Business. For Good

Pushing Boundaries
THE ROAD TO HUMAN RIGHTS AND BUSINESS: A US PERSPECTIVE

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WHAT LESSONS CAN WE LEARN FROM FEMALE LEADERSHIP IN RUSSIA

Pioneering Ways
HOW SOUTH AFRICA IS LEADING THE WAY ON INTEGRATED REPORTING
At Mazars, we believe that collective responsibility is central to our mission. Working in innovative ways with a range of actors, from local communities to large corporates, we are developing and implementing solutions that better serve society. From our award-winning human rights audit to publishing our first integrated annual report, we are committed to delivering value to our clients while restoring trust in business. In this edition of Collective Intelligence magazine, explore the number of ways that Mazars is demonstrating our dedication to doing Business. For Good.
There is a compelling argument for the idea that doing business for good can work to benefit all of society. At Mazars, we endeavour to build on this idea by providing services that support the general interest, by helping companies become more transparent and open with stakeholders, as well as learning from those leading by example and operating with integrity.

We are an advocate of responsible business practices not only because it reflects our values, but also because it is playing an increasingly important role in the world we operate in. We believe we can partner with the companies we serve, as well as the governments and institutions for whom we advise, to advance responsible business behaviour globally.

The old adage “you do well by doing good” couldn’t be more true in today’s world. We aim to play our part by listening, learning and being open to new ideas. Every service we provide – whether it be performing an audit or advising a client – we believe is an opportunity for us to build trust in the business world through collaboration.

We have made important strides in promoting responsible business thanks to the talent and collaboration of our 14,000 professionals across the globe. Through their energy and drive, Mazars will continue to harness the power of transparency and integrity while instilling trust in business.

As an example of this, I am pleased to present our 3rd edition of Collective Intelligence magazine, highlighting three key areas in which Mazars is committed to doing business for good: Business & Human Rights, Diversity in the Workforce and Integrated Reporting & Sustainability.

I hope you find the stories here within inspiring and encourage you to join us in creating positive change. We are excited about the potential that lies ahead.

Philippe Castagnac
Chairman and CEO of Mazars
“In today’s ever more transparent world, companies are under increasing pressure to show that they respect human rights throughout their operations and value chains.”
THE ROAD FROM Principles to Practice

The death of over 1,000 garment workers in Bangladesh when the Rana Plaza factory building collapsed in April 2013 cast a renewed spotlight on the responsibility of business to respect human rights, not only in their own operations but in those of their suppliers.

This renewed attention forms the backdrop to ‘The road from principles to practice: Today’s challenges for business in respecting human rights.’ The Economist Intelligence Unit report explores the views of businesses worldwide on their responsibility to respect human rights and the ways in which these obligations are carried out. The research, which is based on a global online survey of 853 senior executives and interviews with nine high-profile experts in human rights, was supported by Mazars and ten other organisations, including governments, non-governmental organisations, multinational companies, and law firms.

Role of business

The research finds that companies overwhelmingly perceive a responsibility to respect human rights. More than four-fifths (83%) of respondents say business is an important player in respecting human rights. In each of 11 clusters of human rights that are relevant to business, a majority of respondents say their companies’ operations have an impact.

The business case

The ‘business case’ for respecting human rights tends to rest on behaving ethically and maintaining good relations with employees and others, rather than on short-term risk management or profit-and-loss considerations.

The main driver of companies’ commitment to respect human rights, according to 48% of respondents, is ‘building sustainable relationships with local communities.’

Practice vs. awareness

Companies are still learning what their human rights responsibilities mean in practice. While most acknowledge that business has a role to play in respecting human rights, 54% have no policy statement referencing human rights, and only 22% have a publicly available statement of policy in this issue.

Barriers to action

The main barriers to addressing human rights are lack of understanding of corporate responsibilities in this area (according to 30% of respondents), lack of available corporate resources for this matter (27%), and lack of training and education for all employees (25%).

“Clearly companies are still coming to grips with their human rights responsibilities. Businesses acknowledge that respecting human rights is not just the responsibility of governments, and they want to take an active role, but concrete actions are still lagging behind the good intentions.”
There’s little doubt that respecting human rights is and will continue to be a big challenge for business. While 69% of respondents to the Economist Intelligence Unit (EIU) survey ‘The Road from Principles to Practice’, say human rights is a matter for business, a worrying 79% of those surveyed don’t see a clear business case for commitment based on criteria such as risk benefit analysis or by giving a competitive advantage. In addition, 21% don’t communicate about human rights at all. Indeed based on the survey results, the majority of businesses still don’t have an explicit policy statement referencing human rights.

In order to embed human rights reporting into business strategies, one third of respondents believe that mandatory reporting will help companies fulfil their responsibilities. As well as regulation, clarity, transparency, deep-dive learning and hard work are other elements seen as being important to progress human rights in business.

On a more positive note, those companies that do put in the work to adopt a consolidated human rights policy are seeing the benefits. In the case of Coca Cola, the adoption of a consolidated human rights policy reduced the time to align with bottlers from eight months to 15 minutes.

But it’s also clear that with only 11% of those surveyed stating they publish an annual report on issues relating to human rights at present, there’s still a long road ahead.

At companies that take respecting human rights seriously, you see this attitude embedded among senior management. If you see a lack of management commitment, you can guarantee that people in the company will not be aware of their responsibilities to uphold human rights.”

Arvind Ganesan, Director, Business and Human Rights Division, Human Rights Watch.

“It takes time. It takes training. Things have to be translated into operations – speak if they are going to be effectively internalised by people on the ground.”

John Ruggie, Berthold Beitz Professor in Human Rights and International Affairs, Kennedy School of Government, Harvard University.

In 2005 there was a lot of resistance, not philosophical but over how the company would influence the issue. In 2014 we adopted a consolidated human rights policy. It took eight months in 2005 to align with the bottlers. It took 15 minutes last year.”

