

2011 WORLD CHAMBERS COMPETITION

AMERICAN CHAMBER OF COMERCE OF PERU (AMCHAM PERU)

GOOD EMPLOYERS ASSOCIATION (ABE) PROJECT

EXECUTIVE SUMMARY

ABE started its operations in 2007 as a private initiative of corporate social responsibility which seeks to end the great labor informality that exists in Peru – where 80% of the workforce is under-protected – promoting the development and respect for the workers' rights. To attain this goal, ABE groups companies which have good labor practices and are committed to ensure that their suppliers also adopt these practices.

The practices that ABE promotes are: as an indispensable requisite, the punctual fulfillment of payments stipulated by law; and also the motivational practices that enhance worker and overall business productivity (performance evaluation, training & development, good performance payments and recognition).

To verify that the companies that want to become members of ABE satisfy the aforementioned practices, ABE created a certification process which requires each company to self-evaluate and then go through a formal audit conducted by SGS. Once the company passes this certification process, its membership is approved for a period of 2 years.

There are two ways to become a member of ABE:

- As a Member: Obtaining a minimum score of 150 (on a 300 scale) and committing to encourage its suppliers to improve their labor practices progressively and obtain certification.
- As Qualified Suppliers: Obtaining a minimum score of 100 (on a 300 scale). Generally, these are small businesses which provide services to larger companies. They focus on improving their labor practices and, hence, their scores on the certification scale to become members in the future.

ABE is a financially sustainable project because it charges for each certification to cover its audit and administrative costs. Besides, ABE uses its revenues to carry out activities and develop good labor practices implementation tools.

ABE differs from other CSR initiatives because it seeks to generate a multiplier effect among its member companies, appealing to the commitment of its members to encourage their suppliers to also obtain certification, providing them the know-how on human resources management.

With workers more satisfied, the companies will increase their productivity, improving the quality of their products and services. This will in turn boost client satisfaction and, therefore, contribute to the sustainable development of the country.

GOOD EMPLOYERS ASSOCIATION (ABE) PROJECT DESCRIPTION

The Good Employers Association (ABE) started its operations in 2007 as a private initiative of corporate social responsibility which seeks to end the high labor informality that exists in Peru – where 80% of the workforce is under-protected – by promoting the development and respect for the workers' rights. To attain this goal, ABE groups companies which have good labor practices and are committed to ensure that their suppliers fulfill these practices as well.

ABE's MISSION

Its mission is to help companies to become members through a certification process. These companies should be acknowledged for respecting their workers, and should be committed to fulfill -at least- the human resources practices established by ABE and be able to ask their main suppliers to fulfill the same practices in order to improve employment quality in the country, and increase national productivity.

WHAT ARE ABE COMPANIES?

We are an association of companies acknowledged for respecting our employees.

We are highly productive companies as a result of having respected, satisfied, motivated and committed workers.

We are favoured by our clients and customers because they prefer to purchase products and services from companies that respect their workers.

We believe that if we want our companies to be considered exciting places where to buy quality products and services, first they must be exciting places where to work.

THE PRACTICES ABE PROMOTES

Some of the practices we promote include: As a basic requirement, the fulfillment of timely payments as stated by law: salaries, social benefits and private or public insurance.

Motivation practices given by the company to their workers to improve the working environment and make them, and the company, more productive:

1. Staff Evaluation:

- Objectives at the start of the period: quantitative or based on competence
- Evaluation
- Feedback to the worker

2. Training and development:

- Planned inducement and training programs for the position
- Training of leaders in Human Resources Management

3. Performance payment: salary structure, bonds policy or promotion regarding the achievement of objectives.

4. Recognition.

A certification process was created in order to make sure that the companies that wish to become members fulfill all the practices. Any company can evaluate itself and go through a formal audit made by SGS. The company is granted membership for two years once it is approved.

There are two ways to become a member:

As partners: Obtaining a score of 150 out of 300 and committing to sponsor its suppliers so that they can improve their practices progressively and qualify over time.

As qualified suppliers: Obtaining 100 points out of 300. This is generally for small businesses in growth, which provide services to bigger companies. Their commitment is to improve internally their employment practices and seek to improve their score in order to become partners in the future.

Certification process

- The companies who wish to be part of the selection process must fill in a simple application form (excel sheet attached), to see if they qualify with the minimum score (100 or 150 depending on the case).
- Make the payment of S/. 1,500 in case to qualify as an ABE Qualified Supplier and S/.3,000 in case to qualify as an ABE partner.
- Send the formal application form (attached document), sign it and send it with the payment receipt through fax or e mail.
- The audit is then coordinated and will be carried out by the company SGS in a date scheduled in advance to verify the information provided in the evaluation. The audit takes at least 4 hours and SGS takes a representative sample of the staff to evaluate the documentation of the last period.
- The results are given in the next 6 days. If the company is approved, it will receive the certification of an ABE QUALIFIED SUPPLIER or an ABE PARTNER.
- The official certification will be given after the monthly meeting of ABE's Board of Directors. The president of the board will welcome them.
- Certifications will be published on AmCham's website and "AmCham News".

