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ETHICS ARE IMPORTANT TO ME BECAUSE...

‘...in a volatile, uncertain, complex and ambiguous environment, it is simply not possible to create the manual that tells us what to do in every situation. An ethical culture is the essential ingredient that enables organisations to empower their people to take the right decisions that will build both long-term resilience and trust.’

Gillian Lees, Head of Research and Development
NEWS

Changes to the CIMA Code of Ethics, and introducing the Code of Ethics for CGMAs

CIMA has updated its Code of Ethics. In order to ensure that it remains relevant and reflects the changing dynamics of the profession, the Code has been reviewed and some sections updated. The changes were introduced with effect on 1 January 2015.

CIMA and the AICPA have released a CGMA Code of Ethics. The CGMA Code is a non-authoritative document and is consistent with Part C of the CIMA Code. Any CIMA member in compliance with the CIMA Code is also in compliance with the CGMA Code.

Access the CIMA Code and guidance online, and for CGMAs who wish to see the CGMA Code, visit www.CGMA.org/ethicscode.

» www.cimaglobal.com/ethics

REPORTS & EVENTS

CGMA Ethical Performance briefing

A 2014 survey of CGMAs around the world found that business leaders are increasingly recognising the need for ethical performance, and its impact on the bottom line.

The way in which these practices are embedded and implemented is critical to organisations' ability to gain the most from an ethical culture. Businesses are struggling to move from tick box compliance to truly embedding an ethical culture across the organisation.

There is a clear deficit in three areas: communication, leadership and training. Read the briefing and find out how CGMAs can help embed an ethical performance culture.

» Access the briefing

Sustainability initiative from CIMA and UN Global Compact Sri Lanka

In September CIMA, together with the UN Global Compact Sri Lanka network, called for submissions to the annual 'Hand in hand' sustainability initiative. The competition aims to engage students and their educational institutions in understanding the importance of social, economic and environmental development stemming from the ten Principles of the UN Global Compact.

Nine shortlisted applicants were invited to present their projects in front of four sustainability professionals in November. Congratulations to the winning project from team Canfi at Wisdom Business Academy.

» Find out more about the initiative
Student e-tool remains relevant under the 2015 syllabus

In time for the start of computer based exams and the 2015 syllabus to take effect, CIMA has updated its ‘Student ethics support’ e-learning tool. The tool has been reviewed to remain relevant under the 2015 syllabus, and new questions from the 2015 practice exams have been added.

Relevant to all students, at any part of their studies, this tool explains everything from the basis of business ethics to how ethics are approached in CIMA exams.

The Ethics CPD e-tool is another excellent way to refresh your ethical decision making skills and ensure that you consider all necessary steps (see the Ethics Checklist) when facing an ethical dilemma.

» Access the ‘Student ethics support’ e-tool and the ‘Ethics CPD’ e-tool

CGMA Integrated Thinking briefing

The CGMA Integrated Thinking briefing explores how Integrated Reporting can help drive competitive advantage. Traditional reporting has not kept pace with the seismic shifts across today’s complex economic environment, in which 80% of an organisation’s value is in intangible assets.

Effective integrated reporting has a number of benefits, the foremost which is to create integrated thinking across the organisation; through a firm focus on strategy, business model and value creation it helps to break down silos, reduce duplication and create greater cohesion and efficiency. By providing a broader and more relevant view of the organisation on which to base investment decision making it also promotes a longer-term investor base.

» Access the Integrated Thinking briefing

IFAC

Latest reading from the IFAC Global Knowledge Gateway

The IFAC Global Knowledge Gateway provides insights, ideas and information from around the globe, related to ethics, governance, sustainability and a range of other areas. You can find out more about the Gateway in this short YouTube animation.

Latest on the Global Knowledge Gateway read about the top five fraud headlines for 2014, brief yourself on the ins and outs of business ethics at the Institute of Business Ethics’ Frequently Asked Questions, and access a Deloitte article about the importance of, and how to implement, a tone from the top.

» Visit the IFAC Global Knowledge Gateway
REPORTING

Effectively communicating sustainability to investors

A 2014 Accenture and UN Global Compact report found that 88% of investors surveyed see sustainability as an opportunity for competitive advantage, and 91% believe that sustainability should be better embedded in discussions between companies and investors. Yet it found there is a disconnect between CEOs’ and investors’ perception of how well sustainability issues are measured, reported on and integrated into wider discussions.

