

Best practices in sustainability by Peruvian MSMEs

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Prologue

Micro, small and medium-sized enterprises (MSMEs) play a fundamental role in generating employment throughout Latin America. In countries such as Argentina, Chile, Colombia, Ecuador, Mexico, Uruguay and Peru, it is not surprising that approximately 99.5% of enterprises are MSMEs, and that almost nine out of every 10 are classified as micro-enterprises.

MSMEs face challenges that can put at risk not only the stability of their business, but also their very existence. These range from the shortage of qualified personnel and technological difficulties, to limited space for innovation and the lack of financial capital. However, it is also true that they have a wide range of opportunities that, if taken advantage of will differentiate them from their main competitors.

How can MSMEs stay competitive in the challenging national and international markets? The answer lies in shifting towards a business model that raises more awareness of economic, social and environmental impacts, and integrating sustainability as a source of competitive advantage. This strategic vision of sustainability will allow MSMEs to minimize risks throughout their value chain and enhance their strengths. For this, efficient management - both internal and external to the organization - will be required.

The sustainability report is a management and communication tool that allows organizations to manage their impacts, identify strengths and points for improvement, increase credibility within and outside the organization, motivate workers and create a dynamic decision-making process. The preparation of a sustainability report is a transparency exercise in which MSMEs have the opportunity to publicly share their efforts in becoming better enterprises. The report also allows MSMEs to have a positive impact on their respective stakeholders.

GRI (Global Reporting Initiative) is the independent, international organization that helps businesses and other organizations take responsibility for their impacts, by providing them with the global common language to communicate those impacts. GRI provides the world's most widely used standards for sustainability reporting – the GRI Standards.

In Peru, GRI has been implementing the Competitive Business Program aimed at MSMEs since 2017. This program aims to strengthen the competitiveness of MSMEs through the identification, measurement, management and communication of their economic, social and environmental impacts. To date, more than 1,200 MSMEs have been trained how to create a sustainability report using the GRI Standards. In addition, 568 SMEs from 16 departments published more than 800 sustainability reports during the four years of the program's implementation. As of December 2020, the GRI Competitive Business Program in Peru has obtained important results. It will remain committed to supporting MSMEs in their development and in the use of sustainability reports as management and communication tools.

The experience of the Competitive Business Program has led participating companies to feature their implemented improvements in their sustainability reports. In this publication, more than 30 MSMEs share their business case studies. These relate to improvements in measurement, organizational management and communication of results. In addition, results have been achieved in different sustainability aspects, such as anti-corruption, materials, waste, health and safety, diversity and equality of opportunity, and local communities.

MSMEs shared how they focused their efforts on key strategic activities and generated more impact; how they used non-financial performance indicators to measure the success of their management and monitor results; and how they communicated their impacts to respective stakeholders, strengthening relationships with workers and clients.

As part of results management, companies did not just carry out recycling or worker welfare campaigns, they also implemented policies that evidenced a greater commitment of the enterprise to continuous improvements at all levels.

This publication has been prepared in collaboration with several partners who shared the same vision and perspectives on sustainability, among them the **Swiss Cooperation in Peru (SECO)** that made the implementation of the Competitive Business Program in Peru possible; **Perú 2021, Promperú, EY, CENTRUM PUCP Business School, the Metropolitan Municipality of Lima, Libélula and Grupo RPP.**



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1 The context of Peruvian MSMEs

The economic and social phenomenon of MSMEs

To speak of MSMEs is to speak of one of the most important economic players in Latin American societies. The concept of MSMEs refers to three types of companies that, regardless of their size, are key contributors to the development of countries: micro, small and medium-sized enterprises.

In Latin America, **MSMEs represent a high percentage of the region's business structure. In some countries they constitute more than 90% of companies¹.** The positive effects generated by MSMEs are varied and benefit not only owners and shareholders, but also improve the living conditions of workers, suppliers, clients and civil society in general.

We know that these companies make significant contributions to the region when it comes to generating employment and income, eradicating poverty, and stimulating the productive activity of local economies². On average, it is estimated that they represent 20% of Latin American countries' GDP, in some they represent up to 50%.³

In Peru, Law No. 30056 establishes the parameters that determine the business size of each type of MSME. According to this law, the size of each company depends on the value of its sales. Micro-enterprises are companies whose annual sales are not greater than 150 Peruvian Tax Units (UITs); small companies have annual sales in the range of 150 and 1,700 UITs; and medium-sized companies have annual sales greater than 1,700 but less than 2,300 UITs.⁴

1. Micro, Small and Medium Sized-Enterprise Manual. A contribution to the improvement of information systems and the development of public policies, published by Deutsche Gesellschaft für Technische Zusammenarbeit. Page 5. Available at: https://repositorio.cepal.org/bitstream/handle/11362/2022/1/Manual_Micro_Pequena_Mediana_Empresa_es.pdf

2. Ibid.

3. Ibid.

4. Law No. 30056

At the time of writing, one UIT equaled S/ 4,300⁵ (Peruvian Nuevos Soles-PEN), or USD 1,185 (US Dollars).

In Peru, 99.6% of formal businesses are MSMEs.⁶ This segment brings together economic agents that stimulate and contribute to the economic development of the country. MSMEs contributed 30.7% of the domestic added value and generated 89.1% of private sector employment in 2018.⁷ Their impact on the economic and social spheres turns them into main players that guarantee greater commercial productivity and a new development dynamic. They have greatly contributed to the economic growth experienced in Peru.

5. Supreme Decree No. 380-2019-EF.

6. MSMEs in figures in 2018, Ministry of Production. Page 7. Available from: <http://ogeiee.produce.gob.pe/index.php/shortcode/oee-documentos-publicaciones/publicaciones-anuales/item/898-las-mipyme-en-cifras-2018>

7. Ibid.

Retrospectives and progress regarding MSMEs in Latin America and Peru

Latin America

MSMEs represent 20% of Latin America's GDP. However, compared to other regions with similar levels of development, MSMEs in Latin America tend to have fewer employees. Furthermore, compared to micro and small enterprises in other regions, they are rather short-lived. In fact, only 45% of Latin American MSMEs survive for more than two years, compared to 80% of their European counterparts.⁸

Even though each country's legislation has different criteria to classifying a company as micro, small or medium, countries reported to having a greater number of MSMEs are Mexico (99.6%), Brazil (99.7%) and Peru (99.6%).⁹

Globally, MSMEs are the most common types of companies. In its analysis of 10 Latin American and European countries, ADEX's Global Business and Economy Research Center showed that, on average, 92.1% of companies were micro, 7% were small, 1.1% were medium and only 0.4% were large.¹⁰

Peru

According to *El Peruano*¹¹ newspaper, micro and small enterprises play a central role in the development of the Peruvian economy. Many Peruvian MSMEs operate in sectors such as agriculture and livestock, fishing, mining and hydrocarbons, manufacturing, energy and water, construction, and commerce and services, among others.

The importance of MSMEs for the Peruvian economy lies mainly in their job creation potential and the added value through their business model. As illustrated in Table 1, in 2018 MSMEs in Peru employed 59.2% of the employed EAP, a situation similar to the previous year. It is important to highlight that micro-enterprises concentrated nearly half of the employment (47.6%), while small and medium-sized enterprises had a lower participation (9.7% and 1.8%, respectively).¹²

In Peru, MSMEs face great and common challenges, such as the lack of measurement and management systems - their empirical functionality being focused on daily necessities - and a few differentiating characteristics to compete against, among others. Ultimately, these challenges become the main barriers to their growth in national and international markets.

However, MSMEs are not simply passive agents. In fact, they are key players that innovate and use technology as a tool to optimize their processes, generate savings in operations, or incorporate it as part of the value offer of their products or services. In addition, there is a digitalization trend in the operations of MSMEs.

Regarding export dynamics, most of the companies are MSMEs, but their export volumes continue to be small compared to large companies. According to the book 'MSMEs in Figures in 2018' published by the Ministry of Production, 69.5% of companies that do non-traditional exports and 45.8% of those that export traditional products are MSMEs. However, the volume of MSMEs non-traditional exports is only 9.7%, and just 3% of the traditional ones.

8. "MSMEs generate 28% of GDP in Latin America, but still lack the necessary drive", Spanish Confederation of Business Organizations. Available at: <https://www.ceoe.es/es/contenido/actualidad/noticias/las-mipymes-generan-el-28-del-pib-en-latinoamerica-pero-carecen-aun-del-impulso-necesario>

9. International Comparison of the Contribution of MSMEs to the Economy, CIEN-ADEX Global Business and Economy Research Center. Page 5. Available at: <http://www.cien.adexperu.org.pe/wp-content/uploads/2019/09/Comparacion-Internacional-del-aporte-de-las-MIPYMES-a-la-Economia-DT-2019-03.pdf>

10. Ibid.

11. "Reinforcement of MSMEs", *El Peruano*. Available at: <https://elperuano.pe/noticia/95072-apuntalando-a-las-mypes>

12. MSMEs in figures in 2018. Page 29

Furthermore, the FOB value of MSMEs exports constituted 3.9% of total exports. A figure that is 1.7% lower than in 2017.¹³

It is worth noting that there are 'sustainable' MSMEs - their business strategy is based on sustainable development. These comprise both traditional and non-traditional products.

Considering the importance of MSMEs for the Peruvian economy, their potential and the challenges they face, it is important that we ask ourselves the following question: **what path should they follow to improve, develop, and be successful at what they do?**

Table 1- Estimate number of jobs in the private sector according to company size, 2018 (percentages)¹⁴

Company Size	Company Size		% of EAP employed
	No of people	%	
Micro-enterprise	7 988 759	71,6	47,6
Small company	1 633 702	14,6	9,7
Medium-sized company	309 094	2,8	1,8
MSME Total	9 931 554	89,1	59,2
Large company	1 220 058	10,9	17,38
Total employment on the private sector	11 151 613	100,0	66,5

Note: Company size is based on the number of employees. Micro-enterprise has up to 10 employees; a small company ranges from 11 to 100 employees; a medium-sized company from 101 to 250 employees; a large company has more than 251 employees.

Note: The private sector includes interns, unpaid family members and independent workers that employ unpaid family members.

Source: INEI-ENAHO 2018

Produced by: PRODUCE-OGEIEE

13. MSMEs in figures in 2018. Page 32

14. Ibid.

The future of sustainability for MSMEs in Peru: scopes and challenges

Despite their contribution to Peru's economy, MSMEs are facing many challenges that put their very survival at risk. It is increasingly difficult to remain competitive and relevant in today's market.

Therefore, sustainability management becomes essential for any MSME that wants to stand the test of time. According to the Brundtland Report, sustainable development - or sustainability - is the 'development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs with respect to economic, social and environmental development'.¹⁵

Indeed, longevity is one of the main challenges all MSMEs face, as many risk going out of business in the first two years. As outlined in 'Business Demographics in Peru', a report by the National Institute of Statistics and Informatics (INEI), the number of active companies in the country included in the Central Directory of Companies and Establishments was 2,699,130 as of the third quarter of 2019. This figure represents 11% growth compared to the same period in 2018.¹⁶

Based on INEI figures, we can say that during the third quarter of 2019, the death rate of companies was almost 50% of the birth rate.¹⁷ It is evident how difficult it is for many companies to survive over time.

The fundamental factor for MSMEs' survival and growth is competitiveness. However, it is difficult to find a differentiating factor in terms of their products or services - there are only a few that can be used as competitive advantages by MSMEs in general.

In the current context, given that micro, small and medium-sized companies are playing an important role in the economic growth of Peru, the market requirements keep growing. As such, the competitiveness and success of MSMEs will depend on how agile and pertinent their management is in order to satisfy their clients, and meet their respective business growth and development objectives.

All this leads us to two other important points that can help us understand why there has not been greater progress in Peru in terms of MSMEs competitiveness:

a. Lack of management tools application and scarce strategic planning processes: as we know, Peruvian MSMEs tend to focus on their day-to-day operations, not having enough room for planning ahead. Planning, however, can help identify what has been achieved so far and set short, medium and long-term goals. In addition, the lack of measurement and evaluation processes requires the use of specific tools to close the management gaps. All this in compliance with minimum law requirements.

b. Weak management that lacks the ability to strengthen and capitalize on relationships with their respective stakeholders: to achieve their short, medium and long-term objectives, it is imperative that MSMEs establish trusted and transparent partnerships with stakeholders, and implement the same approach to their operations. This will allow them to generate value more consistently when faced with challenges and opportunities that arise during the development of their activities.

15. From sustainable development according to Brundtland to sustainability as biomimicry, Roberto Bermejo Gómez de Segura. Page

16. Available at: <https://www.upv.es/contenidos/CAMUNISO/info/U0686956.pdf>

16. Entrepreneurial Democracy in Peru, INEI. Page 2. Available at: http://m.inei.gob.pe/media/MenuRecursivo/boletines/boletin_demografia_empresarial_nov2019.pdf

17. Ibid.

Finally, the lack of access to finance should be considered as another barrier that prevents MSMEs from being more competitive.

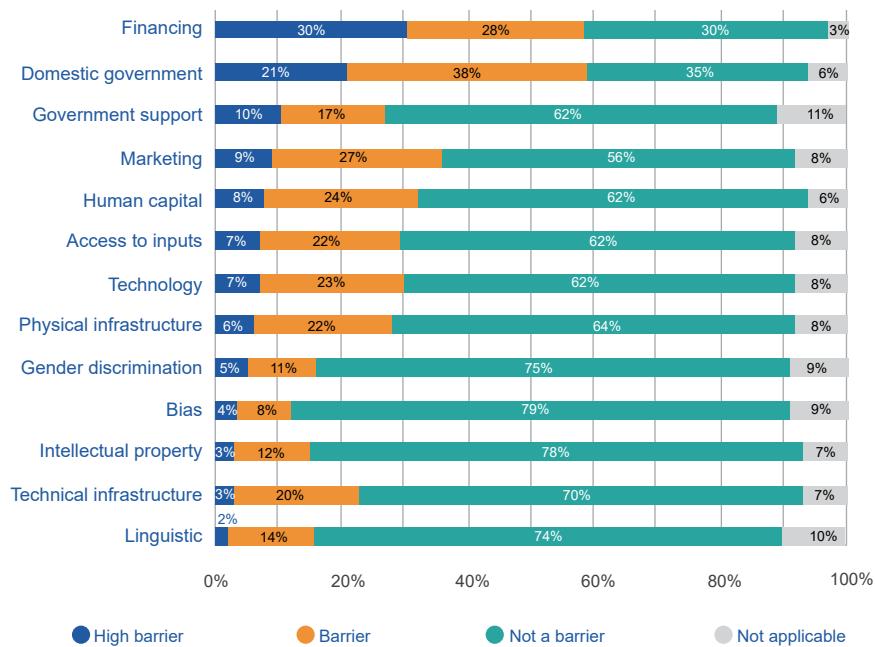
According to an Asia Pacific study, more than half of the surveyed Peruvian MSMEs said that access to finance is a real challenge for their companies, with one third saying that it represents a 'high barrier' to their business.¹⁸

As we have seen so far, there are different obstacles that affect the competitiveness of MSMEs. However, these should also be seen as opportunities for improvement. These barriers should make us think about concrete actions and alternatives that can help boost the growth of MSMEs and make the most of their potential.

In this scenario, the competitiveness and success of MSMEs will depend on how agile and pertinent their management is in order to satisfy their clients and meet their respective business growth and development objectives

Table 2-Barriers to MSME's growth¹⁹

Question 9.1: What are the barriers to your company's overall success?



18. The issue of financing was constantly mentioned by entrepreneurs in the training workshops and events organized by APF Canada in Lima, mid-2019. At the time of the survey, about half (43%) of the respondents said they were seeking financing for their MSMEs.

