

MASTER'S IN FINANCE
MASTER'S IN INTERNATIONAL FINANCE
2023-2024

**FINANCE ETHICS AND
ETHICAL EXPRESSION
COURSE PACK**

INSTRUCTOR: ANDREW NEWTON

CONTENTS

About this module	3
Morning session materials	5
Afternoon session materials	17

ABOUT THIS MODULE

Instructor: Andrew Newton

Email: andrew@andrewnewton.org

LinkedIn:

www.linkedin.com/groups/13656204/

Description

This module addresses issues you will face as a new entrant into the world of work in finance. You have spent decades investing in becoming the person that you recognize whenever you catch sight of yourself in the mirror, the person whose values are recognized by your family and your friends. So, the key questions are: when you enter the workplace must you leave your values outside the door, or can you retain a coherent sense of who you are and what you stand for? If the latter, then how? And how do you manage situations when your values and those of a colleague appear to conflict?

I approach teaching this course from the perspective of someone who worked in banking for nearly a decade as an ethics officer. There I found that the 'ethical' thing to do was often clear; what challenged people was acting on that insight in the face of various pressures.

For this reason, I focus as much on ethical expression – the skills required to act on your ethical insights and values – as I do on working out what is the right thing to do. You will develop the habit and skill of ethical expression by rehearsing repeatedly the practical methods proposed in the Giving Voice to Values curriculum.

Format

In keeping with the objective of developing practical skills in voicing values, the class is interactive. There are multiple exercises to develop insights and to reinforce points made. Students work on many of the exercises in pre-assigned workgroups to present you with the kind of values conflicts you will encounter in the workplace. Please sit in the seats assigned for your workgroup.

Please ensure you can access this Course Pack and other Moodle-based materials when in class. Course readings are available on Moodle, whereas this Course Pack contains all exercises you will pursue in class. There is also a course LinkedIn page (<https://www.linkedin.com/groups/13656204/>) on which I post news items of interest.

Commitments

I expect you to arrive in class having viewed the CFA video on the Giving Voice to Values toolkit, read the document titled *Starting assumptions for Giving Voice to Values*, and reflected on and arrived at your positive and negative values conflict experiences for sharing within your assigned workgroup. I expect your complete engagement with the material I deliver, class discussions and the required exercises, including those which you do in your assigned teams

About Andrew Newton

Andrew has been working at the intersection of values, business, and finance for over 30 years, both in-house and then as a researcher and teacher.

Initially qualified as lawyer, he worked ten years in wealth management businesses in compliance, during which he earned an MBA from London Business School and wrote a book on managing ethics in financial services which was published by Financial Times Prentice Hall.

After leaving finance Andrew worked with consultancies and thinktanks, among other things producing the Chatham House report on “Legitimacy Risks and Peace-Building Opportunities for Businesses in Post-War Iraq” following the invasion of Iraq, and “The 21st Century Corporation: The Ceres Roadmap for Sustainability” for the Ceres investor coalition.

When the Global Economic Crisis brought all his areas of interest crashing together, he began studying philosophy, obtaining an MA in Philosophy and then a PhD in philosophy. Andrew's thesis focused on moral responsibility for the global economic crisis of 2007-9.

www.AndrewNewton.org



How CFA candidates should use this course

Some of you are taking the CFA exams. This course will help you prepare for CFA learning outcomes (BoK 2022) to do with ethics and professional standards. We will not be duplicating in class the content of CFA readings, or running through the CFA’s numerous examples that are already clearly worked through in the excellent and comprehensive CFA self-study materials. Instead, I cover the CFA learning outcomes in complementary ways that contextualize and reinforce your individual learning. The CFA is also a strong advocate of the *Giving Voice to Values* toolkit.

MORNING SESSION MATERIALS

Dilemmas of Responsibility exercise

I am going to ask you individually and then in your workgroup to reflect on the four dilemmas set out below. Begin by addressing the first two, then stop. We will discuss these in class and think about ways to approach them. Only then will I ask you to reflect on the second two. We will discuss further approaches to those, too.