Ed Potter, Director of Workplace Rights, Coca Cola.

Global survey by the Economist Intelligence Unit, March 2015: 465 respondents, carried out in November and December 2014. 48% C-Level, EMEA 56%, Americas 35%, Asia-Pacific 29%. Top 5 sectors: manufacturing, professional services, healthcare & pharma, energy & utilities.

All quotes directly taken from the Economist Intelligence Unit report, ‘The road from principles to practice: Today’s challenges for business in respecting human rights’, which Mazars sponsored.
Strengthening Human Rights Policies

The endorsement of Professor John Ruggie’s Guiding Principles on Business and Human Rights by the United Nations Human Rights Council in 2011 was a huge step in encouraging companies to address human rights issues. Since then, companies have struggled to fully adopt the United Nations Guiding Principles on Business and Human Rights (UNGPs) and have been unclear about how to implement them.

In terms of adoption, legislation will be a key driver. Looking at how to implement them, the UNGPs as the authoritative guidance to help companies fulfill these requirements. However, it’s not just about complying with legislation; it’s about improving the behaviour of companies on a global basis. This should lead to greater performance and provide companies with greater access to investment. Yet while the business case for adopting the UNGPs is becoming clearer, how companies can implement such principles is more complex.

One of the fundamental philosophies of the UNGPs is ‘know and show’. This basically means companies need to understand their most salient risks to human rights - those which pose the greatest risk of leading to severe negative impacts. They then need to demonstrate to stakeholders that they understand what those risks are. It requires better interpretation, transparency and greater understanding of the implications across all company activities.

An important step towards this has been the introduction of the United Nations Guiding Principles Reporting Framework (www.UNGPreporting.org). Launched in February 2015, the Framework is the result of an 18-month collaboration between Mazars and human rights experts, Shift, and in consultation with governments and stakeholders worldwide.

The experience of companies piloting the Framework, such as Unilever, tells us a lot about what the Framework can do. In Unilever’s case it has enabled them to have “more interesting and difficult conversations across the whole of the business.” So rather than having human rights as an ‘addition’ to current reporting practice, it becomes fully aligned with all company actions and strategies. The result is a more coherent message to stakeholders and the wider community.

The approach of the Framework is to help companies think about their most salient risks to human rights, rather than the material risks to themselves. An important consideration of this approach was to avoid human rights policies becoming a ‘tick-box’ exercise. Instead of telling companies what to write, the Framework poses eight over-arching questions and 23 sub-questions for companies to consider. It’s a format that is designed to reveal how serious a company is in respecting human rights in business. Whether a company is complying with the spirit, rather than a literal interpretation, of the questions will become apparent in the answers.

Equally important is that implementation of the Framework is accessible to all companies - no matter if they are SMEs or large multi-nationals. As such, the Reporting Framework is designed as a tool for cultural change within companies. It pushes companies in the direction of having to change behaviours and having the appropriate policies, process and controls to embed within their practices.

In terms of the next step for companies on their human rights journey, strengthening the assurance mechanism of reporting is going to be key. It’s particularly important that when people read disclosures on human rights that they believe what is disclosed is credible and trustworthy.

Greater trust on human rights reporting is what the market is looking for. And with greater trust comes improved profitability and a more sustainable business model.

Richard Karmel
Head of Business and Human Rights
Mazars in the UK

For further information on Mazars’ work in the field of human rights see http://www.mazars.com/Home/News/Latest-News/UN-Reporting-Framework-Launch

“The Framework presents a format that is designed to reveal how serious a company is in respecting human rights in business”
The first comprehensive guidance for companies to report on human rights issues in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs) was launched in London on 24th February 2015.

It is the culmination of 18 months of major research and in-depth consultation led by Mazars and Shift, an independent, non-profit centre for business and human rights, both of whom have gained industry recognition for their work in this area. The launch at the Tate Modern in London attracted over 175 high profile guests representing businesses, institutional investors, NGOs, government representatives, commentators and journalists. It was opened by Phil Verity, Mazars UK’s Senior Partner, and Caroline Rees, President of Shift, before they handed over to a panel of speakers including John Ruggie, Berthold Beitz Professor in Human Rights and International Affairs, Harvard University Kennedy School of Government and Chair of Shift; Marcela Maruñez, Global Vice President for Social Impact, Unilever; Jo Swinson MP, UK Minister for Employment Relations and Consumer Affairs; and Richard Howitt MEP, European Parliament Rapporteur on Corporate Social Responsibility.

The UNGP Reporting Framework is endorsed by 67 investors representing $3.91 trillion assets under management who have signed a statement of support, while companies from five different industries are early adopters, including: Ericsson, H&M, Nestlé, Newmont and Unilever. More businesses are expected to start using the Reporting Framework in 2015.

Organised in a series of ‘smart’ questions, the Reporting Framework enables companies to begin reporting on their human rights performance, regardless of size or how far they have progressed in implementing their responsibility to respect human rights.

Richard Karmel, Global Head of Business and Human Rights, Mazars Group says that the Reporting Framework will act further as a guide to companies on how they can modify their behaviours and enhance their controls to reduce the potential for negative human rights impacts. As such it can act as a catalyst for this change.

Mazars’ involvement in the development of the guidance reinforces our credibility and expertise in this area and is in line with the objectives of our global Business. For Good initiative.

A major new report supported by Mazars and published by The Economist Intelligence Unit (EIU) called ‘The road from principles to practice: Today’s challenges for business in respecting human rights’ was launched on 16th March 2015. The report was launched at a successful industry event in London at the headquarters of co-sponsor and leading law firm, DLA Piper.

The in-depth report explores the views of businesses worldwide on their responsibility to respect human rights and the ways in which these obligations are carried out. Responses from 853 senior executives in 100 countries, as well as individual interviews with high-profile experts in human rights were taken into consideration, in what is considered the most in-depth analysis to date.