19. "Lessons in Survival and Success from Peru's Entrepreneurial Landscape", Phebe Ferrer. Available at: <https://www.asiapacific.ca/publication/lessons-survival-and-success-perus-entrepreneurial-landscape>

The impact of COVID-19 on Peruvian MSMEs

Currently, the COVID-19 pandemic is directly and irreparably affecting many MSMEs that are having to pause or completely cease their activities. Many have been forced to close due to lack of sales and liquidity.

According to INEI, in Peru **the industrial production fell by 21.4% in the first four months of 2020 and the manufacture of capital goods decreased by 47.9%, affecting four in 10 Peruvians who lost their jobs during the crisis**. Some of the largest companies have been severely affected, and in many cases MSMEs have gone financially bankrupt and could not contribute to the country's economy.

The Institute of Economics and Business Development of the Lima Chamber of Commerce (IEDEP-CCL, 2020)²⁰ estimates that the GDP will fall by 3.7% in 2020 due to the effect of COVID-19. The basis for this estimate is the decline in private domestic demand. Micro and small companies are - and will be - affected the most. The various measures taken during the state of emergency due to COVID-19 caused the demand for their products to drop considerably. This, added to the lack of income, has resulted in forced job layoffs and diverse disruptions in many sectors, such as tourism.

On the other hand, as part of a study carried out at the end of May 2020 by the United Nations Development Program (UNDP) and GRI, the survey on the impact of COVID-19 on Peruvian companies was undertaken. The results of this survey were extrapolated to the entire MSME sector in order to identify the economic and financial impacts of the health crisis on companies and the consequent effects on the priorities and challenges in the 2030 Agenda.²¹

In the case of MSMEs, the impact translated into a greater number of closures and job losses, as well as disruption in production chains and in payment flows.²²

The findings from the survey identified three most serious problems for MSMEs in the wake of the crisis:

1. On the workers' front: high levels of stress, difficulties in getting paid and a reduction of productivity due to teleworking.
2. On the clients' front: decrease in sales and difficulties in collecting payments.
3. On the suppliers' front: difficulties with payments.

Additional findings suggest that companies in Lima have experienced a greater drop in sales than companies from outside the capital, despite taking greater action against the crisis. In addition, while some of the largest companies have been able to redesign and digitize their processes, micro-enterprises remain the ones that are helping their communities the most. In this regard, companies that sell to end customers have taken more measures in the face of the crisis, for they have adapted their sales channels and diversified their products and services.

Finally, the study highlights that sustainability presents a great opportunity to overcome the existing difficulties imposed by the COVID-19 pandemic, since six out of 10 companies believe that including sustainability into their business strategy has helped them beat the crisis.

20. Proposals against covid-19, Lima Chamber of Commerce. Page 15. Available at: https://www.camaralima.org.pe/repositorioaps/0/0/par/edicion922/la_camara%20922_final.pdf

21. The results have allowed two things: 1) to build the baseline to monitor the how the crisis has impacted the development and 2) to propose a way in which companies can build resilience in the face of shocks caused by the crisis, and contribute to the recovery of progress lost in the achievement of the Sustainable Development Goals.

22. Beyond Recovery: A Look at 2030 from the Peruvian Business Conduct, United Nations Development Program (UNDP). Available at: <https://www.undp.org/content/undp/es/home/librarypage/hiv-aids/beyond-recovery--towards-2030.html>



Going forward, the role of businesses in restarting activities will be crucial, regardless of whether they are micro, small, medium or large. According to the document 'What will the new normal be after the COVID-19 crisis?'²³ prepared by Ernst & Young (EY), there are five main areas that saw important changes and that will continue to evolve with restrictive measures. According to EY, we will see a transformation in our way of living together and socializing, in taking care of our health, in working, in our movement and consumption habits. Some of the examples of this transformation include the increase in remote working and the redesign of transportation. Key to achieving sustainability is adapting to these changes and staying relevant in the current market.

In these challenging times - not only economically and socially but also environmentally - it is essential that MSME entrepreneurs and their teams are resilient enough to overcome all kinds of adverse circumstances caused by the COVID-19 pandemic and, at the same time, identify the inevitable opportunities that the current situation presents. Therefore, it is necessary to opt for a more responsible behavior, conscious of its impacts in facing what is to come in the next years: an economic recovery that implies a more sustainable business model, taking into account both the well-being of society and that of the planet.

23. "What will the new normal be after the Covid-19 crisis?", Gilberto Lozano. Available at: https://www.ey.com/es_cr/covid-19/cual-sera-la-nueva-normalidad-a-partir-de-la-crisis-del-covid-19



2 Sustainability as a competitive advantage

Being competitive is, perhaps, one of the main challenges that Peruvian MSMEs face. Several of the previously mentioned difficulties in the Peruvian MSME ecosystem are the barriers that prevent these companies from ‘distinguishing themselves’ from their main competitors. Why is it important to be competitive? Because ultimately, it is what allows you to remain current in the market, offering products and services that are relevant to customers and that satisfy their needs in a creative and efficient way, while minimizing risks.

There is a significant opportunity in managing sustainability and capitalizing on it as a competitive advantage. When MSMEs manage sustainability strategically, they become more attractive because they position themselves as responsible organizations, aware of their economic, social and environmental impacts. They become companies that minimize risks throughout their value chains and enhance their strengths through an efficient management of their organization, both internally and externally.

Sustainability in MSMEs

As we have seen in the previous chapter, the challenges faced by MSMEs are very diverse. Some of these challenges have become even more persistent. Some of the biggest barriers to competitiveness are inefficient management and little differentiation in the face of stakeholders.

With existing difficulties for MSMEs to prosper over time, the added struggles with adequate and efficient management of operations and the lack of financial capital in a context of informality make the situation even more critical. MSMEs must seek ways to change towards a more sustainable model, which can allow them to better understand their economic, social, and environmental impacts.

This can be done through the implementation of internal processes that minimize risks for their stakeholders, promote cleaner production, enhance the development of their workers and communities, and communicate their impacts and efforts strategically.

When talking about sustainability in companies, people tend to turn their gaze towards big enterprises. Perhaps it is because we are used to seeing them take the lead on the topic, and communicate their wins more effectively. **However, regardless of their size, MSMEs generate short, medium and long-term economic, social and environmental impacts that create shared value for their respective stakeholders.** The problem is that many do not carry out their activities within a framework of sustainability; that is, they embrace a traditional vision for their businesses without being aware of their social and environmental impacts, and they lose the benefits that sustainability management could bring to their organizations.

One component of sustainability is the ability to sustain oneself over time. Therefore, for MSMEs to last, they must see sustainability management as a strategic factor that involves their entire value chain. This will allow them to be much more competitive, with direct effects and concrete benefits both internally and externally.

Internally, the implementation of a sustainability strategy can reduce operating costs and generate narrow profit margins for MSMEs. Sustainability management practices range from increasing the efficiency of lighting installations to complying with occupational health and safety laws to striving to eliminate salary gaps. Even more so, demanding and supporting strategic partners to do the same. Such practices might also involve other changes, such as measuring carbon and water footprint as well as production waste, implementing a health and safety management system at work, and promoting and implementing programs with local communities.

Externally, MSMEs can obtain great benefits from the way they communicate and position themselves - that is, as companies that generate value while making a positive impact on society. This, in turn, will help them differentiate themselves within the field they operate. To be successful at this point, it is essential to develop trust and to listen carefully to what stakeholders have to say.

As we have previously mentioned, one of the greatest challenges faced by MSMEs in their sustainability management is limited strategic planning (including the use of measuring and management tools), which should help them promote the integration of sustainable practices for further growth. Within the Peruvian MSME ecosystem there, too, are several barriers to accessing information and sustainability management training, in addition to low interactions with organizations that could help promote partnerships and enhance areas of common interest.

Being aware of our positive as well as negative impacts on economic, social and environmental levels, we can take the first step to turn sustainability into a competitive advantage. How can MSME demonstrate that it is sustainable? The answer is simple: with a sustainability report.

73% of the world's largest 250 companies (the G250) use the GRI Standards/GRI Sustainability Reporting Standards and 168 policies in 63 countries and regions reference or require the GRI Standards.

The sustainability report

The sustainability report is a document addressed to an organization's stakeholders that contains, in a very timely and objective manner, information on the specific actions and economic, social and environmental performance of the organization in a calendar year. In that sense, the GRI Standards have been designed for organizations to present information on their economic, social and environmental impacts.

The GRI Standards represent a global practice to report sustainability management and performance, which facilitates the comparability and quality of the information reported. The Standards are structured in a modular way, divided according to universal and thematic indicators (economic, social and environmental), and are interrelated. By using the GRI Standards, a complete and balanced image is projected of the priority issues for an organization and the related impacts, as well as the management of these impacts.

Thanks to this, the GRI Standards have become the common language used by companies in sharing their sustainability impacts in a transparent manner. For example, 73% of the world's largest 250 companies (the G250) use the GRI Standards/GRI Sustainability Reporting Standards and, 168 policies in 63 countries and regions reference or require the GRI Standards for their regulations. In the case of Peruvian MSMEs, more than 1,200 have been trained on the GRI Standards, resulting in over 800 reports published. It is also important to mention that, in addition to the final document, the process of preparing the report leaves a series of lessons to companies, both external and internal. The lessons and learnings related to stakeholders are of great value when designing strategies and activities for them.

In conclusion, the sustainability report is a tool that enables a process of continuous improvement towards a more sustainable business, responsible for its impacts.

Benefits of the GRI Sustainability Reporting Standards for MSMEs

Throughout the four years of GRI's work with Peruvian MSMEs, the benefits of developing a sustainability report and its process have been segmented into two levels: internal and external.

Internal benefits are related to management, among them we have:

- **Vision and strategy definition:** many MSMEs are constantly "putting out fires" on a day-to-day basis and have a few opportunities to pause and reflect on the progress made and where they want to go.
- **Identify strengths and weaknesses:** the results of the report can be easily evaluated and even compared to those of other companies in various sectors or countries. Thus, they allow us to identify what is advancing and what aspects require a change in strategy.
- **Implementation of management systems:** this is due to the fact that reported issues must be accompanied by Standard 103: Management Approach. This makes MSMEs analyze the importance of the issue, its coverage, management and evaluation. The integrated management system stimulates results as a response from the management, not luck.
- **Reduction of gaps:** company decision-makers can take the results obtained as a baseline, analyze where they currently are, where they would like to be and what they have to do to get there.
- **Employee motivation:** this is important because people are increasingly looking to work in companies that focus on more than just generating profit. Implementing the sustainability report helps strengthen the company's purpose and mission in the eyes of workers and employees and increase their motivation.



- **Strengthening stakeholder relationships:** both internal and external stakeholders need information from the enterprise in order to develop strategic relationships based on trust. Access to information allows for informed decision-making.
- **Communicate what they are already working on:** many companies are already working on different fronts such as human resources, marketing or finance. The report allows them to position everything they are already doing within a sustainability framework and communicate it to stakeholders.
- **Communicate improvements:** companies will have the opportunity to report annually and they can communicate year after year their implemented improvements. This shows robustness, trust and often resilience, which improves the relationship with stakeholders.
- **Develop a competitive advantage:** currently many MSMEs offer the same price, quality and delivery time, which makes it very difficult to achieve differentiation. Sustainability may be the variable that makes them stand out from the rest.
- **Reach more demanding markets:** whether an MSME wants to reach international markets or be a big company supplier, sustainability makes them more attractive and makes them meet high standards demanded by clients.
- **A common language with large companies:** for MSMEs that are suppliers, the GRI Sustainability Report helps speak the same language with their client companies. This facilitates the impact evaluation of large companies and therefore makes MSMEs that produce the report more attractive to them.
- **Better reputation and greater trust:** companies with reports portray an image of transparency that favors their reputation and generates trust among stakeholders.
- **Capital attraction:** impact management generates efficiencies which, in turn, reduce risks. Interest rates on loans are related to risk. The higher the risk, the higher the interest rate. In addition to this, there are more investors who are increasingly seeking returns that are not just economic they also seek well-managed social and environmental impacts which the report accounts for.

The GRI Competitive Business Program

GRI has been implementing the Competitive Business Program aimed at MSMEs in Peru since 2017. The program is designed to increase the competitiveness of MSMEs through the identification of their economic, social and environmental impacts. The Competitive Business Program is supported and financed by the Swiss Confederation State Secretariat for Economic Affairs (SECO) in five countries: Colombia, Indonesia, Vietnam, South Africa and Peru.

The implementation of the program in Peru has taken sustainability reporting from a niche practice among big companies to a critical and essential one adopted by companies of different sizes and sectors around the country. Indeed, the number of reports from MSMEs has strengthened the importance of reporting and transparency among relevant representatives of Peruvian society, including government agencies, corporations , international organizations and citizens.

During the program's four years, three fundamental pillars have been developed. The first was training MSMEs to prepare a sustainability report. More than 800 sustainability reports have been published by 568 SMEs from 16 regions. In 2020 alone, Peru experienced a 25% growth with 408 published reports, despite more than 100 days of mandatory quarantine in the midst of a global pandemic. Since 2018, more than 1,100 MSMEs have been made aware and trained on how to write a sustainability report.

The success of the program relied on its constant adaptation to the needs of the stakeholders involved and of the beneficiary companies. This resulted in the design of the "Continuous Improvement Cycle" - a process that begins with the measurement of impacts and continues with the publication of the sustainability report. Subsequently, all companies that meet the requirements join the community of 'graduates' of the program, where management and communication of results are carried out together with partner organizations. All this takes place over a year and is repeated every year. The Continuous Improvement Cycle will be discussed later in this chapter.

The community of graduates of the Competitive Business Program played an important role in achieving these results, evidenced by the fact that some of the Program's graduates have now been publishing sustainability reports for the second and third consecutive year.

More than 800 sustainability reports have been published by 568 SMEs from 16 regions. In 2020 alone, Peru experienced a 25% growth with 408 published reports despite more than 100 days of mandatory quarantine in the midst of a global pandemic.

During the quarantine, the GRI team, together with its implementing partners, quickly migrated to digital training and hosted several webinars on how to respond to the challenging health situation we were facing. At the end of the fourth year, a new approach has been tested to help anchor companies capitalize on their supplier transparency by working closely with purchasing or logistics teams in a Buyers Program.

The second pillar focuses on involving the key players in society to establish private or public policies that encourage the use of sustainability report. In this sense, the data collected in the sustainability reports of MSMEs began to be systematized in the fourth year to provide for the design of public and corporate policies.

This work, in association with **UNDP in Peru**, had several valuable contributions. These include an annex in the Voluntary National Report to show how big companies and SMEs are contributing to the Sustainable Development Goals (SDGs), as well as a publication on the impact of COVID-19 on the sector and how to 'build back better' from it. The most promising result is an online platform to measure corporate contributions to the 2050 National Plan and the SDGs. The platform, called the SDG Corporate Tracker, is currently open to businesses.



Finally, the third pillar is based on promoting the use of the sustainability reports in decision-making by key players in society. The two main users targeted by the program were university students and journalists. The initiatives focused on creating knowledge about the steps to be taken to involve relevant stakeholders in decision-making using the sustainability report as the main tool.

Significant efforts have been made in this regard to raise awareness of university students and journalists. This was achieved with the help of program partners, such as the **International Finance Corporation (IFC)** and **CENTRUM PUCP Business School**.

Partnerships like these are, and will continue to be, crucial in driving greater demand for sustainability data.

All in all, in these four years, the GRI Competitive Business Program in Peru has obtained important results and will remain committed to sharing knowledge and enhancing the growth of Peruvian MSMEs.

