The significance of difference

"Pluralism as moral ground for the current Corporate Social Responsibility practice in the Dutch financial sector"

We gingen zitten kijken naar deze prachtige
onverschilligheid van de wereld
naar de overbodigheid van onze vragen

Rutger Kopland, "Wandeling", uit: 'Aan het Grensland', 2009

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Abstract

This thesis deals with the current status quo regarding Corporate Social Responsibility (hereafter: CSR) practices in the Dutch financial (investment) sector. While many banks nowadays have CSR and subsequent investment and credit lending policies, there are still considerable doubts in the public realm about the value of these policies. Financial institutions are criticized by NGO's, in order to stimulate more responsible investment behaviour. This thesis describes the approach of one of these NGO's; the Fair Bank Guide. The Fair Bank Guide benchmarks the investment and credit policies of eleven Dutch financial institutions. As qualitative empirical study will show, this benchmark is based on implicit normative assumption about the CSR of banks. Further inquiry shows that there are considerable (normative) differences, also amongst banks, on how a bank should practice CSR in the investment discourse. Deeper theoretical analysis of the concept of responsibility in the light of investment practices explicates that responsibility is in this case a concept with a forward-looking character. Such forward-looking character asks for a plural approach. And while it was already doubtful that a singular definition of CSR is feasible (because so many subsequent practices should fall under it), it also becomes clear that moral pluralism is a morally more desirable ground for CSR in the Dutch financial sector.

Key words: financial ethics, corporate social responsibility, investments, moral pluralism, socially responsible investment, responsibility.

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Chapter 0. Introduction

0.0 Introduction

Business ethics has had a long history since the 1960's, when organizations became more aware of their social and environmental responsibilities. Since then, there have been public, organizational and academic debates on the issue of a more humane, eco-friendly, transparent and ethical conduct of business. These discussions have resulted in concepts such as sustainable development, corporate social responsibility, corporate sustainability, corporate citizenship, business ethics, and so on. It has also resulted in a wide variety of conceptual definitions of responsibility, and perhaps an even wider variety of practical definitions. The financial services industry has moved along this development and as such, this industry also became more aware of its social and environmental responsibility. This development is however lagging somewhat behind the more general movement, as the banking industry was perceived to be a relatively "clean" industry.[1]

The fixation on economic growth that modern society has had over the past decades has resulted in considerable prosperity. However, this orientation also came with some "undesirable side effects".[2] The financial crisis has brought about the belief that the dominant paradigm in the financial industry is untenable and urges us to rethink the role of finance and the economic system in society.[3] In the Netherlands, governmental assistance was necessary for several banks in order to keep them in business. Since then (2008), this has led to an increased awareness of banks' corporate responsibility, which has also led to an increased pressure on banks by NGO's. There has been a lively debate through the media and politics about the behaviour of banks and their responsibility in society. For example, in 2009 there was a widespread outrage in The Netherlands over banks' investments in the weapon industry.[4] Several organizations, NGO's, but also political parties like GroenLinks[5] denounced banks, by claiming that their behaviour had caused severe damage to the economy, our society and our planet. For some, banks are (partly) responsible for the businesses they invest in or lend credits to. Some even argue that banks are also responsible for the investment funds that they offer to their clientele. Banks, on their part, have become more aware of their (social and

[1] Jeucken, M. (2001), *Sustainable Finance and Banking*, the Financial Sector and the Future of the Planet, pp. 2
[2] Jeucken, M. (2001), *Sustainable Finance and Banking*, the Financial Sector and the Future of the Planet, pp. 3
[2] Jeucken, M. (2001), *Sustainable Finance and Banking*, the Financial Sector and the Future of the Planet, pp. 3
[3] Sun, W. et all (2011), *Finance and Sustainability: towards a new Paradigm?* A post-crisis agenda
[4] http://www.eerlijkebankwijzer.nl/english/
[5] In march 2013, GroenLinks started the initiative "the 7 deadly sins of banking"; a benchmark between several Dutch banks based on 7 "bad" features of banks (such as; greed and recklessness). The 7 deadly sins were a initiative of euro parlementarian Bas Eickhout

environmental) responsibility as well. More and more banks are reporting about their performances, not only on an economic level, but also on an environmental, social and governance level[6].