Instructions

Individually, consider the first two dilemmas below (5 mins) and arrive at a yes/no answer. Note that you cannot invent facts not written into the dilemma. Nor can you sit on the fence. You must arrive at a single yes/no answer. Write down:

1. Your decision on the dilemma presented
2. Whether you found the dilemma was easy or hard
3. How you arrived at your decision, i.e. did you apply certain principles? Or think through the implications of the choice in a different way? Or did you decide based simply on intuitions, your “gut feel”?

Now turn to the other members of your assigned workgroup and do the exercise again, this time arriving at a single answer on behalf of the workgroup. Choose someone to speak for the group. (10 mins)

The first 2 dilemmas:

Mr Heinz

Mr. Heinz is ordinarily a law-abiding man. One day, his wife becomes gravely ill. Heinz takes her to the doctor, who prescribes a medication for her. She does quite well on this medication and begins to recover. However, Heinz has no insurance and runs out of money quickly paying for this expensive medication. After a few months, he can no longer purchase the medication and his wife begins to take a turn for the worse. One day, he is in the pharmacy and notices that no one is behind the counter. The medication is in plain view.

Should he steal the medication to help his sick wife? Yes or No?

Speculate!

Before I give you the dilemma, here is necessary background from Epstein and Habbard (2013):

According to the narrow, most common, definition, speculation is the placement of a bet on the short-term changes in prices of a commodity or a financial asset. The bet can be that the price will rise (taking a long position) or fall (taking a short position) in the short term. The amount of money to be gained (or lost) can increase through the means of taking out more borrowing (leverage) to make the bet. Financial speculation is closely associated with arbitrage trading strategies. Arbitrage exploits short-term pricing inefficiencies by simultaneously buying and selling a security at two different prices in two different markets. To the extent that this arbitrage involves bets, even in the short run, it is a form of speculation.

The key point about making a bet on short-term changes in prices is that a speculator will rely on the expectations and bets that others are making in the marketplace, much more than on an assessment of the underlying long-term value of the asset. Some economists refer to this as “noise trading.” Keynes likened it to a gamble on a beauty contest in which people win, not by guessing which contestant is more beautiful, but by guessing who the others will guess is more beautiful, who in turn are guessing the guesses of others.

And now the dilemma: you are a member of a trading desk that trades in commodity futures contracts. Much of the team’s activity involves speculating in the way described in the second paragraph of the Epstein and Hubbard quotation, above. Your manager is considering extending the team’s trading activities to commodities like rice, wheat, corn, soybean.

Should he do so? Yes or No?

After we have discussed these two dilemmas in class, I will ask you to consider the next two dilemmas. For these, follow the same instructions that I gave you above.

The gift

You are a merchandising executive for a retail-clothing store. Your store has a policy of not accepting gifts. However, over the years, salesmen have offered, and other employees have accepted lunch, theater and baseball tickets. You arrive home from the office and find a new 77-inch OLED 4K smart TV on your doorstep with a note that says: “A personal gift for our long-standing friendship. Enjoy it with your family in good health. The Jones Clothing Company”

Should you accept the gift? Yes or No?

The new employee

You're the boss of the MBS trading desk at a Wall Street firm. The presence of a new female employee stirs up conflict across the desk. Some of your male employees routinely make

derogatory remarks to the new employee referencing her gender. They make sexually crude or otherwise inappropriate comments. They subject her to sexual gestures and practical jokes. She is also excluded from dealing with the most lucrative clients. Your company has not had a chance to conduct sensitivity training. She complains to you; in response, you sanction those responsible for the conduct. You also wonder if it would be wise to move your new female employee to another position where she would be less likely to draw attention.

Should you move her to another position in the company? Yes or No?

The CFA's Code of Ethics and Standards of Professional Conduct



CFA Code of Ethics and Standards of Professional Conduct

PREAMBLE

The CFA Institute Code of Ethics and Standards of Professional Conduct are fundamental to the values of CFA Institute and essential to achieving its mission to lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society. High ethical standards are critical to maintaining the public's trust in financial markets and in the investment profession.