Cycle of improvement

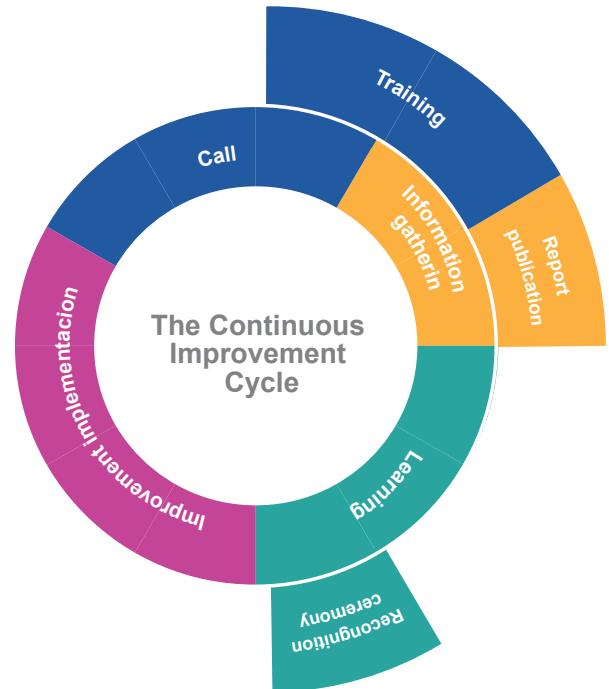
One of the success factors of the Competitive Business Program in Peru is the implementation of the Continuous Improvement Cycle. The cyclical execution of the Program managed to organize the activities and group them by stages, creating a fluid process for all participants.

The division into stages makes for a more logical and a simpler process for MSMEs. Thanks to this cycle it becomes simple, for example, to designate those responsible for implementing the Program within the MSME. In addition, the months that are designated to each stage make it easier to incorporate the Program's activities into daily tasks of any given organization. In other words, companies can better organize who and what departments are responsible for leading the implementation of the Program at each stage. Likewise, the execution by stages provides flexibility to adjusting to unpredictable circumstances, just as it happened in 2020 with the COVID-19 pandemic.

The following are the stages of the Continuous Improvement Cycle of the Competitive Business Program:

- **Call:** with support from implementing partners and anchor companies of the Program, GRI launches a call in the first months of the calendar year, inviting MSMEs to be part of the GRI Competitive Business Program. Thus, participating companies can be invited as they are strategic suppliers to large companies, as can companies who join the program proactively.

- **Information gathering:** the information gathering stage begins with the training of MSMEs and ends with the publication of the report. GRI trains the implementing partners so that they can carry out the training for MSMEs. Enterprises will have between a month and a half to two months to collect the necessary information and write their sustainability report. Once completed, companies are invited to publish their report through their networks or the GRI Database. In this way, they contribute to the exercise of transparency of information. Enterprises are also invited to strategically communicate their impacts to their respective stakeholders.
- **Learning reinforcement based on results:** this stage begins with the Recognition Ceremony, which is designed as a space to recognize all the agents that made it possible for MSMEs to conclude their sustainability report. Thus, there is participation from CEOs of MSMEs, implementing partners representatives, trainers, and logistics and sustainability departments of anchor companies. In some cases, CEOs of anchor companies also participate. This event also welcomes MSMEs to the Community of Responsible Suppliers of the Competitive Business Program. Then GRI, with support from learning partners such as EY Peru and CENTRUM PUCP, design courses for implementation improvements focused on the most reported content by participating companies that year. This is done in order to delve into practical ways to implement improvements appropriate for MSMEs. Participants conclude this stage with a planning workshop with support from other GRI expert partners, where they apply what they have learned from the workshops and propose new objectives and strategies for sustainability management within their organizations.
- **Improvement implementation:** upon reaching this last stage, companies have already been empowered in the most relevant sustainability issues for their organizations and will have about four months to focus on their management and implement improvements with respect to their next cycle of continuous improvement. At this stage, GRI and implementing partners support companies during the process. Webinars, virtual courses, contests and events take place to continue promoting the use of the GRI reporting methodology as the main tool for managing and communicating sustainability impacts.



Each year, the GRI team in Peru evaluates the execution and results of the continuous improvement cycle, meets with implementing partners, collects suggestions from participants and makes improvements in its own continuous improvement cycle.



3 Best practices in sustainability in MSMEs as a result of the report and its development

This chapter seeks to share the best practices of MSMEs participating in the GRI Competitive Business Program with respect to their sustainability management. Each case is related to a GRI Standard and to at least one of the Sustainable Development Goals.

The main objective is to present the best practices in an educational way by identifying the problem that was meant to be solved in terms of sustainability, the implemented strategy, the results obtained and even specific recommendations from Peruvian MSMEs.

This chapter is a practical guide that can inspire MSMEs to approach sustainability as part of organizational strategic management and a cycle of continuous improvement.



Focus

One of the most tangible benefits of writing a sustainability report is that reporting allows organizations to focus on the most important aspects, priorities, and material topics for the organization.

Many of the companies that participate in the Competitive Businesses Program start their path towards sustainability by implementing a tool that requires them to identify the crucial themes to which their organization must direct their efforts to improve and grow. It is worth highlighting that focus is useful for companies at any level of growth (micro, small, medium, or large). Moreover, it responds to a particular context, meaning that the focus in one particular year will not necessarily be the same in the next.

It is important for organizations to view the report as a tool for focus, which reflects their managerial priorities in terms of economic, social and environmental impacts, and to realize that these priorities have a substantial influence on the perceptions and decisions of their main stakeholders.

Companies that participate in the Program perceive a clear ‘before’ and ‘after’ in the organization thanks to the report’s ability to identify improvement areas and focus their efforts on aspects that allow them to achieve positive short and medium-term results.

In what follows, we will share some examples of Peruvian MSMEs that use the report as a tool for focus in their organizations.



BRYSAC

Company Region: Ancash

Company Industry: Maintenance of hydraulic oil equipment

Number of employees: 20

Contact email:

gerencia@brycsac.com

Sustainability Reports: 2018 and 2019

Size: Small

www.brycsac.com.pe



Focus administrative processes

Activity

We are a family-run company with 15 years of experience. We are dedicated to naval metal mechanics services and specialize in the design, manufacturing, installation and maintenance of hydraulic oil equipment. We provide the best products and services to our clients. As part of the commitment to our work and the quality of our service, we are focused on continuously improving our internal processes and human capital.

The identified problem or challenge

Our processes were centered on our operations and we were very efficient, but we lacked an administrative focus. We relied on a single person to manage all the administrative processes. We considered this to be a risk for the organization as this could create bottlenecks in administrative processes that should be aligned to our operational objectives.

Improvement strategy

We implemented a manual of administrative processes for the whole organization and identified a flow diagram for each process, mapping out our route procedure from when the client first contacts us. We do not only work in our workshop, but we also perform services directly at our client's location.

Results

Focusing on the administrative aspect has given us fluidity in our processes and reduced our invoicing time by 30%.

“ The report made us realize the urgency of putting our administrative processes in order.

Yngrid Chunga
Head of Finance



It is recommended to have a detailed description of every process to not depend solely on one person.



8 DECENT WORK AND ECONOMIC GROWTH



MUJERES ECOSOLIDARIAS

Company Region: Arequipa

Company Industry: Recycling

Number of employees: 25

Contact email:

informes@mujeresecosolidarias.com

Sustainability Reports: 2017, 2018 and 2019

Size: Micro

www.mujeresecosolidarias.com



Positioning as strategic partners

Activity

We are an association of female recyclers who recover waste in the city of Arequipa to reintegrate it back into industries as raw materials and products, giving it a second life. We are a team of 25 partners and entrepreneurs who generate our own income, improve our own quality of life and that of our families, and contribute to protecting the planet through the services we offer.

The identified problem or challenge

The lack of vision of large and iconic companies in considering the associations of recyclers as trusted partners. We wanted to position ourselves as strategic partners and responsible suppliers for these companies. A disadvantage in the recycling industry is that there is no certification (excluding the ISO, which is very expensive) and our organization was looking for an opportunity to differentiate itself.

Improvement strategy

Motivated by our client Caja Arequipa, our organization started its Sustainability Report with GRI. Our objective was to meet their expectation of providing social and environmental indicators and becoming a sustainable supplier.

We wrote our own report, enhanced our reach within the report and invited our own supplier to participate in the Competitive Businesses Program. Afterwards, we used the report to consolidate our position as a sustainable supplier.

We participated in a campaign organized by HumanizarSE association to recover a massive volume of waste. With support from the local press, we convened the community and were able to clean the whole area of Mercado Avelino Caceres, collecting one ton of waste and proving the valuable role of recyclers.

Results

Writing the GRI report allowed us to strengthen our partnerships with iconic companies like Caja Arequipa and Scotiabank.

We used the indicators from our corporate collection route to objectively quantify the socio-environmental impact of our partnership with Caja Arequipa. The fact that we belong to GRI's Community of Responsible Suppliers was a key one during negotiations with the Corporate Social Responsibility (CSR) department. As a result, our organization received a donation of 20 tons of paper in 2019 and 2020, worth approximately 16,000 Soles.

“ The report allowed us to enhance our capacity to analyze, quantify and communicate the impact.

Sergio Olivares
Advisor of Mujeres Ecosolidarias



Identify a strategic company that has developed a CSR policy. Verify that the company prepares a sustainability report and that there is a partnership opportunity along one of the axes mentioned within their report. Improve and expand your own report and link its contents to the partnership with the strategic company. Share the results and indicators of the partnership with the CSR department so they are aware of them. This was how we were able to build a connection between managerial operations and the strategic company's CSR policy.



SUBMARINOS ROMÁN ORDOÑEZ

Company Region: Lima

Company Industry: Fishing

Number of employees: 13

Contact email:

rsubmarinos@gmail.com

Sustainability Reports: 2018 and 2019

Size: Micro

www.romanordonez.com



Comprehensive security, occupational health and environmental policy

Activity

Since 1990, we have been developing the field of submarine services by offering our clients a wide array of services along the national coastline.

We are a working community trained in technical, quality, security, health and environmental issues, and because of this, we can fulfill our objectives in every project.

The identified problem or challenge

We lacked an appropriate distribution of tasks and processes among our employees. **In previous years our company worked empirically, but thanks to the report we have begun to organize ourselves.**

Improvement strategy

We reorganized the company structure. To start, we did a self-evaluation to verify the current percentage of process compliance we had. Once we had identified which processes had to be standardized, we trained our employees based on their job profiles.

We focused on quality in every process and hired specialized personnel to improve the management of the organization.

Results

We were able to optimize the company processes and have now trained personnel for every process. We have more control over our work and a quicker response time in our service. In this way we are able to fulfill all legal and client requirements.

Furthermore, in October 2020 we published our Integrated Occupational Health, Safety and Environment Policy. In this policy we commit to offering a safe workspace, and to meet and exceed our clients' expectations with a focus on quality, while ensuring the protection of the environment. In this policy we also commit to abiding by all provisions required by law.

“We have to grow together with our employees. If the company grows, we all grow.

Roman Ordoñez Espinoza
CEO



Creating management tools with advice from specialist partners helps us avoid employee turnover and systematizes the hiring and evaluation processes.





Measurement

One of the most important characteristics of the sustainability report is that each of the Standards allows the company to measure specific content about their economic, social and environmental impacts.

The sustainability report with the GRI methodology responds to the 10 Principles of Report Writing. These principles help companies define what content to include in their report and how to do so.

Some of these Principles respond directly to measurements which the report allows for:

- **Completeness:** There should be sufficient information in the report to reflect the key economic, social and environmental impacts and allow any interested parties to evaluate the performance of the company during a set period of time.
- **Accuracy:** The information provided should be sufficiently precise and detailed to allow interested parties to evaluate the performance of the organization.
- **Balance:** The information must reflect the negative and positive aspects of the organization's performance to allow for an overall performance evaluation.

Many of the companies participating in the Competitive Businesses Program, especially the micro-enterprises, consider the sustainability report to be an impartial and objective starting tool when measuring the company in economic, social, and environmental terms.

For these companies, the report represents a starting point for creating a management and implementation system of company-wide improvements.

In what follows, we will share some examples of Peruvian MSMEs that use the report as a measurement tool in their organizations.

MANNA

Company Region: Lima
Company Industry: Fishing
Number of employees: 8
Contact email: mannasac@hotmail.com
Size: Small



How to measure the quality of the company processes?

Activity

We have more than 10 years of experience in the industrial sector. We provide cleaning services to the fishing industry, sandblasting, and painting of ships and metallic structures. One of our main commitments is client satisfaction. Our mission is to provide surface treatment and protection of surfaces through the highest quality sandblasting and painting, complying with safety regulations and taking care of the environment.

The identified problem or challenge

We did not have a proper task distribution among our employees. In previous years the company had an empirical approach, thanks to the report we were better off with our internal organization.

Improvement strategy

The first action we took was to assign personnel to lead on the measurement of procedures and quality. We also wrote the organization's quality policy and set goals that reflected the overall direction and strategy of the organization.

We were also more aware of the clients' expectations regarding legal requirements and relevant regulations.

We focused on assigning relevant roles and responsibilities to employees within the organization, empowering them to manage quality. Finally, we implemented quality awareness programs at every level of the organization.

Results

We identified risks and opportunities that could have affected the conformity of the products and services the organization offers.

We were able to increase our clients' satisfaction, optimizing processes and costs along the way. Moreover, we now actively promote, supported by certain processes, a culture of continuous improvement.

 The quality of the service we strive to provide will be the biggest gift our clients receive, as we have highly knowledgeable personnel to offer clients the results they expect.

Omar Nishijima
COO



By implementing quality management, the personnel feels more involved in guaranteeing it. Also, the improvement of processes results in higher client satisfaction.



8 DECENT WORK AND ECONOMIC GROWTH



COOP. FRUTOS DEL ANDE

Company Region: Ayacucho

Company Industry: Agriculture

Number of employees: 10

Contact email:

e.almeyda@fertosdelande.com

Sustainability Reports: 2018 and 2019

Size: Micro

www.frutosdelande.com



Measurement tool for recruiting, selecting and managing personnel

Activity

We are 130 partners located in the inter-Andean valleys of three regions: Ayacucho, Apurimac and Huancavelica. We grow, process and commercialize organically certified Andean grains, beans and fruits. In our processing plant, we add value to the products of Andean biodiversity. Thanks to the short supply chains, we can connect with consumers in produce fairs and organic shops. Our exports abide by fair trade regulations and promote a delicious and healthy diet.

The identified problem or challenge

Our Cooperative is growing in sales and we have the challenge of consolidating our team. We saw experienced employees leave because of higher wage expectations. We understand the need to start by increasing the minimum wage, but we also wanted to have an ideal tool to strengthen our personnel policy.

Improvement strategy

Apart from increasing the minimum wage, we decided to implement efficient measurement tools for hiring personnel.

In partnership with the consulting company Meridiano, we created a measurement tool for the selection process. We defined the candidate profiles based on our needs and wrote evaluation forms for each candidate. These forms allow us to make a comparative analysis, which optimizes our selection process.

Results

This new tool gives us the ability to precisely define the profile we are looking for, and is the baseline for evaluating if our personnel's performance aligns with the Cooperative's mission based on impartial and quantifiable indicators. Our team consists of eight employees and four interns. The eight employees include the CEO, three productive technicians, three plant operators, and an administrative and accounting assistant. We have recently hired two more employees. We used our new forms and profiles to fill these positions. We have distributed the interns in specific areas based on the profiles used in the selection process. The goal of this tool is for us to not generate an additional load of documents. It is a multifunctional measurement and management tool. It is used for the hiring and evaluation of candidates. The tool has quantifiable indicators which are useful for eliminating bias. The profiles are used as management tools when designing contracts. They are based on what the work entails and are a type of organizational memoir. Overall, this measurement and management tool makes all of our personnel management processes more impartial.

“ The creation of measurement tools for personnel management gives the ability to identify personnel with expectations more aligned with that of the organization and reduces turnover. It also allows for a better distribution of responsibilities and personnel evaluation on the basis of impartial criteria.

Constant Piscart

Partner and advisor on capacity building



By implementing quality management, the personnel feels more involved in guaranteeing it. Also, the improvement of processes results in higher client satisfaction.