This Corporate Social Responsibility of financial institutions is subjected to a complex debate. The diffuse character of the concept of responsibility further complicates the discussion on whether there is a change of attitude with regard to the actions of the banks. This holds for discussions on responsibility general, but especially in the financial service industry the concept has been used in many different ways.[7] At first sight, it looks as if the term is broad and general and encompasses a variety of different (moral) duties for banks. Throughout this thesis it will become clear that this broadness causes complexity on various levels.

0.1 The Fair Bank Guide

In reaction to the public debates several organizations started initiatives to bring about awareness of the responsibility that banks appear to have. The "Fair Bank Guide"[8] is such a Dutch initiative, by six non-governmental organizations and foundations[9], which aims for a more sustainable and socially responsible financial industry. To achieve their goal, the Fair Bank Guide benchmarks ten Dutch tenders of private bank (/saving) accounts. By analysing these banks' policies and their corresponding credit and investment practices, the Fair Bank Guide strives for competition (a "race to the top") between banks regarding corporate social responsibility. The ultimate goal for The Fair Bank Guide is that investment and credit policies and -practices become more sustainable, fair and socially responsible.[10] The Fair Bank Guide aims for a constructive dialogue between themselves and the banks, and is willing to support banks by giving them advice about improving policies regarding sustainability and corporate social responsibility. In order to achieve this, the Fair Bank Guide takes into account twenty themes and sectors that, according to them, deal with a banks' management of sustainability and poverty-related issues.[11] The Fair Bank Guide assesses each bank's policy regarding these twenty themes and sectors, provided that these themes and sectors are relevant for that bank. In doing this, the Fair Bank Guide benchmarks the banks by comparing their policies with empirical studies and draws conclusions about

[6] Scholtens, B. (2009), *Corporate Social Responsibility in the International Banking Industry*, in: Journal of Business Ethics vol. 86, pp. 165
[7] Dembinski, P. (2003), *The Ethical Foundations of Responsible Investment*, in: Journal of Business Ethics, vol. 48 nr. 2, pp. 203
[8] English translation of "Eerlijke Bankwijzer"
[9] Oxfam Novib, Amnesty International, FNV, Dutch Society for the Protection of Animals, IKV Pax Christi and Friends of the Earth Netherlands
[10] http://www.eerlijkebankwijzer.nl/over-ons/
[11] http://www.eerlijkebankwijzer.nl/english/

the extent to which the banks follow their own policies.[12] The Fair Bank Guide involves consumers through (social) media in critically assessing the policy of their bank and stimulates them to put pressure on their bank for more sustainable investments and accountability.

0.2 Cause

For some financial services providers, it proved to be difficult to score sufficiently on the benchmarking lists of the Fair Bank Guide. It is interesting to notice that this is not always the result of a lack of a CSR-policy or a denial of corporate responsibility. Taking Van Lanschot Bankiers as an example, one can wonder why this bank scores relatively low on the benchmark, despite their own social responsibility and sustainability aims and their proclaimed commitment to being a 'responsible' bank.[13] This shows that the debate on CSR in the context of banks is not merely one of pro or against corporate social responsibility. It rather is about the definition of one's responsibility and the duties that relate to that responsibility. This draws attention to the question what it implies if banks do not score high on the benchmarks formulated by the Fair bank Guide.

0.3 Hypothesis

Thus, at first glance, it looks as if society and the industry consensually agree that banks should have *a* responsibility. Most banks have a CSR-policy and report about their CSR and sustainability performances in annual (sustainability) reports. Between banks, society and NGO's, this however has not resulted in *consistent* CSR policy making. Empirically speaking, banks (and NGO's) have different policies and definitions regarding corporate social responsibility. Further investigating the differences between these policies may also reveal inconsistency on a moral level. This leads to a fist hypothesis that an empirical difference between the CSR-policies discloses normative matter as well.

If this in fact is the case, this will lead to a second hypothesis that a tension between the several (policies and thus) normative frameworks results from a lack of commonly shared understanding of (moral) responsibility. Such a hypothesis includes the claim that there may not (yet) exist a universally applicable understanding of moral responsibility in the financial sector. This thesis will involve investigating the nature of moral responsibility regarding the investing business. The last chapter of this thesis will be dedicated to the question whether a universally applicable understanding Of CSR is, morally speaking, desirable.