The results of the survey were presented by Monica Woodley, Editorial Director at The Economist Intelligence Unit, followed by a short discussion of the key themes by DLA Piper partner Jonathan Exten-Wright, GBI Executive Director Mark Hodge, and Mazars partner Richard Karmel.

Among its findings, the report shows that companies do not see a business case for human rights, but rather see respecting human rights as helpful in building good relationships with local communities (48%), protecting the company brand and reputation (43%) and serving moral/ethical considerations (41%).

Richard Karmel, Global Head of Business and Human Rights, Mazars Group says the findings show that greater corporate education is required. He believes that there are several business cases for respecting human rights, the two clearest of which are protecting reputations and brands, and engaging more widely with suppliers and communities which will lead to increased profitability.

Sponsors of the influential report also include high profile companies, institutes and governments including Lilly, Global Business Initiative, Telenor Group and Universal Rights Group; and supported by: International Chamber of Commerce (ICC), IPIECA, International Organisation of Employers (IOE), Norwegian Ministry of Foreign Affairs and The Foreign & Commonwealth Office.
Pushing Boundaries

While companies are increasingly open to implementing sustainability standards, the practicalities of embedding human rights into company culture in the United States has proved more of a challenge, according to Howard Dorman, Partner at WeiserMazars in New York and champion of a fresh approach to reporting on human rights. His drive for pushing boundaries to reporting on human rights stems from the fact his parents worked in concentration camps during the Second World War, which led to a genuine belief in the idea that lessons of the past can help shape the future.

Team that up with a substantial background in social reporting and compliance and Dorman has both the expertise and passion to effect change. Here, he talks about current progress on human rights reporting:

CI: What are the main challenges in getting companies to address issues on human rights reporting?

HD: Since we started work on this project in 2012, Richard Karmel and his team at Mazars, UK and our team at WeiserMazars decided not to offer a service that simply certifies a company is abiding by local laws on human rights. That is not what this is about, it’s about changing company behaviour. It’s not just about paying the minimum wage or being philanthropic, it’s about having real-time, forward looking reporting processes in place to ensure that good working conditions and practices are reflected in your supply chain with your business partners and, if not, that you are able to make the necessary changes. Reporting processes are then measured for effectiveness externally, which can also recommend policy changes if necessary.

CI: What is the UN Guiding Principles Reporting Framework?

HD: WeiserMazars, in conjunction with the Mazars Group as a whole, has been working on human rights reporting for several years now. We have been involved at stakeholder level (companies, NGOs, government) and have worked closely with human rights experts. Shift, in helping companies embrace the goals of the UN Guiding Principles on Human Rights. A principles based approach gives companies enough latitude to report on human rights in a way that reflects their own unique corporate structure, rather than having a standard set of rules to follow. Companies have been very receptive to our ideas and eager to understand what we are doing and how we do it. Of course, convincing companies in the US to move towards forward thinking and principle-based reporting is a work in progress, but we believe the collaboration between Shift and Mazars in developing the Human Rights Reporting and Assurance Frameworks Initiative (RAFI), is a huge step in moving things forward, particularly as this process has led to the development of the UN Guiding Principles Reporting Framework.

CI: The UN Guiding Principles Reporting Framework is a unique approach to reporting on human rights issues, what’s the buy-in for companies?

HD: To coincide with the roll out of the UN Guiding Principles Reporting Framework is now available. The Framework is the first comprehensive guidance for companies to report on how they meet their responsibility to respect human rights in line with the United Nations Guiding Principles on Business and Human Rights.

CI: What do you see as the next steps?

HD: To coincide with the roll out of the Framework, we are planning a series of leadership programmes in the US to guide companies through the practical aspects of adopting the Framework. Leadership is key as without commitment from the top, implementing the Framework is not as effective. The next step is to become the foremost service provider in this particular arena. The signs are we are well on our way, which is very exciting.

“Human rights is not just about paying the minimum wage or being philanthropic, it’s about changing company behaviour.”
“It’s important to give people the space to develop their own ideas and give them the support and responsibility to do so.”
It’s easy to see why. At Acosphere, gender is not an issue and tapping into the inherent diversity in the team is a way to ensure that culture, language skills and corporate experience are reflected in consultancy and training services the company offers. It’s an approach that avoids the domination of one cultural standard, instead harnessing diversity to improve services to clients.

"We have trainers from many countries and regions with different language skills and we always make sure we capture these different cultural elements in our training. It’s important, as training is all about communication and story telling and people need to relate to stories that reflect their personal experiences, not someone else’s," explains Mensah-Acogny.

This passion for communication is no surprise considering Mensah-Acogny’s background. The daughter of a United Nations official, she frequently relocated around the world and speaks nine languages. She studied sociology in Paris and began her career as a journalist, when later on she was headhunted to set up the communications department for the Central Bank of West African Countries.

A particular interest in women in business has propelled her forward and, together with her much-evidenced leadership skills, saw her achieve a prestigious award for African Women in Leadership, which she received in her home country of Benin, West Africa in December 2014.

Her success means Mensah-Acogny is increasingly asked to talk and write about issues affecting women in Business. She was invited by Mazars to sit on a panel analysing gender equality at the Global Women’s Forum held in France in October 2014. She also writes a regular blog and the annual Top 100 Most Influential Women in Africa for Forbes Africa. Mensah-Acogny is particularly excited and inspired by what she is seeing in Africa, where women are now really beginning to fulfil their potential.

“When I wrote the most recent edition of the top 100 Most Influential Women in Africa, I could easily have done the top 300 or 500 because women are so powerful at the moment. They are heads of state, CEO’s of banks, pilots - there is absolutely no professional territory that women in Africa do not occupy. Women are really going for it,” she explains.

The next step for Mensah-Acogny and Acosphere is to take the best practice techniques they shared with blue chip companies in Europe and transfer that knowledge to endogenous African companies and help contribute to their growth.

