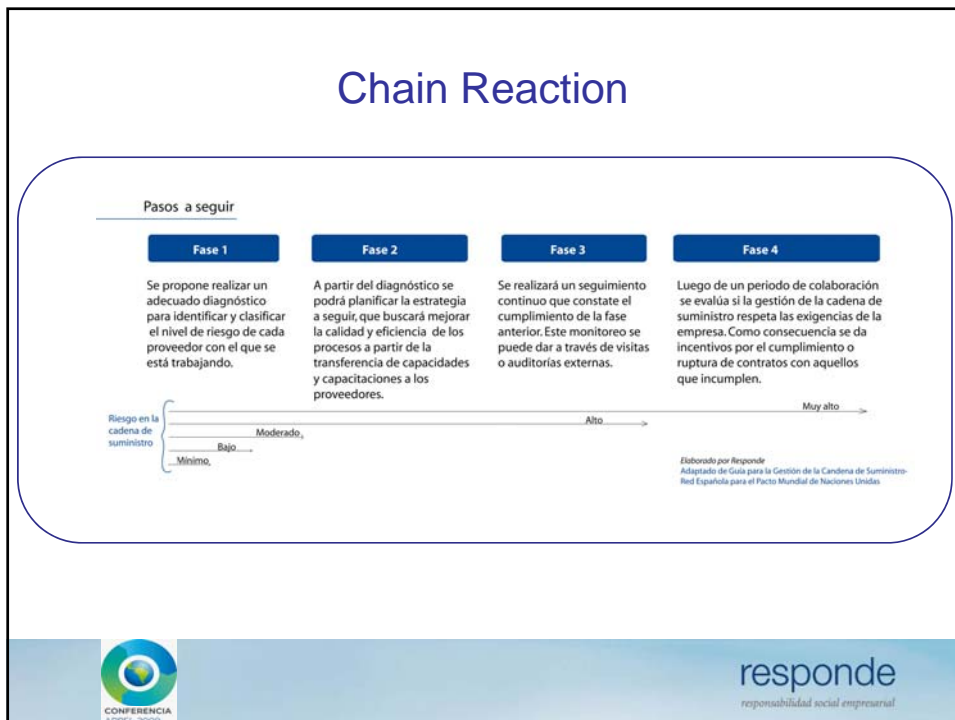
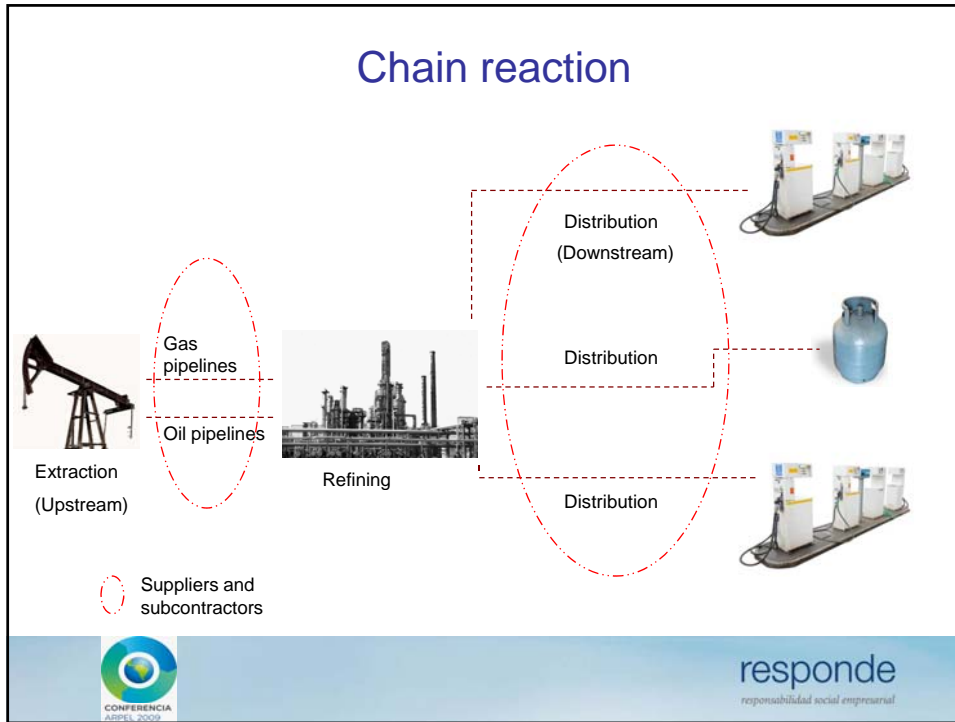
## Those forgotten by CSR: the suppliers

