

Magazine

EXPERIENCE

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INTERVIEWS

Women in business

PARTNER EXPERIENCE

Business around the world

NETWORK EXPERIENCE

Are green taxes going to be a red flag for your clients' businesses?



tgs

— THINK GLOBAL SUSTAINABILITY

EXPERIENCE

is a magazine focused on business trends and business experience stories.

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EDITORIAL

GENDER EQUALITY, EMPOWERMENT, AND GLASS CEILINGS - DO WE TRULY UNDERSTAND THE MEANING OF THESE TERMS, OR ARE THEY JUST BUZZWORDS?

Lorena BERNALES

Marketing & Communications Manager
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According to the United Nations, gender equality is a fundamental human right and a critical component in creating a peaceful, prosperous, and sustainable world. UNESCO expands on this definition, stating that equality extends beyond treating women and men as equals; it means providing equal rights, responsibilities, and opportunities regardless of sex assigned at birth.

Empowerment equips individuals with the necessary tools to increase their strength, capabilities, and potential, allowing them to improve their social, political, economic, or psychological situation.

Glass ceiling barriers are invisible yet formidable obstacles that hinder women from climbing the corporate ladder, regardless of their qualifications or achievements. These barriers include gender stereotypes, senior management bias, a shortage of women willing to take on leadership roles, and the added burden of familial responsibilities.

According to the World Economic Forum's Global Gender Gap Report in 2018, it would take 108 years to close the global gender gap regarding opportunities and economic participation.

To celebrate International Women's Day, we spoke with two women in the consulting and accounting sectors who took control of their careers and advanced with leadership and joy. They serve as an example for women who wish to have complete control over their personal and family lives while excelling in their professions.



CONTENT

INTERVIEWS

Women in business

What do you like best about your practice?

Why is International Women's Day important to you?

Why do you think about prevalent gender gaps in business practice?

What would you say to your younger self that you wish someone had told you?



PARTNER EXPERIENCE

Progress in tax control in Mexico

It is not common to recognize the performance of a country's supervisory authority. Especially in countries where taxpayers consider that they do not receive good services in exchange for the payment of their taxes. Mexico is an example of this situation, where complaints of poor health, education and security services, among others, are heard daily.





PARTNER EXPERIENCE

Business Environment in Brazil

Brazil is renowned for its abundant natural resources, including minerals and energy, spread throughout its vast territory. While agriculture and cattle-raising remain vital sectors of the local economy, international companies have identified growth opportunities beyond these areas in recent years. With a population of 214 million and a GDP growth rate of 4.06% in 2022, Brazil offers significant potential for expansion. As people's purchasing power increases, opportunities in industries and services are also ripe for investment.

PARTNER EXPERIENCE

Typologies as a means of creating alerts

Typologies refer to the classifications and descriptions of techniques used by criminal organizations to give the appearance of legitimacy to funds of licit or illicit origin to eventually transfer them from one place or person to another with the purpose of financing illegal activities. Understanding the typologies used by some organizations is critical; we must assess clients thoroughly before accepting a contract offer.



PARTNER EXPERIENCE

What is corporate governance?

It's a set of principles that establish a company's management and control system and the relationships between management, shareholders, and other stakeholders. In greater detail, corporate governance refers to how rights and responsibilities are divided among participants in the company's activities, including administrators, directors, shareholders, and other interest groups. It also specifies how decisions are made, how strategic objectives are defined, what means are used to achieve them, and how economic performance is monitored.

NETWORK EXPERIENCE

Are green taxes going to be a red flag for your clients' businesses?

While many corporations have departments dedicated to paying little or no taxes, it's not a socially responsible policy. Low tax figures may look great on the balance sheet, but there's a bigger picture to consider. At TGS, we believe in 'tax for good'. That's why we take a more ethical approach to your tax overview. Not too much, not too little, just a fair and sustainable amount, factoring in the relevant corporation tax rates in 2022.



About TGS

TGS is a dynamic global business network of independent firms providing audit, tax, corporate legal services, advisory and outsourcing. With more than 4,200 professionals in more than 55 countries, the multidisciplinary TGS member firms support clients by designing global, sustainable solutions and providing a one-stop-shop for business advisory. We support the 10 principles of the Global Compact on Human Rights, Labour, Environment and Anti-Corruption. Our culture, strategies and operations are aligned with universal principles of sustainable development.

About Experience

Experience is a business magazine that gathers insights, trends and experience stories from TGS member firms that inform and inspire business leaders and future entrepreneurs. Its development seeks to share valuable information for entrepreneurs, under the analysis of our partners and guest executives. This TGS magazine is available free of charge at issuu.com/tgs-sarrio/experience-magazine

Disclaimer

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“ Hence, organizations must proactively foster gender equality and promote equal opportunities. ”

WOMEN IN BUSINESS

Interview with Gissela PACHECO,
Audit & Assurance Senior Manager



What do you like best about your practice?

My professional journey has primarily been auditing, where I began as an assistant auditor and achieved my first professional milestone. Auditing is a diverse and exciting profession; it allows me to observe and learn from various work teams, industries, and styles. It is precisely this variety that has kept me engaged in this profession.

What I enjoy the most about my role is that it is far from monotonous. Working alongside TGS has been an absolute pleasure, and I am grateful for my contributions to the firm in Peru. This recognition and support from the organization have made me appreciate the work I do even more. TGS has always provided me with professional and personal growth opportunities, and its open-door policy has been a tremendous asset in my development.

Why is International Women's Day important to you?

