



Joining forces for a sustainable future

It was a meeting of industry specialists, **Mazars**, an international, integrated and independent organization specializing in consulting, advisory, audit, accountancy, tax, and legal services, with more than 13,000 professionals in 61 countries worldwide, and Starling Resources, an internationally recognized consultancy with a track record of creating practical social and environmental solutions for companies, government, and non-profit groups across Asia.

It was a positive meeting too, for the pair have recently merged and announced the launch of Mazars Starling Resources as the sustainability consulting and advisory practice within Mazars. Based in Bali, Mazars Starling Resources provides a range of services to assist clients address strategic operational, financial, philanthropic and business related sustainability issues.

Credit for helping inspire the merger should perhaps go to INA, for Mazars became more active in pursuing sustainability services after winning the 2009 ISRA awards that were hosted by INA. It took a little time, but in Starling Resources, Mazars finally met the right partner for expanding its advisory services.

Thus it was only fitting that INA should have the chance to talk with James Kallman (President Director of Mazars Indonesia), John Mellows (Partner and Senior Advisor to the Mazars Group Executive Board), John David Claussen (Partner of Mazars Starling Resources) and Rezal Kusumaatmadja (Senior Advisor of Mazars Starling Resources) prior to the official Mazars Starling Resources launch at Rumah Imam Bonjol, Menteng, Jakarta on Monday September 26, 2011.

Mazars, with your background in audit and financial reporting, why did you choose to partner in a consultancy aimed at sustainability?



First of all, a company cannot be successful in the long run by only being profitable; it must be sustainable as well. Looking forward to where financial reporting is going, companies need to become accountable; it's all about stewardship of the environment and natural resources, and the role of companies in the business community. This all needs to become part of a more holistic approach to doing business. Although we don't see the social and environmental realm of doing business becoming equally as important as the financial or economic side, there's no doubt its influence is growing. The business sector currently doesn't have the necessary capacity or knowledge on these topics and is therefore looking for advice and assistance in its strategic approach, as well as reporting and auditing in the sustainability area. Mazars is a leader in human right audits for many companies in Indonesia, and we want to expand our services to include the whole range of sustainability issues: socioeconomic, environmental, human rights, labor rights, and anti-corruption.

And Starling Resources, as a successful consultancy firm with a track record of giving advice on sustainability issues, why did you choose to merge with Mazars?

Starling Resources had already been working on critical economic development, environmental and social issues since 2006. At that time, Indonesia had only recently made the shift to becoming a full-fledged democracy with directly elected decision makers and the decentralization of policy and planning. Expectations from markets

and regulators increasingly compelled companies and institutions to act – and to be proactive. This was not just here in Indonesia of course, but everywhere. Plus there was clearly a need for a 'set of rules' for companies, governments and communities to work together on a sustainable way of doing things. We advise private institutions who want to invest in conservation programs, companies interested in sustainable trade, and with governments on how they deal with issues such as climate change. We also have tremendous experience with NGOs. We wanted to do more however, have a greater impact and become influential in creating solutions to the larger sustainability issues facing society.

So the tie up with Mazars was a natural given its extensive network of corporations interested in sustainability matters, not just in Indonesia but the world as a whole. From the very start we are not focusing solely on Indonesia, but across Southeast Asia and the whole Asia Pacific region, while eventually we hope to develop Mazars sustainability services globally.

And we should add, from Mazars side, we also wanted to expand its clientele beyond the corporate sector to include all stakeholders. However, we lacked the expertise and in-depth technical knowledge in sustainability consulting. Now this is what makes Starling Resources special; they are so good at explaining all the issues concerning sustainability in ways that people can understand. For instance, we struggled to understand the importance of REDD and forest carbon management for our clients and the government until Starling Resources led us through the



The Launch of Mazars Starling Resources 26 September 2011 Rumah Imam Bondjol, Jakarta

various issues and demonstrated through their practical experience on the ground what this meant for Mazars and our clients. Starling Resources meanwhile see the bigger picture and understand the nuances of the sustainability field. They are the right partner and able to complement Mazars in engaging a wider range of clients to develop our global sustainability practice.

Sustainability is a hot topic these days, is that why Mazars Starling Resources is focusing on this topic?