However, Mensah-Acogny has no proposals to reduce the work she does in the UK at present, which also includes being a trustee to the African Centre in London. Since taking on this role 12 months ago, Mensah-Acogny has big plans to revive the centre as a leading venue for culture and art, which is another huge passion.

“I try to keep a common thread in everything I do even if it appears to be very different. I have things that are core to who I am and I am always loyal to that core - it’s women, it’s Africa and it’s the pursuit of excellence,” she says.

Judged on her achievements so far, it’s hard to imagine anything less than total success.
A fully booked Women’s Networking Breakfast, which was the first to be held by Mazars on 12th February 2015 in Ireland, explored the current challenges facing women in business, as well as providing an important opportunity to network and swap experiences. Speakers at the event included CEO of International advertising agency, McCannBlue, Orlaith Blaney as well as Helen Tynan, Director of People Operations for Google in Ireland.

Tynan spoke about Google’s approach to empower their employees to lead no matter what part of the organisation they are in. She also outlined Google’s policy on the importance of developing a more flexible working environment. As well as talking about the significance of networking events for women, Blaney touched on the need for less micro-management and more freedom for teams to get on and explore ideas. She also talked about the importance of focusing on ‘high pay-off, rewarding and strategic’ activities as a way to progress, rather than easy-to-do tasks.

At the event, Kevin McCarthy, Director, Human Resource and Organization Development Consultant at Mazars launched the latest Mazars External Employee Motivation Survey 2015. Now in its second year, the survey explores a wide range of factors that motivate employees including financial rewards and work-life balance. In determining motivation levels, the survey takes into account age, industry and gender.

Based on gender, this year’s survey shows very little variance with 87% of male respondents and 84% of female respondents report being motivated or very motivated as they go about their daily work.

“Only 13% of the boards of Irish advertising agencies are women so there’s a lot of work to do to get a little bit more balance. So I think what it (networking events) does is get women out chatting to each other about the challenges they face, swapping stories to give a little bit of extra incentive to put themselves forward for more leadership roles in companies.”

Orlaith Blaney is CEO of McCannBlue and one of The Sunday Independents’ 50 most powerful and influential women in business.

Mazars conducted a survey on employee motivation levels in the Irish marketplace with over 500 employees in Ireland.

25% of employees are more motivated than last year

49% Financial benefits are key motivating factor for 49%, up from 31%

64% of employees say management need to do more to increase motivation

41% of employees say achieving business goals is key motivating factor

Promoting Women in Business

Read the full results at mazars.ie
A Culture of Leadership

Getting to the C-suite has never been an easy journey for women. While there are signs this is changing, there is still a high proportion of large companies globally that have too few females in senior leadership roles, let alone at board level. So why has change been so slow in coming and can any lessons be learned from how different countries approach the issue? How, for example, does culture play a role and what’s behind the success of countries that have made significant progress? Let’s look at Russia.

As someone who heads up the Russian office of Mazars, Florence Pinot, has first hand experience of the challenges and what’s behind the make up of the Mazars Russia.

What’s noticeable in Russia, according to Pinot, is that there is a growing number of females occupying senior level management positions. She puts this partly down to cultural differences, where in the past Russian women were expected to play an equal role in society and work alongside men.

“There’s no longer anything unusual about women occupying professional positions in Russia,” explains Pinot. Unlike western Europe, raising a family in Russia has never been seen as a barrier to holding down a professional career. To some extent this is helped by the fact that there continues to be a culture of family support.

Pinot explains that this is often due to the fact that it’s not unusual for generations of Russian families to still live together. This intergenerational lifestyle means grandparents are on hand to support women returning to work after having their children, although the indications are that this is becoming less common.

Education is another difference. According to recent OECD figures, Russia has the largest percentage of people attaining a tertiary education: 53%, compared with 32% on average among OECD countries and 26% among G20 countries, which certainly helps improve the pipeline of female talent. While Pinot’s own path to the top stems from a love of different cultures and new experiences, this aspect of gender diversity has helped her career progression at Mazars where she has held senior roles in France and the Czech Republic before becoming Managing Partner of Mazars Russia.

This aspect of gender diversity is mirrored to some extent in the make up of the Mazars Russian office where, compared with other countries, there is a much better balance between men and women occupying senior roles. What is obvious to Pinot is the tangible benefits such gender diversity brings to business.

“It’s important to give people the space to develop their own ideas and give them the support and responsibility to do so. I think this is an important part of business and women are really good at doing that,” she says.

Pinot explains that achieving a better balance between the number of males and females in senior roles also creates a more balanced and inclusive atmosphere at management level.

“We listen more to each other. Through working together we have gained a better understanding of how we can each use our particular approaches and strengths to tackle different business situations more effectively. Without such a good male/female balance, this would be more difficult to achieve.”

Notwithstanding the success of women in business so far in Russia, Pinot believes more needs to be done to encourage women to aim for the very top echelons of leadership.

“Despite the high number of women in management positions in Russia relative to other countries, the highest ranking roles in large companies are still the preserve of males.”

There is still a long way to go before this is changing, there is still a long way to go before women are operating as a group to full advantage.

To encourage more women at the very top, Pinot believes that companies need to take a more proactive role in encouraging and supporting women at all levels.

“Despite the high number of women in management positions in Russia relative to other countries, the highest ranking roles in large companies are still the preserve of males.”

She says that companies can develop the concept of business. For good.

PROFILE:
Florence Pinot
Managing Partner
Mazars in Russia

COMPANY:
Mazars in Russia
Diversity Trends...

Mazars conducts regular global surveys on age, gender and diversity. We believe that gaining a better understanding of these issues will help companies gradually move towards structures that are more appropriate for the modern workforce and ultimately create a better environment to work in for all. Here we highlight three major global surveys we have conducted on these issues.

THE Y REVOLUTION?

