



# COMMUNITY BENEFIT PROJECTS

## REPORT TO ASIC

2020



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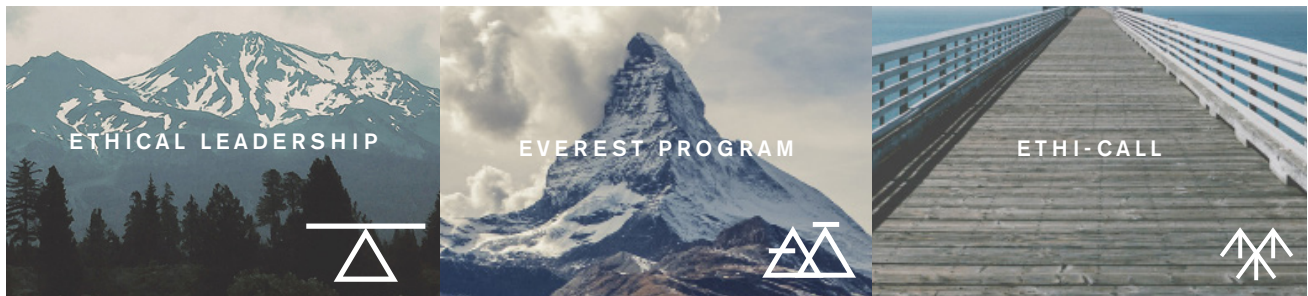


A full-page background image of a majestic mountain range. A sharp, rocky peak rises in the center, partially shrouded in mist. The slopes are steep and rugged, with patches of snow and brownish vegetation. The sky is a deep blue with scattered white clouds. The text 'INTRODUCTION & BACKGROUND' is centered in a bold, white, sans-serif font.

# INTRODUCTION & BACKGROUND



# ABOUT THE ETHICS CENTRE



The Ethics Centre is an independent non-profit organisation which has been operating for 30 years. We are defined by our framework – our Purpose, Values and Principles.

## OUR FOUNDATION

Our Purpose	To bring ethics to the centre of everyday life
Our Vision	A world in which privilege has been tempered by fairness; in which power has been checked by conscience; in which good and right prevail – for the benefit of all
Our Values & Principles	<ul style="list-style-type: none"><li>+ Be for humanity</li><li>+ Demand and offer the best reasons</li><li>+ Be courageous</li><li>+ Listen</li><li>+ Imagine with intent</li><li>+ Walk your talk</li><li>+ Know your world, know yourself</li></ul>
Our Theory of Change	<ul style="list-style-type: none"><li>+ The world we live in is, to a considerable degree, shaped by human decisions</li><li>+ Better decisions make a better world</li><li>+ People can be inspired, taught and supported to make better decisions; namely, decisions that are the product of a well-informed conscience</li><li>+ The desire to make better decisions begins with an awareness of our individual and collective responsibility for the world we make</li></ul>
Our Core Belief	The Unexamined Life is Not Worth Living (Socrates)

# DEMONSTRATING OUR THEORY OF CHANGE

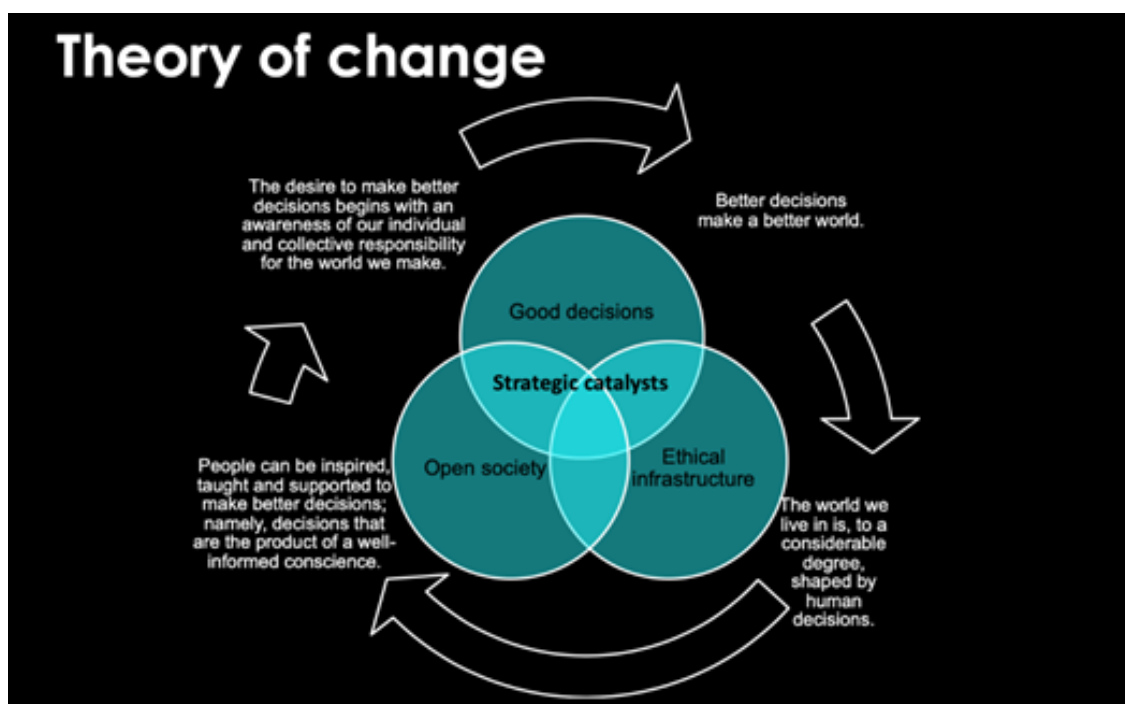
Bushfires and infectious diseases are natural phenomena. However, their scale and frequency are shaped by human decisions.

Few people will look at the 2020 bushfires and see them as examples of ethical failure – but that is what they were. The flames were fuelled not just by high temperatures, too little rain and an overabundance of tinder-dry scrub. They were also fuelled by unthinking custom and practice, an ideologically driven refusal to accept the advice of scientists and other experts, and the mutation of core values and principles. More recently, the disastrous COVID-19 pandemic and global economic lockdown could well have been contained had world leaders listened to expert advice and acted decisively.