Benefits granted to ABE's members

- Enjoy the recognition for being a socially responsible company.
- Be part of a culture of social welfare.
- Be favoured by clients and customers who prefer to purchase products and services from companies that belong to the association.
- Be highly productive as consequence for having respected, motivated and committed workers.
- Enjoy special rates for some events organized by AmCham.
- Take part on the events organized by ABE throughout the year.
- Your logo will be posted on AmCham's website and in the publications of institutional greetings.
- Use of ABE's seal together with your logo on your own publications, website, etc.
- Free tools specially created for the implementation of good employment practices.

ABE is a self sustainable project because certification has a cost that covers auditing and administrative expenses.

Several activities are carried out with the generated proceeds. These proceeds are also used for the development of useful tools of implementation of good practices, which are distributed in CDs, leaflets, website, etc.

ABE's website has a link in which it is possible to find the necessary information regarding activities, events and an updated list of partner companies, as well as ABE's mission, vision and concept.

ABE is different from other CSR initiatives since it is focussed on creating a multiplier effect among its companies, based on its partners commitment to sponsor their supplier companies so that they can also earn certifications, providing them with the know how in topics related to Human Resources.

With more satisfied workers, companies become more productive, the quality of the products and services improve, with more satisfied clients. A real sustainable development for the country will be generated.

ABE currently has over 130 certified companies.

In 2009, ABE had a gross turnover of US\$ 36,470 and in 2010 it increased by 90 %, reaching 69,194 US\$.

ABE has a staff dedicated to manage the project as well as a board of directors or committee comprised of human resources managers of the most prestigious companies.

ABE is spread across different media specialized in human resources and sustainable development such as publications and events. It is also spread through massive communication media like newspapers, magazines, and television.

TOOLKITS

Four guidelines have been developed for the implementation of good practices, which are distributed free of charge so that the companies can benefit from their application. Each guideline includes a detailed explanation of the implementation processes, the benefits and practical examples. Each guideline has at least 20 pages and is distributed on CD's. Guidelines are also found them on AmCham's website www.amcham.org.pe (ABE link).

SEPARATE DOCUMENT N° 1
ABE ASSESSMENT CRITERIA

Evidence to be presented to the person responsible for the evaluation

1. Timely payment of wages as prescribed by law

- Full list of employees and workers including date of joining the company.
- The company must provide supporting documentation to prove timely payment of wages. Evidence should include the deposit of the salary into the employee's bank account or the receipt of the money by the employee.
- Wage payment records of the last six months. These records should help to trace fulfillment of the corresponding individual wage payments.

2. Timely payment of legal benefits

The company must provide supporting documentation to prove timely payment of legal benefits. Evidence should include the deposit of the benefits into the employee's bank account or the receipt of the money by the employee. Legal benefits include:

- CTS
- Private Pension Fund Administrator (AFP), National Pension Office (ONP)
- Life insurance law
- Profit sharing (if applicable)
- July and December Rewards
- Family allowance

Records of social benefit payments for the last six months. These records should help to trace fulfillment of the corresponding individual social benefit payments.

3. Timely payment of health insurance

The company must provide supporting documentation to prove timely payment of health insurance. Evidence should include the schedule of applicable insurance payments and proof of the timely payment thereof. Insurance carriers include:

- Essalud
- EPS (if subscribed to that scheme)
- SCTR (if applicable)

The company must provide documentation that identifies the type of insurance applicable to each employee or worker.

Insurance Payment history for the previous six months will be requested.

These records should help to trace the fulfillment of the corresponding individual insurance payments.

4. Staff Evaluation

Goals set at the beginning of the period.- The company shall provide a structured documentation as follows:

- Assignment of objectives to employees and workers.
- Percentage of employees and workers that have defined objectives and a list of their names.
- Evidence of the assignment of objectives to employees and workers taking part of the goals established. Such documentation may include individual or group experiences.

Employees and workers documentation shall be separately classified.

Evaluation of objectives at the end of the period.- The company shall provide a structured documentation as follows:

- Definition of the used evaluation methodology.
- Percentage of employees and workers which were evaluated by the end of the period and the list of employees and workers from that percentage.

Employees and workers documentation shall be separately classified.

Reporting results of the worker's evaluation: The company must provide structured documentation as follows:

- Information mechanism of the evaluation results to the employees and workers.
- Percentage of employees and workers who have been evaluated by the end of the period, and of those who have been informed about the results, and the corresponding list of employees and workers.
- Evidence that employees and workers have been informed about the results of the evaluation individually.

Employees and workers information shall be separately classified.