Since their creation in the 1960s, the Code and Standards have promoted the integrity of CFA Institute members and served as a model for measuring the ethics of investment professionals globally, regardless of job function, cultural differences, or local laws and regulations. All CFA Institute members (including holders of the Chartered Financial Analyst® [CFA®] designation) and CFA candidates must abide by the Code and Standards and are encouraged to notify their employer of this responsibility. Violations may result in disciplinary sanctions by CFA Institute. Sanctions can include revocation of membership, revocation of candidacy in the CFA Program, and revocation of the right to use the CFA designation.

THE CODE OF ETHICS

Members of CFA Institute (including CFA charterholders) and candidates for the CFA designation ("Members and Candidates") must:

- Act with integrity, competence, diligence, respect and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- Place the integrity of the investment profession and the interests of clients above their own personal interests.
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.
- Promote the integrity and viability of the global capital markets for the ultimate benefit of society.

- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

STANDARDS OF PROFESSIONAL CONDUCT

I. PROFESSIONALISM

A. Knowledge of the Law. Members and Candidates must understand and comply with all applicable laws, rules, and regulations (including the CFA Institute Code of Ethics and Standards of Professional Conduct) of any government, regulatory organization, licensing agency, or professional association governing their professional activities. In the event of conflict, Members and Candidates must comply with the more strict law, rule, or regulation.

Members and Candidates must not knowingly participate or assist in and must dissociate from any violation of such laws, rules, or regulations.

B. Independence and Objectivity. Members and Candidates must use reasonable care and judgment to achieve and maintain independence and objectivity in their professional activities. Members and Candidates must not offer, solicit, or accept any gift, benefit, compensation, or consideration that reasonably could be expected to compromise their own or another's independence and objectivity.

C. Misrepresentation. Members and Candidates must not knowingly make any misrepresentations relating to investment analysis, recommendations, actions, or other professional activities.

D. Misconduct. Members and Candidates must not engage in any professional conduct involving dishonesty, fraud, or deceit or commit any act that reflects adversely on their professional reputation, integrity, or competence.

II. INTEGRITY OF CAPITAL MARKETS

A. Material Nonpublic Information. Members and Candidates who possess material nonpublic information that could affect the value of an investment must not act or cause others to act on the information.

B. Market Manipulation. Members and Candidates must not engage in practices that distort prices or artificially inflate trading volume with the intent to mislead market participants.

III. DUTIES TO CLIENTS

A. Loyalty, Prudence, and Care. Members and Candidates have a duty of loyalty to their clients and must act with reasonable care and exercise prudent judgment. Members and Candidates must act for the benefit of their clients and place their clients' interests before their employer's or their own interests.

B. Fair Dealing. Members and Candidates must deal fairly and objectively with all clients when providing investment analysis, making investment recommendations, taking investment action, or engaging in other professional activities.

C. Suitability.

1. When Members and Candidates are in an advisory relationship with a client, they must:
 - a) Make a reasonable inquiry into a client's or prospective client's investment experience, risk and return objectives, and financial constraints prior to making any investment recommendation or taking investment action and must reassess and update this information regularly.
 - b) Determine that an investment is suitable to the client's financial situation and consistent with the client's written objectives, mandates, and constraints before making an investment recommendation or taking investment action.
 - c) Judge the suitability of investments in the context of the client's total portfolio.
2. When Members and Candidates are responsible for managing a portfolio to a specific mandate, strategy, or style, they must make only investment recommendations or take only investment actions that are consistent with the stated objectives and constraints of the portfolio.

D. Performance Presentation. When communicating investment performance information, Members and Candidates must make reasonable efforts to ensure that it is fair, accurate, and complete.

E. Preservation of Confidentiality. Members and Candidates must keep information about current, former, and prospective clients confidential unless:

1. The information concerns illegal activities on the part of the client or prospective client,
2. Disclosure is required by law, or
3. The client or prospective client permits disclosure of the information.