Rather than a cause for celebration, this day prompts me to reflect on women's ongoing challenges worldwide. It serves as a reminder of the urgent need to fight against gender violence and advocate for equal rights for all genders. In many countries, women still face economic discrimination, and some husbands are legally allowed to prevent their wives from working. This day calls for eradicating chauvinistic structures that persist in our societies. We must raise awareness about the unfair circumstances women encounter globally and actively create a more just and equitable world.



Foto by TGS Sarrio & Asociados

Why do you think about prevalent gender gaps in business practice?

Gender-based family responsibilities, persistent stereotypes, institutionalized gender biases, legal constraints, and strict corporate policies are among the multiple factors that hinder women's access to leadership positions.

The "glass ceiling" phenomenon constitutes a significant barrier to women's growth and representation in organizations. Gender biases and stereotypes are deeply ingrained and often prevent women from advancing to managerial roles. Hence, organizations must proactively foster gender equality and promote equal opportunities. Fortunately, with our collective efforts and the backing of entities such as TGS, progress toward gender equality is underway.

What would you say to your younger self that you wish someone had told you?

If I were to advise other women, I would urge them not to believe that personal interests will truncate their professional progress. We can all achieve our goals and objectives, and it's crucial to set them accordingly. Unfortunately, society often limits women by highlighting only certain qualities, such as motherhood or sacrifice. However, women in the 21st century are free to pursue empowerment on an equal footing with men. It's essential to leverage the technology available today to combat the perception of women as the weaker sex and become more influential in effecting change.

As a mother to a 4-year-old daughter, I want her to grow up knowing that anything she sets her mind to is achievable. Women can accomplish their dreams and become whatever they want with determination and hard work.

WOMEN IN BUSINESS

Interview with Marine PERROT,
Lawyer, Partner



What is your job in TGS FRANCE and what is one of the things you like best about your firm?

As a qualified French lawyer with expertise in international tax law, I currently serve as a partner at TGS FRANCE AVOCATS, the law firm of TGS FRANCE Group. Before joining TGS FRANCE, I was a partner at a boutique law firm, where I had the privilege of leading an all-female tax team.

What drew me and my partner, Marylène Bonny-Grandil, to TGS FRANCE was the Group's commitment to promoting gender diversity. We were determined to join a firm that values the contributions of women and avoids perpetuating the traditional "old boys' club" mentality.

Since joining TGS FRANCE AVOCATS, I have actively implemented the Group's international growth strategy, particularly in its Paris office. The startup culture of the Group and the support of its established French parent company have provided us with the flexibility and resources we need to succeed.

Under the visionary leadership of the Board, and our General Director, Laurence Vernay, we are embarking on an exciting new chapter of growth and expansion. As someone who thrives on ambitious projects, I am energized by the challenges ahead.



Daily, I advise individuals, non-profits, and companies on international tax matters. Given the constantly evolving nature of tax law, it is essential to approach each case rigorously and maintain a comprehensive understanding of our client's unique circumstances. I find great satisfaction in combining my work's intellectually stimulating technical aspects with the opportunity to build strong, collaborative relationships with our clients.

Of course, none of this would be possible without the contributions of my exceptional team. Since joining TGS FRANCE, we have doubled in size (and even added some male team members!). We have created a supportive, enthusiastic, and hard-working atmosphere that drives us forward each day as we tackle new challenges and opportunities.

Why is International Women's Rights Day important to you?

Every day should be Women's Rights Day. While International Women's Day on March 8th serves as a global reminder to assess progress on gender equality, it's important to remember that this issue cannot be relegated to a once-a-year event. Instead, it should focus on how we view the world and our daily interactions.

I am optimistic that a global mindset shift is underway, in which society is increasingly questioning the status quo and searching for more honest answers. Despite the persistent view that gender equality may take hundreds of years to achieve, I believe that the momentum of this shift is building and that real progress is within reach.

Of course, social progress is never a linear path. But the snowball effect of a changing mindset is inevitable, and we are poised for a meaningful change shortly. For me, that is cause for hope and optimism, not just on International Women's Day but every day. Progress is never linear. The snowball effect of a mindset shift is inevitable and it is not far off.

Why do you think about prevalent gender gaps in business practice?

Gender disparities take many forms in the workplace, from unequal pay and lack of advancement opportunities to daily micro-discriminations. Companies, coworkers, and bosses who perpetuate these inequalities must be called out in every way possible, depending on the available avenues for action.

In my experience, there is also the “invisible” work, which disproportionately falls on women.

This often involves taking on responsibilities outside one’s official job description, which may need to be recognized and recognized. Women must be vigilant in assessing their contributions and ensuring that they receive appropriate recognition and advancement.

What would you say to women who are starting their professional careers?

My advice is not only for women but also for men who are starting their professional careers. The change will come from a shift in perspective on what is acceptable in the workplace for everyone.

First and foremost, it’s essential for young people entering the workforce to aim to be the best professionals they can be. Stay curious, and strive for continuous growth in your field.

When choosing a workplace and the people to work with, look for individuals whose lives you would like to emulate in the coming years. Here are some things to consider when joining a company:

- Do the women and men you work with healthily balance their personal and professional lives?

- Does your workplace prioritize the work you accomplish, or are they more concerned with how much time you spend at your desk or connected to the intranet?
- Do you receive regular feedback on your work, and can you discuss your next career moves with your superiors?
- Is family or off-time frowned upon or recognized as essential?

No workplace is perfect, but the right companies will understand that gender equality and a healthy workplace go hand in hand. They will appreciate feedback on how to improve things, so don’t be afraid to speak up.