Management

One of the most evident benefits of writing a sustainability report is that it serves as a management tool for organizations. The majority of companies participating in GRI's Competitive Businesses Program use the report as a tool for:

- **Closing managerial gaps:** With measurement in place, they can use the report's results as a baseline for making better decisions for improving the content of the report.
- **Identifying their strengths:** Some companies have been implementing good sustainability practices before writing the report. However, they had not previously identified these practices as 'sustainable'. The report showcases their positive contributions in terms of economic, social and environmental impacts.
- **Building a culture of transparency and trust:** The simple fact of writing a sustainability report enhances the trust of employees in the company. The report should not be used as a tool to only showcase the 'good' aspects of the company. It should be a transparent document that shows the strengths of the organization but also the areas in which it commits to improve. Many of the cases presented in this study state that writing a sustainability report increases employee productivity, as they now feel happier, heard by the company and motivated to see their company commit to continuous improvement.
- **Speeding up internal communication for decision-making:** Writing a report requires constant participation and communication between company areas. For many areas, this is the first time they have worked together on a joint project. After writing the report, new communication channels and working relationships are formed between areas and communication is improved. Internal communication channels promote trust and can speed up decision-making, benefiting everyone in the organization.

GRI's methodology has a specific Standard called **103: Management Approach** that allows organizations to delve deeper into the management of each content theme and inform as to why the content is important for the organization, its scope and coverage, how it is tangible for the management, and how it is evaluated. 103: Management Approach is a required standard that must be covered every time a material topic is reported on. For GRI, it is imperative to manage the measured results.

Consider the report a tool for building a culture of continuous improvement in the organization. A culture where areas for improvement are seen as opportunities to build a better future for all of the organization's members and respective stakeholders.

In what follows, we will share some examples of Peruvian MSMEs that use the report as a management tool in their organizations.

Company Region: Lima

Company Industry: Printing

Number of employees: 16

Contact email:

cmoranted@esttilodigitalsa.com

Sustainability Reports: 2017, 2018 and 2019

Size: Small

www.esttilodigitalsa.com/



Managing a culture of quality and teamwork

Activity

Our operations focus on printing a variety of graphic material for financial sector institutions and their agencies. **We perform printing services for all types of paper, formats, envelopes, folders and advertising material.**

The identified problem or challenge

Working with different financial entities means we must deliver nationally, accounting for each agency's individual requests. Our job consists of efficiently fulfilling each request, yet there are peaks of high demand that are stressful for our employees. **We identified issues in relation to attention to detail in our programmed deliveries.** We even received a formal complaint from an agency. Resending any deliveries due to an error means we incur additional freight costs that often exceed the product's value. We agreed that no other complaints should occur ever again.

Improvement strategy

We suggested implementing productivity bonuses for each successful delivery and for exceeding the daily production batches. The personnel took the initiative well and were given a rechargeable food card. Each month this card was recharged based on the results achieved.

Results

We lowered complaints to under 1%. We improved our productivity levels by reducing the time taken to attend requests (during some weeks, we even gained half a day of productivity). **Moreover, we generated an average benefit of an 8% increase in salaries of employees who participated in the initiative.** Now we have an error tracing system we use before every delivery. If employees identify an error before delivery, they note it and resolve it as a team. This process promotes teamwork to solve difficulties and avoids client complaints.

“ Teamwork is the key to improvement. Cash incentives can be a starting point to improve processes and/or products, but afterward, it depends on the team and their motivation to improve.

Carlos Morante
CEO



By implementing quality management, the personnel feels more involved in guaranteeing it. Also, the improvement of processes results in higher client satisfaction.



MATRIXCONSULTING

Company Region: Lima

Company Industry: Professional services

Number of employees: 18

Contact email:

Daniela.oscorima@matrixinventarios.com

Sustainability Reports: 2017, 2018 and 2019

Size: Medium

www.matrixinventarios.com



Seeking recognition

Activity

Since 2012, we offer stock ledger, fixed asset inventory, appraisals, outsourcing and consulting services. We perform each activity with precision, efficiency, and have experience in different economic sectors, both public and private.

The identified problem or challenge

We understood that there was a gap in being publicly recognized or awarded for our work and brand. We realized that our competitors were getting recognition, which brought them more clients and helped establish a bigger brand presence. We decided to take action using the tools at our disposal.

Improvement strategy

Our main goal was to build trust with our stakeholders. Our first step was to strengthen the company's internal management, implementing improvements resulting from our sustainability report. Afterwards, we invested in an audit of our process management and underwent the Triple ISO Certification. Given our improvement in internal management, we decided to apply for the best workplace or sustainability practice award recognition, such as the renowned Distinction in Social Responsibility of Peru 2021. We also applied for other awards, such as the best workplace practices for employee training, external consultancies, and local supplier hiring.

Results

As a result of our internal management, we minimized the costs and time of our processes, raised the awareness of our employees, acquired more customers, strengthened corporate trust, and generated more employment opportunities with local suppliers.

In 2019, we were awarded the Socially Responsible Company of Peru Distinction 2021 in the SME category.

 As a result of our award recognitions, we have acquired new clients and maintained the loyalty of our professional service suppliers that allow us to increase our sales.

Daniela Oscorima
Human Capital Specialist SIG CSR and Compliance



We recommend integrating stakeholders and contributing to generating employment opportunities that allow a sustainable development of the communities where you work

Communication

One of the biggest benefits of sustainability reporting is the ability to communicate the relevant economic, social, and environmental impacts to stakeholders.

In the Competitive Businesses Program, we always highlight two important components:

By utilizing the GRI methodology, we implement a common reporting language, used in over 160 countries globally.

For this reason, it is an important presentation card for organizations, particularly for large companies that have been implementing the GRI Standards for many years.

A key recommendation for companies is to be strategic when communicating the report's results and findings to stakeholders. In other words:

- Have the full report published on a digital platform, be it the company website or GRI Database.
- Identify the proper communication channels to share the report's findings with each stakeholder. Not all stakeholders share the same communication channels.
- If possible, send ad hoc information to each stakeholder. This ensures that the pertinent information for each stakeholder is internalized.
- Generate intentional spaces to share the report's information with every stakeholder. Despite it being public on a digital platform, it is important to provide the necessary space to officially share it and encourage people to learn about its findings.
- Share the next steps: the report's communication must emphasize that this is only the first step for improvement and, if possible, share an action plan of how this report's valuable information will be utilized.

In the Competitive Businesses Program, we have concrete examples of how being strategic when communicating the report's information has allowed many organizations to be regarded by their stakeholders as responsible companies in terms of their impact. This has resulted in some companies expanding their portfolio and increasing economic growth.

In what follows are examples of Peruvian MSMEs that use the report as a communication tool.



MUJERES ECOSOLIDARIAS

Company Region: Arequipa

Company Industry: Recycling

Number of employees: 25

Contact email:

informes@mujeresecosolidarias.com

Sustainability Reports: 2017, 2018 and 2019

Size: Micro

www.mujeresecosolidarias.com



Communication for building partnerships

Activity

We are an association of female recyclers who recover waste in the city of Arequipa to reintegrate it back into industries as raw materials and products, giving it a second life. We are a team of 25 partners and entrepreneurs who generate our own income, improve our own quality of life and that of our families, and contribute to protecting the planet through the services we offer.

The identified problem or challenge

In 2017, we launched our solid waste collection service for companies. Initially, we focused on implementing the collection logistics and met with operations executives in companies to offer them our collection services. Despite having made interesting contacts, we could not maintain the service due to a lack of interest and company support. The executives viewed our service as more work for themselves and not as a strategic service. Faced with huge amounts of solid waste that companies produce and do not take advantage of in Arequipa, we knew there was an opportunity to be grasped.

Improvement strategy

In the second semester of 2017, we decided to write our sustainability report as a tool and presentation card for potential clients.

We identified established companies with a corporate social responsibility team and organized four trips to Lima with the association's directors in 2018 and 2019. Our sustainability report helped differentiate us during meetings with the corporate social responsibility officers, and the GRI internationally recognized methodology gave us credibility.

At the end of 2019, we had implemented recycling programs with 22 companies (not taking their various agencies into account), out of which eight are large companies: Caja Arequipa, Scotiabank, Sodimac, Maestro, La Positiva, Metro, Hotel La Cuesta de Cayma y Conauto.

Results

Strengthening partnerships with eight large companies played a decisive role in increasing the number of companies interested in our services. In 2019, Mujeres Ecosolidarias collected 588 tons of waste – 88 tons more than the previous year – which re-entered the productive chain as raw materials to manufacture new products, avoiding more natural resource extraction.

Iconic companies like Scotiabank, Caja Arequipa, and La Positiva included our organization's work in their own sustainability reports. This exposure valued the role of recyclers and positioned Mujeres Ecosolidarias' work at a corporate level.

The report allowed us to identify growth opportunities, breaking through entry barriers. We used the report as a 'presentation card' to directly connect with leaders in corporate social responsibility areas.

Sergio Olivares
Advisor to Mujeres Ecosolidarias



Start writing a sustainability policy through the sustainability report. Use the report as a differentiator when looking for contacts and meetings with corporate social responsibility areas. Disseminate the sustainability report's impact, but also connect it with your partner companies' reports.



SIAGRO EXPORT

Company Region: Lima

Company Industry: Food & Beverage

Number of employees: 26

Contact email:

tradedep@siagroexport.com

Sustainability Reports: 2018 and 2019

Size: Small

www.siagroexport.com



Managing internal communication to better attend our clients

Activity

We are a Peruvian company that, since 2009, has been dedicated to adding value to products from the Peruvian mountains and jungles by growing, transforming and improving them. From our wide variety of products, camu camu, lucuma, cacao, purple corn and aguaymanto are the ones that stand out.

The identified problem or challenge

At the start of 2020, there was an increase in international demand for our products and services. The increase in our production volume started to create bottlenecks that prolonged the processing time and delayed our deliveries. Some of the issues identified were the limited storage capacity in our plant, out-of-date scheduling, and a lack of communication between company areas.

We coordinated a series of meetings among all the areas involved to solve the issues we had identified. A common agenda was created for this: 1) inform and explain the current situation, 2) identify problems and suggest solutions, 3) apply and monitor changes, 4) evaluate the performance after making improvements.

Since poor internal communication was one of the main causes detected, we suggested different improvement strategies.

Improvement strategy

With roundtable discussions and motivational speeches, we raised awareness and involved the officers and managers of each company area so that, with transparency and total openness to opinions and suggestions, they could facilitate and incentivize the communication amongst the company personnel.

Results

The results were positive. There is a tangible improvement in the work environment, commitment, motivation, and productivity of the personnel. One of the indicators of this gradual change are improvements in product shipping: the delivery time shortened from an initial 45 days to 30 days, with up-to-date information and tools to communicate the order's state to our clients. **By taking these actions, we completed our main goal: our client's satisfaction and loyalty.**

“ Our success is based on our experience, knowledge and commitment to our clients and to ourselves.

Peter Marcelo Romero
CEO



In order to improve management processes, first, you must identify problems that affect them, acknowledge the work of employees, and listen to their opinions.



SOLDADURAS Y REPARACIONES VICTOR

Company Region: Callao

Company Industry: Fishing

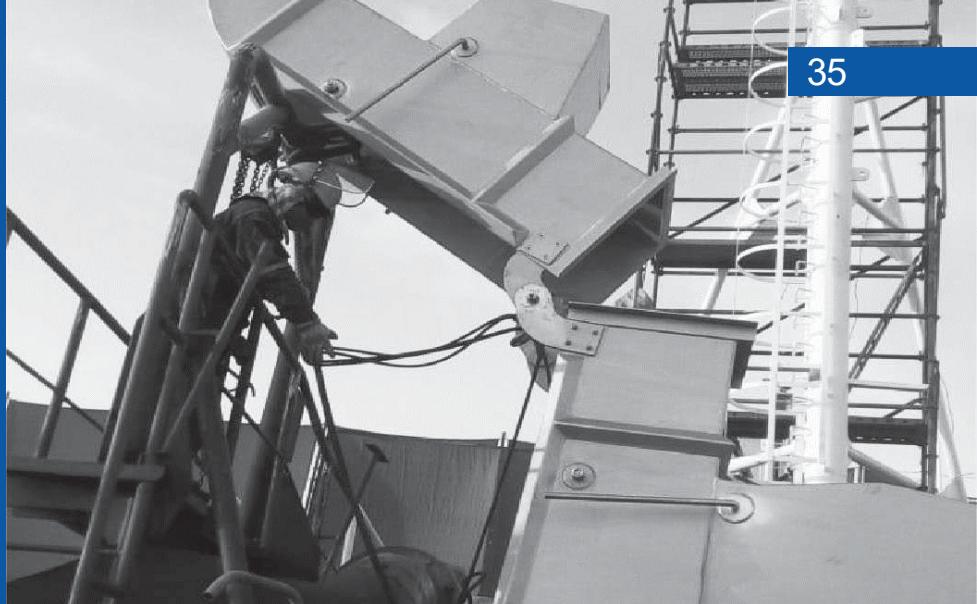
Number of employees: 50

Contact email:

lilia_acosta@solrevisac.com

Sustainability Reports: 2018 and 2019

Size: Small



Communicating the sustainability report's results

Activity

We are a company dedicated to the manufacturing, maintenance, and repair of naval ships and speedboats. We have qualified personnel to give high-quality services in metal mechanic pieces and equipment.

The identified problem or challenge

Despite having 10 years in the industry and two important clients (the two largest fishing companies in the country), we generally had few clients. We needed more exposure in the fishing industry to attract new clients. We wanted to build a good corporate image and be seen as a company that fulfills commitments with suppliers as well as internally.

Improvement strategy

After writing our sustainability report, we decided to use it as a communication tool. We created a company brochure and designed promotional material. **We gave it a new look and used content from the sustainability report.** We booked meetings with fishing companies to introduce our company and show them our work, including the sustainability report.

Results

We used the sustainability report as a communication tool, and that helped us reinvent and strengthen our image and reputation. Thanks to the report, we were also able to book meetings with fishing companies as initially planned.

“ The report made it easier for us to identify things we were failing at.

Carlos Panana
CEO



Taking advantage of the sustainability report's valuable information and not hesitating to share it with stakeholders is important. It is more effective to create promotional material using the report as the base.



GRI 205: Anti-corruption 2016

The GRI 205: Anti-corruption Standard is one of the most referenced in the Competitive Business Program. It was created to manage and communicate issues and impacts related to anti-corruption. This Standard presents three topic-specific disclosures:

- **Disclosure 205-1:** Operations assessed for risks related to corruption.
- **Disclosure 205-2:** Communication and training about anti-corruption policies and procedures.
- **Disclosure 205-3:** Confirmed incidents of corruption and actions taken.

Managing anti-corruption permits, identifying and managing conflicts of interest of employees as well as stakeholders in relation to organization's activities, services or products is one of the remits of the Standard. It also reflects the organization's actions taken to battle corruption in our country.

The Management Approach

All the themed Standards were designed to be used jointly with the GRI 103: Management Approach to provide exhaustive content about organizational impacts. These contents include:

103-1: Why is it important to report about anti-corruption management? It is one of the most referenced Standards in the Program since the majority of companies identify corruption as one of the main barriers to the country's economic growth, and to their own.

103-2: How do MSMEs manage anti-corruption? The companies in the Program tend to make their efforts tangible in the following way:

- Reviewing their processes and activities and identifying production risks
- Creating and publishing their anti-corruption policies.
- Creating a notification channel around incidents and/or alleged corruption cases in the company.
- Training their personnel on how to reduce corruption risks.
- Communicating the company's anti-corruption policy with their employees and strategic partners – like their suppliers.

103-3: How do they evaluate the performance of anti-corruption management?