The same observations could be made about a long list of corporate behaviours and government policies. Every company, every government and every individual has the capacity to make better decisions.

Better decisions – not least in relation to the challenges of global emissions, climate change, and the COVID-19 global pandemic – would have avoided much suffering and destruction. But good decisions don't simply avoid harm or catastrophe. The best decisions actively create a better world.

It is our task to help society do just that. This is the work of ethics – and The Ethics Centre.



# OUR STRATEGIC PILLARS

## GOOD DECISIONS

Choices matter. Whether for good or for ill, the decisions we make shape the world ... one decision at a time. So, it's not surprising that philosophers have spent millennia exploring the underlying structure of decision making. This is reflected in the core question of ethics – as attributed to Socrates by Plato, “what ought one to do?”.

Indeed, what should one do about climate change? What should one do when purchasing clothes or arranging a holiday or investing savings?

Every choice – no matter how trivial or commonplace it may seem – is 'the stuff of ethics' because it is the stuff of everyday life.

Nobody sets out deliberately to make bad decisions. From each person's standpoint the decision they make is right ... if (and it's a big if) they think about it at all. Too often, people act out of habit or in conformance with the expectations of others or because 'that's the way it has always been done'. However, even the sincerest decision maker can suffer from a lack of skill. Good intentions are not enough.

Ethical decision making also requires the cultivation of skilful means. The Ethics Centre both models and enables good decision making. We show people good decision making in action and then offer to educate and support them to attain the same level of skill.

## AN OPEN SOCIETY

An open society is one in which competing ideas (and ideals) can be addressed in conditions of peace and mutual respect. It is not marked by a uniformity of perspectives or an absence of conflict. Rather, an open society is one in which all exercise ethical restraint in the advancement of their beliefs and opinions.

Ethics invites (perhaps requires) engagement with alternative points of view. At the very least, in its championing of 'the examined life', ethics encourages people to challenge their assumptions about what ought to be done, about how we ought to live. This is only possible if there is an arena in which people can explore these questions; in part, by encountering the views of others who might hold radically opposed positions.

Increasingly, the space for these encounters is being closed – shrinking from the clamour of those whose righteous indignation brooks no dissent. The equally dangerous phenomena of political correctness and conservative correctness; of 'no platforming' and 'cancelling' are reflective of a growing tribalism in which society splinters into groups of like-minded individuals.

It is the role of The Ethics Centre to help maintain a space within which ethical deliberation can occur. At times, this might require us to advance to the boundaries of what is possible so that the centre can hold. More generally we should exemplify and support those characteristics that make an open society possible.

## ETHICAL INFRASTRUCTURE

The world is constantly at risk of forgetting the core purposes of the artefacts produced by human ingenuity. In the case of institutions, systems and patterns of behaviour, the forgetting of purpose soon leads to the betrayal of purpose and then, after a while, failure. The act of forgetting is easy when purpose, values and principles lie buried in the foundations.

The past two decades have seen a precipitous decline in trust of institutions in the public and private domains. Political, religious, commercial, educational institutions have all been affected adversely – to the detriment of society as a whole. At the same time, humanity has been gathering unto itself a massive increase in power – all of it a product of science and technology. There is a growing sense that the beneficial application of this power cannot be assured by compliance alone. Instead, the time has come to build a new human ethos that keeps pace with the level of change while harnessing the potential of scientific, technological and social change for human good, through the capacity of awareness, understanding, reflection and imagination tempered by self-restraint. In these turbulent times people are increasingly turning to questions of meaning and purpose.

As a result, for the first time in decades, there is a growing demand for ethics – the branch of philosophy that deals with the underlying structure of human choice – and the world that this gives rise to. Ethics provides a means for repairing broken institutions (society's ethical infrastructure) and as a necessary (not optional) component in the design of the objects, institutions, systems and patterns of behaviour that will give shape to the future of humanity and the planet we occupy.

Each of these pillars is distinct but related and reinforces the other.

- + There is little point in being skilled in decision making if there is no forum within which to practice the skills of deliberation, discernment, reasoning, etc.
- + There is little point in offering a forum for principled disagreement and good decision making if too few people have the skills to make use of the space.
- + There is little point in locating good decision making in institutions that fail to understand their purpose, erode trust and therefore lead to a closing down of discussion.
- + Finally, institutions will only rediscover and enact their fundamental purpose if they can draw on people who can challenge unthinking custom and practice and make better decisions.

# COMMUNITY BENEFIT PROJECTS: SUMMARY

ASIC's Community Benefit Programs are the result of Enforceable Undertakings (EU's) imposed on organisations as an 'alternative to civil or administrative action where there has been a contravention of the legislation' ASIC administers. They are a direct result of poor choices made by individuals and the organisations they work for. The CBPs received by The Ethics Centre have provided funding to develop and promote programs aligned to our Theory of Change and our Strategic Pillars: each of which provides a foundation that builds the skills and capabilities, capacity and the infrastructure for individuals, organisations and societies to make better, informed and ethically grounded choices.

Between 2016 and 2018, The Ethics Centre received six Community Benefit Payments arising from ASIC enforceable undertakings. These payments funded (or part-funded) 13 separate projects allowing us to:

