



Individual  
Principles for the  
Responsible  
Investor

## Individual Principles for the Responsible Investor

The aim of these principles is to provide a framework for analysis and discussion that will enable professionals to launch actions consistent with the requirements of a responsible financial sector that benefits a sustainable economy.

In order to assist finance professionals in their thought process, the Principles were designed around three successive actions which are structured as follows:

1. Expanding personal awareness,
2. Developing and implementing solutions,
3. Sharing experiences.

# 1 I know

Inaction, like ignorance, carries a price

Thinking about consequences and asking the right questions in terms of sustainability and responsibility allows seizing new opportunities and limits not only risks but also the potential external negative effects of an investment decision.

# 2 I apply

Investing is making choices

While possible solutions may be numerous and complex, weighing up options, questioning the socio-economic risks of one's investments or acquisitions leads to the construction of balanced solutions.

# 3 I share

Sharing stimulates learning

The learning process rests not only on "acting" but also on the common assessment of practices and the sharing of knowledge. To give the questions surrounding sustainable finance a wider audience, it is important to be able to define best practices together.

# “investing is making choices”

## Preamble

The financial sector plays a key role in the modern and globalized world in which we live. As with transport networks – road, rail, water or air –, indispensable to the functioning of economic exchanges and activities, financial services play a significant role at all levels and in all sectors of society.

In this sense, the act of investing done by individuals or institutions is not insignificant. It forms part of a chain of consequences that unfold way beyond simple financial considerations. Investing is making choices. This means choosing the economic, industrial and social models that we support today but also those that will dominate tomorrow.

This is why the act of investing engages the responsibility of investors beyond the financial returns that they have a right to expect. The long term social and environmental repercussions that will necessarily follow from investments can hardly be ignored and even less denied. Taking them into account resolutely in one’s investment decisions constitutes the central issue for a responsible financial sector that strives to encourage sustainable development. Individual and collective responsibility of the actors in this sector is very important.

Confidence towards the financial sector of those involved in business will depend crucially on this responsible attitude. This trust, which is a prerequisite to all economic relationships, rests upon strong beliefs and values shared by all participants.

## Finance and Core Values

The core values of a responsible financial sector, upon which these Principles rest, are as follows:

- › **The economy serves mankind:** the economy – which naturally includes the financial sector – is not an end in itself, but constitutes a means to improve the living conditions of human beings;
- › **Freedom:** the improvement of economic conditions requires freedom to act, as entrepreneurs too, and freedom to compete creatively;
- › **Fairness:** the fair treatment of all participants is the absolute precondition in bringing about the respect of human dignity, social peace and the maintenance of sustainable economic relationships. The rights to property, to wealth and to a reasonable profit, include a mandatory commitment to social justice and to the respect of the environment;
- › **Sustainability:** the balance between the needs of present and future generations must be at the heart of every long-term decision-making process;

- › **Responsibility:** financial activities based on these values lead to direct and indirect responsibility towards the many actors and different sectors of society (stakeholders). Wealth creation must be shared taking into account the balance between the competitive drive of individuals and the common good.

Individual qualities such as honesty, reliability, integrity and confidentiality while conforming to the need for transparency, are essential to the financial sector and are needed to complement these universal values.

“the economy  
serves mankind,”

## Finance and Sustainable Development

Today the number of actors in the financial sector wanting to take into account sustainable development issues has grown and they have diversified. The regulatory framework around the financial sector is more and more responsive to these issues and the “Principles for Responsible Investment (PRI)” initiative launched in 2006 by the UN and some high profile financial institutions, as well as the Principles for Investors in Inclusive Finance (PIIF) are illustrations of this concern. Many companies have included this global thought process in the management of their business by adopting an approach called “Corporate Social Responsibility (CSR)”, “Corporate Responsibility (CR)” or “Company Ethics” which transposes the global sustainability issue into their business environment.

In this context, different questions arise, all of them crucial: what is the responsibility of an individual when engaging in financial business in light of the previously-mentioned challenges? How does a professional take into account the impact of his or her actions on general interest objectives while primarily serving his or her company? What are the available reference points and what are the benchmarks?

## Objectives of these Principles

The purpose of these Principles is not the explicit promotion of values but the creation of a framework for analysis and discussion enabling professionals to launch actions in line with the requirements of a responsible financial sector serving a sustainable economy.

“ a framework for analysis „

The Principles are intended not only for SFG members but they are also relevant to anyone interested in promoting a sustainable and credible financial sector. Accordingly, the Principles are intended for the use of individuals and not institutions. They rest upon personal commitment and do not impose any constraint upon individuals to act or communicate.

These two characteristics show both the limits and the force of these Principles: they do not call into question the need for national and international legal regulation of the financial sector nor the necessity for professional sanctions in the case of violation of standards. They are an open and sincere invitation to freely commit oneself to launch initiatives for a sustainable development.

