Why should you care about responsible business?
Well, if not because it benefits wider society, then because it makes business sense – Ethical Lens explores how and why, and also gives you the latest developments in this field worldwide, and guides you to new resources and reports.

In this issue read about the tax avoidance debate, supply chain risk in Bangladesh, whistleblowing in India, anti-bribery in Russia, and transparency in non-financial reporting in the EU. Welcome to Ethical Lens – CIMA’s ethics newsletter

Ethics are important to me because…

“... when practised throughout a company, it will become the heart and soul of the company's culture. That can mean the difference between success and failure.”

Irene Teng, Regional Director of SEA and Australasia

NEWS

Harnessing the Value forum | In March 2013 CIMA hosted a forum at the Singapore Stock Exchange entitled ‘Managing Responsible Business – Harnessing the Value’. Tanya Barman, CIMA’s head of ethics, presented both findings from CGMA and CIMA research, as well as other key global findings to highlight both new business challenges and the critical role of the management accountant.

- Watch a webcast with the highlights at www.cimaglobal.com/SGXsustainability

An expert panel made up of Associate Professor Lawrence Loh of National University of Singapore (Business School), Erin Lyon, Executive (Director at CSR Asia) and Paul Prendergast (Partner at Accenture) contributed to the discussion, facilitated by media expert Mark Laudì.
REPORTS

**Embedding ethical values** | CIMA and the Malaysian Institute of Integrity (IIM) jointly launched a discussion paper – ‘Embedding ethical values into the corporate culture’ – based on roundtable discussions with a range of firms, from SMEs to MNCs held last autumn. The report helps individuals and companies both reflect on their practices and consider how best they can strengthen integrity within their business.

Recommendations applicable across markets include being known as a clean operator and actively engaging and working with organisations with similar values and practices. After all, good companies keep good company.

- Access the report

**CSR and Innovation: China** | Corporate responsibility is becoming an increasingly prominent and accepted part of the corporate strategy, however there is little understanding of how different control mechanisms are adopted to put strategy into practice. This research examines the way in which companies in China embed corporate responsibility into their management control systems (MCS).

- Access the report

**CGMA research: risk and innovation** | If you are CIMA member you are able to access the latest research from CGMA on risk and innovation – highlighting issues such as global risk, risk culture in organisations, and analysis of implications and impact of past major corporate crises.

- Visit the CGMA page on Risk and Innovation

EVENTS

**Good People Seminar** | CIMA and St Paul's Institute, in association with CIPD, ran a seminar about the value of culture in building a robust business. The evening commenced with a role-play scenario – asking the audience what they would do if they were under pressure from a senior colleague to do something that they felt was unethical. The discussion focused on potential conflicts between personal and corporate values, values versus rules, and the role of professional bodies like CIMA and CIPD in encouraging ethical behavior and trust in business.

- Watch a soundbite and the scenario role-play from the seminar

**Sri Lanka / Singapore / Malaysia** | During March there were a number of events profiling responsible business and ethical performance in Sri Lanka, Singapore and Malaysia. Again and again we heard how culture is more important than rules in guiding behaviour, and that issues of sustainability - including environment, social and governance - are now recognised by companies as having a direct impact on their long term success.

- Read more in Insight
SUSTAINABILITY AND INTEGRATED REPORTING

<IR> Consultation Draft | The IIRC are reaching out to stakeholders for their thoughts and feedback on the <IR> (integrated reporting) consultation draft. The consultation is open until 15 July 2013 – if you would like to review and comment, visit the IIRC website. The Draft Framework was launched in late 2012, and in April 2013 CIMA published its own annual review based on the <IR> framework.

➢ Read more in this Insight article from CIMA’s head of corporate reporting Nick Topazio, or visit www.cimaglobal.com/integratedreporting

EU Transparency | In April the European Union adopted a proposal to enhance transparency in corporate non-financial reporting, with the aim to create long-term sustainable growth and employment. The new directive, applicable to companies with more than 500 employees, asks organisations to ‘report or explain’ - to report on their social and environmental impact, and if they don’t explain why they haven’t.