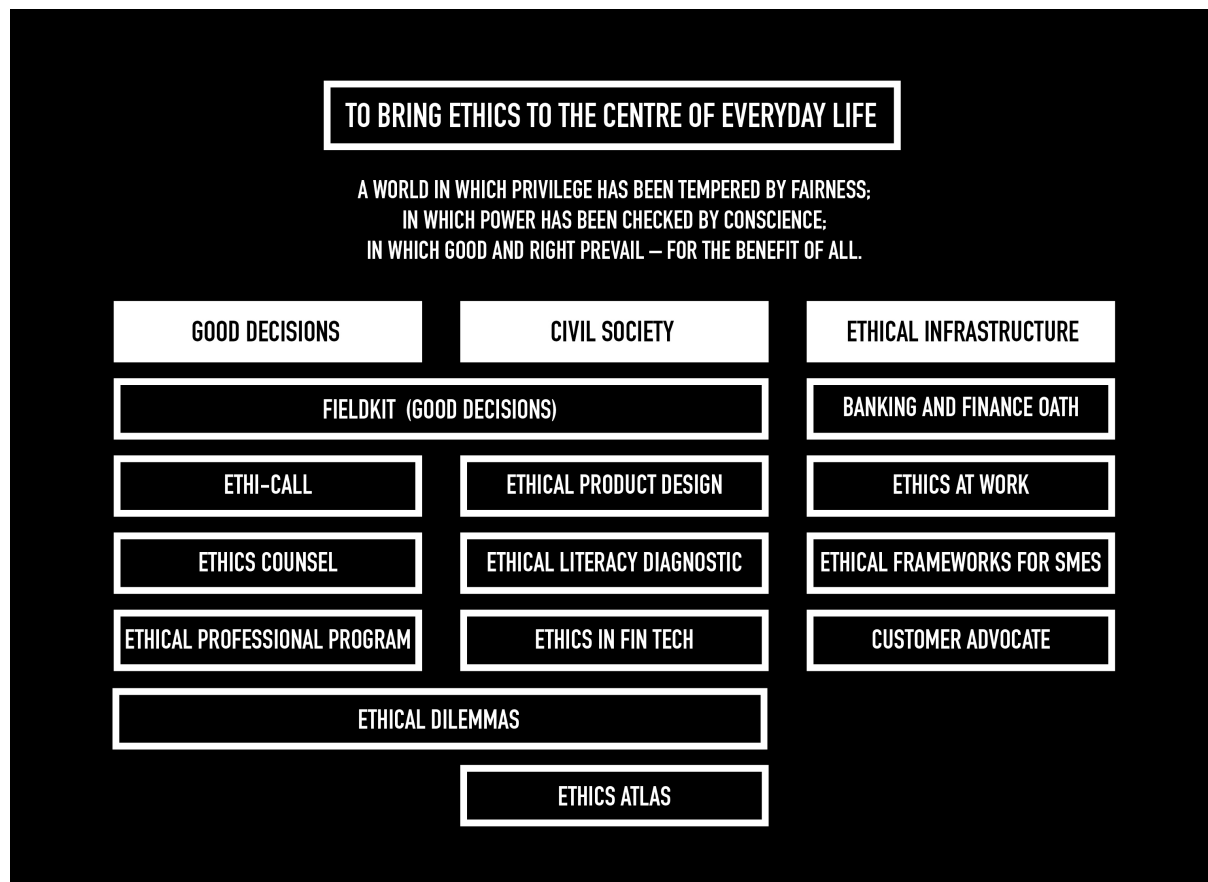
- + conduct further research into unethical business practices
- + create tools and resources used in ethics education, counselling and consulting
- + improve our community counselling service
- + create public resources
- + invest in initiatives designed to strengthen Australia's ethical infrastructure

As might have been expected, a number of projects have undergone shifts in focus or emphasis during the execution phase. In some cases, we've had to alter our course in order to overcome resistance from stakeholders, changes in the operating environment and other external factors. Some projects have ended up with larger scope than originally envisaged, with commensurately higher costs, whilst others have been reduced. All payments received as a result of Community Benefit Payments have now been expended.

COMMUNITY BENEFIT PAYEE	PROJECT	AGREED END DATE	STATUS
Barclays	Ethics Counsel review	30/7/19	
	Ethics Atlas (Barometer) Stage 1	30/10/19	
	Customer Advocate	30/7/19	
	Fieldkit (Good Decisions)	30/6/19	
	Viewfinder (Ethical Literacy Diagnostic)	30/6/19	
	Ethical Professional Program	1/7/19	
	Banking and Finance Oath	30/10/18	
Fosters Stockbroking	Ethical Frameworks SMEs	30/10/19	
	Ethics and Decision Making (formerly Ethics at Work) Finance professionals	15/6/19	
	Ethical Dilemmas Financial Services	30/6/19	
Epstein and Tearle	Ethics in Product Design	28/2/20	
	Fieldkit	30/6/19	
	Viewfinder	30/6/19	
	Ethics Frameworks for SMEs	30/10/19	
ANZ	Ethics in Fin Tech	30/6/19	
CBA	Ethi-call – various projects	30/6/20	
Vantage	Atlas Stage 2	18/7/20	



Each of the Community Benefit payments undertaken over the past three years by The Ethics Centre are all aligned to our Theory of Change and our Strategic Pillars.



## HOW WE MEASURE IMPACT

Our Theory of Change describes the impact we seek to have in the world, and the manner in which this impact would occur. We undertake activities because we believe them to be aligned to our organisational purpose and our Theory of Change.

The impact of our work is undoubtedly difficult to identify and measure. However, increasingly, we do recognise the importance of impact measurement and we're working to build it into our projects. We appreciate that, where possible, impact measurement will allow us to:

- + Improve services
- + Better demonstrate results
- + Improve knowledge in order to target the people who most need our help
- + Increase levels of funding
- + Improve internal prioritisation and the allocation of spending and resources
- + Improve alignment with strategy
- + Improve practices and policies in the organisation



# COMMUNITY BENEFIT PAYMENT PROJECTS





# 01 FIELDKIT

STATUS: PROJECT COMPLETE AND IN USE

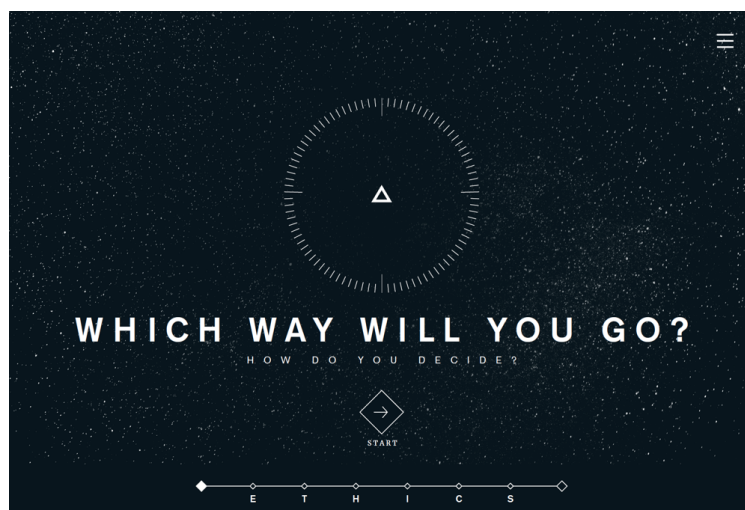
FieldKit is a digitally delivered capability framework to build the capacity of individuals and their organisations to make quality decisions. It was developed in response to increasing demand for guidance in ethical decision-making, particularly in companies which recognise that not everything can be controlled by a Code of Conduct or Code of Ethics. FieldKit is the end product of extensive content innovation and cutting-edge design work to deliver engaging, interactive and effective skills development and was built using monies from the Barclays Community Benefit Payment and the Epstein and Tearle CBP.