The MSMEs evaluate their anti-corruption management performance by communicating their anti-corruption policy and the reported incidents in the calendar year. They also measure the number of trained employees or the hours of anti-corruption training invested.

In what follows, we will share some examples of Peruvian MSMEs managing anti-corruption in their organizations.

DAYRO CONRATISTAS

Company Region: La Libertad

Company Industry: Construction

Number of employees: 38

Contact email:

info@dayrosrl.com

Sustainability Reports: 2017, 2018 and 2019

Size: Small

www.dayrosrl.com



Generating trust through transparency

Activity

We are a construction company with 12 years of experience in the industry. **We provide high-quality and timely services for the planning, design, and execution of construction projects.**

The identified problem or challenge

Corruption is an issue that affects trust, especially in the construction sector. In 2018, the sector was hit hard. With our 10+ years of experience in the business, we felt an urgency to share our best practices with others.

Improvement strategy

As a result of the sustainability report, we created, communicated, and raised awareness about our code of ethics. We also adopted the best practices in corporate governance. In this way, we were able to position ourselves as a company that fights corruption.

In 2017, we implemented the Best Governance Code, promoting actions to strengthen corporate governance and our actions under the highest transparency standards.

During the preparation and dissemination of the Code of Conduct and Ethics, and to prevent any infringements, we provided training and wrote a new version of the document with acceptance of the roles and responsibilities of our employees.

We understood the importance of sharing our Code of Ethics and decided to do so by email.

Results

We have a 0% margin of fines for non-compliance with Peruvian legislation. 75% of our associates are familiar with and feel supported by the Code of Ethics.

“ By understanding the importance of measuring and communicating the organization's actions, the improvements in the different GRI standards have allowed us to have a work plan that considers the economic, social, and environmental aspects.

Daysi Ponce Esquivel
CEO



First, identify the problem (in our case, the number of sales dropped significantly). Choose a simple work methodology. Choose a work team (we recommend the leaders of each area). Set dates and assign responsibilities. Finally, compile lessons learned, and apply continuous improvements.



FUNDICIÓN FERROSA

Company Region: Lima

Company Industry: Metal mechanics

Number of employees: 105

Contact email:

kzacarias@fundicionferrosa.com.pe

Sustainability Reports: 2018 and 2019

Size: Large

www.fundicionferrosa.com.pe



Anti-corruption management with short, medium and long-term benefits.

Activity

We are a closed stock company with half a century of experience in iron and stainless steel manufacturing, refractory steels, and gray and nodular irons.

Our dynamic development is evident in the growth of our exports. In 2015, only 3% of our sales were exported, and by 2019, this had risen to 35%.

The identified problem or challenge

In writing the reports, we became aware of what other companies in the same industry in Peru and other countries were doing. This helped us understand the importance of creating a specific anti-corruption policy.

Improvement strategy

After reviewing other companies' reports and considering our own risk of becoming involved in fraudulent operations, we saw it necessary to take action to protect our clients and ourselves. We got certified with BASC guaranteeing the traceability of our exports, and our quality system with ISO9001.

Results

We have an annual certification that entails an exhaustive evaluation of the correct development of our procedures. This not only guarantees that we are doing things right but it's also a competitive advantage for national and international clients who constantly look for more security in the traceability of their purchases.

 The transition was less complicated for us because we were all focused on the short and long-term benefits, which can be perceived in our employees' optimism.

Karen Zacarías
Innovation and Entrepreneurship Coordinator



Any improvement at the company must be communicated at all levels, with awareness-raising workshops and talks to ensure everyone values the importance of these improvements and they are not considered as extra work or expenditure.



Response to COVID-19

2020 was a challenging year for Peruvian MSMEs. Many MSMEs were not able to survive this challenging juncture despite the emergency measures implemented by the government that were focused on increasing solvency and facilitating access to credit.

However, we were able to see the creative and brave response of the companies participating in GRI's Competitive Business Program, in the face of this challenging situation. Let us not forget that a sustainability report is an important tool for management that speeds up decision-making within the organization.

After writing a sustainability report, different areas within a company become interconnected. The transparency of information within the company generates employee trust in the organization and creates constant channels of communication that did not exist beforehand. It is a useful tool to respond to crises and highly uncertain situations.

In what follows we share examples of how the sustainability report serves as a valuable information tool for efficient and timely decision-making in crises and uncertainties.

CORP. VICTORIANO GARCÍA COLLANTES

Company Region: Lima

Company Industry: Fishing

Number of employees: 12

Contact email:

mgarcia@vgcelectric.com.pe

Sustainability Reports: 2018 and 2019

Size: Small



How to care for the health of my employees and clients?

Activity

We are a family company with over 40 years of experience in the maintenance and optimization of industrial and naval electrical installations.

The identified problem or challenge

In mid-March of 2020, the world entered a lockdown due to COVID-19. Luckily, during that same month, the fishing sector resumed activities with protocols and permissions authorized by law.

We needed to have a protocol that could guarantee our personnel's health, but we were unsure about how to start and the actions we could take to prevent contagion. We started with our sustainability report goal focused on physical protection and health of our personnel and the commitment that we have to them and their families.

We also knew about the great effort our clients put into caring for the crew that would sail on the different fishing ships, so we could not allow ourselves to be the cause of contagion of the personnel on board.

Improvement strategy

After analyzing a few options, we decided to have personnel stay in our facilities during the lockdown months to avoid using daily transportation which could lead to contagion. **We created a security protocol based on our report's goal, which was then disseminated and accepted by our personnel.** We implemented private rooms and expanded the dining hall to maintain employees in house and prevent contagion.

Results

Despite the serious sanitary crisis, our actions avoided the contagion of 100% of our personnel during the whole of the 2020 fishing season. We preserved and cared for our personnel's health, the personnel on board the clients' vessels, and that of our families. We raised awareness among our personnel on the need to abide by our protocol, offering favorable living conditions in our workshop.

 Our personnel felt safe doing their work thanks to the measures taken, feeling motivated and engaged with the company, valuing our commitment to their health and safety and that of their families.

Victoriano García Collantes
CEO



Establish goals and commitments to your staff. Ensure compliance with the protocol by our workers.



PIXED

Company Region: Lima

Company Industry: Engineering and Technology

Number of employees: 14

Contact email:
ssaavedra@pixedcorp.com

Sustainability Reports: 2018 and 2019

Size: Micro

www.pixedcorp.com



Responding to market needs, especially in times of crisis

Activity

We are a company dedicated to the development of inclusive medical technologies since 2015. We manufacture devices and prosthetics with 3D printing, making them accessible to everyone. For us, people are the priority, which is why we make sure to offer an integral attention to medical, psychological, and biomechanical aspects of our product. All of our services include psychological support for our clients during their adaptation phase to the device.

The identified problem or challenge

We were dedicated exclusively to manufacturing medical prosthetics (biomechanical devices) for people with a physical disability.

Due to COVID-19, a new challenge arose: the impossibility of attending our clients as we were accustomed to due to the lockdown. Furthermore, our core service was no longer a priority for many clients.

Results

Thanks to our quick response rate during the COVID-19 crisis, we obtained the following results:

- Increased our income sixfold to S/ 460,000.
- Thanks to the sales of the new line of products we were able to acquire new machinery for the company.
- We generated more jobs. We hired three new people during the pandemic's initial months, two of which became permanent staff members.
- We carried out support and donation campaigns of biosecurity products to more than 20 hospitals on a national level. We carried out one campaign in partnership with the organization Juguete Pendiente and two with the company Sura.

“ The elaboration of our sustainability reports helped us get to know our market and enabled us to learn about our weaknesses and strengths in order to have a speedy reaction to the situation brought upon by COVID-19. We also established new partnerships due to the trust generated by carrying out a sustainability report.

Stephany Saavedra
General Manager at Pixed S.A.C



When facing a crisis or the unknown (such as a pandemic), it's necessary to identify opportunities, carry out a market study, focus and be willing to do a turn or have a quick response to minimize risk.

GRI 301: Materials 2016

Materials Standard 301 was designed by GRI to manage and communicate the impacts of the management of materials used by an organization to stakeholders, this Standard presents three topic-specific disclosures:

Disclosure 301-1: Materials used by weight or volume.

Disclosure 301-2: Recycled input materials used.

Disclosure 301-3: Reclaimed products and their packaging materials.

This Standard allows the organization to include the total calculation of materials, defined as: raw materials, necessary for the production process; semi-manufactured articles or pieces that are not part of the raw materials but are part of the final product; and packaging materials, including paper, cardboard, and plastics. It is also important to note that the company can report whether these materials are obtained internally or obtained through suppliers.

The Management Approach

Each topic-specific Standard includes disclosures specific to that topic, and is designed to be used together with universal Standard GRI 103: Management Approach, to report the management approach for the topic. For this Standard that includes:

103-1: Why is it important to report on materials management? Reporting on the materials used in production allows the organization to objectively measure the quantity of materials, the type (renewable or non-renewable), which ones have the potential to be recycled or recovered and, finally, measure their negative or positive impact on the environment.

103-2: How do MSMEs manage their materials?

- Measuring the amount of renewable and non-renewable materials that they include in their production.
- Identifying the types of materials and their quantity in their packing or packaging
- Identifying the potential for reuse or recycling of each of these materials.

103-3: How do you evaluate your performance in materials management?

MSMEs evaluate their performance on the management of their materials by reporting the increase or decrease in kilograms or tons of each material, classifying them by type, uses in the production process and / or potential for reuse or recycling.

In the following section, we share some examples of Peruvian MSMEs that are managing the materials used in their products.



TORTAS Y DETALLES CINZIA

Company Region: Lima

Company Industry: Food and beverages

Number of employees: 18

Contact email:
cmarjoriefp74@gmail.com

Sustainability Reports: 2019

Size: Micro



Be aware of what type of materials we use in our businesses

Activity

We are a company dedicated to the production and sales of traditional desserts and special cakes from Lima. Our commitment is to bring back to the new generation, the flavors and customs of yesterday's desserts, some of which have been lost over time. We hope to continue growing to improve the quality of life of our workers, contributing to the cultural and gastronomic development of the country.

The identified problem or challenge

We were not aware of the environmental impact we were having through the sale of our products. We identified that we had been using the polypropylene material (technopor) for a long time to deliver our products. We also identified an excessive use of photocopies and printing of documents which we then gave to our clients.

Improvement strategy

When we made our first sustainability report, we identified that we should improve some aspects to contribute to the sustainability of our country. We decided to implement eco-friendly packaging for all our products, as well as the use of paper bags and biodegradable bags. Additionally, we encourage workers to use bicycles as transportation to get to work.

We have implemented the use of emails for document delivery, as well as the use of electronic ballots to reduce the use of paper. We opted to reduce energy consumption for lighting by using energy efficient light bulbs (LED). We encourage workers to switch off lights and make the most of natural light. We rearranged the office, relocating desks and making better use of natural light.

Results

Our stakeholders, especially our clients, have verified the changes applied to improve our company and our positive impact on the environment.

We are at 49% of reaching our goal and we hope to be able to reduce the use of non-eco-friendly materials to nearly 100%.

As a company we hope to continue improving in order to contribute and influence the sustainable development of our country.

Marjorie Fernández
General Manager



Identify and evaluate each of your improvements. Start with the most feasible.

Company Region: Lima

Company Industry: Importations

Number of employees: 18

Contact email:
daranda@vaneco.com.pe

Sustainability Reports: 2018 and 2019

Size: Medium

www.vaneco.com.pe



Material use habits to protect the environment

Activity

We are 30 year-old Peruvian company, dedicated to the import and commercialization of valves, fittings and industrial tubes.

The identified problem or challenge

We identified that some direct or indirect production materials were not being used to their maximum. We found ourselves accumulating waste excessively. Our workers were not aware of the potential of reuse of production materials.

Improvement strategy

We implemented a new measure for recycling and reuse of production materials. In addition, we carry out internal communication campaigns promoting an appropriate use of resources.

Reuse of materials was applied primarily with paper, pallets (we molded them to the size of the orders in order to reuse them) and the containers of some cleaning products. We implemented a purchasing process whereby, if possible, we would buy replacement cleaning products instead of new bottles.

Through communication campaigns, we promoted the responsible use of water and electricity, raising awareness among workers, seeking to minimize the unnecessary use. The message focused on promoting the use of what was necessary and suggested the following simple steps: before leaving the office, verify that no electrical appliances are left on; do not take long showers at the end of the day, among others.

Results

We have managed to change the habits of our workers in relation to the reuse of our indirect work materials, on top of applying environmentally friendly practices. **Water and light usage has been reduced and staff have taken home the acquired new practices.**

“We have turned these practices into environmental policies for the company, generating new habits.

David Aranda
Marketing



Internal communication campaigns result in very positive outcomes. Constant communication is necessary.

GRI 302: Energy 2016

Energy Standard 302 is one of the most reported standards in the Competitive Business Program. It was created to manage and communicate the impacts related to organization's energy consumption management to stakeholders.

- Disclosure 302-1: Energy consumption within the organization.

When reporting about its energy consumption, an organization can show to its stakeholders if it complies with the minimum requirements set by Peruvian law in relation to that sector's energy consumption.

The Management Approach

Each topic-specific Standard includes disclosures specific to that topic, and is designed to be used together with universal Standard GRI 103: Management Approach, to report the management approach for the topic. For this Standard that includes:

103- 1 Why is it important to report on energy consumption management? This is one of the most reported on environmental parameters by MSMEs due to it being the most familiar. The greatest benefit that companies identify when reporting their energy consumption is that it brings out the most significant savings opportunities, even if they are non-manufacturing companies.

103-2: How do MSMEs manage energy consumption? The companies in the Program tend to focus their efforts on:

- Measuring their energy consumption on a regular basis.
- Identifying opportunities to reduce consumption in plants and offices.
- Informing staff about the impacts of energy consumption on the environment.

103-3: How do you evaluate your performance in managing energy consumption? MSMEs evaluate their performance by monitoring and measuring energy consumption on a monthly basis. Many of the companies keep track of the economic savings generated after the implementation of improvements.

In the following section, we share examples of Peruvian MSMEs which that managing their energy consumption.



OXAMANÍA L&B BOTTGER

Company Region: Pasco

Company Industry: Food and Beverages

Number of employees: 5

Contact email:
victor@oxamania.pe

Sustainability Reports: 2019

Size: Micro

www.oxamania.pe



Invest to save and take care of the environment

Activity

We are a Peruvian company that, among its main activities, is dedicated to the processing of spicy peppers in various forms, such as cream, chutney, pickles and jams. In addition, we work with other fruits from the province of Oxapampa.

The identified problem or challenge

We experienced that our production capacity was exceeded by the demand for our products. We had to optimize the production process with new machinery, but, at the same time, not increase production costs too much, especially in energy.

Furthermore, the Oxapampa area frequently experiences power outages that make production times difficult or longer.

Improvement strategy

We decided to make an effort and invest in machinery to reduce production times and, at the same time, reduce energy costs. We purchased two gas kettles of 150 liters each. The kettles have a built-in thermometer, which allows us to ensure a faster and safer packaging process.

Results

By using gas, we reduce our costs and also reduce the risk brought on by the lack of reliability of energy provision in the area. Our production capacity has increased by more than 40%.

“The savings are significant when using cooking vats, in addition to that we were able to avoid being affected by electrical power failures of the area.

Víctor Paz
General Manager



Try to improve your critical processes and identify opportunities to save on energy consumption.





SOLUCIONES TÉCNICAS HYR

Company Region: Callao

Company Industry: Equipment maintenance

Number of employees: 10

Contact email:
Soluciones_tecnicashr@hotmail.com

Sustainability Reports: 2018 and 2019

Size: Small



Giving a second life to our shrinkage

Activity

We are a family run business focused on providing preventive and corrective maintenance of hydraulic systems and marine, mining and industrial refrigeration.

The identified problem or challenge

We identified that we had an excessive consumption of water and electricity within the company's facilities.