IV. DUTIES TO EMPLOYERS

A. Loyalty. In matters related to their employment, Members and Candidates must act for the benefit of their employer and not deprive their employer of the advantage of their skills and abilities, divulge confidential information, or otherwise cause harm to their employer.

B. Additional Compensation Arrangements. Members and Candidates must not accept gifts, benefits, compensation, or consideration that competes with or might reasonably be expected to create a conflict of interest with their employer's interest unless they obtain written consent from all parties involved.

C. Responsibilities of Supervisors. Members and Candidates must make reasonable efforts to ensure that anyone subject to their supervision or authority complies with applicable laws, rules, regulations, and the Code and Standards.

V. INVESTMENT ANALYSIS, RECOMMENDATIONS, AND ACTIONS

A. Diligence and Reasonable Basis. Members and Candidates must:

1. Exercise diligence, independence, and thoroughness in analyzing investments, making investment recommendations, and taking investment actions.
2. Have a reasonable and adequate basis, supported by appropriate research and investigation, for any investment analysis, recommendation, or action.

B. Communication with Clients and Prospective Clients. Members and Candidates must:

1. Disclose to clients and prospective clients the basic format and general principles of the investment processes they use to analyze investments, select securities, and construct portfolios and must promptly disclose any changes that might materially affect those processes.
2. Disclose to clients and prospective clients significant limitations and risks associated with the investment process.
3. Use reasonable judgment in identifying which factors are important to their investment analyses, recommendations, or actions and include those factors in communications with clients and prospective clients.
4. Distinguish between fact and opinion in the presentation of investment analysis and recommendations.

C. Record Retention. Members and Candidates must develop and maintain appropriate records to support their investment analyses, recommendations, actions, and other investment-related communications with clients and prospective clients.

VI. CONFLICTS OF INTEREST

A. Disclosure of Conflicts. Members and Candidates must make full and fair disclosure of all matters that could reasonably be expected to impair their independence and objectivity or interfere with respective duties to their clients, prospective clients, and employer. Members and Candidates must ensure that such disclosures are prominent, are delivered in plain language, and communicate the relevant information effectively.

B. Priority of Transactions. Investment transactions for clients and employers must have priority over investment transactions in which a Member or Candidate is the beneficial owner.

C. Referral Fees. Members and Candidates must disclose to their employer, clients, and prospective clients, as appropriate, any compensation, consideration, or benefit received from or paid to others for the recommendation of products or services.