We need to be the change we want to see, but achieving gender equality is a collective effort. So make sure to seek out the right tribe to join.



“ I am optimistic that a global mindset shift is underway, in which society is increasingly questioning the status quo and searching for more honest answers. ”

PARTNER EXPERIENCE

PROGRESS IN TAX CONTROL IN MEXICO



Horacio ROCHA
Partner



It is not common to recognize the performance of a country's supervisory authority. Especially in countries where taxpayers consider that they do not receive good services in exchange for the payment of their taxes. Mexico is an example of this situation, where complaints of poor health, education and security services, among others, are heard daily.

Notwithstanding the foregoing, the strong progress of the Mexican authority to control taxpayers must be recognized. Since the 2012-2018 term, heavy investments were made in infrastructure and systems to be able to supervise the correct fulfillment of obligations by taxpayers. Today, these measures bear fruit for the Mexican government and are an example for other countries often considered more developed.

Today, the Mexican government can monitor taxpayers through their income, their costs and expenses, and their cash flow; It has coercive alternatives to enforce compliance. And although these measures are sometimes perceived as excessive and even abusive, their effectiveness in promoting compliance cannot be denied.

Electronic Invoicing

Undoubtedly, the most powerful tool for the authority was the imposition of electronic invoicing as a control of expenditures. In almost any consumption, purchase, expense or service that is made in Mexico, the person who obtains the income must issue an electronic invoice, known as a Digital Tax Receipt by Internet (hereinafter CFDI, as they are known in Mexico), which is represented as a PDF file and as an XML file. This document necessarily passes through servers controlled by the authority, where it is assigned a unique alphanumeric string that gives it validity. The entity that makes the payment can only take the deduction for tax purposes if it has those files that the issuer sends by email to the consumer. In other cases, the supplier of the good or service also allows the consumer to generate his CFDI on a website. If the person who obtains the income does not issue the CFDI or does not allow the consumer to generate it, a fine applies. That way, deductions from one must necessarily match the income of another, and the authority has this information on its servers and in real time.

The application of this technological tool has had the following effects in Mexico:

1. Real-time monitoring

The authority today can match the income invoiced by taxpayers through CFDIs against their tax reports, both for Income Tax (ISR) and Value Added Tax (VAT). Payrolls paid to employees must also be documented with CFDI, which allows the

authority to verify that the tax withheld and the payments of social security contributions are made correctly. It can also supervise wage earners, who frequently do not file subsequent tax returns and who represent the largest segment of taxpayers in Mexico.

Regularly, the Mexican authority carries out electronic inspections, without even notifying the taxpayer. If it believes there are any discrepancies or inaccuracies in the information, it sends electronic invitations to taxpayers to clarify those discrepancies, without having to order expensive physical audits. This has made auditing much cheaper and more efficient. In case the taxpayer does not respond to these invitations, one can then expect a direct audit by the authority.

2. Control of taxpayers' operation

In certain cases where the authority is not satisfied with an explanation, or it does not receive a response from the taxpayer or in the case of alleged tax debts, the authority may suspend the taxpayer's ability to continue issuing CFDI, by interrupting the tool that issues them. A company that cannot issue CFDI stops obtaining income because the consumer will not be able to make the deduction and will decide to buy from another supplier that does issue a CFDI. In our opinion, this is a measure that can turn negative, perverse and counterproductive because it is authoritarian and it

limits the taxpayer's ability to obtain resources with which he could use to face his tax debts, if they actually proceeded. The possibility of an abuse of this power by the authority is obvious.

We view this measure as authoritarian and counterproductive, as it restricts taxpayers' ability to obtain resources to pay their taxes if necessary. Additionally, there is a risk that the tax authority may be abusive.

3. Difficult path for individuals

Although these measures became widespread and mandatory since 2010 and 2011, the road has been and remains difficult for the operation of businesses and for the control of individuals. Companies must pay for a service to process the electronic invoicing, even paying a fee for each invoice issued. They have had to invest in computer systems and equipment.

The process of generating, issuing and sending CFDIs is exposed to multiple problems along the way, either due to communications failures, to the data input when generating the CFDI or simply by a wrong email address, among others. It is often found that in rural areas of Mexico, the issuance of CFDI is not a common practice. Many travelers have concluded their days without receiving their CFDI to deduct their expenses and it is impossible to return to that provider to clarify what happened. (In contrast to these annoyances, the control of these files

no longer implies the consumption of paper or physical storage space, since everything is electronic, and will already be stored on the authority's servers).

4. 360° Audit

The authority not only controls taxpayers for their billed income and expenses; it also has the ability to contrast this information with cash flows, since it has access to bank records and credit card transactions. This has undoubtedly contributed to better detect and prevent money laundering operations, including those with the participation of foreign entities.

In conclusion, the progress that the Mexican authority has made in its efforts to monitor tax payments is remarkable. However, this recognition would be widespread and strengthened if it resulted in an increase in the taxpayer base and greater ease for taxpayers, but none of these effects have been achieved. There are still very few who pay taxes in Mexico and it is still complicated to obtain CFDIs for all the expenditures made. Notwithstanding the foregoing, those countries where these measures have not been implemented would do well to review the case of Mexico and anticipate their application because the trend towards the use of these tools is global.

