



# **BUSINESS ETHICS, SUSTAINABILITY AND PRINCIPLES FOR RESPONSIBLE INVESTMENT**



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# PRINCIPLES FOR RESPONSIBLE INVESTMENT

## □ OUTLINE

- Introduction
- The principle of responsibility and CSR
- The power of the company
- The company and the mobilization of resources
  - Resource-Based Theory
- Significance of the PRI in Theory of Ethics
- PRI background
- Current Situation
- Conclusions

# Introduction

- Objective:
  - ▣ To explain the Principles of Responsible Investment
  - ▣ To establish the relationship of the PRI, Jonas and CSR
- Ethics is a common concern at the rise of civilization (Frederick, 2001).
- Jonas (1903-1993) presents an ethical theory for the technologically advanced capitalist society (book called The principle of responsibility).
- What valid relationship may the ethical theory of Jonas have with CSR?

# The principle of responsibility and CSR

- Ethics Theory by Jonas
  - ▣ Jonas based his theory on the increasing impact of human activity over nature and society.
  - ▣ The theory aims to have global reach
  - ▣ “No previous ethics had to take into account the overall conditions of human life, neither the distant future, moreover the very existence of the species (Jonas, 1979, Valladares et al, 2006, Cuevas & Valladares, 2008).
  - ▣ According to Jonas the human purpose/destination is happiness. However, human activity involves responsibility.
  - ▣ The core of Jonas theory explains the transition from wanting to “should be done”.

# The power of the company

- In a society divided into classes, the power comes from the private ownership of the means of production and life.
- Those responsible are the owners and representatives (managers or executives).
- The property is the condition that allows to exercise causal power on nature and society.
- The capacity of the transition of the must-be/ must-do depend on the ability of real power.
- 29 Multinationals are among the world's top 100 economies (even above national states).

# Significance of the PRI in Theory of Ethics

- Companies are at the heart of the new economic-social structure.
- Companies have growing causal power, but absence of a supranational power to legislate its business.
- Pressure from society (for companies to be responsible).
- **The principle of responsibility and causal power**

# Principles for Responsible Investment

- Background:
- Ex-UN Secretary General Kofi Annan invited the leaders of the world to take into consideration the social impact and the environment in 1999- Global Compact.
- The Global compact is an initiative that consist of ten principles related to human rights, labor rights, environment and corruption.
- In 2005, Annan invited the largest international investors and experts in Finance to work under the UNEP-FI to develop the PRI.

# Principles for Responsible Investment

- **The primary objective:** to protect the assets of the world, to implement social responsibility for investment, while supporting investors to achieve better long-term investments and more sustainable markets.
- Within the logic of CSR and sustainable development the intention of the PRI is double.
  - ▣ They can contribute to the performance of investment portfolios
  - ▣ Contribute to meet broader objectives: a better and sustainable world for future generations.



# Principles for Responsible Investment

1. We will incorporate ESG (Environmental, Social and Corporate governance) issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices
3. We will seek appropriate disclosure o ESG issues
4. We will promote acceptance and implementation of the PRI within the investment industry
5. We will work together to enhance our effectiveness in implementing the Principles

# Principles for Responsible Investment

## □ Signatories

- Asset owners: 262
- Investment Managers: 681
- Professional service partners: 183
- Total: 1 126 signatories

## □ Canada

- British Columbia Municipal Pension Plan
- Caisse de depot et placement du Quebec
- Canada Pension Plan Investment Board
- Fondation CSN, Fonds de solidarite, Gestion FERIQUE
- Healthcare of Ontario Pension Plan
- Ontario Teachers Pension Plan
- UFCW International Union Pension Plan for Employees
- Native Benefits Plan

# Principles for Responsible Investment: Current Results

- 12 years in operation
- Over 1 100 signatories, with total assets under management in excess of \$32 trillion
- 50 signatory countries (Canada-42)
- Academic Network and PRI annual Academic Conference.



# Conclusion

- The study demonstrated the relationship between the theory of ethics of Jonas, CSR and PRI.
- The causal power of men over living beings is the foundation of CSR and PRI.
- The principle of accountability of Jonas becomes a foundation for individual and collective (companies) moral behavior.
- The accountability principle is the core of the relevance of PRI.