



## Community Benefit Payment Report

This report is dated 1 April 2019.

Under paragraph 7.1.1.6 of the EU given by Justin Kurt Epstein on 13 February 2018, Mr Epstein agreed to make a Community Benefit Payment (CBP) of \$100,000.

The CBP recipient, The Ethics Centre, is required to report information about the timing and use of the CBP to ASIC as contemplated by ASIC's Regulatory Guide 100.

Reporting Requirement	Recipient Report
<b>Timing</b>	<ol style="list-style-type: none"><li>1. The Ethics Centre has advised that it will use the CBP received from Mr Epstein to deliver on the initiatives agreed upon between it and ASIC by 21 February 2020.</li></ol>
<b>CBP initiatives</b>	<ol style="list-style-type: none"><li>2. The Ethics Centre has advised that, in accordance with instructions received from ASIC, it will apply the CBP received from Mr Epstein for “research into programs regarding the improvement of corporate culture in Australian Financial Services Licensees, including the steps necessary to improve corporate culture, and how to measure the success of plans to change corporate culture”.</li><li>3. The Ethics Centre has advised that, rather than investigating corporate culture generally, it intends to conduct research into ethical decision making in insurance product development to explore the cultures, processes, and decisions that are being made in the product development phase which are leading to ethical failure and poor customer outcomes in the insurance sector, with a particular focus on ‘add on insurance’.</li><li>4. The Ethics Centre has further advised that the objectives of its research are, ultimately, to provide</li></ol>



<b>Reporting Requirement</b>	<b>Recipient Report</b>
	<p>recommendations regarding how ethical dimensions may be better taken into account in the design of insurance and other financial services products, and to share the findings of this research with financial services organisations to improve systems and processes, instigate cultural change and changes in conduct, highlight the ethical failures that may arise from poor product design, and improve outcomes for customers.</p>
<b>Other conditions or requirements</b>	<p>5. ASIC has imposed a number of reporting obligations on The Ethics Centre in relation to the CBP received from Mr Epstein. The Ethics Centre has been requested to provide written reports to ASIC regarding:</p> <ul style="list-style-type: none"><li>• Receipt of the CBP from Mr Epstein;</li><li>• The progress made regarding the delivery of the agreed outcomes;</li><li>• Details of any risks or challenges which may impact on The Ethics Centre’s ability to deliver the agreed outcomes;</li><li>• Details of any action The Ethics Centre will take to address these risks/challenges; and</li><li>• Details of any other matter which may impact on The Ethics Centre’s ability to deliver the agreed outcomes within the agreed timeframe and/or which The Ethics Centre believes ought to be reported to ASIC.</li></ul>



<b>Reporting Requirement</b>	<b>Recipient Report</b>
	<p>6. ASIC has also advised The Ethics Centre that, at any time, and for any reason, ASIC may request that an audit be conducted in relation to the CBP received from Mr Epstein and, further, in the event that such a request is made, The Ethics Centre is obliged to cooperate with ASIC and, to the best of its ability, provide all reasonable assistance to ASIC in relation to the request.</p>