Improvement strategy

We monitor and check monthly energy consumption through a format designed to focus on measuring water and electricity consumption. **The format compares monthly consumption and electricity and/or water bills. In this way we can see if what we pay for these services is decreasing.**

At the same time, we carry out monthly verifications and inspections of electrical equipment and tools. In addition, we changed the lights in the workshop and those of the office for LED lights and gradually replaced the pipes and accessories prone to cause water leaks.

Results

Even in the peak months of the fishing industry, we have managed to reduce electricity consumption by 15%.

“It was a major change, but having the process clearly outlined in the datasheets allowed us to see the progress of the change brought by the LED lights.

Julio Caballero
Head of Logistics and Projects



We recommend designing and setting up office and workshop spaces in such a way that natural light can be used for as long as possible.



GRI 306: Waste 2020

Standard 306 was designed to manage and inform stakeholders about the impacts associated with an organization's waste management. Since 2020, this Standard has focused significantly on circular economy. It has five disclosures, of which the most used by MSMEs are:

- **Disclosure 306-1:** Waste generation and significant waste-related impacts
- **Disclosure 306-3:** Waste generated.

This Standard is based on the premise that an organization can generate waste throughout its value chain, not only on the production stage. Furthermore, it requires organizations to share the total weight metrics of all of its residues and show the methodologies used to calculate this.

The Management Approach

Each topic-specific Standard includes disclosures specific to that topic, and is designed to be used together with universal Standard GRI 103: Management Approach, to report the management approach for the topic. For this Standard that includes:

103- 1 Why is it important to report on waste management? Most of the MSMEs reporting their impacts on this front for a second or third consecutive year, identify waste management as: environmentally relevant; as an opportunity to generate savings; and as a way to generate new partnerships with organizations which promote recycling or reuse of waste.

103-2: How do MSMEs manage their waste?

The companies in the Program tend to focus their efforts on:

- Measuring the amount of waste that they produce throughout their value chain.
- Identifying opportunities to reuse waste.
- Raising awareness among their staff on reuse of materials.
- Evaluating the design of their processes and / or products to reduce waste.
- Using waste as raw materials for new products (circular economy principle).
- Creating alliances with institutions that promote healthy waste management or recycling.

103-3: How do you evaluate your performance in waste management?

MSMEs evaluate their performance on waste management by measuring the number of hours of awareness raising provided to their staff on recycling or reuse; the amount of waste reduced; the number of partnerships developed with other organizations with which to manage their waste; and the additional income generated by the sale of products created from the reused waste.

In the following section, we share some examples of Peruvian MSMEs managing their waste and incorporating circular economy principles in their organizations.

CORPORACIÓN OTTANER

Company Region: Lima

Company Industry: Fashion and textile

Number of employees: 6

Contact email:

contact@ottanercorp.com

Sustainability Reports: 2018 and 2019

Size: Micro

www.ottanercorp.com

www.sophieottaner.com



Measuring for better management

Activity

We are a Peruvian company founded in 2014. We make handmade fashion accessories with sustainable materials such as natural fibers (raffia, chambira, toquilla straw, organic cotton, organic banana stem fiber) and ecological fibers (wool and alpaca fiber, with which we prepare the felt)

The identified problem or challenge

The leftover material or waste from the production of our goods wasn't being quantified, we would just focus on maximizing the use of our materials. This had an environmental impact because we were producing waste which we were not reusing. In addition, this waste consumed useful physical space. This leftover material represented a negative economic impact as it was a cost in the production process.

Improvement strategy

The stored waste had a negative impact on the environment. Thanks to the sustainability report, in 2018 we made a quantitative evaluation of the amount of waste we produced. In 2019, we set out to put our waste to use and improve those numbers.

We decided to analyze our product design process, starting with the calculation which determined how much material we needed and the waste that was produced. Then we designed secondary products that could be made with this waste, in each production batch. We trained our partner artisans so that they could make these new products.

Results

We were able to make these changes thanks to the evidence from the sustainability report. We elaborated new designs, we were able to free up space in the warehouse and include new products in our catalog for the artisans to work on.

Quantitatively, we reduced our waste by 40% and we commercialized the new products, increasing our revenues by 5%.

“ The consequences of climate change lead us to believe that the economy of the future must be circular and must have a low carbon footprint. To do this, we must continue to work efficiently, starting with the use of sustainable materials and addressing the end of life of our products, minimizing the environmental impact thanks to circularity and thus building a sustainable future.

Marilú Livia
General Manager



Take some time to analyze, within your company, where waste is generated and what is done with it. Talk to workers and, together, find solutions. A habit of continuous improvement must be created in which we don't just see a benefit for ourselves but also contributes to keeping our larger home clean, our planet.





LAS ISABELAS

Company Region: Ancash

Company Industry: Food and beverages

Number of employees: 15

Contact email:
stephx279@gmail.com

Sustainability Reports: 2019

Size: Micro



Circular economy in our company

Activity

We are a company dedicated to the production and sale of natural products. Now for two years, we have been promoting a business model, which seeks to anticipate and responsibly manage occupational risks and sustainable development challenges, as well as identify new opportunities that arise from good management.

The identified problem or challenge

Our main product, a coffee substitute (mixture of barley, wheat and roasted and ground beans), leaves residues or very fine grind. This grind was previously discarded after processing the grains. However, grinding these cereals is useful for making soap, since, in addition to having antioxidant properties (vitamins B2 and B5), it acts as a gentle exfoliant for the skin, able to eliminate toxins (dry skin). It also has another advantage: after experiencing the benefits of soaps made by grind, customers tend to use them more often. In addition, we have launched an eucalyptus soap with antibacterial properties, ideal for the COVID-19 pandemic. Our products are primarily focus on children who are constantly playing, throwing themselves on the floor, etc.

Improvement strategy

We identified the opportunity to use the properties of coffee grinds to create a product that was in high demand. We decided to use the fine grind of coffee to create 13 varieties of artisan soaps. The soaps are 100% handmade and are made with coconut oil and natural glycerin. Some additional ingredients are passion fruit, turmeric, thyme, honey, cocoa, activated charcoal, rice, coconut, and aloe vera.

Results

Given the current situation brought by the COVID-19 pandemic, there is a high demand for soaps, especially handmade soaps, which tend to be less harmful for the skin. Our handmade soaps have been very well received by the public thanks to their properties. They do not contain any type of chemical and are beneficial for the skin. We were able to sell more than S/ 4,000 in soaps. We always receive good comments from customers, and we get new ones thanks to recommendations.

The sustainability report provides an opportunity for the more people to get to know us, and Las Isabellas is able to advance thanks to our efforts.

Isabel Cigarróstegui
General Manager



Be aware of the opportunities that surround us and use tools for innovation. Identify what clients are looking for and delve into these insights.



SOLUCIONES PREDIALES

Company Region: Lima

Company Industry: Construction

Number of employees: 13

Contact email:

lguerrero@solucionesprediales.com

Sustainability Reports: 2018 and 2019

Size: Small

www.solucionesprediales.com



Partnerships to positively impact the environment

Activity

We are dedicated to obtaining permits and accesses for the construction, expansion or repowering of power transmission lines in the construction sector. **We design, remodel and construct buildings at all levels and carry out all kinds of studies on environmental issues.**

The identified problem or challenge

Inappropriate use of office supplies, their rapid disposal, and lack of recycling awareness. Through the implementation of the Management Approach, we identified these weaknesses. **Consequently, we decided to formalize partnerships with two NGOs that provide support on this matter and raise environmental awareness. These two organizations are: Aldeas Infantiles SOS Perú and Tierra y Ser.**

Improvement strategy

We have implemented properly marked containers for recycling paper, bottles and plastic caps in the administration's office. In addition, we inform all of our workers about the importance of recycling and end-use of office supplies. The main strategies implemented include:

- Training and campaigns throughout the year organized via email and made visible on the company's bulletin board.
- New policy for double-sided reuse of paper and eventual recycling.
- Partnerships with organizations that apply circular economy principles - able to transform waste into beneficial products.

Results

We raised awareness on this matter with 100% of our workers. As a result, they adopted paper reuse, and plastic and cartridges recycling. We also included the families of the workers in this process as many of the containers and plastic lids brought to us by our workers were from their homes.

“Our responsibility and awareness of recycling are carried out from our workplace to our home in an environmentally circular way.

Luz Guerrero Lazo



Good Communication with the organization is key to achieving the objective.

GRI 403: Occupational Health and Safety 2018

Standard 403 on Health and Safety at Work is designed to inform stakeholders about the impacts related to the management of the health and safety of workers. This Standard presents ten disclosures. Those most reported are:

- **Disclosure 403-1:** Occupational health and safety management system.
- **Disclosure 403-2:** Hazard identification, risk assessment, and incident investigation.
- **Disclosure 403-8:** Workers covered by an occupational health and safety management system.

Occupational health and safety management systems are an effective method to continuously manage and eliminate hazards and minimize risks. These systems usually respond to a continuous improvement cycle where the results are used to implement improvements in the risks identified in relation to health and safety of the organization.

The Management Approach

Each topic-specific Standard includes disclosures specific to that topic, and is designed to be used together with universal Standard GRI 103: Management Approach, to report the management approach for the topic. For this Standard that includes:

103- 1 Why is it important to report on health and safety at work? This is one of the most reported contents. Most companies identify the management of health and safety in their organizations as fundamental.

103-2: How do MSMEs manage the health and safety of workers? The companies in the Program tend to focus their efforts on:

- Ensuring compliance with the standards set by law.
- Evaluating the risks of all processes based on potential impacts to health and safety of workers.
- Implementing health and safety systems at work.
- Carrying out training or education programs for workers on health and safety issues at work.
- Obtaining additional certifications in health and safety at work.

103-3: How do you evaluate your performance in occupational health and safety management? MSMEs evaluate their performance by indicators that show a decrease or increase in incidents, accidents and fatalities. They also do it through the number of training programs and awareness raising campaigns given to workers on health and safety issues at work.

In the following section, we share some examples of Peruvian MSMEs managing health and safety at work in their organizations.

IMPEMAR GROUP

Company Region: Lima

Company Industry: Distribution and storage

Number of employees: 1197

Contact email:
kchihuantito@impemargroup.pe

Sustainability Reports: 2018 and 2019

Size: Large

www.impemargroup.pe



Vive Sano Program

Activity

We are a company that stores, distributes and commercializes 'Arca Continental Lindley' products in Lima, in Norte Chico and in Norte Grande. We have been operating for 20 years. We provide our in compliance complying with quality, safety, and environmental standards.

The identified problem or challenge

Our COVID-19 prevention plan helped us identify that the majority of our product transport workers were vulnerable due to obesity. We identified that out of 1,197 workers, 206 had a BMI greater than 30. That accounts for 17% of our workers as being at risk. Our workers were not familiar with the notion of healthy living until the pandemic hit.

Improvement strategy

We committed those with BMI of over 30 to participate in the Vive Sano program, which consists of encouraging physical activity and healthy nutrition among our workers. For example, before heading out on the road, drivers and delivery assistants perform dance choreography or exercise routines. In addition, we facilitate talks from Oncosalud (cancer insurance) and nutrition clinics. We also invite families of the workers to be part of this program through a WhatsApp group in which we share nutritional information and videos of the progress of our workers doing their physical activity with their family members. Families also attend virtual trainings. Every fortnight, our workers are weighted, and we offer them a piece of fruit.

Results

To date, we have managed to reduce the percentage of workers with a high BMI from 17% to 12%. In this process, the families of the workers who began to exercise together benefited from the initiative. This way we promote the health of our workers and also family unity through sports and health. Our goal is to reduce the number of workers with a high BMI to 10% by the end of this year.

“The preparation of the sustainability report helped the organization a lot, since it guided us in mapping the annual results and based on them, develop action plans. It also developed the commitment of leaders and managers with whom this initiative was being implemented.

Edwin Chihuantito
Author's position: Co-Founder of Impemar

To achieve positive results the implementation of a process to follow is necessary. The following process is the one we followed:
1. Identification: staff were weighed to identify which workers were vulnerable to COVID-19. 2. Action plan: consisted of distributing responsibilities, drawing up a schedule, and communicating the Vive Sano program at a national level. 3. Measuring and control: every 15 days our workers are weighted, are given fruit and are in constant communication via WhatsApp with family members which are part of this program.



OCA GLOBAL

Company Region: Lima

Company Industry: Inspection and control

Number of employees: 486

Contact email:

oscar.mora@ocaglobal.com

Sustainability Reports: 2019

Size: Large

www.ocaglobal.com/es/peru



Everyone takes care of everyone

Activity

We are OCA Calidad Medio Ambiente y Seguridad del Perú S.A.C. Since 2017 we have been providing assistance services for investment projects and project operations in the sectors of power, renewable energy, oil and gas, mining, construction and industry.

Improvement strategy

To solve this problem, we designed the campaign #Todoscuidamosdetodos (everyone takes care of everyone). This awareness campaign consists of informative conversations about the importance of complying with the use of PPE.

These campaigns are accompanied with an incentives initiative for workers who comply with the proper use of protective equipment.

This campaign was carried out in conjunction with our client Enel Peru and is still ongoing. This awareness raising involved the managers of the company. We made weekly visits to the crew. Managers knew their needs first-hand, and workers perceived the company's commitment to their safety. We include families of the operations workers in the training so that they also learn about the importance of the use of safety equipment. We record videos of the workers' families, encouraging them to use PPE and take care of themselves. During the pandemic, a digital campaign was launched with the slogan 'Now more than ever #Todoscuidamosdetodos'. The visits carried out by the management were now done virtually, carrying out the same activities, ranging from small tests to sharing spaces.

The identified problem or challenge

Despite the risk posed by the work we do in the power sector, we noticed that our workers were struggling to fulfill the requirement of obligatory use of Personal Protective Equipment (PPE).

We identified consecutive non-compliances and a general lack of motivation in regards to its use. This posed a significant risk to the health and safety of our workers. We realized that we had to raise awareness and ensure they adopted the measures of the daily training sessions.

Results

Thanks to our campaign, the use of PPE increased by approximately 95% and the number of incidents decreased by 90% in the last six months. Our workers continue to realize that equipment can save their lives. Thanks to these measures, we have a score of almost 100 in terms of safety with our main client, Enel.

 We continue to raise awareness; we have been encouraging them to become aware that PPE is a resource that we have to protect their lives.

Óscar Mora
Chief SHQ



It is important to raise awareness of workers, but also to accompany them in establishing the habit, as well as recognizing their effort, providing incentives to motivate them and achieve our goal.



DISTRIBUIDORA PACI

Company Region: Lima

Company Industry: Logistics and distribution

Number of employees: 679

Contact email:

informes@paci.pe

Sustainability Reports: 2018 and 2019

Size: Large

www.paci.pe



I take care of myself and my community!

Activity

We are authorized distributors of 'Arca Continental Lindley', with 23 years of experience in the commercialization and distribution of carbonated and non-carbonated beverages in a territory that currently covers 16 districts of Metropolitan Lima. Our operations take place in the districts of South Lima, Mala and Cañete, serving approximately 24,000 clients.

The identified problem or challenge

Due to the state of emergency brought by the COVID-19 pandemic, it was vital to maintain a social distancing with our customers and the public in general to avoid contagion of our workers and buyers. Our processes consisted of entering the store, and the warehouse, collecting the bottles and leaving with the purchased products. During the state of emergency, and despite the fact that we took all the sanitary measures, we identified the need to raise awareness of our clients and integrate them into our safety processes so that they would become aware of them.

Results

Our clients have a better perception of our delivery and sales service. Quantitatively, our sales continue to meet commercial goals, meaning that they were not affected by the state of emergency. Although we changed the service protocol and required more customer participation, this did not affect sales or orders.