An international survey on Generation Y – Their aspirations and relationships with gender equality and business reveals that Generation Y feels comfortable with outlining their personal life goals and claiming their individual aspirations. It is the same way in which they approach their professional lives and shatter certain well-established conventions by bringing their personal life to the workplace via social media, challenging presentism, requesting flexible work hours, and reconsidering traditional authority.

The list of Generation Y’s demands is long and can be daunting. Companies are faced with this assertive generation that does not seem willing to change for them; should companies change instead? If so, the questions are how and to what extent? Is it a new world of employment on the cusp of emergence?

The survey was conducted by Mazars in conjunction with WoMen’Up, an association that works on diversity in business in France and provides support to young women and men under the age of 30, 1,011 young people from 5 continents representing 64 different nationalities participated in the study.

“Women highlight education and work as the main vectors that will lead to improved incorporation of the challenges related to gender equality, whatever at the national or international level.”

“Women have little by little won their place in universities and the business world. And now, they are demanding that companies change their rules and regulations. But they still bear the bulk of family-related responsibilities. The men, disoriented and confused, no longer know what role they should fulfill.”

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WHAT DO MEN THINK?

Although gender diversity has not yet been fully achieved, Generation Y women are by far the most independent and liberated women of all time: access to health care, to education, to jobs... and some have reached powerful positions! The road is still long but it has been clearly marked.

This point was acknowledged by 89% of the men who participated in our study. They understand the extent to which the women’s role has evolved in their country. However, 9% of them believe that women have gained too much headway. So what is behind this thinking by men? In an effort to dig deeper, the survey asks a variety of questions such as is progress being made too quickly? Are women too ambitious? Have they gone one step too far? What assessment can we draw up today of the progress that has been made in terms of the woman’s place in society? Which spheres have been established? Which spheres must be challenged? If the woman’s place in society has effectively changed, what about the role of men?

The survey was conducted with 750 Generation Y men from 60 different countries giving their points of view on evolving male/female relations. Mazars conducted the survey in conjunction with WoMen’Up, an association that works on diversity in business in France and provides support to young women and men under the age of 30.

TOP OBJECTIVE:

Balance between their personal and professional lives 28.5%.

TOP PREFERENCE:

68% of all male respondents place no importance whatsoever on the gender of the person they manage.

TOP CONCERN:

51% of women surveyed, from all generations, consider that the legal framework in their country is unable to ensure gender equality.

WELCOME TO THE WOMEN’S PLANET

The fact that large numbers of Millennials have been attracted to Mazars and that a dialogue has thus been created between generations, has forced us to question our modus operandi and our management methods so that we may better respond to the aspirations of each individual employee. Conscious of the changing role of women in the world, and as a sign of our commitment to this subject, we decided in 2013 to sign the 7 Women Empowerment Principles (WEP) set out by UN Women. Throughout our organisation, we strive at all times to apply a policy that allows all employees to find their place and achieve their true potential.

After having surveyed Generation Y and men in previous studies, we decided to join forces with the French National Committee for UN Women in order to carry out a comparative study of 3 generations of women around the world on the question of gender equality. As a “trend watcher”, Mazars has sought to understand the changes in this area in almost 110 countries and to give a voice to more than 2,300 women so that they can share with us their views on the subject. Between demands and appreciation of the progress made, these women put the idea of feminism into perspective, whilst at the same time describing their struggles and their dreams.
“If leaders have a clear idea of the challenges employees face on a daily basis, it is much easier to formulate policies that work.”
Raising the Bar

One of the key takeaways of integrated reporting is that non-financial information ultimately has an impact on a company’s value. It’s for this reason that insurance giant Generali – an international Group based in Italy - prefers to use the term pre-financial rather than non-financial information.

For Massimo Romano, who leads Generali’s Group Integrated Reporting team, it’s just one example of how Generali reinforces the link between the company’s financial performance and its wider social, environmental and economic context.

As an early adopter of integrated reporting, it’s the type of common sense thinking that underpins Generali’s approach and one that plays to its strengths extremely well. For Romano, this is about applying the rigour and discipline of financial reporting the company is good at, but in an innovative way.

“When looking to introduce integrated reporting companies can get caught up into thinking they have to change their whole approach. As a result they end up doing nothing. For us it’s not a question of reinventing the wheel, it’s all about perspective. We have to report on our activities, so let’s do it in a better way,” he explains.

Collaboration is key to achieving this aim. Romano is an advocate of involving the CFO, for example, to bring financial discipline and clarity to integrated reporting outputs to ensure a common approach is applied. While collaborating closely with the sustainability and communication teams helps promote a higher level of consistency and accuracy in the information being reported.

“We have to bear in mind that if that information is not consistent. By encouraging teams to work together we ensure that processes and procedures are connected and the information coming out of different departments is much better aligned,” says Romano.

In turn, this led Generali to think more carefully about the usability of reports. The amount of information was a key issue and, for example, the interim report 2014 was slimmed down to 15 pages from the 110 pages that are in a typical disclosure document. Crucially, the report still maintained the same quantitative information required by law, yet greatly improving the usability of information to stakeholders.

The success of this approach inspired Generali to think more carefully about how it can develop this thinking to communicate and produce reports that people actually want to read because they help enrich and add value to the Generali story.

An example of this in action was the inclusion in Generali’s latest Annual Report published on 12th March 2015 of information on how its Serbian business unit came to the aid of the local community following the devastating floods in 2014. As a tangible example of best practice, it’s the type of pre-information Romano believes can help shine a light on the company’s ethos and values. Moreover this inclusion can be seen also as a practical example of the company’s people engagement: as a matter of fact the people of Generali Serbia were honoured to see their experience published in the Group’s Annual Report.

Rediscovering the strategic purpose of reporting, its responsibilities and how it communicates these responsibilities both internally and externally, has helped break workplace barriers and unlock more innovative and inclusive thinking – which becomes truly integrated thinking – on how to communicate Generali’s story.

