



Community Benefit Payment – Final Report

This report is dated 11 April 2022.

Under paragraph 7.1.1.6 of the EU given by Justin Kurt Epstein (Mr Epstein) - on 13 February 2018, Mr Epstein agreed to make a Community Benefit Payment (CBP) of \$100,000.00 to The Ethics Centre (www.ethics.org.au).

Mr Epstein and Mr Frank John Tearle (Mr Tearle) were co-directors that were involved in conduct that resulted in each of them making a CBP of \$100,000 each. The CBPs of each of Mr Tearle and Mr Epstein were spent by The Ethics Centre in relation to the same projects.

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
Timing	<p>Mr Epstein provided the total required amount of \$100,000.00 to The Ethics Centre in accordance with paragraph 7.1.1.6 of the EU in 12 March 2018.</p> <p>The CBP was used by The Ethics Centre by the agreed end date of 28 February 2020.</p>
CBP purpose	<p>The CBP was for the purpose of supporting the work undertaken by The Ethics Centre.</p>
CBP initiatives	<p>The CBP paid to The Ethics Centre were used for the below initiatives:</p> <ul style="list-style-type: none">• 'Ethics in Product Design' project – This involved product design in the insurance industry. This helped to ensure that providers comply with their design and distribution obligations. The CBP was partly allocated to internal costs for the consultation, workshop design and delivery of this initiative.• 'Viewfinder' project (formally known as the "Ethical Literacy Diagnostic) – This involved the development of a diagnostic tool that reveals people's innate decision making style to assist with better exercise of judgement. The CBP was partly re-allocated to this initiative.• 'FieldKit' project – This involved the development of an interactive digital platform that contains decision-making guides and reflections which can be applied to a specific ethical problem or used as an ongoing education



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	<p>tool to strengthen quality decision making capabilities. The CBP was partly re-allocated to this initiative.</p> <ul style="list-style-type: none"> • ‘Ethics Frameworks for SMEs’ project – This involved creating and publishing a free guide to help small to medium-sized businesses create a roadmap for good decisions and robust culture. The CBP was partly re-allocated to this initiative.
<p>Any changes / issues affecting project or deliverables</p>	<p>As reported in the Community Benefit Payment Report dated 1 April 2019, The Ethics Centre had advised that:</p> <ul style="list-style-type: none"> • it would apply the CBP 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; • rather than investigating corporate culture generally, it intended to conduct research into ethical decision making in insurance product development to explore the cultures, processes, and decisions that were being made in the product development phase which were leading to ethical failure and poor customer outcomes in the insurance sector, with a particular focus on ‘add on insurance’; and • the objectives of its research were, ultimately, to provide recommendations regarding how ethical dimensions might 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 might arise from poor product design, and improve outcomes for customers. <p>Following consultation with ASIC in early 2020, it was agreed that the ‘Ethics in Product Design’ initiative would be best served by focusing on product design in the insurance industry, given the raft of design and distribution obligations that would come into effect in</p>



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	<p>2021. As a result, the CBP was partly re-allocated to the three other initiatives reported above.</p> <p>The unprecedented events of 2020 (bushfires, COVID-19) have caused delays to the ‘Ethics in Product Design’ project workshops, which were conducted in August and September 2020.</p>
Consumer outcomes / benefit	<p>The CBP paid to the The Ethics Centre contributed to the development and delivery of projects and tools that foster ethical decision making by finance professionals, which in turn is expected to improve consumer outcomes :</p> <ul style="list-style-type: none">• ‘Ethics in Product Design’ project: The CBP allowed The Ethics Centre to develop a series of workshops with a number of insurance providers to help them come to grips with the new legislation and embed ethics in their product design (e.g, shifting to a customer-centric perspective).• ‘Viewfinder’ project (formally known as the “Ethical Literacy Diagnostic): The development of digital platforms to understand different styles of decision making and way to improve people’s capacity to exercise better judgement and communicate the reasons for their decisions.• ‘FieldKit’ project: This digitally delivered capability framework is now in regular use 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.• ‘Ethics Frameworks for SMEs’ project: Free downloadable guides of ethical frameworks with a specific focus on the needs of small or medium-sized businesses.