A recent LNS Research analysis lists five key steps for a successful sustainability report. The top three tips include focusing on metrics and accomplishments, appointing an executive owner of reporting, and mapping the report structure to reporting requirements.

» Read the full top five list for producing a successful sustainability report

Mandatory sustainability reporting a growing trend

In South Africa sustainability reporting is mandatory for listed companies, and in the EU it was decided last year that larger organisations will have to report on this as well.

Recently the Singapore Stock Exchange confirmed that sustainability reporting will be made mandatory for listed companies in the near future. The Taiwan Stock Exchange and the Financial Supervisory Commission have also recently announced that sustainability reporting will made mandatory for listed companies in specific industries. It will be interesting to see who else follows suit in the year to come.

» Find out more about sustainability reporting from the Global Reporting Initiative

IIRC year in review

Go on a virtual journey of the key developments and accomplishments of the IIRC from launching the Pilot Programme in 2011 until December 2014. Watch interviews, read <IR> Framework guidance documents, access a sample of reports by pilot organisations, and find out how external bodies have responded to <IR>.

» Visit the virtual IIRC yearbook and access their resources

Integrated reporting from concept to practice

A growing number of organisations around the world are delivering integrated reports. They are now facing the challenge of how to produce a meaningful and useful report.

South Africa has a long history of integrated reporting and today, although only listed companies are required to produce one, other large organisations are also beginning to publish integrated reports. In ‘Integrated reporting in South Africa – from concept to practice’ organisations share their experiences, what works and what doesn’t, as well as providing an excellent overview of how integrated reporting has developed in the country over the years.

» Read ‘Integrated reporting in South Africa – from concept to practice’
RESPONSIBLE BUSINESS

Modern slavery and corporate responsibility

According to UK Government and UN statistics, modern slavery is on an upwards trend. Global organisations such as the UN and OECD, as well as many employers and national governments are now trying to establish what the responsibilities of businesses are. Britain’s Modern Slavery Bill will require larger companies to publish an annual slavery and human trafficking statement. Similar legislation will be implemented in the EU in 2016.

The corporate law firm Eversheds argues that not only should organisations have human rights policies, speak up lines and training for key staff, but that ethical responsibilities should extend to suppliers. The International Labour Organisation (ILO) reports that an estimated 21 million people worldwide are victims of forced labour.

» Find out more about forced labour and modern slavery at the ILO website

Ethical dimension of taxation

At the 2014 G20 Leaders’ Summit in Brisbane, the body released new commitments to collect information on the beneficial owner behind anonymous companies and trusts. In relation to the G20 meeting, Newsweek published an article highlighting that ‘the amount of money stolen from developing and transition countries and hidden in foreign jurisdictions totals an estimated $20 billion to $40 billion each year’.

PwC’s global chairman recently commented on the moral dimension of taxation in Financial Times. Professional services firms must remember their ethical responsibilities when advising clients on tax, especially, the chairman noted, because many national tax laws are becoming dated and haven’t kept up with globalization.

» Read the full Newsweek coverage of the G20 commitments to tackle tax evasion

Need for businesses to improve supply chain management

Back in December in the UK, we read in the news about Premier Foods’ ‘pay to stay’ scheme, where payments were requested from suppliers for continued business. This hit many small suppliers hard. A poll by the Federation of Small Business found that one in five small businesses has faced ‘supply chain bullying’.

Supply Management magazine reports that one fifth of businesses don’t have ‘any financial information about main suppliers before awarding contracts’. This finding comes from a survey by the business information provider Achilles. The survey also found that only 39% of businesses perform anti-bribery and corruption audits on their suppliers, and that information provided by suppliers is not always checked.

» Visit SEDEX for more information about ethical supply chain management
Study finds most bribes paid in wealthy countries

A 2014 OECD study of 400 multinational organisations over 15 years shows that ‘most bribes were paid in developed countries and with the full knowledge of senior management’. Management level employees authorised or paid the bribes in 41% of cases, compared with senior executives being involved in 12% of cases. Further, the survey found the average bribe cost organisations almost $14 million, and generally measured around 11% of the value of the transaction. Find out more in the Guardian.

CIMA offers anti-bribery information and UK Bribery Act guidance online – download our new leaflet for an overview.