- ✓ Suppliers: small- and medium-sized businesses
- ✓ They may be part of the community (another stakeholders group)
- ✓ Need to raise the standards of the chain to generate competitiveness
- ✓ Safeguarding the reputation of the industry (as a collective group) and not just as company X.

The contractors become a key *stakeholder* to disseminate social responsibility, mostly in those countries where there are so many micro- and small-sized companies that many times they do not comply with labor laws and even infringe human rights in order to achieve lower costs of the final product or service.



responde  
responsabilidad social empresarial



## Chain reaction

### Beneficios mutuos

#### Empresa

- Disminución de riesgos de denuncias asociadas con contratistas.
- Relación estable y "pacífica" con los proveedores.
- Identificación de ventajas competitivas en los servicios/productos de las contratas.
- Mejora continua en la calidad del producto o servicio que se recibe, que muchas veces afecta positivamente la relación con el cliente final.
- Impacto reputacional: buenas prácticas con proveedores

#### Proveedores

- Optimizar la gestión interna de la empresa y elevar estándares.
- Mejora de la motivación del personal.
- Incremento en la productividad.
- Relación sólida y transparente con la empresa que los contrata.
- Incentivos a la I+D+X.
- Prestigio en el mercado local.

#### País

- Elevar los estándares nacionales de calidad en productos y servicios.
- Tener más empresas que operan de manera responsable.
- Crecimiento del empleo formal y digno.
- Mejorar la relación entre empresas grandes y PYMES.

Elaborado por Responde



responde  
responsabilidad social empresarial

## Good practices

How to create responsible awareness in an outsourced chain?

- ✓ Generate **stronger commitment** of suppliers and make them **strategic allies**
- ✓ **Transfer culture and** good organizational practices
- ✓ **Training** and emotional salary.
- ✓ **Certifications**