FieldKit is built on a capability framework for skill development in decision making, across five primary capabilities, each comprising four key dimensions. It is delivered through an interactive and engaging digital platform that comes with a range of practical tips, hacks and resources to develop people's decision-making muscles. The decision-making guides and reflections contained within FieldKit can be applied to a specific ethical problem which users are facing or used as an ongoing education tool to strengthen quality decision making capabilities.

First time users spend around 45 minutes navigating the process and return users about 10-20 minutes to use the framework to tackle a specific issue that's troubling them. While there are other decision-making frameworks in existence, FieldKit is unique in that it's the first toolkit of its kind to combine ongoing skill development with a practical guided framework to support ethical decision making. The interactive interface is designed to prompt slow thinking, considered judgement, the exploration of values, better understand bias, consider new viewpoints and imagine new pathways. It also guides a process to test those choices and the user's reasoning, leading to effective action.

Fieldkit is now in regular use by The Ethics Centre in a variety of corporate training contexts including leadership training, team development, staff induction and continuing professional development. It also forms the basis of workshops in ethics and decision-making. Fieldkit is freely available to all 40 members of The Ethics Centre's corporate membership program, The Ethics Alliance.

**A link and password to the FieldKit platform can be provided upon request.**



## 02 THE BANKING AND FINANCE OATH

STATUS: PROJECT COMPLETE AND IN USE

The Banking and Finance Oath is an initiative of The Ethics Centre, launched in 2013. Its future vision is a banking and finance industry that meets the community's needs and has its full confidence, thereby fulfilling its integral role in society. The BFO is a unique, independent organisation which strives to improve our society by raising the moral and ethical standards of the banking and finance industry through the implementation of the Oath.

The BFO is building trust and confidence in financial services by re-asserting the ethical foundation of the industry beyond regulation and compliance. The BFO contains a set of commitments that individuals working in financial services can choose to adopt and apply as personal principles in their work. Taking the Oath neither binds nor represents the views of those who employ signatories – it is a personal commitment by an individual. The BFO seeks to support a network of like-minded individuals that represent and uphold the principles of the Oath, by broadening expectations and discussion to include ethics, integrity, honesty and trust.

We hope that The BFO will resonate with all who work in the banking and finance industry and that they will be inspired to commit themselves to the intent and spirit of each element of the oath. In turn, we hope The BFO will lead to increased consideration of stakeholders and more accountability for decision-making across the industry and the improvement of the banking and finance industry.

A portion of the Barclays CBP was paid through to the BFO to support their programs. These include the Young Ambassador Program for students and graduates, and an Elders program that provides a network for mentoring.

- + Over 4,000 individuals have now taken the oath. 23 Young Ambassadors have been mentored.
- + Supported by RBA, APRA, ACCC and ASIC.
- + The Oath is broadening reach beyond banking. New signatories include MetLife and Woolworths staff.
- + A number of neo banks have 100% participation in the Oath. Rabobank has 350 signatories.
- + Westpac incorporates the Oath in Code of Conduct and Ethics training.

For further information the BFO, visit <https://thebfo.org/>



INTEGRITY TRUST ETHICS



## 03 CUSTOMER ADVOCATE PROJECT

### STATUS: PROJECT COMPLETE

The Customer Advocate Project was initially envisaged as a report on the role of the Customer Advocate in large banks and financial institutions.

Following the release of Customer Advocates Post-Implementation Review in May 2019 (a report conducted by Deloitte on behalf of the ABA), we felt that the scope of our original project was effectively redundant. The extensive research with consumer groups, peak bodies and regulators and a detailed review of the ABA's existing policies and the recommendations from the Hayne Royal Commission we had undertaken, was repurposed into a white paper including a set of principles for decision making by Customer Advocates.

Following a period of enforced inactivity caused by the unexpected events of 2020 (bushfires, COVID-19), we're now working with our colleagues at the Banking and Finance Oath to bring this work to life. Unexpectedly, our work – and the subject itself – has taken on new relevance and importance as hundreds of thousands of Australians suffer profound financial stress brought about by widespread unemployment and business disruption. Our white paper will now be used to ignite a conversation with the financial services industry regarding the treatment of vulnerable and disadvantaged customers as they navigate through some very difficult times.

In collaboration with the BFO, we convened an event to discuss how the financial industry in general, and Customer Advocates in particular, can play a role in helping those in need and continue to restore trust in this vital sector. We invited Customer Advocates from Westpac, CBA, NAB, ANZ, Citi, Suncorp, Allianz, MLC, ING, MyState, MeBank, Bendigo, HSBC, BOQ, AMP and Macquarie Bank. Attendees also included ABA, The Australian Financial Complaints Association, Financial Counselling Australia and the Consumer Action Law Centre.

This 2-hour discussion, informed by the report we've prepared, explored the success of the role at present and potential changes that can be made for a positive impact on customers.

**Our Customer Advocate report can be provided upon request.**

## 04 ETHI-CALL

STATUS: PROJECT COMPLETE AND IN USE

Ethi-call is The Ethics Centre's free ethics counselling service – available to anyone in the community who needs help in order to make a decision or solve a problem. In operation for 30 years, Ethi-call is founded on a proprietary model for philosophical enquiry and ethical decision-making which has proven adaptable to a range of personal and professional dilemmas. Our clients include politicians, business leaders and professionals – many of whom are confronting complex ethical challenges in their working lives – along with many “ordinary” Australians managing daily dilemmas such as estate planning, fraud, family disputes, conflicts of interest and abuses of power. With many Australians in a state of crisis as a result of the 2020 bushfires and COVID-19 pandemic, demand for Ethi-call is growing rapidly.