5. Awards according to the evaluation.- The company must provide structured documentation as follows:

- Have a written methodology (policy) formally defined for salary increases of the staff (employees and workers), including -as a key factor- the result of the evaluation of the fulfillment of the worker's objectives.
- Evidence that the company has provided -according to the mentioned policies- increases of salaries/promotions/bonds to the staff (employees and workers). Information corresponding to 2007 (or 2006 depending on the company) should be considered.

Employees and workers documentation shall be separately classified.

6. Instruction and training

Technical instruction for the position. -The company must provide structured documentation as follows:

- Definition of an inducement program/plan for the position or function.
- In case it is considered in the inducement, the internal training must have an attendance list and specified material for the inducement, if it is external inducement, certificates/ participation documents should be presented.
- The fulfillments of the planned inducement considering the 2006-2007 period.

Training leaders in Human Resources Management. The company must present structured documentation as follows:

- Percentage of managers and leaders who have received training and a list of managers and leaders from that percentage.
- Evidence of the training given to each manager and leader.
- Training is only in leadership or Human Resources Management.

7. Recognition

Recognition program. The company must present documentation as follows:

- Definition of a written recognition program

- Percentage of employees and workers who have been included in the recognition program and been informed about it as well, and a list with the names corresponding to the mentioned percentage.

Recognition Program Promotion: Companies should present structured evidence as follows:

- Definition of the promotion mechanism or public recognition of the company.
- Documentation of the recognition program promotion through any kind of public event inside the company.

8. Safe and clean work environment

Companies must previously report on:

Number and location of sanitary facilities and cafeterias (or places used for that purpose). A company which main business is focused on construction works should inform about the current works being executed within the city of Lima.

In this case, evidence should be through witnesses.

SEPARATE DOCUMENT Nº 2
GOOD EMPLOYERS ASSOCIATION
-ABE-

Application for Admission to the Association – Associates

By signing this document, we express our interest in joining the **Good Employers Association - ABE**.

We declare that we meet all the requirements for membership in the Association:

We are a formally established company under the Peruvian law.

Our core value is the "Respect for People"

We follow the Human Resources practices established by the Association.

We are committed to ask our main suppliers to follow the Human Resources practices established by the Association.

We are committed to providing our leading providers with the know-how on Human Resources practices.

We will periodically supervise the fulfillment of respect for people and HR practices.

We fill in the Application Form to the Association, committing ourselves to fulfilling the Members Commitment.

Enclosed is a duly filled ABE Assessment.

We pay the corresponding entry fee.

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Entry fee:
AmCham Peru Associates S/. 2,400 / AmCham Peru Non Associates S/.3,000
Taxes not included

Payment should be made in soles to Current Account No. 0011-0661-64-0100000592 Banco Continental or Current Account No. 193-1797374-0-91 BCP. Fax a copy of your deposit along with the Application for Admission to the Association to Fax 705-8026. Payment should be made by cash or check in the Amcham headquarters, or to the mentioned accounts. Once payment is made no refunds will be available.

Company:
RUC:
Telephone:..... Fax:
Address:
City:
General Manager:
Human Resources Manager

General Manager

Human Resources Manager

Date...../...../.....

SEPARATE DOCUMENT Nº 3

ABE ASSESSMENT

Company:

Contact:

e-mail:

Phone:

If your company has workers, put an X in the box

If your company has over 25% outsourcing operations, put an X in the box (Only referencial)

Criteria

- 1 Timely Payment of salaries according to the law
- 2 Timely Payment of legal benefits
- 3 Timely payment of medical insurance

The first three questions of the assessment are mandatory

4	Staff Assessment	Objectives established at the beginning of the period	Employees	14%	<55%	56% - 75%	76% - 90%	91% - 100%
			Workers	0%	<25%	26% - 50%	51% - 75%	76% - 100%
		Assessment of the staff at the end of the period	Employees	14%	<55%	56% - 75%	76% - 90%	91% - 100%
			Workers	0%	<25%	26% - 50%	51% - 75%	76% - 100%
		Informing workers of their assessment results	Employees	14%	<55%	56% - 75%	76% - 90%	91% - 100%
			Workers	0%	<25%	26% - 50%	51% - 75%	76% - 100%
5	Rewards according to assessment	Employees	16%	NO			YES	
		Workers	0%	NO			YES	
6	Training	Technical training for the position / Induction	8%	NO			YES	
		Training of leaders in management of Human	8%	<55%	56% - 75%	76% - 90%	91% - 100%	
7	Recognition	Recognition Program	11%	<55%	56% - 75%	76% - 90%	91% - 100%	
		Spreading of Recognition	7%	NO			YES	
8	Clean, Safe Labor	Appropriate infrastructure	8%	NO			YES	

100%

Please click here <http://www.amcham.org/abe> to download file.

Complete the information and email ABE Assessment to ftirado@amcham.org.pe or fax 705-8026

For any inquiry call 705-8000 Ext 234290