“ The Mexican government can monitor taxpayers through their income, their costs and expenses, and their cash flow; It has coercive alternatives to enforce compliance. ”



PARTNER EXPERIENCE

BUSINESS ENVIRONMENT IN BRAZIL



Marcus KWONG
Partner



Brazil is renowned for its abundant natural resources, including minerals and energy, spread throughout its vast territory. While agriculture and cattle-raising remain vital sectors of the local economy, international companies have identified growth opportunities beyond these areas in recent years. With a population of 214 million and a GDP growth rate of 4.06% in 2022, Brazil offers significant potential for expansion. As people's purchasing power increases, opportunities in industries and services are also ripe for investment. Investors from around the globe have found Brazil to be an attractive market for expanding their businesses internationally.

Development Potential

Brazil's economy spans the primary, secondary, and tertiary sectors, including tourism, public services, real estate brokerage, hospitals, restaurants, schools, and financial activities. Among these sectors, the tertiary sector is the strongest, currently contributing more than half of the country's GDP and generating 75% of all jobs, making it the largest branch of the economy.

The tertiary sector encompasses a wide range of product sales and service provision, including trade, telecommunications, utilities, computing, communications, and technology. Brazil's economic growth has been driven by foreign capital and multinationals establishing operations within its borders.

Despite its economic dependence on other countries, Brazil has developed diverse industries, from essential to high technology.

As the capitalist system advances and globalization spreads, the tertiary sector is not only the most prominent economic share in Brazil but also the fastest-growing in the world.



Kickstarting businesses in Brazil

When starting a new business in Brazil, it's crucial to partner with a reputable company that has international experience. In this regard, TGS has been a leading provider of services to numerous companies, helping them navigate the local start-up process and offering ongoing support after operations begin.

It's crucial to thoroughly evaluate business issues such as product/service acceptance, the risks of starting a new operation, Brazilian tax regulations, and the local economy. Our local team has over 50 years of expertise helping companies establish themselves in Brazil. With our guidance, you can confidently navigate these challenges and seize new opportunities in this exciting market.

Global Economic Scenario for the next 5 years

The International Bank's (IBRD) latest Global Economic Outlook report reveals that the global economy is experiencing a significant slowdown due to high inflation, higher interest rates, reduced investment, and

disruptions caused by Russia's invasion of Ukraine.

Given the current economic conditions, the report predicts a modest global growth of 1.7% in 2023 and 2.7% in 2024. This year's growth prediction is 1.3 percentage points lower than previous forecasts.

Brazil's growth is expected to be restricted by high-interest rates and a decrease in export growth, with an anticipated growth of 0.8% in 2023.

The report also predicts a widespread deceleration in growth, with 95% of advanced economies and nearly 70% of emerging and developing economies expected to experience downward revisions in 2023. The International Bank cautions that further adverse developments could lead to a global recession, which would mark the first time in over 80 years that two global recessions have occurred in the same decade.

The report projects an average per capita income growth of 2.8% in emerging markets and developing economies over the next two years,

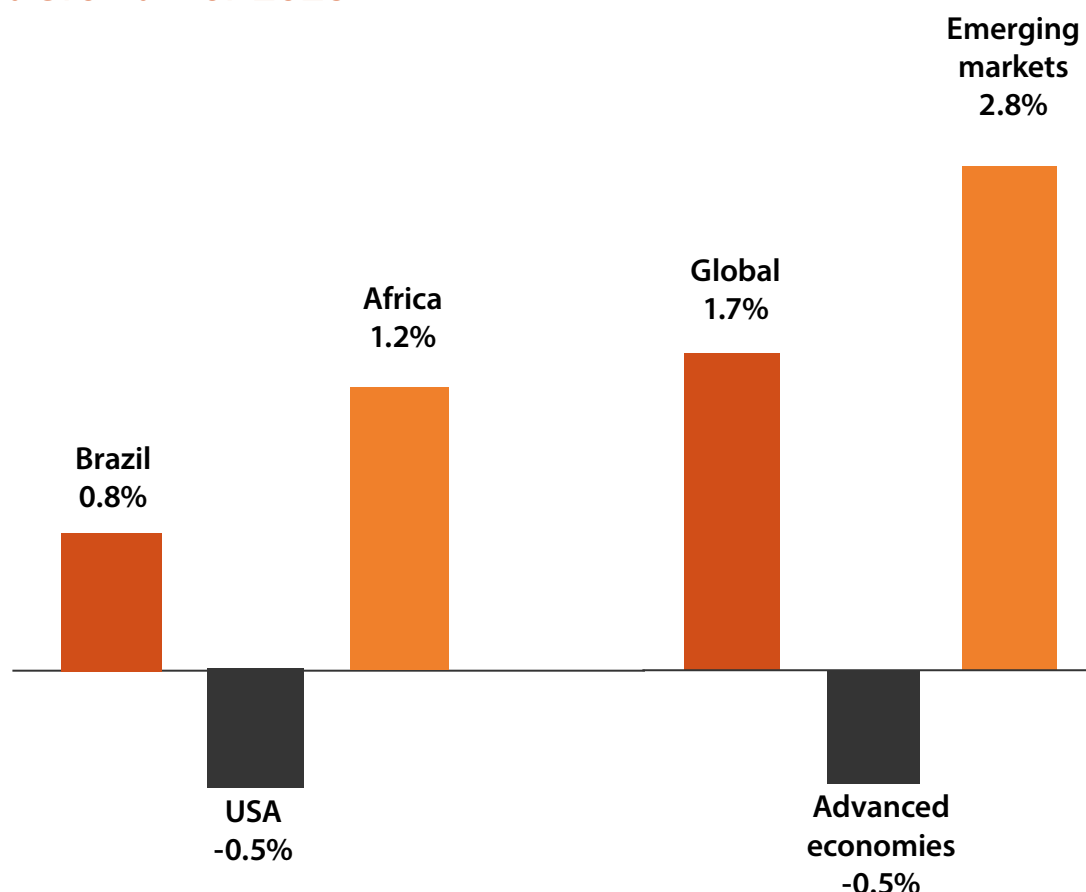
one percentage point below the 2010-2019 average. In Sub-Saharan Africa, where approximately 60% of the world's extremely poor population resides, per capita income growth in 2023 and 2024 is expected to be an average of only 1.2%.