Although Ethi-call has consistently received extremely positive feedback from callers (our Net Promoter Score is 76, which is extraordinarily high), the service has been historically under-funded, under-promoted and under-resourced (and, as a result, under-used). Ethi-call is staffed by trained volunteer counsellors, but the service carries considerable annual overhead to fund IT infrastructure, impact reporting, client support services, marketing and counsellor training.

Using payments received from the CBA CBP, we took the opportunity to invest in a range of activities and initiatives designed to strengthen service delivery and bring Ethi-call to a wider audience. These activities included marketing (the production of a promotional video and other collateral), publicity, counsellor training and supervision, technology upgrades to our call management system and increased internal resources to provide administrative and technology support. The payment enabled the production of new training manuals for counsellors and public educational resources to build skills and awareness in ethical decision-making. Our new call management platform will allow us – for the first time – to conduct longitudinal impact measurement.

Of particular importance was our investment in staff to manage corporate partnerships. As a direct result of this, Ethi-call is now very actively promoted internally by a number of large organisations including ANZ Bank and Financial Planning Australia. We hope to expand our partnership program in the coming year.

Training of a new cohort of counsellors later in 2020 will significantly increase our capacity as we continue to provide this vital service. Perhaps most importantly, the investment in Ethi-call made possible by the Community Benefit Payment is now being leveraged using funds provided by donors – thus enabling the Centre to build on the foundations that the CBP helped to reinforce.





## 05 ETHICAL PROFESSIONAL PROGRAM

STATUS: PROJECT COMPLETE AND IN USE

The Ethical Professional Program (EPP) is designed to help professionals in the financial services industry to reflect on their values, improve trust, develop better decision-making skills and ultimately improve outcomes for customers. Participants in the program are equipped with foundational skills in ethical decision making and self-awareness which are drawn from contemporary research in psychology, behavioral economics and neuroscience. They leave with the knowledge to identify and navigate difficult decisions.

The EPP was first developed by The Ethics Centre in 2016/17 as the Ethical Literacy Program - an intensive blended learning program specifically tailored for financial advisers. Now re-branded and further developed as The Ethical Professional Program using payments received from the Barclays CBP, we've helped over 1000 advisors to implement ethical reflection into their professional work. Versions of this program have been delivered to some of Australia's largest financial institutions as well as clients in New Zealand and Papua New Guinea. Participants learn about ethical concepts and practices, including how they apply to business and professional decision making. By engaging with real life scenarios through individual reflection and group discussion, attendees find a space for self-analysis and an understanding of ethics in everyday life.

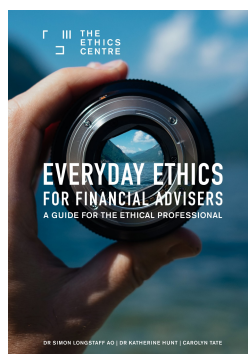
The session develops ethical reasoning and capability through: group discussion and problem solving to learn from the experiences of peers; interactive activities to apply ethical concepts and practices to real life scenarios; small group delivery, giving participants the opportunity to build a network of like-minded professionals.

The program learning outcomes include:

- + Discovery of participants ethical decision-making style – and reflect on how this impacts decisions
- + Recognise common biases and how to mitigate them
- + Identify the role of purpose, values and principles in decision making
- + Use an ethical decision-making process to enable better decisions
- + Navigate complex ethical dilemmas

The content developed for the Ethical Literacy Program/Ethical Professional Program formed the foundation for a book entitled *Everyday Ethics for Financial Advisers*. This book, funded by a grant from the Ecstra Foundation, is designed to be used as a text for the University bridging courses in ethics which are now mandatory for Australian financial advisors under FASEA guidelines.

The *Everyday Ethics* textbook is already being used as a recommended text by a number of leading universities.



## 06 VIEWFINDER (FORMERLY KNOWN AS THE ETHICAL LITERACY DIAGNOSTIC)

STATUS: PROJECT COMPLETE AND IN USE

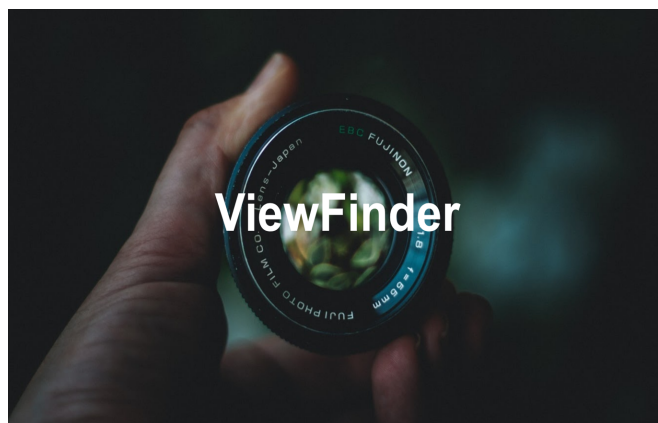
Our concept of “ethical literacy” is built on the understanding that people want to advance reasons for a particular decision or course of conduct. The Ethics Centre has developed Viewfinder – a diagnostic tool that explores people’s decision making style. Understanding your own decision making style, and understanding the styles of others around us, develops our capability to exercise better judgement and communicate the reasons for our decisions.

The ViewFinder diagnostic is a critical tool that compels users to think deeply about ethical issues in their day-to-day professional practices. In its Alpha phase the diagnostic is already having significant impact. It’s embedded in the Ethical Professional Program and other ethics education ethics programs delivered by TEC – and as a result, almost 5,000 individuals have now completed the instrument.