➢ Read the press release from European Commission

High awareness, low accountability – SE Asia | A PwC survey across Indonesia, Malaysia, the Philippines, Thailand and Vietnam has recently been released. The survey measures how companies are managing sustainability issues, how these are embedded into strategy across their business, and which the driving factors are. It reports that although sustainability have moved ‘way beyond philanthropy and ethics’, into the core of corporate strategy, the strategy itself is unclear and less than half of the companies said that they have a sustainability strategy in place.

➢ Read the full PwC report or get the highlights in this article from the Bangkok Post

Six trends in corporate sustainability | Ernst & Young highlight trends in corporate sustainability in a new report based on a 2012 survey. Six growing trends are listed, among them the increasing recognition of the importance of the ‘tone from the top’ in order to support corporate sustainability, and the shift from eco-efficiency to risk reduction - ‘sustainability is being seen as affecting a company’s ability to compete’. Further the survey shows the decline in the role of government policies and multilateral organisations in corporate sustainability issues, while investors and stock exchanges are increasingly pushing companies to be more transparent in their sustainability assessment and reporting.

➢ Read the full list and access the report on Ernst & Young’s website

IFAC

IESBA Chair Jörgen Holmquist on restoring trust in the profession | In this interview the International Ethics Standards Board for Accountants (IESBA) Chair Jörgen Holmquist discusses the loss of trust in the accounting profession since 2008, and explains that ‘while the profession has not received as much criticism as the rating agencies and banks in relation to the global financial crisis, the profession is certainly not viewed as favourably as it was five
years ago and there is still much work to be done'. Further, he continues, 'by increasing awareness of the Code [of Ethics] and continuing to develop credible, reasonable solutions, we hope that the general public will come to realise that professional accountants are committed to acting ethically and in the public interest, and that fraudulent accountants constitute a small minority'. Supporting this goal, CIMA offers a range of resources and guidance alongside the Code.

- Read the full interview, find out more about IESBA, or access CIMA’s resources and the Code at www.cimaglobal.com/ethics

ETHICS AND BUSINESS

UNGC: Equality means business | The UN Network of the United Nations Global Compact’s (UNGC) 1st Quarterly Meeting raised issues around equality and business. Participants argued that equality is not only a question of gender parity, but also that equality makes business sense – a wider workforce will give access to a more diverse set of skills, knowledge and working styles, and in effect will be more relevant to clients. Research from Goldman Sachs, which showed that ‘countries could dramatically increase GDP simply by reducing the gap in employment rates between men and women’, was highlighted to support the argument.

- Find a summary report from the meeting and access resources, or read CIMA head of ethics Tanya Barman’s blog post in the Accountant

Wider acceptance of unethical business practice | Ernst & Young’s annual fraud survey shows that acceptance of unethical business practices is on the increase. 5% (vs 3% in the previous survey) would consider misstating financial performance, and 15% (vs 9%) would be willing to make cash payments to win business. Numbers were considerably higher in some emerging markets. Amid these worrying statistics Transparency International are seeking nominations for the 2013 Integrity Awards to celebrate those who have taken an extraordinary stand against corruption – read interviews from previous heroes and be inspired.

- Access the report

Zambia: overcoming capital challenges | The Times of Zambia reports from the recent CIMA graduation ceremony in Lusaka, where STANBIC Bank Zambia chief financial officer Sam Minta encouraged graduates to transform the business environment by upholding ethical and professional standards, and reminded them that they have a challenging time ahead.

CISI mandatory ethics training In early April the Chartered Institute for Securities and Investment (CISI) announced that individuals will have to pass a mandatory ethics test before being permitted to sit the qualifications exams.

- Visit CISI’s Integrity Matters page to try the free workshop, or read more in the International Adviser

Russia: anti-bribery | In March the FCPA blog reported that a new law in Russia, which went into effect in 2013, requires companies to establish compliance programmes. This law, according to the FCPA post, is more stringent than both the UK Bribery Act and FCPA.
Transparency International confirms Russia’s crack down on corruption, but also pointed out that there is a need for ‘a strengthening of the independence of the judiciary and a reduction in the number of people protected by immunity. Too many officials are able to act outside the law. Russia also needs better access to information on corruption offenses and better whistleblower protection’.