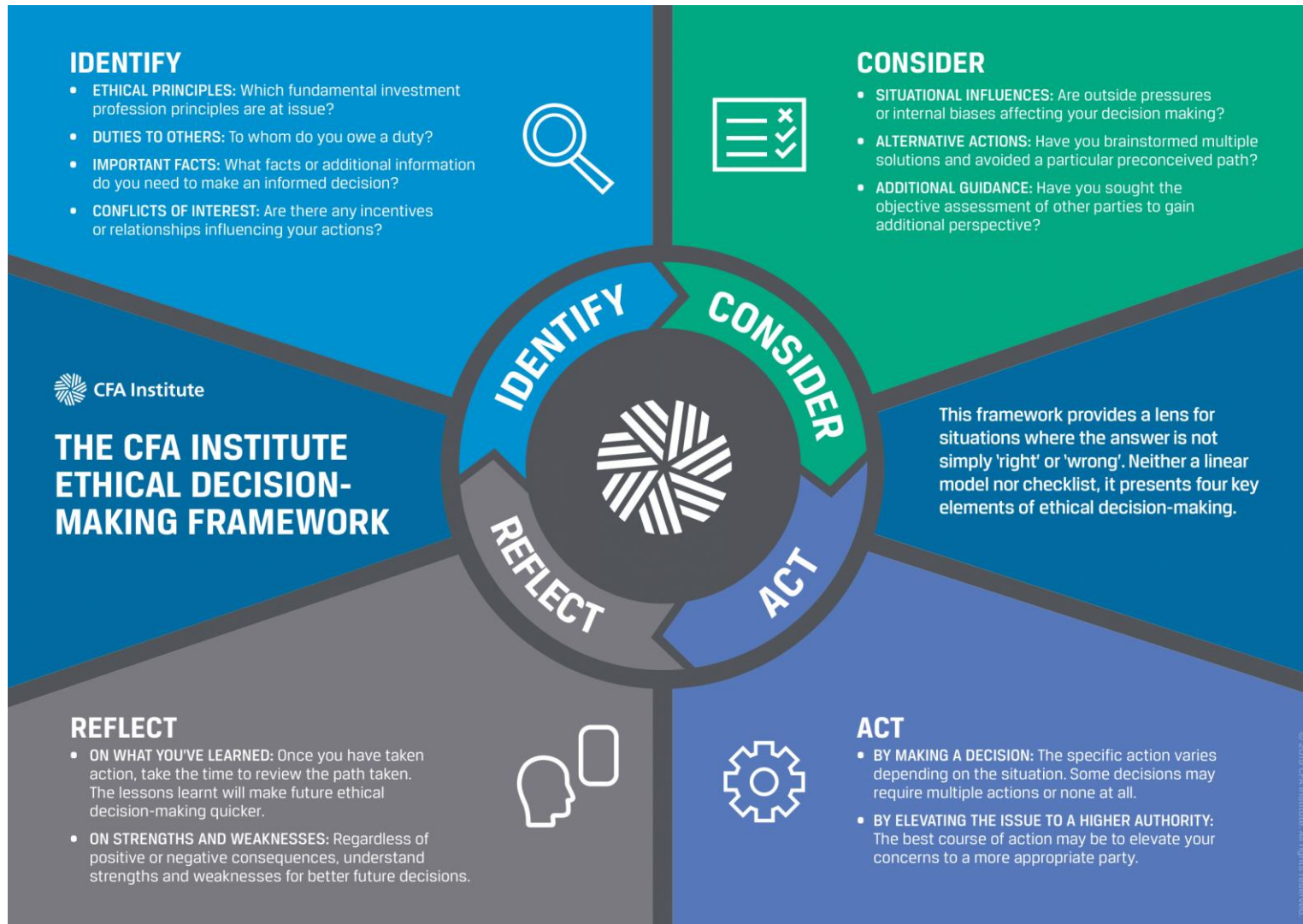
VII. RESPONSIBILITIES AS A CFA INSTITUTE MEMBER OR CFA CANDIDATE

A. Conduct as Participants in CFA Institute Programs. Members and Candidates must not engage in any conduct that compromises the reputation or integrity of CFA

Institute or the CFA designation or the integrity, validity, or security of the CFA Institute programs.

B. Reference to CFA Institute, the CFA Designation, and the CFA Program. When referring to CFA Institute, CFA Institute membership, the CFA designation, or candidacy in the CFA Program, Members and Candidates must not misrepresent or exaggerate the meaning or implications of membership in CFA Institute, holding the CFA designation, or candidacy in the CFA program.

The CFA Institute ethical decision-making framework



Some specific obligations

1. The finance professional as agent.

“An agent is a party that has been engaged to act on behalf of another, called the principal.” (Boatright 2014, 40)

2. The finance professional as fiduciary.

“A fiduciary is a person or organization that has been entrusted with the care of another’s property or assets and that has responsibility to exercise discretionary judgment in this capacity solely in this other person’s interest. The other person in a fiduciary relationship is described as the beneficiary.” (Boatright 2014, 40)

3. Finance professionals and their conflicts of interest.

“A conflict of interest occurs when a personal or institutional interest interferes with the ability of an individual or institution to act in the interest of another party, when the individual or institution has an ethical or legal obligation to act in that other party’s interest.” (Boatright 2014, 46)

Cassidy Hutchinson exercise

In class I will show you a video. It shows excerpts of the testimony of a White House former aide in the Trump administration given to the congressional committee investigating the attack on the U.S. Capitol building on January 6th, 2020. Below, you will also find an extract from Cassidy Hutchinson's testimony that is not covered in the video but which provides further insights into her process of arriving at an ethical choice.

In your workgroups, you will use this video and extract from Hutchinson's testimony to undertake the following analysis.