Payments received from the Barclays CBP and the Epstein and Tearle CBP has enabled us to continue the testing and validation process for the instrument along with engaging external consultants for the data analysis and modelling process. This included:

- + Conceptual development and testing of a model of universal values
- + Testing values model and variables for correlation against decision principles
- + Predictability of profiles based on the data independent of current algorithm
- + Cluster analysis of cases
- + Decision principles distribution consistent with theory assumptions
- + Consistency of decision principles for different challenges
- + An international and cross-cultural testing sample comprising
  - o 18-45 year-old
  - o nurses and construction workers
  - o Greek and Chinese ethnicity

For a demonstration of the ViewFinder diagnostic – and to discover your own ethical profile – please contact Joseph Dickson at The Ethics Centre ([joseph.dickson@ethics.org.au](mailto:joseph.dickson@ethics.org.au))



## 07 ETHICAL DILEMMA LIBRARY

STATUS: PROJECT COMPLETE AND IN USE

Across the wide variety of our projects, we're often asked to provide real-world examples of ethical dilemmas. Over 30 years of experience at the coalface of personal and professional ethics, we've been exposed to many different categories of ethical failure – but up until now we've been unable to record and codify this knowledge bank. Using payments received from the Fosters Stockbroking Community Benefit Payment, we were able to engage a researcher to collate, frame and write up a significant library of short case studies in professional ethics. This indexed library of ethical dilemmas is an invaluable resource for research, teaching, event curation and other contexts.

The Ethical Dilemma Library is database that enables users to find specific work-related ethical dilemmas (to date we've collected 123 dilemmas, with a strong leaning towards financial services). The primary purpose for the Ethical Dilemma Library is to supply content for the design of bespoke educational programs. Industry-specific dilemmas can be drawn on by a facilitator or designer of a workshop. We will continue to update the library as we complete consulting and education projects.

The Ethical Dilemma Library is already in constant use for multiple workshop engagements. It has also been used by the BFO and our corporate membership program The Ethics Alliance. We continue to explore ways to exploit the library i.e. webinar and online learning tools.



## 08 ETHICS COUNSEL

STATUS: PROJECT COMPLETE AND IN USE

Ethics Counsel is an intensive one-on-one program for individuals who want to make better decisions and act more ethically in their professional life. Although designed as an intensive education and engagement program to remediate ethical transgression, the program is also appropriate as a general professional development program in ethics, ethical awareness, understanding and judgement, leadership and professional practice.

Individuals can make a range of errors, misjudgements or poor decisions in their roles and organisations which may bring them to the attention of their peers and professional regulators. These mistakes occur along a continuum of behaviour, from the commonplace mistake that occurs as a result of omission, inattention or ignorance, through to more serious transgressions based on very flawed, even corrupt decision making, self-interest or impairment, and which results in more serious consequences such as risking employment or professional deregistration. Behaviour which falls short of the most serious and compromising transgressions, but which cannot be called a misdemeanour and is unlikely to be corrected by ordinary supervision and training measures, may result in restricted practice, suspension, specialised supervision and ethics education orders.

The assumptions behind specialised supervision and education orders are that the individual can change, and that ethics can be taught. However, little is understood about what constitutes viable change and adequate education. Traditionally, the transgressor would be required to seek out a senior member of their profession or a business mentor, and in effect “re-learn” the elements of practice they seem to have missed or forgotten. This seems to have some limitations in terms of providing sufficient guidance for senior practitioners/mentors, who carry a lot of responsibility in such a process. Further, it means that education/supervision may be delivered in a very inconsistent manner, with little objective evidence of outcomes.

The Ethics Counsel addresses these limitations in remediation, coaching and education of professional mis-judgements and lapses in professional behaviour. Participants in the Ethics Counsel process commit to a series of eight structured, 90-minute education and counselling sessions in which their past behaviors and decisions are explored to develop better decision making, judgement and professional ethics.

Learning outcomes include:

- + Ability to identify, analyse and evaluate ethical issues that arise in professional practice.
- + Identify and implement foundational ethical principles and ethical reasoning in decision making
- + Enhance the capacity for critical self-reflection.
- + Build the capacity to identify and navigate areas of contestability in ethical practice.
- + Develop ethical character and professional identity.
- + Develop professional skills in ethical decision making.

Payments received from the Barclays Community Benefit Payment enabled us to conduct a complete re-design of the service including an extensive literature review and the review and re-development of eight distinct coaching session plans. The redesign also included a modular focus on financial services industry participants.