“The process has helped us all to understand what we are doing by breaking down mental silos and look at our reporting obligations in a fresh and more inventive way. A way that actually adds real value,” explains Romano.

One initiative that is helping the process is Generali’s involvement in the Insurance Network. Among with Aegon and facilitated by Mazars, the network is a forum for insurance companies and their integrated reports’ implementation. Romano is a keen supporter of the network which he sees as a real community where companies can learn from each other’s experiences. It’s a natural extension of Generali’s commitment to raising the bar further by being open to new ideas that will help integrated reporting evolve.

“We have a mission and we have a plan. I think new ideas will emerge naturally through our bottom up approach of listening, understanding and then implementing,” he explains.

For Romano, the ultimate aim is to improve the professional and personalities of Generali employees.

“By encouraging teams to work together we ensure that processes and procedures are connected and the information coming out of different departments is much better aligned,” says Romano.

“We have to bear in mind that insurance giant Generali – an international Group based in Italy - prefers to use the term pre-financial rather than non-financial information. It’s for this reason that non-financial information ultimately has an impact on a company’s value.”

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THOUGHT LEADERSHIP
Collective Intelligence Magazine

Driving Transformation towards Integrated Reporting

Shifting to integrated reporting was not a difficult choice for Mazars. As a professional services firm, we have long held a philosophy that being transparent is fundamental to sustainable business performance and producing an integrated report underpins this value. So taking this holistic approach for the first time last year was a very fitting next step for us.

Engagement

Our most recent work on integrated reporting stems from our engagement with the International Integrated Reporting Council (IIRC), beginning in 2013. Initially, organizing workshops to advocate the adoption of integrated reporting in French-speaking countries, our responsibilities evolved into contributing to the French adaptation of the international reporting frameworks and serving as working parties on <IR> implementation in businesses. As a result, we gained a full understanding of what was required in order to produce an integrated report. More importantly, however, we understood the conditions required for a prosperous integrated reporting and thinking environment.

Implementation

In being an active supporter of <IR>, it was important for us to grasp the concept of integrated reporting to ourselves. In 2014, Mazars convened the Board of Directors to embark on a three-year integrated reporting process. Preliminary work has involved collecting the information required to produce an integrated report and establishing the connections, different business units and processes, so that we create value.

Initial initiatives focused on supporting this initiative; we have already experienced a number of benefits, including:
- It has not only encouraged exchanges between departments, which were not taking place before, but has helped remove barriers and opened the way for new ideas and actions,
- In terms of external benefits, by going through the process and assessing all of our impacts, we now feel better informed to pass on to clients.

Advancement

Mazars facilitates the Integrated Reporting and External Network under the leadership of Jean-Luc Barlet, Leader of Integrated Reporting Core Team. The network was created to understand how integrated thinking and integrated reporting can help ignorance and insurance companies to create value for their stakeholders. Over 15 insurers throughout the world are currently involved in the network and wider participation is welcomed.

Mazars’ First Integrated Annual Report

Mazars’ commitment to transparency and accountability was reinforced ten years ago when we were the first global audit and advisory firm to publish consolidated financial statements. In the 2013/2014 edition of our Group Annual Report, we decided to go one step further by presenting our financial and non-financial information in accordance with the framework set out by the IIRC.

“To be accountable you have to be understandable,” says Mervyn King, Chairman of the IIRC, in an interview for Mazars’ first integrated annual report. “Boards and management need to adopt integrated reporting and thinking if they want to create sustained value.”

We admit that it wasn’t simple to pursue this new approach to reporting. In some cases, departments did not have the right systems in place in order to collect the range of information necessary for an integrated report. But when we asked what our stakeholders, including clients and employees, wanted to know about Mazars, it was clear that our business model and our role as an active player willing to serve the public good ought to be included.

Putting this all together has taken six months and required a great team involvement, but we have already begun to reap the rewards of the practice.

Mazars’ first integrated annual report is made up of a number of elements designed not only to meet statutory requirements but also to communicate information in a way that is intelligible and comprehensive to our range of stakeholders. This includes forward-looking information such as our strategic vision and ambitions as well as a market analysis, with a particular emphasis on our risks and opportunities.

For the next two years, Mazars will continue on its integrated reporting journey and focus on developing and deploying new key integrated performance indicators; we will thus select or design new additional KPIs, in line with the material issues we have defined in our first report. External stakeholders are invited to participate in an online survey providing feedback on our first integrated annual report. We look forward to where this journey will bring us.
Responsible Luxury

It’s no longer an option that companies in the luxury goods sector have a Corporate Social Responsibility (CSR) strategy or not, it’s a necessity says Nawal Ait-Hocine, Corporate Responsibility Director at Cartier International.

For Cartier, the link between a strong tradition of excellence and sustainability is key to its CSR policy. Ait-Hocine explains that since the company was formed in 1847 every CEO is expected to play their part to ensure that the company’s values and tradition of excellence sustains it through to the next century. “Cartier’s commitment to CSR is a reflection of our values, which are deeply rooted in our DNA. There is also a growing recognition that strong environmental, social and ethical practices help create a sustainable business model. While it’s only for Cartier, but for the whole industry.”

This thinking feeds into Cartier’s ‘industry’ approach, which extends its knowledge to improve standards and practices within the industry. As well as using its position as a recognised role model, it’s an approach that recognises positive change is not only for Cartier, but for the whole industry.”

Since her own arrival at Cartier in 2010 Ait-Hocine, who has a strong background in legal and compliance issues, says the aim is to continue to get more of the industry signed up to PLK principles and strengthen industry practices. She is also working on a further pillar to Cartier’s CSR strategy which focuses on sustainable product development, which integrates product design and procurement as early as possible into the supply chain process. A major CSR focus for Cartier is the promotion of exemplary practices within the supply chain.