## Principles for sustainable finance 3 successive actions

# I know **1**

**Inaction, like ignorance, carries a price.**

**Thinking about consequences and asking the right questions in terms of sustainability and responsibility not only limits risks but also diminishes the potential collateral effects of an investment decision.**

### Action 1

#### Expanding personal awareness

The concept of sustainable development has emphasised the importance of taking into account the existing interactions between the environmental, social and economic dimensions implied in decision making. Concentrating solely on the financial objective would result in ignoring the risks

and opportunities presented by a more integrated approach that supports sustainable development. This first step towards personal awareness results in the development of a multidimensional vision. This should lead to establishing an inventory of the interactions between the aspects that are being examined and the dimensions involved along the value creation chain.

In practice, the ambition of the SFG platform is to provide background documents which reference initiatives and best practices. These will enable each actor to develop a global vision of the issues relevant to the various business sectors among finance.





# I apply

Investing is making choices.

While possible solutions may be numerous and complex, weighing up options, questioning the socio-economic risks of one's investments or acquisitions leads to the construction of balanced solutions.

## Action 2 Developing and implementing solutions

Once due diligence has been conducted, transparency established, and the multi-dimensional impacts and tensions generated by the incorporation of social, environmental and governance elements have been analysed, the professional investor

# 2

can implement his or her choice of a solution on an informed basis. Thereby this professional personally pledges to put all his or her efforts into implementing the chosen actions. By including this step in a personal thought process and by reiterating the analysis of the various dimensions of the issue at each stage of decision making, professionals increase the likelihood of reaching optimal results and build a body of best practices for personal future reference.

The section of the SFG website dedicated to examples of solutions gathers specific case studies but also expert information on financial products and their promoters. Collaboration between members of SFG supports the creation of synergies that given time will lead to the emergence of meaningful and pragmatic investment proposals.

# 3

# I share

Sharing stimulates learning.

The learning process rests not only on “acting” but also on the common assessment of practices and the sharing of knowledge. To give the questions surrounding sustainable finance a wider audience, it is important to be able to define best practices together.

## Action 3

### Sharing experiences

Every process can be perfected. Through confrontation with concrete examples, by elaborating solutions but mostly by sharing experiences, investors putting the Principles into practice stimulate their own learning process as well as that of other professionals of the financial community. This stage where an assessment is conducted and where best practices as well as unsuccessful outcomes are shared is consistent with the objectives of excellence and continuous progress and thereby contributes significantly to the SFG goal of raising awareness.

Events organised by the association such as fairs, roundtables or through electronic platforms, promote the sharing of experiences and increase the number of best practices available. They will be documented in the SFG website. This set of documents will gradually serve as a reference library for each type of issue that professionals in finance deal with or may need to deal with in the future.

“to define best practice together,”

“to assist individuals  
in their thinking,”

## Final remarks

The Principles are considered a particularly important initiative by SFG as the association is keen to capitalise on common expertise for the benefit of all professionals of the financial community, thereby positioning itself as an information platform. In order to achieve this, SFG has created a database with financial and extra-financial information on the subject of sustainable finance which can be accessed through its website. Articles, research, case studies, reference documents as well as testimonies are available to assist individuals in their thinking. This database was created to support general thinking on the subject and to provide some possible answers to the questions that arise at each stage of the process.

This tool was also designed to be continually updated with the outcome of exchanges and examples of collaboration between members and specialists during events focusing on a given subject or inside working groups organized by SFG.

However, there is an issue that we ought to pay attention to. Any professional in finance can at some point in time be faced with a dilemma and more specifically when he or she needs to make a decision which takes into account the priorities of his or her company. The challenge for SFG will thus be to make sure these Principles add value to the decision-making process of investors. Indeed, in whatever position they may be and whatever their means may be, every professional should strive to influence their company to contribute to the respect of general interest objectives and sustainable development.

## Sustainable Finance Geneva

### An association in the service of finance professionals

Sustainable Finance Geneva (SFG) is an association founded by Geneva-based professionals and investors with a common interest in promoting sustainable finance and responsible investment. Its mission is to support the development of sustainable and responsible finance. In order to achieve this, SFG promotes individual awareness by drawing professional investors' attention to the particular issues of this sector and to available solutions. It supports the idea that the integration of extra-financial criteria in the investment decision process is not only useful but also necessary to deal effectively with the challenges society is facing today.

SFG is involved in a wide range of activities aiming at the use of capital in a responsible and sustainable way, including, for example:

- › Socially Responsible Investing (SRI)
- › Environment, Social & Governance (ESG) research, data and ratings
- › Shareholder voting rights
- › Impact investing and Microfinance
- › Philanthropy

While SFG's initial mission is the promotion of sustainability and responsibility in the financial sector, it also promotes networking between investment professionals and the sharing of information and experience.

Founded in 2008, the association has decided to take a further step by creating a framework enabling all finance professionals to act at their respective level. This objective has led to the creation of the Principles which form a general framework for the exchange of best practices and their implementation in the daily work of investors. They should enable finance professionals to control the impact of their investment or financing decisions more effectively by integrating the general interest factor while being equally concerned about the interests of the company employing them and their clients.



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