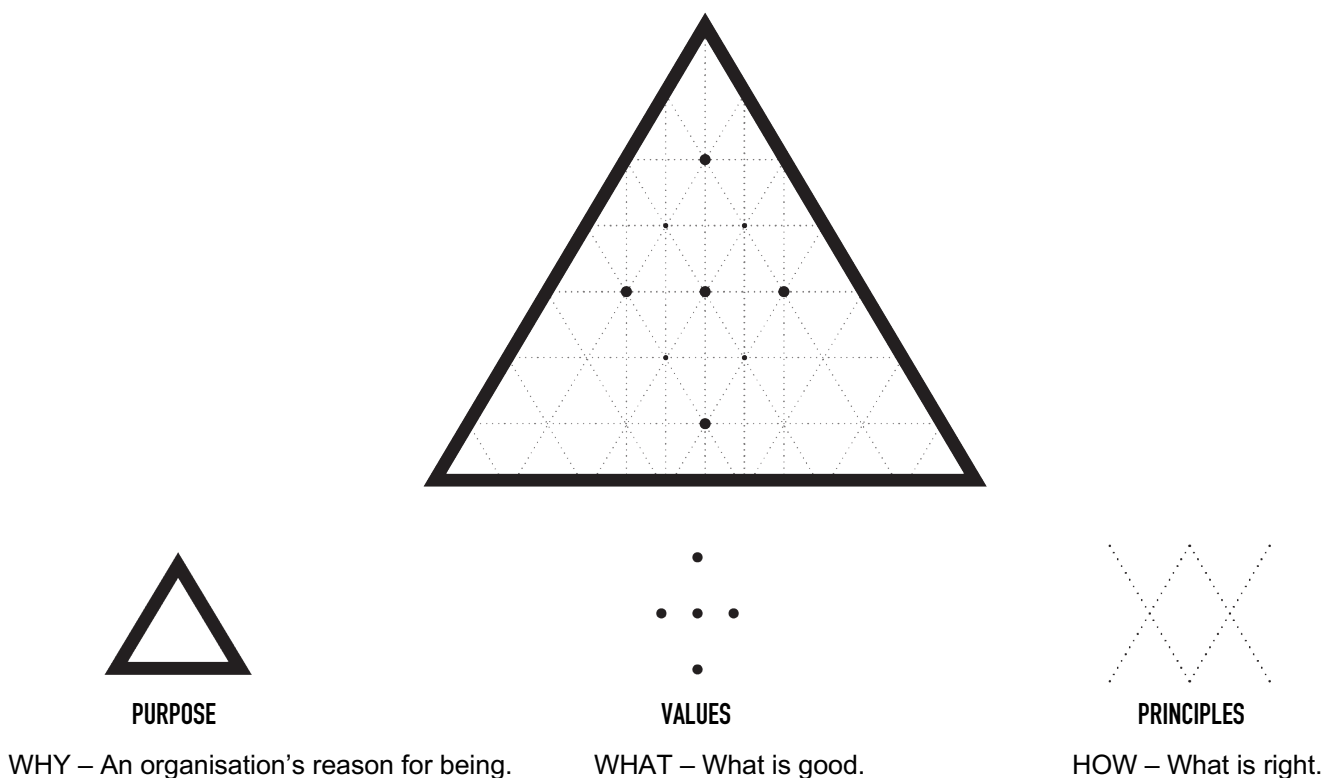
## 09 ETHICS FRAMEWORKS FOR SMES

STATUS: PROJECT COMPLETE AND IN USE

Purpose, values and principles are the bedrock of every thriving organisation. With many companies facing the prospect of serious disruption and transformation, we've released a guide to help small to medium sized businesses create a roadmap for good decisions and robust culture.

In the world of architecture, even the most magnificent building is only as strong as its foundations. The same can be said for organisations. In these times of constant change, a strong ethical culture is essential to achieving superior, long-term performance – driving behaviour, innovation, and every decision from hiring, through to partnerships and customer service. It is the ethical foundations of organisations that will determine whether they stand or fall. In a time of crisis, weak foundations are susceptible to crumble, exposing organisations to the risk it will make 'bad' decisions that will ultimately cost it dearly.

The foundations for a high-performance culture are made up of three principal components: purpose, values and principles. Each is necessary. Each plays a specific role. Each complements the other to make a stable foundation for the whole. Together, they make up what we call an Ethics Framework.



Purpose explains the **WHY**; it is the reason an organisation exists and what it was set up to do or achieve. It's a defining expression of what your organisation stands for in the world and why it matters.

Values shape the **WHAT**; they are the things that an organisation believes are good and worth pursuing. Values guide actions, activities and behaviours within an organisation by identifying what is of merit.

Principles determine the **HOW**; helping to guide how an organisation obtains the things it thinks are good. If

Values tell an organisation what to pursue, Principles tell them how they should go about getting those things.

The Ethics Centre has spent the past thirty years helping organisations to build and strengthen their ethical foundations. In many cases, we have been able to work directly with these companies. However, not every organisation has either the time or the funds needed to invest in specialist advice. There are 2 million small businesses in Australia and over 50,000 medium business with between 20 and 200 employees.

Through the payments received from the Forster's CBP and the Epstein and Tearle CBP we were able to create a 'how to guide to establish an Ethics Framework for small and medium businesses.' This free, downloadable 'DIY Guide' for ethics frameworks has been written with a special focus on the needs of small to medium- sized businesses. It goes beyond broad theory to offer practical, step-by-step guidance to anyone wanting to define and apply their own Purpose, Values and Principles.

We are in discussion with COSBOA about the possibility of it acting as a partner to help distribute this guide widely among its extensive membership of SMEs.

Download a copy of Purpose Values Principles at <https://ethics.org.au/a-guide-to-purpose-values-principles/>



# 10 ETHICS AND DECISION-MAKING (FORMERLY ETHICS AT WORK) FOR FINANCIAL PROFESSIONALS

STATUS: PROJECT COMPLETE AND IN USE

The choices we make shape the world we live in. This is as true in large organisations and government departments as it is in our day-to-day personal lives. Many professionals are looking to increase their knowledge in ethics and their capacity for decision making. And following the Hayne Royal Commission there's new regulatory demand for continuing professional development in financial services.

Ethics at Work is a half day workshop for finance professionals wishing to gain a foundational understanding of professional ethics. The workshop offers a practical framework for quality decision making, helping participants to understand what drives the choices they make and to learn to slow down their thinking when facing complex decisions. Participants gain relevant and contemporary knowledge about applied ethics that is practical and easy to put into action – both professionally and personally. A Community Benefit Payment from Fosters Stockbroking enabled us to update and tailor this program for finance professionals.

During the workshop, participants are introduced to useful tools that can help people unpack and think strategically about their approach to life and the decisions they make. They're guided to resolve complex dilemmas using realistic scenarios that aim to increase their confidence in your ability to make ethical decisions.

Participants learn about ethical concepts and practices, including how they apply to common scenarios. By engaging with real life scenarios through individual reflection and group discussion, attendees find a space for self-analysis and an understanding of ethics in everyday life. Experiential delivery uses real life scenarios to open the space for active learning. Course content is delivered through reading, writing, guided self-analysis, group discussion and problem solving. This approach means that participants not only retain the information but enjoy the process of learning it.

Capabilities include:

- + Considering your own ethical decision making style
- + Recognise common biases and how to mitigate them
- + Identifying the role of purpose, values and principles
- + Using an ethical decision-making process to enable better decisions
- + Navigating your way through complex ethical dilemmas.

# 11 ETHICS IN FIN TECH (FINANCE AND TECHNOLOGY PROJECT)

STATUS: PROJECT COMPLETED

Ethical by Design is an ethical framework for technology, developed by The Ethics Centre in 2018. This framework contains seven principles to assist developers in embedding ethics into product design. It explores the challenges of thinking about the ethical purpose in technology, the role of values in technology design and introduces a number of high-level principles, accompanied by operational rules of thumb, and challenges to prompt design and technical features that might assist in the development of ethical products. A Community Benefit Payment from ANZ Bank was used to test the application of these principles in the FinTech sector.

The Finance and Technology Project aimed to work with financial services organisations to understand whether their technological solutions stand the 'ethics test' by applying Ethical by Design, and to ensure the robustness of Ethical by Design in the market. Payments received from the ANZ CBP enabled us to gather insights from providers of a range of Fintech products to assess the challenges, and develop some guidance, on embedding ethical principles in the design of FinTech products.