“Many of our suppliers have worked with us for a long time and share our values. But we constantly engage with suppliers and different players in the industry to review our sourcing options. Our collaboration with Honduran goldmine, Goldlake, is a good example of this. It’s a family-owned business that includes environmental, social and economic issues in its business model. While it’s only a fraction of our gold supply, it’s a fantastic model and one we hope will stimulate innovation in the market,” explains Ait-Hocine.

The promotion of good practices within the supply chain is something that Ait-Hocine believes can strengthen CSR policies and make a real difference to the industry. She has been involved in a project that, in association with the Swiss government, aims to improve working conditions of artisanal and small-scale mines, initially in Peru, to help them reach international standards. This enables the mines to sell on the market at international trade prices, and obtain a premium which can then be partly used to reinvest back into the community. However, new CSR concerns are constantly on the horizon. Added to the increasingly stringent regulatory landscape, advances in science means the additional pressure of keeping track of chemicals and materials that don’t fit Cartier’s environmental or social footprint criteria.

“I like to use the example that a piece of jewellery should not just look good on the outside, but also the inside. It just doesn’t make sense to have a beautiful piece of jewellery that would not be produced in a responsible way,” concludes Ait-Hocine.
When it comes to corporate governance, South Africa is at the forefront among both emerging and developed countries. Regulatory change can go a long way towards making business more transparent, as Shaun Vorster, Partner at Mazars in Johannesburg, has experienced in his home country. Much of this can be attributed to the King Report on Corporate Governance, a revolutionary code of corporate governance for South African companies first introduced in 1992. Globally recognised as a benchmark for organisational integrity and corporate citizenship, the latest policy development in this space is the King III report in 2009, which the South African Institute of Chartered Accountants (SAICA) describes as a “revolutionary code of corporate governance.”

The fact that Mazars has experience in both the South African and global corporate reporting landscape is significant, as the King III report adds an additional layer of responsibility and accountability that organisations must navigate. This is where Mazars, as a leading audit and advisory firm, plays an important role in assisting clients on their integrated reporting journey. The Mazars team, led by Shaun Vorster, is committed to the practice and is well-versed in the latest developments in the field.

Q&A

**CI:** What do you see as your role in assisting clients on their integrated reporting journey?

**SV:** Part of our role is to get the right thought leadership discussions in place. This starts with being able to share with the audit committee and the Board of Directors what best practice is in terms of mobilising an integrated reporting initiative within their organisation. For example, when integrated reporting was introduced in South Africa, a lot of our clients didn’t understand why they had to do it and it was our responsibility to give them insight into what the value of completing an integrated report is. It was important we explained that integrated reporting is more than just following regulation, it is a method of communicating with stakeholders to share with our clients.

**CI:** How can a deeper understanding of integrated reporting be encouraged?

**SV:** Helping our clients navigate this relatively new terrain of corporate reporting, whether it is in South Africa or a voluntarily adopted practice elsewhere, is something we take seriously. Since we published our first integrated annual report for the fiscal year 2013/2014, we are now able to share our experience with companies embarking on this journey. So, the great benefits that can be reaped from integrated reporting is something we closely understand and share with our clients.

**CI:** What is the key questions clients most frequently ask on integrated reporting?

**SV:** A lot of time helping clients understand the idea of integrated reporting and how they can benefit from it. The concept of an integrated report is a concise communication that opens up the organisation to reflect on the journey. So, the great benefits that can be reaped from integrated reporting is something we closely understand and share with our clients.

**CI:** What are any additional benefits for companies who publish an integrated report in South Africa?

**SV:** From my experience with clients and experts in the integrated reporting field, I think that companies who have embarked on the integrated reporting journey with a firm commitment to the process actually get a lot more value than they expected. Management is the stakeholder whom most directly benefit from the process, as integrated reporting encourages discussion between different stakeholders on issues that were not previously being considered. Additionally, if a company really commits to the practice, I believe it creates a perfect opportunity for innovation to happen. Additional value comes from the concept of integrated thinking. The more an organization adopts the idea of integrated thinking, the more the integrated report reflects the activity of an organisation that is more connected to its external and internal environment.

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Back to Basics

As one of the top ten largest publicly quoted employers on the planet, Danish-based global facility services provider, ISS World Services, is no stranger to Corporate Social Responsibility (CSR) issues. With over 510,000 employees worldwide providing services such as catering, cleaning and security to a wide range of sectors, ISS is keenly aware of how CSR policies can impact the reputation of its customers, as Joseph Nazareth Head of Health, Safety & Environment and Corporate Responsibility at ISS World Services explains.

“Our clients include multi-national companies and an important part of our value proposition to them is to protect their brand and reputation. If ISS employees are not paid on time or they have health and safety issues, our customer’s brand and reputation can be at stake as our employees are on their premises. We understand this and so we have strong policies and systems in place to ensure credible and effective risk management in these areas,” says Nazareth.

He explains that it is important that a global company such as ISS leads the way with CSR policies. This means having processes in place that are principles based and guarantee that all employees enjoy basic human rights such as health and safety, being paid on time, as well as wage slips that are transparent, no matter where they are in the world. For Nazareth, it also makes business sense to develop and implement policies that value employees. He believes that there is a correlation between appreciating employees and good service that is hard to ignore. And if clients are satisfied with good service delivered, then they are much more likely to retain ISS’s services.

“Client satisfaction is a key indicator for our business. The more we engage with our employees the happier they are. If they are engaged, they perform better. It’s a simple equation, but highly dependent on us having a robust CSR strategy.”

At a deeper level, Nazareth is keen to leverage its award winning CSR strategy in order to achieve its vision to become the world’s foremost service provider. The first step of which is to ensure that policies are aligned globally as much as possible, so that employees in all countries work towards and share the same vision of ISS values and policies.

The second step, Nazareth admits, is a more complex challenge as it involves projecting those values to make sure that each and every employee is not only aware of them, but incorporates them into their daily working lives. Nazareth calls this approach ‘the power of the human touch.’