Instructions

In your workgroups, rewatch the video carefully and read the extract from Hutchinson's testimony to answer the following questions:

- 1) What was the values conflict that Hutchinson found herself in?
- 2) How did she come to her view that what she had been asked to do was wrong?

Testimony of Cassidy Hutchinson to the Select Committee to Investigate the January 6th Attack on the U.S. Capitol, U.S. House of Representatives, Washington, D.C. [EXTRACT], Wednesday, September 14, 2022

So that night I had called this Member [of the U.S. House of Representatives], and they essentially said, "Yeah, Cassidy, you need to -- you're the one that has to live with the mirror test for the rest of your life. I know that you feel like that you didn't handle things right. I know that you're stressed about this. Are you going to be able to live with yourself if you just move on and kind of forget about this, or do you want to try to do something about it?"

So then I'm just -- I just had a mental breakdown after that, because I just you know, I was disappointed in myself. I was frustrated with myself. To be blunt, I was kind of disgusted with myself. I became somebody never thought that I would become.

And it was hard. It was hard to come to terms with then. It's hard to look back on now.

And so I got in the car, and I drove up to New Jersey, because my parents live in New Jersey, and what does Cassidy do when she has problems and doesn't want to -- she doesn't want to confront? I try to get out -- try to get out of here.

So, as I'm driving up to Jersey, it's like super early in the morning at this point, start googling "Watergate." Like there has to be somebody that participated in Watergate that either had a similar job to me and had exposure. Like how did they handle this? Like did they kind of chaff the Nixon White House?

So I'm going through. And I didn't know that much about Watergate. I had heard John Dean's name before, but then I come across this man named Alex Butterfield, who had -- I was on the Wikipedia page, and it looked like he had a similar role and title to what I had in the White House. So I'm, in driving, sort of trying to read about him.

Then I go onto a new tab. And I'm like, this guy has got to have done something after all this. And I found that he, a couple years ago, worked on this book with Bob Woodward. And this is like the most comprehensive piece of work that he had done since he had testified to the Watergate committee at that time about 40 years ago.

So ordered two copies of this, had them shipped to my parents' house, and I sat there that weekend and read it. And read it three times. I read it once. Then read it again, underlined. And then I read it a third time, and I went through and tabbed it.

And it was after I read all of this, where he had talked about like how he fought the moral struggle, where he felt like he still had to be loyal to the Nixon White House, but he talked about a lot of the same things that I felt like I was experiencing. And, you know, it wasn't an identical situation, but it's -- it's the -- the emphasis he placed on the moral questions that he was asking himself resonated with me.

And then, you know, he ended up testifying to the Watergate committee. And I wasn't by no means trying to compare what I knew to what Butterfield knew at all. But he was somebody that I found and was looking at as somebody who did know things and who was loyal and who had a position that required an incredible amount of trust and confidence, but he ended up doing the right thing.

And it was after I read this I was like I if I'm going to pass the mirror test for the rest of my life, I need to try to fix some of this.

AFTERNOON SESSION MATERIALS

GVV foundational exercise: A tale of two stories¹

In your careers thus far, you have likely encountered workplace situations when your values conflicted with what you were asked to do. Often it is not easy to align your own personal values and purpose with those of your boss, your co-workers, your direct reports or your firm. This exercise is designed to help you identify and develop the competencies necessary to achieve that alignment.

Objectives

1. To reflect on your previous experiences, successful and less so, at effectively voicing and acting on your values in the workplace.
2. To discover which conditions and problem definitions empower you to effectively voice your values, and which tend to inhibit that action.

Individual preparation in advance of class

Recall a time in your work or personal experience when your values² conflicted with what you were expected to do in a particular, non-trivial situation, and you spoke up and acted to resolve the conflict.

Consider the following 4 questions and write down your thoughts and brief responses:

1. What did you do, and what was the impact?
2. What motivated you to speak up and act?

¹ This material is part of the Giving Voice to Values curriculum collection (www.GivingVoiceToValues.org).