Growth in developed economies is projected to decrease from 2.5% in 2022 to 0.5% in 2023—similar decreases in the past foreshadow a global recession. In the United States, growth is predicted to fall to 0.5% in 2023, 1.9 percentage points lower than previous predictions, and the weakest performance outside official recessions since 1970.

Overall, the outlook for the global economy is pessimistic, with the possibility of a worldwide recession looming. However, there is some positive news in the report, particularly for Brazil, which is expected to return to growth following the worldwide pandemic.

**Source: Infomoney By Roberto de Lira January 10, 2023 12h21*

Market Growth for 2023



PARTNER EXPERIENCE

TYPOLOGIES AS A MEANS OF CREATING ALERTS



Marvin ESQUIVEL
Partner



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It is necessary to educate our staff through continuous training so that they are part of our strategy to minimize risks in our profession, and to be prepared to detect these illicit activities with ethical and professional actions.

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When defining typologies, we may say that they are “classifications and descriptions of techniques used by criminal organizations to give the appearance of legality to monies of licit or illicit origin and then transfer them from one place or person to another to finance their criminal activities”.

This is why it is important to know about some of the typologies used by these criminal organizations; and, of course it is of utmost importance to know the client before accepting a job.

Not only our profession is at risk of these typologies, it is our responsibility to make other professionals and the general public aware of the ways in which people or organizations that engage in money laundering proceed. This is a social responsibility and it is up to us to raise awareness on this issue.

As auditors, one of our main tools to identify the different typologies is

our “professional skepticism”, which is our ability to assess situations that we can question in order to minimize the risks.

We must have the capability to identify suspicious operations using our risk matrixes and seek external information to identify this type of records in our audits or when a client wants us to provide a professional service. By using the “know your client” and other documents provided by the potential client, we can identify Suspicious Operations Records.

There are commercial activities and financial transactions that we must be on the watch, with the typologies that we identify when analyzing the documents provided, such as: Car sales, remittances or money remittances, money transfers from abroad (unsubstantiated financial flows), suspicious money movements that make them look like legitimate money; cross border money transportation; use of shell companies, sales or trading activities where the monies do not look legitimate, real estate, software developers, gold trading, wildlife purchase and sale, medical products, purchase and sale of works of art, among others *(the above are examples of activities obtained from the Narcotics Institute of Costa Rica).*

Of course, we should not assume that all the commercial activities mentioned above are illicit activities, but they are activities that can provide red flags. Different typologies have been detected through studies carried out, where suspicious operations have been reported.

Regarding the different typologies that can occur, we will list some of them for consideration (*Source: Narcotics Institute of Costa Rica*):

1. Use of the same financial information for different banks.
2. Credit requests without collateral.
3. No verifiable economic activity.
4. Increasing bank deposits with no apparent relation to an economic activity or structure, without information as to the origin of the funds.
5. No match between the purchase of a asset with the socio-economic profile of the client.
6. Purchases of goods in cash, with no economic activity to back up the origin of the funds.
7. Suspected links to drug trafficking or other illicit businesses.
8. Purchases of goods which are not yet in inventory.
9. No information to support the structured transactions, nor a trustworthy reason.
10. Unknown economic activities without any legal structure.
11. Nationality of persons coming from countries with high money laundering risks (tax havens).
12. Ignorance of the origin of the funds received where there is no logical relationship of employment, family, or any other kind.
13. There is no record of formal and remunerated economic activity about the persons receiving money; some may even have a criminal record.
14. The use of current accounts as a "bridge", so immediately after the money is deposited, it is transferred to different accounts and cash withdrawals are made, which makes it easy to lose track of it.
15. Use of shell or "paper" companies.
16. There is no information on economic activities carried out abroad.
17. Some entrepreneurs make sudden changes of economic activity.
18. People who do not respond logically to queries made as part of "know your customer" matrix and do not appear to have a real business activity or business history.
19. Persons who provide documents that appear to support business activity abroad but are not "apostilled" from the country of origin.
20. Newly incorporated companies, with foreign partners where there is no information as to their roots in the country where they live.
21. Refusal of the client to provide us with the requested information supporting the origin of the funds.

We can list even more real typologies that occur constantly and that are our responsibility to evaluate. It is necessary to educate our staff through continuous training so that they are part of our strategy to minimize risks in our profession, and to be prepared to detect these illicit activities with ethical and professional actions.



PARTNER EXPERIENCE

WHAT IS CORPORATE GOVERNANCE?



Corina VIZSDELUK
Assurance Services Director



Corporate governance is a set of principles that govern the management and control system within the company, the report between the management, shareholders and other interested persons. In detail, corporate governance refers to the way in which the rights and responsibilities are divided between the categories of participants to the company activity, such as administrators, directors, shareholders and other interest groups, specifying also how decisions regarding the company activity are made, how strategic objectives are defined, which are the means of reaching those and how economic performance are monitored.