“Whether they are working in a resort in Asia or a hotel in Europe, it’s about employees being proud to work for ISS and understanding they are a critical part of achieving our vision. It’s about giving them the tools to take the initiative, whether it’s a receptionist getting to know the names of customers or a technician helping someone when it’s not specifically their job. It’s about aspiration to provide the best service they possibly can. This is what we mean by the power of the human touch,” explains Nazareth.

With such a large scale global company, where many employees may not even speak English and educational levels are generally low, it’s a vision that presents obvious challenges. But they are challenges that Nazareth has already faced in a similar role at Maersk Group. For him, it’s a question of going back to basics.

“For business leaders it’s all too easy to get caught up in focusing on performance and profit. But it’s crucial not to lose touch with staff as those are the people who ultimately deliver our services and drive performance, so talk to them and find out what their day to day challenges are.”

As a company, ISS offers the opportunity for management to spend time within an operations role to understand the challenges employees face. It’s this back to basics approach that Nazareth feels is invaluable in helping formulate a CSR strategy that all stakeholders can have confidence in.

“If leaders have a clear idea of the challenges employees face on a daily basis, it is much easier to formulate policies that work, rather than CSR statements that look good but carry little substance. Our aim is to make sure our values touch each and every employee. By making the effort to understand them, I believe we can achieve our vision,” concludes Nazareth.
Want to learn more? Access all of Mazars' latest Business. For Good articles and videos and discover more about what we do on our Collective Intelligence platform.

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Anti-Bribery & Corruption, Innovation, Integrated Thinking and the Board Charter: Discover what’s to come in the second part of our Business. For Good campaign below and online.

**MAZARS BREAKS GROUND**

Collective Intelligence Magazine

**IMPROVING THE SUCCESS RATE OF ANTI-CORRUPTION PROGRAMMES**

From both a moral and regulatory perspective, implementing an anti-corruption programme is essential for companies today. But there is often a big difference in designing an appropriate anti-corruption programme and implementing it successfully. Companies achieving the most success are ones where policies have been backed and driven forward by the CEO. However, we are increasingly seeing sponsorship and support of programmes at board level, where the ultimate responsibility for risk management now lies. Communication is a further factor of success. A good communication policy means that employees and external stakeholders have a clear and transparent view of what anti-corruption and anti-bribery policies a company has in place, as well as how they are implemented. So a final factor to consider is collaboration, whereby companies come together to discuss problems and share best practice. This approach can also provide valuable input on the development of new ethically-based guidance tools that can help reduce the time and cost of implementing anti-corruption policies.

**MAZARSFORGOOD INNOVATION CHALLENGE**

In January 2015, Mazars launched its first ever innovation challenge as an opportunity for aspiring entrepreneurs and intrapreneurs from 20 to 30 years old to make an impact with an innovative product, service or process that can transform companies for good. Participants are asked to team up and choose a category for which they want to change corporates: “yes, the employee”, “society” or “business”. As millennials represent approximately 80% of Mazars’ workforce and will represent 75% of the global workforce by 2025, the objective of the #Mazarsforgood Innovation Challenge is to involve Mazars’ young professionals and potential future employees in the enhancement of sustainability in the business world and foster an entrepreneurial spirit and culture.

Winners will be announced in late September and will share the total prize money of USD $70,000. “We don’t have to simply transmit old stories,” says Laurent Choin, Chief People & Communication Officer at Mazars Group. “We have to change and push the next generation to create their own successful standards.”

**INTRODUCING INTEGRATED THINKING AT MAZARS**

Integrated Thinking is defined by the IIRC as the active consideration by an organization of the relationships between its various operating and functional units and the capitals that the organization uses or affects. Integrated Reporting is thus the result of Integrated Thinking, meaning that they contribute to one another in a virtuous cycle. The more Integrated Thinking is embedded within an organization’s day-to-day activities, the more naturally the connectivity of information will flow into management reporting, analysis and decision-making. As Mazars embarks on the second year of our Integrated Reporting journey, we are actively ensuring that the Board and senior management are committed to promulgating the idea of Integrated Thinking throughout departments and the 73 countries in which Mazars is present. We have also introduced processes that ensure that both financial and nonfinancial issues are considered in day-to-day decision-making. We look forward to sharing the results of this practice in our next edition of Collective Intelligence.

**A FRESH APPROACH TO DECISION-MAKING**

If we accept that companies have to conduct business in a better way in the future, then it stands to reason that the decision-making process will need to evolve. As companies move towards this new way of thinking, there is a temptation to treat any change to the decision-making process as separate to the main guts of financial and strategic procedures that are in place for a company to survive as an ongoing commercial venture. But that masks the depth of change now required. Companies can appoint dedicated sustainability officers and ethical managers, as well as staff to manage the process internally. This is a good development. Yet unless it is fully aligned with the commercial strategy of a company then a disconnect will exist.

Putting in place a structure on how to approach often difficult discussions and tough decisions is one way to develop an integrated strategy on business in society. Having a blueprint or charter in place can ease the process of incorporating the decision-making elements required to conduct better business into current structures. As a key aid and based on our existing board polices, model, which recognises that boards have to balance potentially conflicting objectives, Mazars UK has developed The Board Charter in partnership with Tomorrow’s Company. It is intended to be used alongside, and to supplement, existing codes of corporate governance and similar documents.
Mazars is an international, integrated and independent organization, specializing in audit, accountancy, tax, legal and advisory services. As of January 1st 2015, Mazars and its correspondents operates throughout 92 countries. 73 of these countries are part of Mazars’ integrated partnership and 19 are Mazars correspondents. They draw on the expertise of over 14,000 professionals to assist major international groups, SMEs, private investors and public bodies at every stage of their development. The Praxity Alliance offers Mazars operating capacity via professional teams in 18 additional countries.