Yes and no. Our customers are demanding it, but we also believe this is a transformation that business and society must make. We aren't doing this just because of the money; we are doing it because we believe in it. Nevertheless, doing the right thing for the right reason will always bring value to our clients and hence our firm. We see the value it can bring and we help our clients to see what this value is as well. So take for instance reductions in carbon emissions; not only are these important for the environment, but they also result in efficiencies that lead to cost improvements and price reductions. While there may be an upfront cost, companies can begin to see the returns in many forms. Moreover, a good thing is that when companies start caring about their carbon emissions, they share this with their employees and suppliers, and it will impact on their behaviors too. So in the end, there is a spin off right along the whole supply chain.

There must be companies who can't see the value of implementing sustainability standards; they will only look at it as an investment and as making the business more complicated. How will you convince these companies of the risks and problems they will encounter if they don't implement this?

Efficient use of resources will make a business more sustainable. In the long term you will be able to monetize this. We can provide the means to understand this. A company needs to understand the aspects and the impacts of their business. We make an assessment of this and then provide them with a range of options on how to handle these issues. Most international companies already understand the importance of these matters and Indonesian companies are just now beginning to see it too. What they require are concrete examples of what, in the short term, can happen when they are not sustainable. Plus in the end there is always a pressure point somewhere that will influence companies, be it the press, clients or NGOs.

Speaking of NGOs influencing business, because of NGOs raising awareness about unsustainable palm oil plantations, this has become a major problem in Europe in regard to company reputations. Do you think that NGOs sometimes go too far?

NGOs act as advocates for change. Perhaps they have

not fully developed solutions to problems but they force consideration of certain behavior by various means. This in itself is sometimes needed. Ideally they can move from bringing the issue to light and begin to assist the private sector to work towards a solution. The more international NGOs sit together with companies around the table the better we become as a society. Now this is an area where Mazars Starling Resources can act as a bridge. Auditing, for instance, is an independent and objective tool for measuring change and progress. We are not there to audit in the companies' interest, but against a standard set of new norms. We bring an objective vision to highlight what companies need to do to address their issues. Then our strategic consulting experts can work with our clients on an agenda to effect transformation and move them forward in the right direction.

What can persuade companies to become sustainable now?

There is a need for companies to have transparent information about their own performance and for this to be available. This could compel companies to set a different course once they understand the risks and costs involved in the old 'business-as-usual' mode. Moreover, external reporting and ranking of companies based on relevant information can certainly compel some to take action. The digital world of today facilitates the rapid propagation of information over a wide network. This has changed the rules of the game, and in Indonesia, a country with over 40 million Facebook users, this very significant change is happening at a time information is becoming more readily available.

All corporations are under pressure. Clients can easily use social media to disparage companies, as several in Indonesia have to their pain already discovered. However, while there are as yet only a few major new sustainability champions emerging among companies operating in Indonesia, we are starting to see a beginning. The awards given in Indonesia for various sustainable issues are helping as well, as these provide examples to other companies.

Is the younger generation more engaged in what's happening in the social, environmental and governance area than their parents, and is this going to have an impact?

Absolutely. This is true everywhere, but perhaps especially so in places like Indonesia. For all sorts of reasons the younger generation aspires to learn more, to have a greater

impact. Many are going to school abroad and learning the trends at the international level. And all can see what is happening to natural resources here and the problems with lax rules and unfinished infrastructure. In the end this must have an impact leading to an increased demand for sustainable solutions and approaches.

Can you furnish any examples where outside pressures have resulted in changes in attitude?

There is no doubt that pressures exerted by NGOs have resulted in both producer and consumer companies re-evaluating their modus operandi. Perhaps the most positive example of this from an Indonesian perspective has been Nestlé and palm oil supplier Smart. Under pressure from a Greenpeace campaign, Nestlé dropped Smart as a supplier back in March 2010. However, both companies have addressed the charges laid against them and with the aid of specialist NGO The Forest Trust have implemented necessary sustainability steps. In Nestlé's case this has meant developing a plan that will identify and remove any companies running "high-risk plantations or farms linked to deforestation" from its supply chain. Meanwhile, through its parent Golden Agri-Resources, Smart received Roundtable On Responsible Palm Oil (RSPO) certification for its first plantation in mid-September. This has resulted in Smart being reinstated as a supplier to Nestlé, a decision of which Greenpeace is fully supportive. Indeed, a senior spokesman said that the companies deserve recognition for their recent speedy efforts and that others should follow their lead.

This case demonstrates that no company is too big to ignore the demands for sustainability; in fact the bigger they are the more susceptible they are to loss of image and hence profits. What it also demonstrates though is that no situation is entirely irreversible and with the guidance of professional help sustainable business practices can soon be put in place. It is that sort of professional guidance that Mazars and Starling Resources intend to bring as they join forces for a sustainable future.

Source: Mazars