Impact and purpose of corporate governance

Good governance of an organization has a **direct impact** on its existence and lays the foundation for fulfilling the organization's purpose in an ethical, effective and accountable manner in line with stakeholder expectations. Translated into internal regulatory documents, corporate governance principles determine the **efficiency** and **effectiveness** of the control mechanisms adopted to protect and harmonize the interests of all stakeholders - shareholders, directors, executives, managers of the various company structures, employees and their representative organizations, customers and business partners, suppliers, central and local authorities, regulators and capital market operators, e.g.

Good governance includes actions on the part of the governance body (e.g., through the development of governance policies) to guide organizations to provide transparent, clear and concise reporting and access to information to stakeholders. This enables authorities and society, through their duly appointed representatives, to assess the positive and negative impact of the organization on the natural, social and economic environment. Furthermore, good governance enables stakeholders to hold organizations to account, benchmark their performance, highlight poor practices and monitor the impact of the organization on society, the economy and the natural environment.

Benefits of corporate governance

Organisations with strong corporate governance may be more successful than those without it. Effective corporate governance offers many benefits to organisations. It plays a significant role in ensuring that any corporation has strong internal controls, which increases the consistency of the decisions that key figures within that organisation make and improve the company's external brand. Corporate governance offers important benefits, including increased transparency, accountability and strategic planning, which are essential for most organisations operating in competitive markets.

“ Governance bodies should ensure that sustainable development and sustainability are fundamental considerations when carrying out their governance work and applying governance principles. ”

The absence of rules can lead a company to chaos and any investment can represent a game of chance and where predictability no longer exists. The list of benefits can be long indeed, nevertheless the following are considered, by most organisations, as the most important worth mentioning:

Risk mitigation

By identifying and reducing risks, corporate governance helps to mitigate risk by implementing policies and procedures that ensure that key people within the organisation identify and evaluate risks as soon as they arise.

Improvement of decision-making

Good corporate governance improves the decision-making process by defining clear responsibilities, improving access to information and enabling clear communication between stakeholders at all levels.

Enabler for better strategic planning

Strong corporate governance enables organisations to carry out effective strategic planning by faster access to information, clearly defined roles and responsibilities and good communication between team members.

Booster for compliance and corporate reputation

Strong corporate governance requires companies to comply with relevant laws and regulations, which positively affects the company's risk management profile.

Enabler of capital flow

Strong corporate governance also impacts capital flow as increasing confidence in the company from investors, banks and other lenders makes it easy to access capital when the organisation needs it.

Is corporate governance a necessity?

In the current context, **the answer is affirmative.**

Accelerating globalization has led to the need for more and more organizations to adopt corporate governance principles.

New governance standards increasingly emphasize the responsibility of leaders to adopt solid governance practices. On 5 January 2023 the **EU Corporate Sustainability Reporting Directive (CSRD)** entered into force. The new rules will ensure that investors and other stakeholders have access to the information they need to assess investment risks arising from climate change and other sustainability issues. They will also create a culture of transparency about the impact of companies on people and the environment. The connection with the financial and non-financial statements is obvious and can represent a real progress in the transparency of the companies' activity.

The purpose of governance and the duty of the governing body is to create the conditions and support the organization to operate over time in such a way that it fulfils its organizational purpose and generates value as it has set out to do. It can be said that an organization contribute to sustainable development and is sustainable itself when it generates value in a way that meets the needs of the present and future. By aligning an organization's governance with sustainable development, governance bodies support the creation of conditions for the organization's future success.

In conclusion, governance bodies should ensure that sustainable development and sustainability are fundamental considerations when carrying out their governance work and applying governance principles.





NETWORK EXPERIENCE

ARE GREEN TAXES GOING TO BE A RED FLAG FOR YOUR CLIENTS' BUSINESSES?



Marcela VARGAS
CSR & Marketing Project Manager



While many corporations have departments dedicated to paying little or no taxes, it's not a socially responsible policy. Low tax figures may look great on the balance sheet, but there's a bigger picture to consider.

At TGS, we believe in 'tax for good'. That's why we take a more ethical approach to your tax overview. Not too much, not too little, just a fair and sustainable amount, factoring in the relevant corporation tax rates in 2022.

Conscientious tax consultants

As an experienced international network, we look at every avenue to lower costs through tax respites, such as green tax breaks, foreign tax credit relief and deferred tax opportunities.

However, by preference, we take a more conscientious tax overview route while also recommending the payment of what's appropriate. This 'tax for good' approach contributes to the prosperity of our communities and the environment.

The TGS network is a proud signatory of the United Nations Global Compact. This pledge means we're committed to sustainability worldwide. We echo the Compact's Ten Principles, so when preparing your tax overview, we keep its four overarching pillars firmly in mind:

- Human Rights
- Labour
- Environment
- Anti-Corruption.

Why? Because we want your business to grow and thrive — responsibly.

Avoiding threats to a company's social licence in different jurisdictions

Minimising any reputational damage or consumer boycotts
Reducing discontent from investors, business partners and/or employees.

Our global network opens up trusted partner relationships via 4,500 professionals in 58 countries. Every member firm has been through our quality programme, so you can work together with complete confidence for a detailed overview of your taxes.

Easing your recruitment and retention headaches
Taking care of employees is paramount to the success of any business. When it comes to recruitment and retention, the associated financial and well-being costs can spiral out of control when there's a revolving door.

A flexible approach opens your pool to overseas talent acquisition, supporting home working and rewarding those who move internationally while also providing tax benefits for you as an employer.

For example, we advise our clients with offices outside of the UK or with foreign (non-UK citizen) employees in the UK so they understand indirect tax considerations and the broad benefits of intercountry tax agreements, including:

- The US-UK tax treaty
- Foreign tax credit relief
- Double-taxation relief

Tax relief on low-emission cars

Working from home tax deductions for employees
Capital allowances on energy-efficient or low or zero-carbon technology purchases.

