

The right way

New forum offers a guiding hand on ethical issues

This page introduces a new feature to JASSA: a regular discussion of ethical issues affecting industry practices and investment decisions.

At its simplest level, ethics is about answering the question: "What should I do?"

As the financial markets become more complex and the world in which we live experiences unprecedented change, the role of ethics has become increasingly important. The question "what should I do" may arise more often as new situations challenge our values and principles.

The Securities Institute of Australia is committed to raising standards in the securities and financial services industry by fostering ethical and effective markets and encouraging the highest standards of professional conduct. This inaugural Ethics page in *JASSA* is part of this commitment.

The Ethics page will provide members with a forum for the discussion of issues and a source of guidance on the ethical dilemmas that may arise in their daily business lives.

A revised draft of the Securities Institute's Code of Ethics was circulated with the Winter 2000 issue of *JASSA*. Although organisations such as ours can encourage ethical practices and promote codes of behaviour, these are ultimately the responsibility of individuals; hence the need for members to ensure the code meets their expectations.

Questions of ethics are not new but they have not always had a significant role in determining corporate practice. However, change is evident in the financial community, where ethical values and principles are becoming important components of investment decisions. More than \$1 billion is invested in "ethical organisations" in Australia, and in the United States these account for 10% of all

investment in managed funds. Corporate decision-makers are realising that environmental concerns and social responsibility can drive profits and improve shareholder returns.

To complement the introduction of the Ethics page we feature in this issue (page 12) a summary of a paper presented by Professor Craig Deegan at a recent Securities Institute seminar titled "Can You Clean Up? Ethical Investment and the Triple Bottom Line". Deegan describes triple-bottom-line reporting as a trend where organisations report on not only their financial performance but also their environmental and social record. He believes that this type of reporting will be increasingly embraced by organisations around the world.

The Securities Institute welcomes members' contributions to the Ethics page. Relevant articles, questions or hypothetical issues should be submitted to the *JASSA* Coordinator (see details on inside back cover). 



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