The Aspen Institute was founding partner, along with the Yale School of Management, and incubator for Giving Voice to Values (GVV). Now Funded by the University of Virginia Darden School of Business. **Do not alter or distribute without permission.**

© Mary C. Gentile, 2010

² In this exercise, a “values conflict” refers to a disagreement that has an ethical dimension to it. That is, I might disagree with your idea about the most efficient process flow design for an assembly line, but there is usually not an ethical component to that decision. However, if one design reflected a commitment to worker safety or environmental concerns and the other didn’t, for example, even this disagreement might be appropriate here.

3. How satisfied are you? How would you like to have responded? (This question is not about rejecting or defending past actions but rather about imagining your Ideal Scenario.)
4. What would have made it easier for you to speak/act?
 - Things within your own control
 - Things within the control of others

This is your positive experience contribution to the group exercise.

Now recall a time in your work or personal experience when your values conflicted with what you were expected to do in a particular, non-trivial situation, and you did not speak up or act to resolve the conflict.

Consider the following 4 questions and write down your thoughts and brief responses:

1. What happened?
2. Why didn't you speak up or act? What would have motivated you to do so?
3. How satisfied are you? How would you like to have responded? (This question is not about rejecting or defending past actions but rather about imagining your Ideal Scenario.)
4. What would have made it easier for you to speak/act?
 - Things within your own control
 - Things within the control of others

This is your negative experience contribution to the group exercise.

Group instructions

Prior to these discussions, the class should commit to ground rules of confidentiality; nevertheless, individuals should disguise or omit names of organizations and, certainly, of individuals.

In your allocated teams:

1. Appoint a group timekeeper and notetaker/spokesperson
2. Share the group members' positive experiences (20 mins)

Go around the circle and each tell the story of when you did act on your values. After everyone has had the chance to tell their stories briefly, the group can share and discuss their answers to **the follow-up questions about impact, motivation, satisfaction and possible enablers**, both within and outside of their control.

What are some of the similarities, differences and potential generalizations you see?

3. Share the group members' negative experiences (20 mins)

Then consider each group member's second story – the time when you did not voice your values. You do not need to actually share this story but, rather, focus your comments upon

why the outcome was different. Why didn't you voice and act upon your values? What was different about motivation, satisfaction and possible enablers?

Knowing what enabled you (and your group members) to voice your values in the first stories, **what might you be able to do to change the outcome** in this second story if faced with such a situation again?

Again, what are some of the similarities, differences and potential generalizations you see?

4. When requested by the instructor, each group's spokesperson offers a few bullet points regarding the group's findings.

GVV Reasons and rationalizations roleplay³

Objectives

- To learn to unpack and reason through the most common and intractable of the arguments against ethical and responsible management.
- To practice generating responses to these common arguments.
- To introduce the 3 steps for responding to values conflicts:
 - Analysis and Generation of “Scripts”
 - Peer Coaching
 - Voiced Commitment

This exercise is about the barriers we confront when we encounter values conflicts in the workplace.

These barriers often appear in the form of “reasons and rationalizations” that can confound our best attempts to fulfill our sense of organizational and personal purpose. These are the objections you hear from your colleagues when you try to point out an ethical problem in the way things are being done. Or sometimes you don’t hear them because they are the unspoken assumptions of the organization.

It’s extremely difficult to make a strong argument against the “prevailing winds” if you feel in the minority; or if you don’t feel you have the time to come up with a workable alternative; or if you don’t want to take the chance to present a half-baked response. So today is about being in the majority, with plenty of time to come up with a fully-baked and pre-tested response to some of the most common challenges you are likely to face in your workplace.

The scenario below places you in a situation where you need to make a choice and communicate it effectively. The scenario begins from the assumption that you want to do what you think is right, but you need to know how to communicate powerfully and persuasively in the face of strong countervailing organizational or individual norms, reasons and rationalizations.