The Ethics Centre sought partners that:

- + Were in the financial services sector, or played an important role supporting the sector
- + Had a technological tool, product or instrument in the development phase
- + Had a development and design team to receive free consultation from The Ethics Centre to collaboratively apply the seven 'Ethical by Design' principles, and
- + Where willing to contribute to thought leadership through having the outcomes of our joint processes published.

We ultimately landed on three partners – a start-up “neobank,” not yet open to the public; an international bank currently operating in Australia that has a focus on simple products; and an investment fund (super and managed funds) which only backs ethical investments. Through observations during the three workshops and through debriefing sessions, some common themes emerged that ASIC would do well to consider in preventing the ethical risks associated with technology design in financial services.

Soft skills deficit: Design teams needed external facilitation in assistance in order to feel confident they had identified and explored the potential ethical impacts of their products. They particularly felt they needed facilitation and expert support in navigating trade-offs between competing principles/values. The strongest evidence of this was that the workshops were largely unable to use the principles as they were designed to be used (as an evaluative tool); instead, they were used as "conversation starters", meaning there was not opportunity for assessment during the workshops.

Ethics as a sidenote: Design teams and processes do not, at present, have a clear function or role that makes explicit consideration of ethics. Instead, it happens coincidentally as a result of other aspects of the process (e.g. compliance/legal, market research). No team had – either at a certain point in the process or throughout the design – explicitly considered the ethical risks inherent to their product.

Self-knowledge is prized: Our ViewFinder diagnostic was seen as valuable across all teams in helping them identify and understand (a) the existence of diverse ethical profiles and an appreciation that not all people make ethical decisions in the same way; (b) awareness of the ethical diversity or homogeneity of their teams and (c) the way consciously adopting different profiles might help them take a more robust view

of product and user-centred design.

Potential for an ethical impact assessment tool: There is evidence that there is need (if not appetite) for an impact assessment tool that explicitly focusses on the adverse ethical consequences of design of financial products. The present model of expecting other risk assessments and processes to capture these issues was disproven across each of the workshops. No team's process was adequate for surfacing the full range of potential ethical issues.

Compliance frameworks have not been user-designed: Teams expressed confusion or frustration with the compliance obligations they had, because the prescriptiveness of the compliance frameworks prevented them from making choices that were in the best interests of users. It appears as if there is no effective vehicle for early feedback into how compliance frameworks are used or experienced by organisations and teams.

Ethics from the outset: The more time had elapsed from the project initiation, the more difficult it became to take ethical considerations seriously. Participants further along in the design process had already settled on matters such as project budget, delivery times and the practicalities of building the technology. Given these investments, there was less likelihood of large-scale changes occurring, even when they were necessary. By contrast, teams early in the process were more likely to be more expansive in their considerations of risk and opportunity, and less concerned by resource constraints, perhaps because they had not yet been allocated.

The *Finance and Technology Project Report* is available on request.



# 12 ETHICS IN PRODUCT DESIGN

## STATUS: PROJECT COMPLETED

Originally envisaged as a review of the design of consumer products in the financial services sector – and a companion piece to our Finance and Technology Project – we encountered strong resistance from providers in the aftermath of the Hayne Royal Commission. But following consultation with ASIC in early 2020, it was agreed that the project would be best served by focusing on product design in the insurance industry, given the raft of design and distribution obligations that will come into effect in 2012 (ASIC Consultation Paper 325). The unprecedented events of 2020 (bushfires, COVID-19) have caused further delays to the project, but we are now back on track with a well-defined plan.

To help ensure that providers comply with their design and distribution obligations, issuers will need to critically ascertain whether financial products are consistent with the likely objectives, financial situation and needs of its intended target market. Questions that issuers could usefully consider as part of this process include:

- (a) What is the **purpose** of the product? Does it fulfil a well-founded need for consumers in the target market? Is it fit for purpose? (*Principle: Purpose*)
- (b) Is the product likely to deliver what is promised? Has the product or this type of product resulted in **good outcomes** for the target market in the past? Did it deliver what was promised? (*Net benefit*)
- (c) Does the product benefit the consumers in the target market? **Who has benefited** from this product or this type of product in the past? Did the product meet the needs of those we distributed it to? What did our key data points show were the ongoing benefits, risks and outcomes for consumers? (*Responsibility*)
- (d) How is the product **likely to perform** in the hands of the consumers in the target market? (*Responsibility*)
- (e) Does the product include features that could be **harmful or unnecessary** for the target market? (*Responsibility*)
- (f) Does the product need to be **redesigned or changed** to be suitable for the target market? Or does the target market need to be narrowed? (*Purpose*)

Following on from our workshops with financial services companies for our Finance and Technology Project, and using learnings and insights from this process, the payments received from the Tearle and Epstein CBP allowed us to develop a series of workshops with a number of insurance providers to help companies come to grips with the new legislation and embed ethics in their product design.

- + Shifting to a customer-centric perspective – a new way of viewing things
- + Finding a language across teams to enhance culture and processes
- + Understanding trade-offs and showing your working for compliance demonstration
- + Distillation of principles for product governance.
- + In May 2020 we submitted a proposal to the Insurance Council of Australia to conduct a series of workshop with ICA members on ethical insurance product design. The workshops would focus on one particular product and would ideally be with up to six employees who are involved in insurance product design, development, management and distribution. Participants would ideally also come from different teams: design, product owners, customer focus, marketing, legal and compliance. The workshops would be offered without financial cost to the participants. The ICA is enthusiastically supporting our proposal.

The workshops were conducted in August and September 2020.

# 13 ETHICS ATLAS

STATUS: PENDING

Ethics Atlas was originally conceived as a worldwide ethics survey of CEOs designed to provide an early warning system for identifying emerging ethical issues.

The payments received from the Barclay's CBP allowed us to develop a project designed to drive positive change by enabling shared learning and complementary approaches to ethical issues. The Atlas is designed to minimise the risks involved in misreading the ethical environment for industry participants.

Considerable work has been done on Atlas in designing the survey and exploring pathways for distribution including partnerships with a number of organisations with significant reach to global CEOs. Unfortunately, delays have been caused by challenges in finding a suitable partner to execute the project successfully. Despite months of discussion and negotiation, prospective partnerships with Deloitte and Qualtrics failed to yield the desired result. We are now in the advanced stages of a negotiation with Edelman PR – publishers of the influential Edelman Trust Barometer.

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