Tax avoidance | Lately we have seen headlines naming and shaming several multinational corporations for tax avoidance in the UK - Google, Starbucks and Amazon spring to mind. Google’s Northern Europe boss was questioned in a public hearing in May, and chair of the public accounts committee Margaret Hodge concluded Google’s approach to tax was ‘devious, calculated and… unethical’. In the Institute of Business Ethics’ (IBE) briefing on tax avoidance they point to the importance of a company’s approach to tax, as globalisation and operating across borders makes it possible for companies to maneuver where they choose to pay them. In recent news the accounting profession has been accused of aiding the practice with their in-depth knowledge of tax law, resulting in increasing public mistrust, read more in the Huffington Post.

➢ Get guidance around tax responsibility in this new report from ActionAid, watch an interview with IBE’s director Philippa Foster Back, or read the IBE briefing paper.

Bangladesh: cost of corruption | More than 1000 workers were killed in the collapse of the Rana Plaza garment factory building in Bangladesh earlier this year. As a response big fashion brands have signed agreements with local unions to raise safety standards, according to the Bangladesh Today. Meanwhile Transparency International highlights the great risks that come with corruption and point to the fact that four of the eight floors of the Rana Plaza building were illegal and that cracks in the building had been found only the day before the collapse. Events like these also call for more transparency in the supply chain to minimise risk and raise awareness, read more about supply chain risks in the Guardian.

Emerging economies: corporate governance | ‘Which does more to determine the quality of corporate governance in emerging economies – firms or countries?’ – this was the question asked in a 2013 working paper from Harvard Business School. The research found different patterns in emerging and developed economies. It reports that firm variables impact on corporate governance ratings to a larger degree in emerging economies than they do in developed economies. ‘Our results provide evidence that many emerging economy firms distinguished themselves above and beyond their home country peers in corporate governance ratings during the last decade. This rise was due primarily to firm-level characteristics’. Further, Christopher Small of HLS Forum on Corporate Governance and Financial Regulation highlights that the findings are important for both investors and firms in emerging economies and enables them to observe variances in corporate governance within countries and identify investment opportunities.

➢ Access the full working paper, or read a summary on the Harvard Law School Forum on Corporate Governance and Financial Regulation.

India: whistleblowers’ protection | Campaigners in India are putting pressure on the government to pass the Whistleblowers Protection Bill in Parliament. This would be an important first step to ensure the security of whistleblowers, however as stated in the Wall Street Journal, in its current state ‘it doesn’t outline penalties or punishments for federal officials found guilty of [”victimising” complainants]’. Further, critics say the bill fails to define basic terms like ‘victimisation’.

www.cimaglobal.com/EthicalLens
A recent UK survey from Public Concern at Work suggest that 60% of whistleblowers who raise a concern receive no response at all from their managers, and 15% of these were dismissed - overall the survey showed a bleak picture for whistleblowers, despite rigorous whistleblowers' protection in UK law.

- Read more: whistleblowing in India in the India Times, whistleblowing and ethics in this blog post from Expolink, or visit Public Concern at Work for more information about whistleblowing around the world

CIMA ETHICS AGENDA

New Guide to Ethics Support | CIMA Ethics recently published a guide to all ethics support. The guide outlines current resources, reports, tools and videos. It also explains how the ethics webpages are laid out, and provides short links to all the resources – which can be downloaded for free.

We have also included suggested ways of incorporating these resources into training activities, which could be helpful to get a feel for how they could be used for students to practice ethical decision making, learn about the Code, and get a fuller understanding of the wider aspects of business ethics.

- Download the guide from www.cimaglobal.com/ethicsresources

Exercises, Case Studies and Ethics Training | We have updated the website with a page called ‘Exercises, case studies and ethics training’. This page holds a range of exercises which are all free to download. These exercises and case studies are useful tools for students to practice ethical decision making, allow them to reflect on their skills, and what is expected of them as professionals, in the classroom or at home.

- Visit the page here

Find us at www.cimaglobal.com/ethics

CIMA ethics helpline
This free confidential helpline offers ethical guidance and how the code of ethics can be applied to CIMA members and students:
0800 358 7663
+44 (0)20 8849 2303
ethics@cimaglobal.com

Global Guidance Line
Expolink – free from any telephone in your country 24 hours a day, 7 days a week:
+(xx*) 800 3838 4000
*insert your country’s international access code
+44 (0)1249 661957
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UK Legal Helpline
LAW Express - for CIMA members and students in the UK. Gives access to information online for no charge and a low cost professional legal advice line:
0800 092 1980
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