Group instructions

1. Read the scenario below.

³ This material is part of the Giving Voice to Values curriculum collection (www.GivingVoiceToValues.org). The Aspen Institute was founding partner, along with the Yale School of Management, and incubator for Giving Voice to Values (GVV). Now Funded by the University of Virginia Darden School of Business. **Do not alter or distribute without permission.**

The cases in this exercise were inspired by interviews and observations of actual experiences but names and other situational details have been changed for confidentiality and teaching purposes.

© Mary C. Gentile, 2010

2. As part of your preparation for this session you should already have appointed someone in your group to play the role of Maureen, and someone to play the role of Melissa. Melissa is marketing manager in the investment funds group, i.e. she is Maureen's peer, not a superior or subordinate.

3. Melissa leaves the group to go and prepare his or her script with the Melissas from the other teams. At the same time, the rest of the group prepares Maureen's script. (20 mins)

- While developing your scripts, consider the following questions:
 - 1. What are the main arguments you are trying to counter? That is, what are the reasons and rationalizations you need to address?
 - 2. What is at stake for the key parties, including those who disagree with you?
 - 3. What levers can you use to influence those who disagree with you?
 - 4. What is your most powerful and persuasive response to the reasons and rationalizations you need to address? To whom should the argument be made? When and in what context?
- Further inspiration for your script: read the section in *Ways of Thinking about our Values in the Workplace* concerning Reasons and Rationalizations. Also, think back to any reasons and rationalizations that came up in your Tale of Two Stories groups. What arguments can you anticipate being levelled against Maureen? What responses can Maureen make?

4. Reconvene in your groups to conduct the role play. Maureen raises the issue with the roleplaying Melissa. (10 mins)

- NB You are NOT trying to find an ideal solution to this ethical conflict. You are merely trying to practice developing and improving a script that someone wishing to voice her/his values could use in such a situation.

5. At the 10-minute mark I will announce the start of a 5-minute break in the roleplay and ask the Melissas to leave the room. The team will use this break to provide Maureen with feedback to help her to improve her script. (5 mins)

6. The Melissas return to their groups and Maureen resumes trying to convince her colleague. (max. 5 mins)

7. The role play ends and the whole team works together to share any final feedback to improve Maureen's script. (5 mins)

6. When requested by the instructor, contribute to the class discussion the arguments made by either Maureen or Melissa that appeared very strong in the roleplay. What are the strongest arguments you can come up with to address the arguments Melissa makes?

Maureen and Melissa

Maureen works as a sustainability manager in the asset management business of a major banking group. Melissa is a marketing manager in the investment funds team. Most of the firm's investment funds are labelled "ESG" before the fund name, and in marketing literature it is explained that ESG integration is a work in progress and that only 70% of the firm's assets are managed according to ESG investing protocols. This, after all, is how the investment team describe their ESG approach internally. (ESG investing refers to investing that takes into account the environmental, social, and governance performance of the companies being invested in.)

Maureen recently learned, through informal conversation with some of her colleagues, that in reality only around 10% of the firm's assets are managed according to ESG criteria. Also, most of the ESG "analysis" conducted merely involves taking the ESG rating given by an external ratings provider. This means that customers can be purchasing investments in funds that do not take into account environmental, social, and governance aspects to the extent that the customer believes they do. Maureen and her colleagues speculate that it could cost upwards of \$5 million to build the capability to undertake ESG analysis in-house, so no one really wants to name or "own" the problem. After all, there have been no complaints outside the company and the communication of this ESG capability has probably been going on for at least 6 months.

Still Maureen is uncomfortable. She is worried not only about meeting the expectations of customers who have paid for a fund managed according to ESG criteria, but also about what this failure to manage according to ESG criteria will mean for the natural environment, and for society. It's just not a product situation she can feel good about.

Ideally, Maureen would like to get her colleague Melissa to take the concern up the organization together with her. She thinks it will have more impact that way. On the other hand, no one wants to be the one to break this news. Especially since there have been recent cutbacks, money is tight, and no one wants to have to charge more against their group's expenses. At least for now, it feels to folks in her group that "ignorance is bliss." And no one expects to be thanked for calling attention to the problem. The question is: who will be blamed if it surfaces?

What should she say to her colleague, and how?