Business growth through subsidised environmental investment opportunities is a win-win-win for your business, your local community and the wider world.

Some countries have implemented specific sustainability taxes to encourage a rethink in consumer and business behaviour. However, widespread adoption of these as a deterrent to damaging practices still has a long way to go globally.

Local knowledge you can trust

Helping you do the right thing for your employees, local people and places, and the environment is a full-circle strategy.

Regardless of the countries you do business in, adopting a diligent and ethical approach to customers, suppliers, and staff can aid in preventing corruption and exploitation. In addition, local links via the TGS network will help you navigate any potential pitfalls.

Doing the right thing by default

Respecting human rights worldwide isn't only about making better business decisions for ethical reasons. Every comprehensive tax overview includes a risk analysis with the aim of:

Ignorance of the law is no excuse. Our experts on the ground provide a safe and reliable pair of hands from day one. Because your reputation matters.

Our commitment to Corporate Social Responsibility matches our passion for environmental initiatives.

A reliable business network for now and the future
As a global organisation with on-the-ground advisors, our unique setup offers the best of both worlds: local knowledge combined with international experience. And with this expertise comes our one-stop-shop offering: business advice, auditing, accountancy, tax and commercial legal services.

At every stage of your tax overview, our tax consultants provide a holistic view, not solely on-the-spot advice.

What does this mean? When our native (in-country) advisor reviews your tax overview, they're not only looking at the deferred tax opportunities (for instance), they're exploring the implications of those — today, tomorrow, and for years to come, at home and abroad.

Take the first step to joining the 'tax for good' movement
We understand that taxation is a sensitive business area that removes cash from your bottom line. Our tax consultants believe in constant improvement to stay up-to-date and informed for businesses operating locally and in the global marketplace.

TGS members prepare every tax overview and strategic proposal based on the latest local and international legislation.

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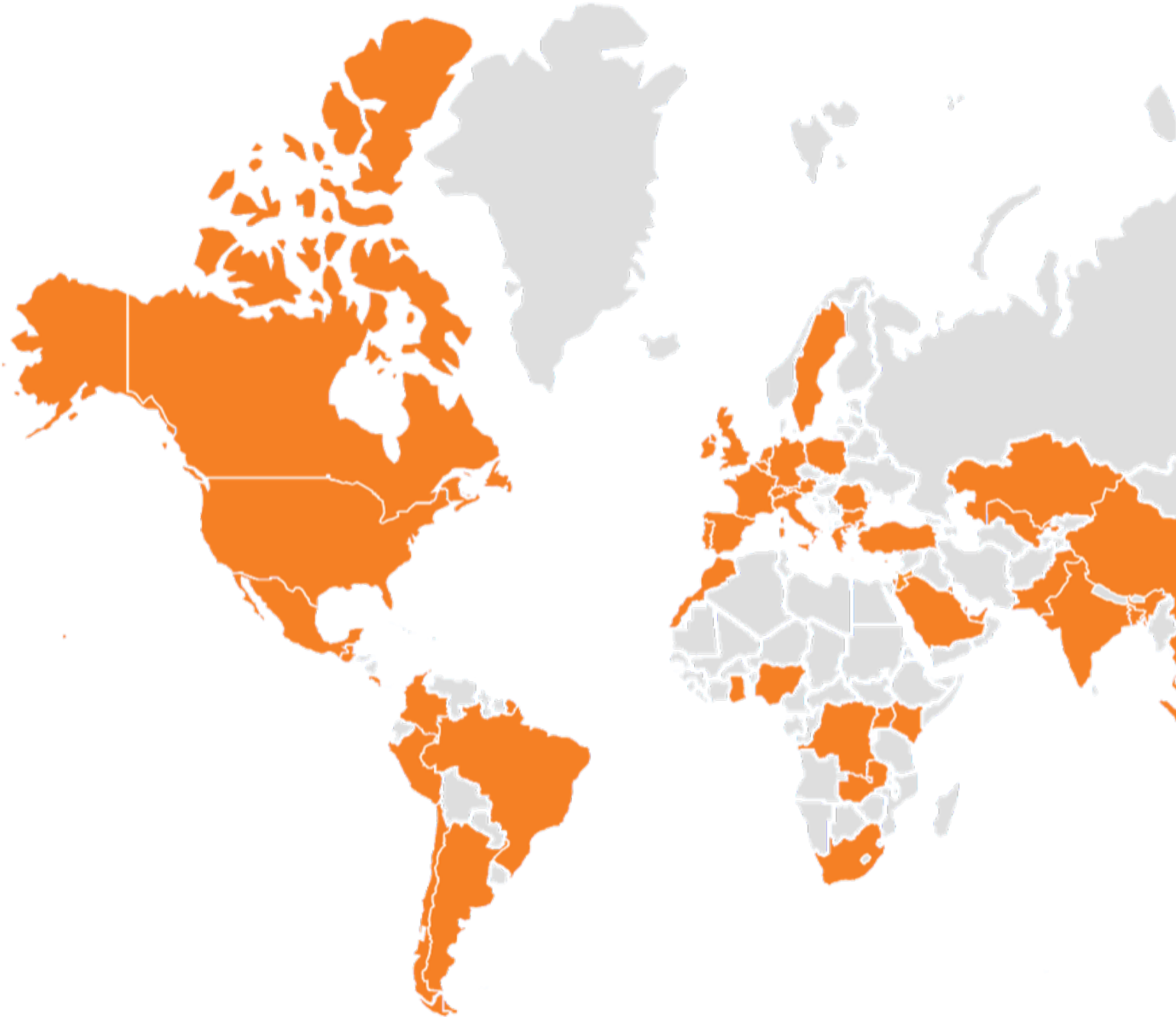
At TGS, we believe in 'tax for good'. That's why we take a more ethical approach to your tax overview. Not too much, not too little, just a fair and sustainable amount, factoring in the relevant corporation tax rates in 2022.