Suppliers

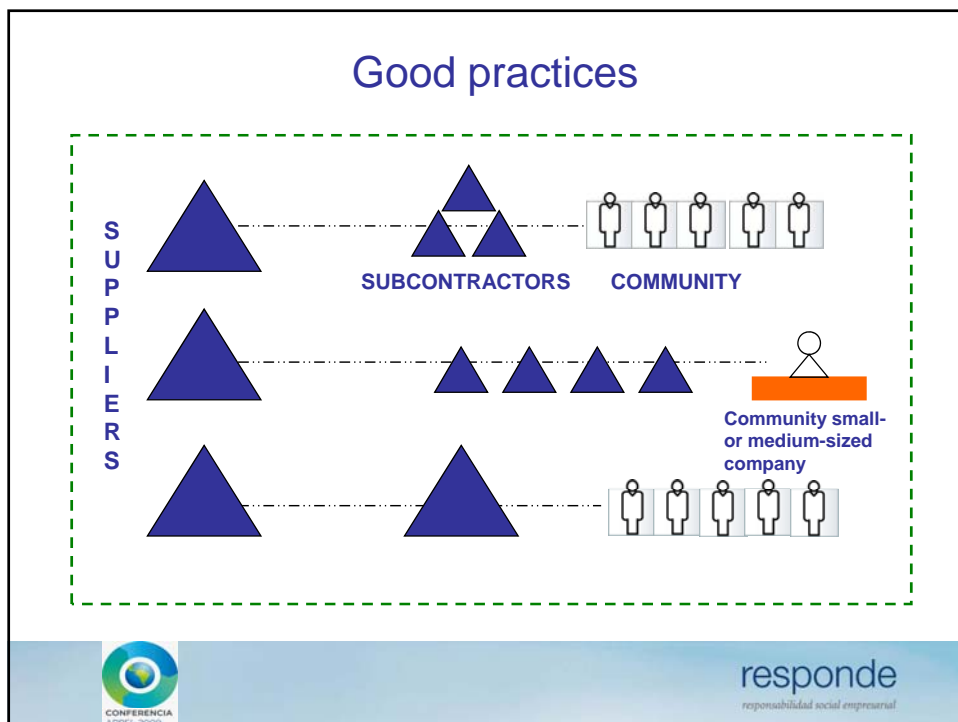
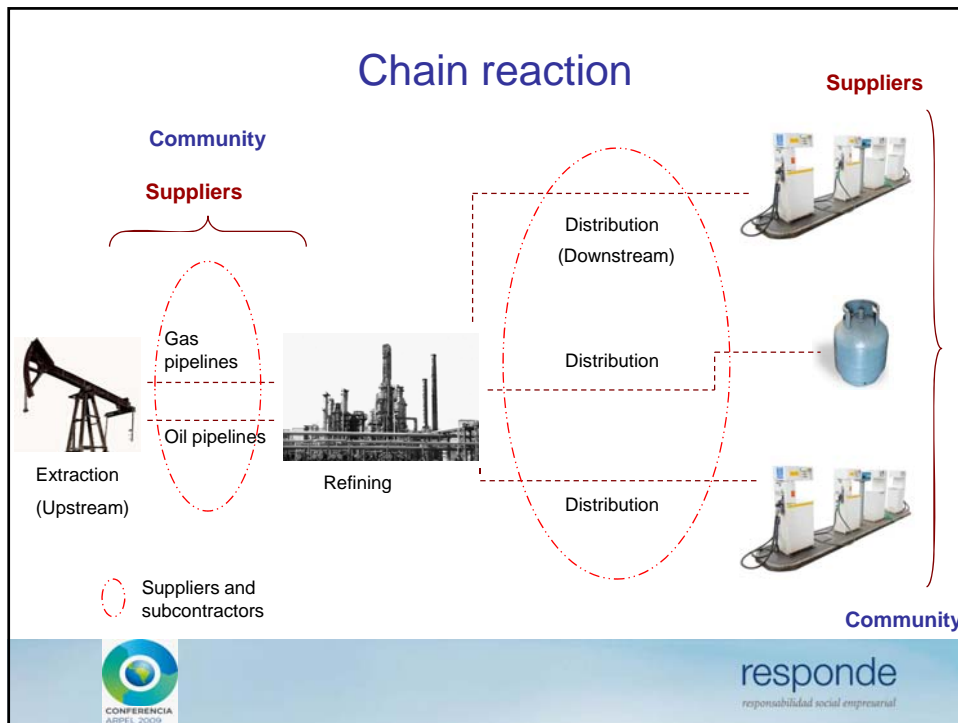
- ✓ Promotion of **local purchases**, agreements with community associations, development of small- and medium-sized companies, etc.
- ✓ **Public-private alliances**: associations with the "small" State
- ✓ **Transfer of capabilities** and skills for education and productive development.
- ✓ **Local empowerment** and promotion of institutional strengthening based on the key issues of each area.

Community

*Work on initiatives with impact at multiple levels: suppliers, subcontractors and communities in areas of influence.*



responde  
responsabilidad social empresarial



## Conclusion

Society demands that large companies be responsible for the conditions of their supply chain, and the media assess companies for their impacts and for the contents of their contracts.

If conditions are unfair and abusive for their workers, or the companies fail to comply with basic laws, or are a flagrant danger to a community, the large company will suffer the consequences of improper management and failure to comply - from adverse media coverage to a bill ordering the closing of operations.

***Errors, failures and above all, the lack of ethics of a bad supplier will put your company's reputation at risk.***



responde  
responsabilidad social empresarial

responde  
responsabilidad social empresarial

[www.respondeperu.com](http://www.respondeperu.com)

[jmelovega@responde.pe](mailto:jmelovega@responde.pe)