» www.cimaglobal.com/bribery

2014 Corruption Perception Index

The 9th December marked the 2014 anti-corruption day. Transparency International (TI) reported about celebrations across the world. TI recently also released the 2014 Corruption Perception Index. The Scandinavian countries and New Zealand still find themselves at the top of the list, followed by Singapore (7), ahead of both the UK (14) and the US (17). Botswana, the cleanest of the African countries according to this index, keeps its rank ahead of countries caught up in the euro-crisis, including Portugal, Spain and Greece.

» Find out about perceived corruption in your country with the Corruption Perception Index

Are ethics and profits compatible?

Tania Hayes, head of conduct and compliance at AAT, has written an excellent article for Accountancy Age about business ethics. Referring to some recent UK cases, including Tesco’s £263m mistake in 2014, she points out the importance of an accountant’s duty of ‘professional scepticism’. Tesco and the many other organisations that covered the front pages in 2014 showcased that ethics are an essential part of any business’s sustained profitability. She reminds the reader that employees mustn’t be judged merely on their profit margin, but also on how they got there – ensuring no ethical standards were compromised along the way.

» Read the Accountancy Age article

2025 Sustainability issues

The ACCA, together with Accounting for Sustainability (A4S), asked 5,000 ACCA students about future sustainability issues for business. 81% of respondents said that natural resources will be an important sustainability challenge for businesses in the next 10 years. Second, at 70%, was population rise, followed by instability in financial markets at 67%. Decline in natural resources was a prominent issue mainly by respondents in the Caribbean, Africa and Asia Pacific. Respondents who saw sustainability issues as important in their current role were mainly from Africa and Asia.

» Read the findings in full on the ACCA website

‘Finance professionals through their analysis and forecasting can make the business more sustainable. Resource utilization is a key issue as of today’s environment and will be an even bigger issue in the future where resources would be more scarce than now.’

Respondent to the ACCA / A4S survey
**Corporate social investment in South Africa**

An annual survey on Corporate Social Investment (CSI) from the consulting company Trialogue reports that South African businesses are now investing in ‘fewer, but more meaningful’ CSI projects over a longer period of time.

The survey found that South African companies spent an estimated R8.2bn on CSI investments, a 2% decline compared with 2013. This is the first time in the 17 years that Trialogue has run the survey that spending in CSI has shrunk. However, it is noted that the slight decline could be due to better corporate reporting, rather than less investment.

» Read more in the article from Business Day Live

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**Global whistleblowing trends**

The Business Times Singapore reports that although the importance of whistleblowing as a corporate risk management policy is increasingly recognized by Singaporean firms, they are slow to put theory to practice. The study, by the international law firm Freshfields Bruckhaus Deringer, showed that 24% of the over 2,500 senior and middle managers asked said their companies did not have a whistleblowing policy in place.

Meanwhile a new whistleblowing service is launched in Africa. ‘Africaleaks’ is designed to securely connect whistleblowers with media organisations across Africa. It differs from Wikileaks in that information is not published on the site itself, rather individuals are enabled to share their leads via encrypted emails, supporting their safety.

» Find out more whistleblowing trends for 2014 and 2015 at the CGMA blog
MORE FROM CIMA ETHICS

Ethics Checklist

CIMA has released an updated version of its ethics checklist. Download the checklist or access the infographic online.

» www.cimaglobal.com/ethicschecklist

Anti-bribery guidance

CIMA has extended its anti-bribery guidance. Visit the website for more information around anti-bribery, the UK Bribery Act and FCPA. For an overview, download our bribery leaflet. This guidance is relevant to anyone working in business, so please do share with colleagues who may not be CIMA members or students.

» www.cimaglobal.com/bribery

HELPLINES AND SUPPORT

Global Guidance Line

This service, aimed at CIMA members and students outside the UK, allows the caller to discuss a concern and get help to decide next steps and other potential areas of support. This is not a substitute for technical or legal advice. Operators speak multiple languages, the service is available 24/7, and the caller will remain anonymous.

CIMA Ethics Helpline

This free confidential helpline offers ethical guidance and assistance with applying the Code of Ethics, available to all CIMA members and students.

UK Legal Helpline

LAW Express - for CIMA members and students in the UK and Europe. This service gives access to information online at no charge, and a low cost professional legal advice phone-line.

- Find information about CIMA’s helplines and support at www.cimaglobal.com/helplines
- Access the Code and all ethics resources at www.cimaglobal.com/ethics
- Alternatively, send your ethics query in an email to ethics@cimaglobal.com

What do you think about Ethical Lens? Share your thoughts in our feedback survey or contact camilla.hedborg@cimaglobal.com