Improvement strategy

A change was implemented in the Customer Service Protocol, modifying our distribution process. In this way, we began to leave the product at the customer's door, staying at a distance of two meters. This measure was welcomed by our clients, as it signals care towards them and towards our workers. We explained to our clients why it was necessary to involve them in this measure, raising awareness and working as a team. Our dispatch staff made videos explaining the new delivery process, sharing them with clients. To those who did not have smartphones, information cards were distributed. The sales area was in charge of disseminating and making customers aware of the new steps of safe distribution and the importance of everyone's safety. 100% of our sales managers participated in this and our sales teams contributed significantly to the deployment of this initiative. The delivery staff informed customers in a friendly manner, about the importance of taking care of each other so that deliveries could carry on safely.

 Given the circumstances, we seek to take care of our clients throughout our service processes and, at the same time, take care of ourselves.

Natali Ninacondor
IMS supervisor



The affinity between our clients and our sales force was taken advantage of so that the protocol was well received under the slogan 'I take care of myself and my community!'





M. TEMOCHE

Company Region: Callao

Company Industry: Equipment maintenance

Number of employees: 11

Contact email:
gear2313@hotmail.com

Sustainability Reports: 2018 and 2019

Size: Micro



Our Health and Safety system at work

Activity

We are a Peruvian company with 5 years of experience, specialized in manufacturing, repairing and maintaining equipment, pipes and valves. We repair tanks, fishing vessels and naval structures. We also change plates and weld HDPE pipes.

The identified problem or challenge

When formalizing the company, we failed to establish an occupational health and safety management system. Although we have not experienced any accidents, we could have avoided certain incidents with proper management.

Improvement strategy

Thanks to the Competitive Business Program, we identified the need to urgently implement the Occupational Health and Safety Management System. We have been trained in accordance with legal requirements and have created the Occupational Health and Safety (OHS) supervisor role.

We constantly evaluate our company's OHS risks and have implemented an incident and accident registration system, as well as a record of the state of our Personal Protective Equipment (PPE). During the COVID-19 pandemic, we applied the protocols stipulated by the Ministry of Health.

Results

Most importantly, the employees' trust in the company has improved. Implementing the Occupational Health and Safety Management System not only allowed us to evaluate our operations, but it enhanced communication between the company and its employees.

Employees now diligently report the status of their PPE. Issues are communicated on time and new equipment is requested as soon as it's needed. This reduces the risk of incidents and accidents.

Thanks to this enhanced trust, the accuracy of our statistics on incidents and accidents has improved. Although we have had no accidents this year, the event reporting process is now more detailed and accurate. Workers now provide more information and feel more committed to their work. Hence, their efficiency and the quality of their work has improved.

“ Writing the report helped us realize what we were missing. We are very grateful to the Competitive Business Program. If employees are able to see that the company is concerned for their safety, then they will feel more motivated. We must commit to the well-being of our employees and ensure their safety. We must commit to the well-being of the natural environment and identify what improvements to carry out. Finally, we must commit to continually improving the company. ”

Miguel Temoche
CEO



My advice is to start with the GRI Sustainability Report. It helped us evaluate our company and identify required step-by-step improvements. I recommend evaluating the activities a company carries out, what these must legally comply with, and the obligations that are yet to be fulfilled.



GRI 404: Training and Education 2016

The 404 Training and Education Standard is designed to inform stakeholders about the impacts related to training of workers within an organization. This Standard presents three disclosures:

- **Disclosure 404-1:** Average hours of training per year per employee.
- **Disclosure 404-2:** Programs for upgrading employee skills and transition assistance programs.
- **Disclosure 404-3:** Percentage of employees receiving regular performance and career development reviews.

Measuring the training and skill level of their employees allows organizations to plan what skills and knowledge are required for them to obtain better results within the company. Having more qualified workers enhances the organization's human capital and contributes to their satisfaction and motivation, which is directly related to their performance.

The Management Approach

Each topic-specific Standard includes disclosures specific to that topic, and is designed to be used together with universal Standard GRI 103: Management Approach, to report the management approach for the topic. For this Standard that includes:

103-1 Why is it important to report on Training and Education? Most of the companies in the Program make great efforts to train their personnel. The report helps them get organized and measure the impact of their efforts.

103-2: How is it that MSMEs manage the Training and Education of their workers?

- Identifying new training topics relevant to workers and their performance.
- Scheduling structured training and education programs throughout the year.

103-3: How do you evaluate your performance in Training and Education?

MSMEs use the following indicators to measure their performance: 1. The number of hours provided per worker on external and internal training; 2. The number of programs or workshops provided at every level of the organization.

Here are some examples of Peruvian MSMEs implementing training and education initiatives in their organizations.

MATRIXCONSULTING

Company Region: Lima

Company Industry: Professional services

Number of employees: 18

Contact email:

daniela.oscorima@matrixinventarios.com

Sustainability Reports: 2017, 2018 and 2019

Size: Medium

www.matrixinventarios.com



Matrix School

Activity

Since 2012, we offer an efficient and precise service in stock inventory, inventory of fixed assets, appraisals, outsourcing and consulting. We have experience working with the public and private sectors.

The identified problem or challenge

Our workers told us that they required more time to devote to their studies or their family (90% of our workers have between one to three children).

Improvement strategy

We managed to finance workshops, diplomas, courses and specializations for our personnel as a recognition for their effort and commitment. We then implemented a training program called Matrix School to cover the educational needs of specific positions. Training hours were considered as part of the work schedule.

To increase our staff's time availability, the company enabled remot work (before the pandemic) and flexible work schedules, not affecting salaries, to allow for family time or education activities.

We also obtained a Triple ISO Certification that allowed us to better manage our processes and strategic decisions on personnel training issues. The personnel received specific training on quality standards, work safety, and environmental and health issues.

Results

The Matrix School program trained 100% of employees with computer skills and inventory software. This improved the productivity of our workers and increased their commitment to the company. Nine workers in administrative or operational roles benefited from flexible schedules and the possibility of working remotely.

By adapting schedules to personal and professional needs, we have managed to improve our work environment and strengthen our team with better trained, proactive and productive workers.

 By concentrating on training our staff, both the productivity of the company and the work environment have improved.

Daniela Oscorima
 Human Capitan, IMS, CSR and Compliance specialist



When the needs of our employees and their obligations to the company are not compatible, we must evaluate our financial options and implement agreements based on trust and empathy.



8 DECENT WORK AND ECONOMIC GROWTH



SGP BUSINESS

Company Region: Ancash and Lima

Company Industry: Services

Number of employees: 200

Contact email:

cchavez@sgp.com.pe

Sustainability Reports: 2018 and 2019

Size: Medium



Educate ourselves to appreciate and take care of the environment.

Activity

We are dedicated to providing outsourcing services focused on product receipt, transfer, storing and dispatch of finished products for direct and indirect human consumption. **The company operates under Law No 29245, which regulates outsourcing services.**

The identified problem or challenge

The main environmental issues identified were not related to pollution, since the impact of our services is minimal. We did, however, identify a lack of knowledge and commitment of our workers on the matter.

Improvement strategy

We decided to focus on awareness raising and on educating our staff on basic environmental topics. We held workshops focused on the importance of caring for the environment and the environmental commitments undertaken by our company.

Two programs were implemented, the 'Creation of a culture of care for the environment for our employees' and the 'Awareness raising on environmental matters'. These educational programs are necessary foundations for the fulfilment of any other initiatives aimed at reducing our negative impacts on the environment.

Results

By the end of 2019, 100% of our personnel were trained on environmental awareness. Although our workers did not undergo evaluations, there was enough evidence for their improvement during on-site activities.

Our workers reduced electricity and water consumption, separated waste correctly, and in general, decreased their use of resources and increased reuse. **The company undertook preventive measures to avoid pollution, such as regular vehicle maintenance to reduce CO₂ emissions.**

"Involve your staff in management to get the desired results. Awareness lasts a lifetime."

Claudia Chávez

OHSE (Occupational Health, Safety and Environment) Coordinator



The company will not improve if its policies and commitments are not adopted by the staff. The first step to obtaining the desired results is to establish a continuous training schedule.



GRI 405: Diversity and Equal Opportunity 2016

Standard 405, Diversity and Equal Opportunity, is designed to inform stakeholders on the management of diversity within the organization. This Standard has two disclosures:

- **Disclosure 405-1:** Diversity of governance bodies and employees.
- **Disclosure 405-2:** Ratio of basic salary and remuneration of women to men.

This standard allows organizations to identify diversity indicators used in their measuring systems that are relevant to their sustainability reports.

The disclosures provide quantitative data on diversity in organizations and can be used to make comparisons with industry or regional standards. It also helps assess important challenges on different levels of the organization (from governing bodies to workers).

103-2: How do MSMEs manage diversity in their organizations?

- Developing an equal opportunities policy.
- Reviewing the minimum legal requirements regarding diversity in Peru.
- Reviewing their selection or recruitment processes to avoid bias.
- Reviewing their salary policies.
- Carrying out awareness programs for workers on diversity and equal opportunities.

103-3: How do you evaluate your performance in diversity and equal opportunity? The main indicators measured by companies to evaluate diversity and equal opportunity are the number of workers per gender, the number of processes reviewed to avoid gender bias, the number of training sessions on equal opportunities and diversity, among others.

Here are some examples of Peruvian MSMEs managing diversity and equal opportunities within their organizations.

The Management Approach

Each topic-specific Standard includes disclosures specific to that topic, and is designed to be used together with universal Standard GRI 103: Management Approach, to report the management approach for the topic. For this Standard that includes:

103- 1 Why is it important to report on the diversity of the company? The companies in the program state that the report helped them assess the relevance of this issue within their organization. They were also informed about Peruvian laws regarding diversity and equality.

Company Region: Lima

Company Industry: Engineering

Number of employees: 2200

Contact email:

diana.rojas@contruredes.net

Sustainability Reports: 2018 and 2019

Size: Large

www.construredes.net



Embrace diversity in all its forms.

Activity

We are a civil and mechanical engineering company which carries out projects in the following sectors: natural gas, power, water, fiber and communications. In 2016, we pioneered the development of natural gas infrastructure in Peru's northern region. Our company was established in 2008 and has actively contributed to the massive growth of the natural gas sector in Peru.

The identified problem or challenge

As a result of our sustainability report, we identified that our staff is diverse in terms of nationality, geographic location, age, lifestyle, language and gender. **However, we realized that we could further our staff's awareness regarding gender issues and equal opportunities.**

Improvement strategy

Prior to writing the report, our company promoted gender diversity. This was a challenge because of the dominance of male professionals in our sector, but we managed to train three female natural gas installers and designed their career paths within the organization. This was a pioneering change at the time within the industry in Peru, and we are now proud to have a female supervisor amongst our workforce.

We also promoted hiring Venezuelan immigrants with experience in the sector under the same conditions as other workers. After writing the report, we realized that both actions were important contributions to diversity management in the company. Therefore, we decided to proactively communicate them.

Once we presented the report, we formed a gender committee to promote equal opportunities. The committee has carried out campaigns oriented at our staff, to prevent street harassment, gender violence at work and at home.

We also reviewed our salary ranges to verify that there were no gender disparities.

In our Huaraz operation, we provided occupational health and safety workshops in Quechua to promote linguistic diversity.

Results

100% of our job profiles were evaluated to avoid bias. 100% of our workers attended awareness raising gender equality workshops. 100% of our foreign personnel are hired following the measures stated by Peruvian law. Finally, 100% of our workers with Quechua as their first language have received the occupational health and safety workshops in Quechua.

“ Today we can say with great pride, that our company is diverse and that this broadens our culture. We are taking small steps that are bringing satisfying results, such as the female employee who started her career with us as a Natural Gas installer and is now a Field Supervisor.

María Claudia Donado
CEO



Apply continuous improvement processes aligned with the values of the organization. See diversity not only in gender but in age, geographic location, culture, etc.





FRUTOS DEL ANDE

Company Region: Ayacucho

Company Industry: Agricultural

Number of employees: 10

Contact email:

e.almeyda@frutosdelande.com

Sustainability Reports: 2018 and 2019

Size: Micro

www.frutosdelande.com



Equality in leadership

Activity

We are a group of 130 partners located in the Andean valleys of Ayacucho, Apurímac and Huancavelica. We grow, process, and sell Andean grains, vegetables and fruits with organic produce certification. **We add value to a range of biodiverse Andean products in our Transformation Plant. We reach consumers at producer fairs and organic product shops. Our exports are based on fair trade, and our products promote a rich and healthy diet.**

The identified problem or challenge

Despite our advances on the gender equality front, such as the role of women in our commercial processes, the appointment of female leaders within the communities we work in, and having a female representation within the technical team, we were still unable to appoint a female representative in our Board of Directors.

This is due to the low number of women in the agricultural sector and the biases against women when proposing candidates. We had to involve women in institutional decision-making. This was also an opportunity to improve the reputation of our female farmers amongst our network of rural partner organizations.

Results

Creating the gender equality diagnosis instrument in alliance with the Gender Lab helped us identify the gaps in the organization on different levels through a simple analysis.

This analysis demonstrated that gender equality is a relevant strategic challenge. The initiative, driven by the sustainability report, helped us reflect on our organization and strengthen the Gender Committee by establishing clearer objectives.

“The report propelled us to conduct an analysis of sensitive subjects in order to become an exemplary sustainable company - both internally and externally.

Edwin Almeyda Ochoa
Manager



Identify a partner. Elaborate practical tools that consider the different dimensions of the problem and that allow progress to be measured objectively. After the awareness raising phase and the self-diagnosis, it's fundamental to align the challenges – or the objectives identified through the application of the instrument - with the institutional priorities of the company to ensure the support of senior managers, as well as the assignment of the necessary resources.



GRI 413: Local Communities 2016

Standard 413 for Local Communities informs stakeholders about the impacts, expectations and interests of the organizations' nearby communities. This Standard has two disclosures:

- **Disclosure 413-1:** Operations with local community engagement, impact assessments, and development programs.
- **Disclosure 413-2:** Operations with significant actual and potential negative impacts on local communities.

Two key elements in managing impacts on local communities are **assessment and planning**, aimed to better understand the current and potential impacts. Assessment and planning should also involve the local communities, to understand their expectations and needs.

Many other elements can be incorporated into local community engagement and development programs as well as impact assessments.

Companies reporting on this Standard identify which elements have been consistently applied across the organization with regards to their community. Organizations are expected to anticipate and avoid negative impacts on local communities.

The Management Approach

Each topic-specific Standard includes disclosures specific to that topic, and is designed to be used together with universal Standard GRI 103: Management Approach, to report the management approach for the topic. For this Standard that includes:

103-1 Why is it important to report on local communities? Most of the Program's companies emphasize the importance of working together with local communities to maintain a relationship with strategic partners.

103-2: How do MSMEs manage their relationship with the community? The companies in the Program present examples such as:

- Programs designed for the community to actively participate in activities of positive impact for the locality, promoted by the company.
- Capacity and skills reinforcement programs on a specific topic of interest to the community and the company.

103-3: How do you evaluate this relationship? Companies usually present the results of satisfaction surveys within the communities or simply the number of programs implemented in the communities as indicators.

Here are some examples of Peruvian MSMEs managing their relationship with the local communities surrounding their organizations.

EL CHAMPAL

Company Region: Lima

Company Industry: Hospitality and consulting

Number of employees: 3

Contact email:
informes@elchampal.com

Sustainability Reports: 2019

Size: Micro

www.elchampal.com



A human, comprehensive and sustainable development program

Activity

We are mainly dedicated to providing lodging services, but because sustainability is at the core of our business, we also offer sustainability consulting, training, and research services.

The identified problem or challenge

In the community in which we are located, Cocachacra, there are large social gaps regarding access to basic services such as public health, drinking water, food and education. Regarding the latter, basic education does not proactively foster a connection with the local culture of Cocachacra. Furthermore, there is a lack of opportunities for children to develop artistic-emotional skills.

