



CGMA[®] REPORT

MANAGING
RESPONSIBLE
BUSINESS
EXECUTIVE SUMMARY

The ethical challenges
organisations must navigate
to succeed in a connected world

Ours is an increasingly interconnected world, with an unprecedented rise in data and information flows and ever-more complex and extended global supply chains. As a result, companies are facing more risk than ever to manage their business responsibly, whilst under public scrutiny.

Drawing on insight from nearly 2,500 Chartered Global Management Accountant (CGMA) designation holders and CIMA students working globally, the Managing Responsible Business 2015 report updates on findings since 2012. UK, USA, South Africa, Ireland, India, Malaysia, Sri Lanka and Australia are some of the markets featured. It outlines the crowded demands businesses face, the growing importance of ethical information as well as the ongoing need to embed an ethical corporate culture.

Despite a year-on-year growth in ethical awareness globally, how this is put into practice remains variable. A sense of ethics needs to be reflected throughout the corporate culture, evidenced and believed in by all stakeholders. Drawing on their own professional code, management accountants globally have a role to play in assisting with this, with the majority recognising their role in managing ethical performance in their organisations.

Access full report here: www.cgma.org/managingresponsiblebusiness

TRENDS

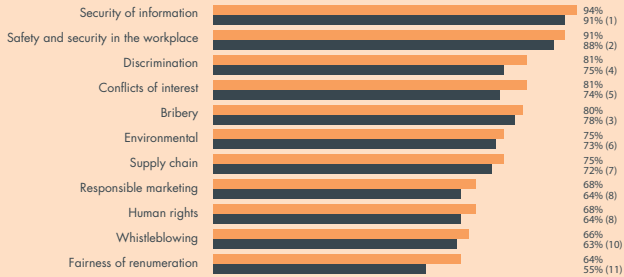
Crowded demands: ethical issues in spotlight.

The demands of operating a business today can seem onerous. It involves multiple geographies and multiple players in both the supply and relationship chains, together with a rise in data and requirements of corporate regulation and sustainability policies.

- There has been an increase in the perceived relevance of most issues, highlighting the year-on-year growth of ethical issues to business.

- Most concerns are all still clustered closely together indicating a crowded demand for attention.
- The most relevant ethical issue to organisations has been listed as security. With the rise of the internet, cybercrimes including cyber fraud and many issues related to big data all mean there is more need than ever to ensure security of information.

CURRENTLY HOW RELEVANT ARE THE FOLLOWING ETHICAL ISSUES TO YOUR ORGANISATION?



(Base 2015: 2,395 / 2012: 1,760)

2015 2012

Anti-corruption and human rights: growing concerns.

- The last two decades have seen major growth in awareness and stated commitment to fighting corruption at international, national and corporate levels.
- 57% of respondents confirmed that their organisations have specific anti-corruption guidelines. As 80% stated bribery was an ethical issue of relevance to their organisation, a clearer understanding of the company's reporting and risk routes may be needed.

“ ”

Human rights has risen as an ethical issue of relevance from 55% of organisations in 2008 to 68% today.

HOW CAN MANAGEMENT ACCOUNTANTS CONTRIBUTE?



By identifying risk, companies can do business responsibly and avoid doing harm by upholding ethical practice



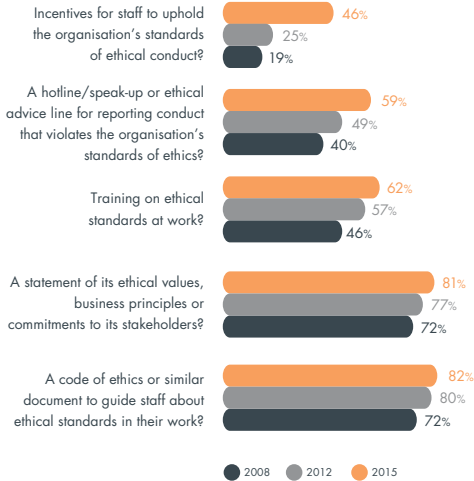
Early due diligence can help avoid potentially time intensive and costly problems



Longer term solutions to immediate issues can be sought in order to safeguard value, reputation and customer confidence

Increasing awareness of ethics.

Does your organisation provide:



(Base 2015: 2,387 / 2012: 1,966 / 2008: 1,300)

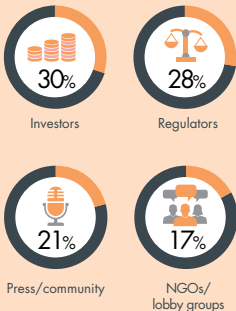
An organisation's culture encompasses the values and principles for all those engaged with it. The first step for any responsible business is to ensure it has an ethical architecture in place. This has been seen to increase globally.

- Positively, 76% of respondents feel that their senior managers set a good example of ethical business behaviour; 73% feel their organisation lives up to its stated policy of corporate behaviour and 72% also agree that their employer disciplines unethical behaviour.
- However, around a third of respondents globally may feel under pressure from colleagues to compromise their organisation's ethical standards. This varies hugely across different markets. Their professional Code of Ethics acts as a safeguard.

Rise in demand for ethical management information.

- There has been a marked increase in demand for ethical management information – ethical, social and governance data – from investors, regulators and wider stakeholders. Such data can lend valuable insight into both threats and opportunities.
- Organisations must have not only the right data but also the ability to analyse it, a culture where the use of data is expected and the assurance that insights are applied to create value. Yet nearly 90% of organisations are struggling to get valuable insight from data.

WHERE IS THE DEMAND COMING FROM?

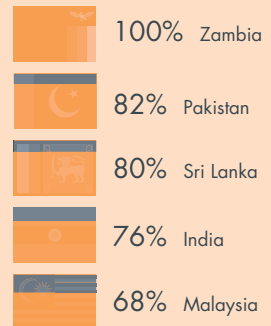


WHAT IS THE VALUE IN COLLECTING ETHICAL MANAGEMENT INFORMATION?

It allows an assessment of the organisation's ethical performance including:

-  Efficacy of relevant policies and procedures
-  Oversight of occurrence of breaches, relevant policies or codes
-  Callations of views of customers, employees, partners and contractors
-  More robust information to investors, regulators and interested parties – avoiding risks and enabling sharing of good practice

THE TOP COUNTRIES WANTING MORE ETHICAL MANAGEMENT INFORMATION ARE:



CGMA BETTER BUSINESS PRACTICES

Ensure that concerns are prioritised on the basis of their impact on the company and related stakeholders, and that there is regular monitoring and evaluation. Follow up and address red flags. A lack of action can encourage bad practices.

Anti-corruption and applicable human rights risk assessment procedures should be clearly understood across the entire organisation.

The board and leadership team should ensure there is top-level commitment to addressing wider business issues of relevance – in both understanding and allocating resources.

Assess what information is available and how it can be used to increase insight for both addressing risk and creating opportunity in relation to ethical performance and reputation.

Include updates on ethical performance on the board agenda – this drives collection and action.

Ensure ethical architecture is in place, with optimum organisational design and support mechanisms, developing and providing relevant processes and tools to support employees and partners.

In order to implement an ethical culture, it is imperative to make it a strategic priority and set the tone from the top, with regular two-way communication with employees.

Encourage transparency and speaking up, ensuring a zero-tolerance on unethical behaviour that places the company and stakeholders at risk.

To access the report in full, as well as supplementary tools, podcasts and other guidance, see:

www.cgma.org/managingresponsiblebusiness