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— THINK GLOBAL SUSTAINABILITY



TGS is a premier network focused on entrepreneurial companies for long-term relationships. Participant of the UN Global Compact.

55
countries

4200
professionals

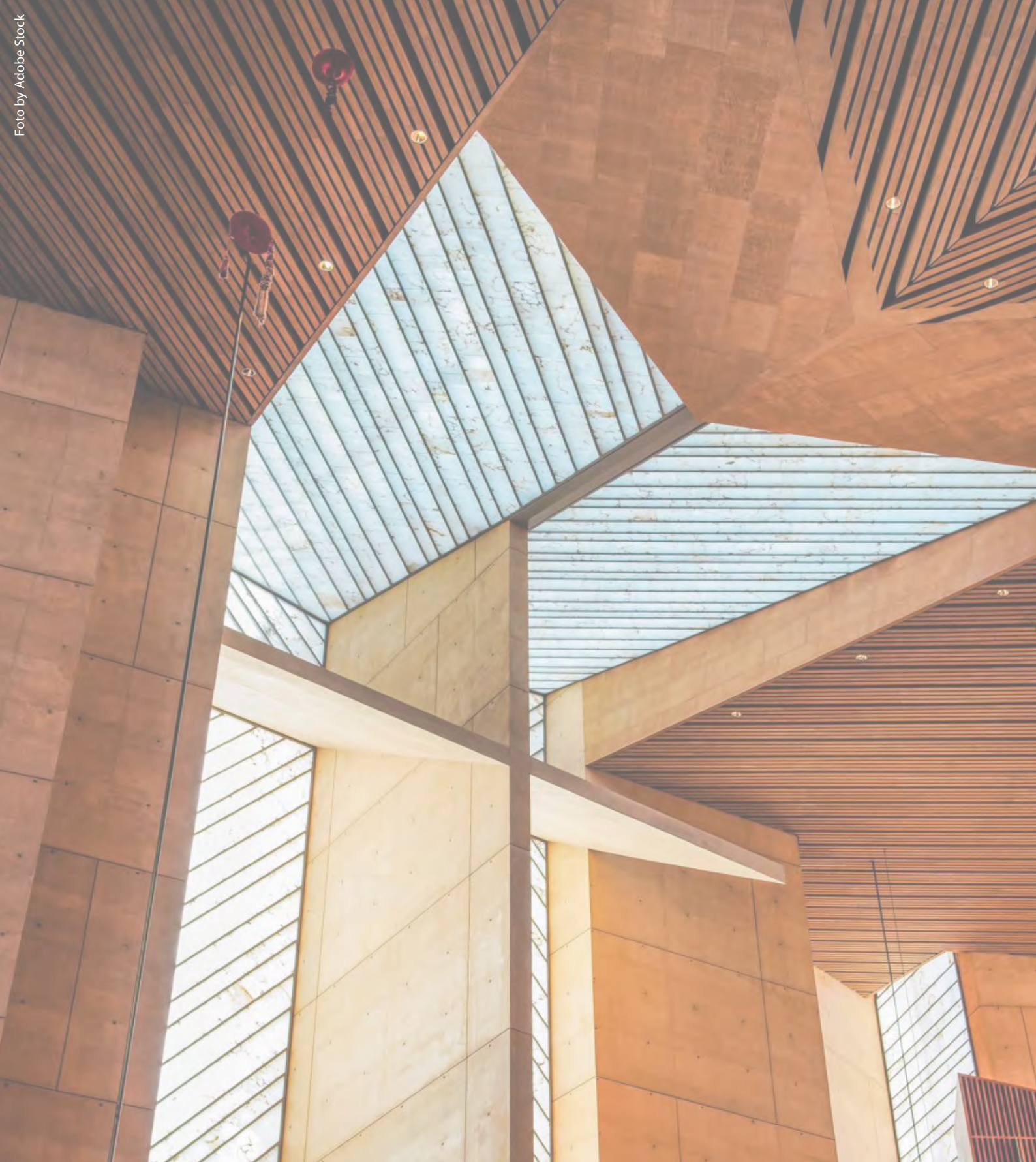
66
members



1. Argentina
2. Australia
3. Belgium
4. Brazil
5. Bulgaria
6. Canada
7. Chile
8. China
9. Costa Rica
10. Cyprus
11. DR of Congo
12. France
13. Germany
14. Ghana
15. Greece
16. Hong Kong
17. India
18. Indonesia
19. Ireland

20. Israel
21. Italy
22. Jordan
23. Kazakhstan
24. Kenya
25. Kuwait
26. Luxembourg
27. Malaysia
28. Malta
29. Mauritius
30. Mexico
31. Morocco
32. Netherlands
33. Nigeria
34. Pakistan
35. Peru
36. Philippines
37. Poland

38. Portugal
39. Qatar
40. Romania
41. Saudi Arabia
42. Singapore
43. South Africa
44. Spain
45. Sweden
46. Switzerland
47. Taiwan
48. Thailand
49. Turkey
50. Uganda
51. United Arab Emirates
52. United Kingdom
53. United States
54. Uzbekistan
55. Zambia



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