Improvement strategy

We wanted to connect education with the local art and culture, and with nature, to promote holistic child development. We decided to design and implement an arts and culture program, in French, for the children of the public schools of Cocachacra.

We used art to instill values such as self-esteem and community work. With support from the French Embassy and Alliance Française, we have opened two libraries with books in French in the two local public schools.

Results

More than 200 children from Cocachacra know some French and are familiar with the French culture. Our workshops have also unveiled the Peruvian culture through art and history. Five children decided to continue studying French as a third language.

Our program inspired the inclusion of French within the curriculum of the 25 High-Performance Schools as part of the National Agreement between the government of France and the government of Peru, signed in April 2020.

We promote human, integral and sustainable development, and we consider education to be essential for human development.

Yves Lequay
General Manager



A company must be aware that it is a part of society. Doing business is not enough. We all have the responsibility to share a territory and society. We must be attentive to the needs of our community and prompt our clients to support us in building social and environmental programs; we don't necessarily have to do it alone.





NASSF TRAVEL

Company Region: Lima

Company Industry: Sustainable tourism

Number of employees: 10

Contact email:
liccet@nassftravel.com

Sustainability Reports: 2018 and 2019

Size: Micro

www.nassftravel.com



Training in eco-friendly practices for communities

Activity

We are a certified social enterprise. We offer sustainable tourism services in Peru and Ecuador, creating purpose-driven trips to destinations with both natural beauty and skillful and talented indigenous and vulnerable communities. Our experience-based services, eco-friendly practices and fair trade encourage respect and appreciation for ancestral culture.

The identified problem or challenge

We identified that communities in partnership with tourism service companies can improve their environmental protection practices and promote sustainable tourism.

Improvement strategy

Workshops and activities aimed at residents to encourage good practices that allow them to reduce the negative environmental impact caused by inadequate solid waste management.

The communities participate in a 13-session workshop, led by the Nassf Latin America Ecovolunteering Network, aimed at promoting love and respect for nature, learning how appropriate solid waste management can be used to establish an eco-friendly business, and setting objectives towards this goal. We delve into how these businesses can provide income to improve their families' well-being and quality of life.

Results

We have achieved a 60% reduction in inadequate solid waste disposal at critical points within the indigenous community.

The communities were taught to process domestic waste and have achieved a total recovery of 10 tons of waste per community.

The materials recovered are glass (1000 units), paper and cardboard (two tons) and plastics (2000 units), among others. Residents have learned that their 'garbage' is not just garbage, but recoverable solid waste that can be valuable for the economy and the development of alternatives for eco-friendly enterprises.

Each ton of recycled paper saves a dozen trees, presenting an alternative to building eco-friendly businesses for the community.

Liccet Suarez
CEO



Teach the importance of shared responsibility in community development. Identify community leaders that can engage with the initiative.



PERUVIAN TRADITIONS

Company Region: Lima

Company Industry: Fashion and Textile

Number of employees: 5

Contact email:

carlos.cordero@norgate.com.pe

Sustainability Reports: 2018 and 2019

Size: Small

www.peruviantraditions.com.pe



Training our suppliers to ensure the quality of our processes

Activity

We are a company that produces, markets and exports natural fiber garments and accessories. We have developed a natural fiber clothing brand called 'Norgäte'.

We identified that our main suppliers lacked business knowledge.

The identified problem or challenge

We identified that our main manufacturing suppliers lacked knowledge of basic business topics such as cost structure, logistics and fair trade.

As a company, we are committed to promoting the development of our suppliers to ensure the quality of our entire supply chain.

Improvement strategy

We held workshops for our manufacturing suppliers in Arequipa, Cusco and Lima. They learned about cost structures, logistics and best fair trade practices. We believe that the workshop topics were very relevant, especially those regarding costs, for they provided the appraisal skills required to improve their negotiation capabilities and increase income.

Results

Increased loyalty from our suppliers in Arequipa, Cusco and Lima, which ensures the quality of our products over time.

Our company and our suppliers are committed to improving and learning more every day, creating new opportunities for all of our collaborators. We believe sustainability to be the immediate future. Each report featured new improvements, changes and innovations within our organization. We are very proud to be part of GRI's Competitive Business Program.

Carlos Cordero Berkovic
President



Visit your suppliers frequently to identify further training opportunities that lead to the continuous improvement of their services.



8 DECENT WORK AND ECONOMIC GROWTH



PROCASA

Company Region: Ancash

Company Industry: Metal and Mechanics

Number of employees: 17

Contact email:

procasasrl_chimb@hotmail.com

Sustainability Reports: 2018 and 2019

Size: Small



Knowledge sharing with our clients

Activity

We are a leading company in the hardware sector. We specialize in industrial bolts, automotive bolts, tools, battery lines and hydraulic lines. We have more than 30 years of experience offering quality products and excellent customer service.

The identified problem or challenge

Smaller hardware stores lack knowledge on bolts and often find it difficult to stock up. Because their purchasing capabilities are limited, they must buy at the final consumer price.

Improvement strategy

We offer smaller local hardware stores a special discount regardless of their purchase volume. We also provide training to their owners on bolt types and characteristics, as well as on market behavior. This training is aimed at increasing their knowledge of their products to increase their sales.

Results

These small hardware stores have improved both their income and profit margin by increasing their bolt stocks and selling them at a better price. Small hardware store owners now have the knowledge required to educate their clients.

By sharing knowledge, we all grow.



Share knowledge with your clients to help them better understand the market. This helps everyone grow.



4

About this publication

This publication was designed to be a practical guide for Peruvian MSMEs to achieve best practices in sustainability. It provides multiple examples of how MSMEs have managed to incorporate a variety of sustainable practices. It also seeks to explain, simply and practically, the concept of sustainability, the sustainability report and its uses, and how to implement best practices based on this report's results.

The purpose of this publication is to inspire MSMEs to incorporate sustainability into their strategic planning in order to gain a competitive advantage by using the sustainability report as a management and communication tool. It also seeks to help MSMEs generate partnerships with other organizations, to encourage the development of the MSMEs ecosystem in Peru.

GRI and its work in Peru

GRI is an international public benefit organization that has been promoting transparency as a driver for sustainable development since 1997. It helps organizations communicate their sustainability impacts in a common language that can be understood globally. This enables dialogue between organizations and informs stakeholders so they can make better decisions.

Companies can use the GRI Sustainability Reporting Standards as an evaluation instrument. The process of writing a sustainability report helps design strategies needed to become a more responsible company. The report itself strengthens stakeholder relations.

In Peru, more than 70 of the largest companies in the country carry out sustainability reporting locally. Since 2017, GRI has received financial support from the Swiss Confederation State Secretariat for Economic Affairs (SECO) to implement the Competitive Business Program in Peru. As a result, more than 800 sustainability reports have been published by more than 500 Peruvian MSMEs.

The Competitive Business Program focuses on expanding the sustainability-related skills of MSMEs by promoting sustainability reporting as a tool to increase competitiveness and help them venture into global markets. The program is not exclusive to MSMEs, and also helps large companies strengthen sustainability and traceability in their supply chains. Large companies can also reduce risks, capitalize on opportunities, and strengthen their reputation by assuming responsibility for their impacts throughout their supply chain.

The Competitive Business Program has set an example regarding sustainability reporting. Peru is currently the country with the highest number of MSME reports in the world.

The Swiss Confederation State Secretariat for Economic Affairs (SECO) and its work with Peruvian MSMEs

The Swiss Secretary of State for Economic Affairs (SECO) supports the sustainable and a regionally balanced growth of Peru, encouraging compliance with international standards for good economic governance in order to create opportunities for all.

The GRI Competitive Business Program contributes directly to SECO's objective of a competitive and responsible private sector that generates more and better jobs. It also contributes to improving the competitiveness of SMEs and producer organizations, enabling their access to international markets.

The program achieves these objectives by strengthening the productive, business and commercial management of SMEs. This is highly relevant, for it improves the country's competitiveness and the companies' management of their sustainable impacts as well as communication. From 2016 to 2020, the GRI Competitive Business Program, financially supported by SECO, has benefited 550 Peruvian SMEs that are now able to measure, manage and communicate their impacts through sustainability reporting.



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO



Partner Organizations

The Competitive Business Program's success lies in its flexibility to adapt to its stakeholders' needs as well as its collaborative approach. Because of this, our partner organizations were invited to collaborate in the preparation and diffusion of this document. Partner organizations that participated in this publication are:

CENTRUM PUCP Business School

CENTRUM PUCP was founded 20 years ago with the vision of becoming the best Business School in Latin America, and it is now recognized worldwide. **CENTRUM PUCP** believes social responsibility and sustainability are fundamental for organizations to endure, create value and have a positive impact on society.

They are pioneers in the execution of positive impact initiatives for their community. Their contribution to sustainability transcends time. They stand out for their teaching, educational and solidarity initiatives, and for contributing to improving the education of Peruvian entrepreneurs.

In collaboration with GRI, **CENTRUM PUCP**'s Observatory of Innovation and Sustainability contributes to sustainable development in Peru. Both organizations work towards better integration of MSMEs in global supply chains, by developing more detailed and specific sustainability reports for each sector.



Ernst & Young

EY is a global firm founded more than 115 years ago, with over 20 years' experience in the sustainability sector and more than 1,200 professionals specialized in sustainability, climate change, sustainable finance and OHSE. They believe that a better business world should be one that works for us all. This idea drives their efforts to achieve inclusive growth through responsible business practices, and help create a world where everyone, everywhere, can contribute to economic growth and enjoy its benefits. Through its long-term value creation strategy, NextWave, EY creates value for its people, its clients, its community and its firm.

The **Seed by EY** team works with MSMEs to promote an ecosystem of entrepreneurship, venture capital and impact investing. Through specialized professional services with a multidisciplinary, integrated and personalized approach, **EY** aims to build a generation of ventures that are trusted by investors and contribute to the consolidation of innovative business models that drive development in our region.



Grupo RPP

GRUPORPP promotes the progress of Peruvians and believes that an informed society makes better decisions. Therefore, it seeks to educate the population and raise awareness on the benefits of equality, inclusion and peace. To achieve this, it hosts presentations and debates on opportunities aligned with the Sustainable Development Goals (SDGs).

The organization uses all of its communication platforms (radio, television, web and panels) to develop awareness campaigns on their own or in partnership with institutions such as 'Desarrollo Infantil Temprano' (Early Childhood Development). This particular campaign has been running for more than 15 years, helping maintain the commitments of governments through journalism and influencing behavioral change in Peruvian families. This is achieved through extensive journalistic coverage of more than 4,500 interviews and 75 microprograms ('Ampliación de Noticias' ('News Extension'), 'Enfoque de los Sábados' ("Saturday Focus")).

GRUPORPP has developed more than 11 similar awareness campaigns. Other examples include 'Manos Limpias, Niños Sanos' ('Clean hands, healthy children') and 'Los primeros tres años deciden la Vida' ('The first three years determine life').



Libélula

Libélula (libelula.com.pe/) was founded in 2007 to tackle a great challenge: connecting public and private sector agents in order to face climate change together. Our mission is to create and empower a community of stakeholders whose daily actions add up to a resilient and sustainable future for all. This community, which we have called 'Comunidad + 1' gathers stakeholders who are leading the transformation towards sustainability. Through our platforms and projects, we connect businessmen, entrepreneurs, innovators, researchers, journalists, governments and citizens to build the resilient and sustainable world that we need.

One of these platforms is especially focused on green MSMEs. The '**Coalición por la Economía Verde – Perú**' ('**Green Economy Coalition – Peru**'), is a platform that seeks to accelerate the transition towards a sustainable economic model by increasing the number of green companies in the market. We built a community of green MSMEs to identify synergies, solve common obstacles, attract new opportunities and increase their competitive capabilities on the market. The platform currently empowers more than 215 MSMEs and connects them with more than 500 responsible consumers every day through its web platform: economiaverde.pe

Metropolitan Municipality of Lima

The mission of the **Metropolitan Municipality of Lima** is 'to create public value and promote the integral, harmonious and sustainable development of the province of Lima, through efficient, transparent, participatory, concerted and modern management'. Its Economic Development Office contributes to this mission by promoting development and innovation in businesses of the Lima province, with emphasis on local MSMEs. By enabling their formalization and promotion, it stimulates economic activity and adequate employment.

The Municipality offers programs for strengthening and developing business management skills and creates education centers for the development of technical-productive skills (for example, business incubators). These improve the competitiveness of productive, commercial and service businesses. So far this year, the Economic Development Office has served and supported more than 3,000 MSMEs.

Promoting better management and competitiveness is the main focus of these initiatives. Implementing long-term strategies for business sustainability and a three-way balance (economic, social and environmental) is crucial in attaining the Municipalities' goals.



Exports and Tourism Promotion Board of Peru (Promperú)

The Exports and Tourism Promotion Board of Peru - **PROMPERÚ**, is the agency for the promotion of exportable goods and services, as well as domestic and receptive tourism, which promotes and advertises the image of Peru around the world. Promperú is attached to the Ministry of Foreign Trade and Tourism.

Promperú is focused on the development of an offer which is exportable, diversified, competitive and sustainable. It is firmly committed to contributing to the Sustainable Development Goals (SDGs) by working alongside exporting SMEs, civil society and citizens through its sustainable trade programs.

In 2018, **Promperú** became part of the Competitive Business Program by signing an agreement with the GRI. By implementing the Corporate Social Responsibility Program of the Sustainable Commerce Office in 2019, it raised awareness amongst 20 companies and 10 SMEs in the agribusiness and clothing industry sectors, which presented their first sustainability reports. In 2020, despite facing an unprecedented pandemic, 14 SMEs from Arequipa presented their sustainability reports and five companies from Lima presented their second report.

Perú 2021

Peru 2021 represents the World Business Council for Sustainable Development (WBCSD) in Peru and has inspired the CSR agenda in the country for 26 years. Its higher purpose is to mainstream sustainability in private companies. Peru 2021 promotes compliance with the Sustainable Development Goals (SDGs) as a roadmap to achieve sustainable development.

Currently, the **Peru 2021** network is made up of more than 60 companies of diverse sectors and sizes that recognize their role as agents of change and promote sustainable businesses related to common challenges.

Peru 2021 believes that SMEs are an important engine of the country's economic growth, and offers the Socially Responsible Company Distinction (DESR, for its acronym in Spanish), a management tool that assesses the operations and impacts of companies through environmental, social and governance indicators.

To promote sustainability in the supply chain and increase its impact on SMEs, Peru 2021 manages the Competitive Business and Value Chains Program in alliance with the GRI. Together with the member companies of the Network, they seek to standardize processes, reduce risks and capitalize on opportunities with their suppliers through the preparation of the sustainability report.

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Datasheet

This publication was produced in collaboration with a group of professionals, private and public institutions and micro, small and medium-sized entrepreneurs. It benefits from the technical and empirical experience on best practices in sustainability from all these people and institutions.

Secondary sources

The editorial team of this publication identified diverse secondary sources from public and private organizations, such as studies on the behavior of MSMEs in Latin America and, specifically, in Peru. Studies revealing the impact of COVID-19 on Peruvian and Latin American MSMEs were included as well.

Primary sources

The Peruvian MSMEs Best Practices in Sustainability Competition gathered 408 MSMEs from the Competitive Business Program (all these companies have prepared a sustainability report as a management and communication tool). The contest helped select 55 companies and 33 cases of sustainability initiatives in MSMEs. The details of each case were collected through individual interviews of up to 45 minutes per company.

Publication structure

The publication has been designed to have a practical and didactic structure, to inspire micro, small and medium-sized entrepreneurs to start implementing best practices in sustainability, taking the cases of the abovementioned companies as an example.

Feedback from partners

The partners of this publication participated in alignment and feedback sessions in which comments on the structure, identification of cases and other relevant points of this publication were received. Feedback was also received in terms of validating the layout and design.

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