[12] http://www.eerlijkebankwijzer.nl/english/
[13] The fundament of Van Lanschot's CSR-policy is 'integrity management'; taking into account the interests of stakeholders as well as maintaining an ongoing dialogue with them, http://vanlanschot.nl/vanlanschot/over-van-lanschot/mvo/verantwoordondernemenbeleid.html

0.4 Problem

The fact that most parties agree that banks have *a* responsibility, however disagree on *what kind of* responsibility is a merely empirical observation. It at least invokes practical inconveniences in terms of governance, benchmarking and management of CSR for both banks and 'criticizing' parties. However, if we define the corporate social responsibility of banks to be a moral responsibility, we also encounter a *moral* problem. The Fair Bank Guide benchmarks banks on their CSR and sustainability performances based on a list of criteria. Using these criteria, the Fair Bank Guide rates banks being either responsible, irresponsible or somewhat in between on a specific subject. This is a normative judgment made despite these banks' own statements on corporate social responsibility. The moral problem arises when these different conceptions are mutually excluding each other and we can ask ourselves: who is right? Or: is it even possible that one party is right?

These are current and pressing questions in the financial sector. Banks wonder: can they ever do it right?[14] At the same time, society finds itself in a place where it cannot trust banks. The purpose of this thesis shall be to investigate whether or not to look out for a universal perception of what is (good) corporate social responsibility in the investment discourse. Considerable differences in outlooks on moral responsibility may give reason to investigate the necessity of a pluralistic approach. Consequently, this question may lead towards the view that we should adopt a more pluralistic approach. Recalling that our starting point is that banks have at least some moral responsibility towards others, adopting a pluralistic approach can be problematic if it fails in offering substantial (moral) coherence. Such a pluralistic approach, one that lacks in coherence and integrity, can however perhaps be considered as an extremely pluralistic approach.[15] It may well be that a pluralistic approach does not necessarily invoke an immoral carte blanche, if we would consider a milder, moderate pluralistic framework.[16]

0.5 Aim of this thesis

This thesis is relevant on a practical as well as a philosophical level. Practically speaking, this thesis provides the insight to meaningfully analyse a complex debate and it will reveal the differences between several banks and nongovernmental organizations. The aim of this thesis is to understand where and why different views on responsibilities in the Dutch financial service industry conflict and to provide insight on an ethical level

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[14] Tilburg, R. van (2013), *De Goddelijke Boekhouder,* in: New Financial Magazine, pp. 7
[15] Light, A. and Rolston, H. III (ed.) (2003), *Environmental Ethics*, an anthology, pp.227
[16] AFM, *Ban on Clustermunition. Found on the World Wide Web: http://www.afm.nl/nl/professionals/diensten/veelgestelde-vragen/marktmisbruik/clustermunitie-investeringsverbod.aspx*

on the question why these conflicts are problematic. In the philosophical sense, this thesis will thus shed light on the moral responsibility of banks, and what a morally responsible investment and credit policy should look like. Analysis of the morality of investment and credit policies will reveal some of the implicit presuppositions in these policies. This thesis also aims to provide insight on whether a pluralistic approach in the CSR debate can offer a strong (enough) moral framework.

0.6 Main question

Eventually, the question remains whether different outlooks on moral responsibility in the investment business can be unified in one universally applicable idea of moral responsibility. If not, the question can be raised how we should deal with moral pluralism in this issue. My main questions therefore are:

First; how can systematic analysis of the normative dimensions contribute to the debate on CSR in the Dutch financial service industry? Second, (1) can and (2) should we strive for a universally applicable concept of CSR for the investment and credit policies of Dutch Banks?

To answer my main question I will first focus on the initial differences between the Fair Bank Guide and several banks in chapter one. This will include arguing that the bulk of informative available on the concept of CSR, both practically as well as theoretically, causes it to become a vague "hollow" term and asks for a more thorough analysis of the normative dimensions in the policies of banks in chapter two. Assuming that I will conclude this analysis with at least some conflicting presuppositions regarding CSR in different policies, this will lead me to the question how responsibility in the investing business should be understood, which shall be discussed in chapter three. Subsequently, this asks for further theoretical investigation about the concept of responsibility and specifically shared responsibility (considering that banks are facilitators more than actual agents). In chapter four I will argue whether or not it is morally desirable to strive for a more uniform understanding of CSR and I will also elaborate on whether or not we could adopt a more plural view.

Chapter 1. CSR in the financial industry

1.1 Introduction

The purpose of this chapter is to illustrate, based on several examples, that consensus exists in the public and academic realm regarding the importance of Corporate Social Responsibility in the financial sector. In spite of this shared acknowledgement that banks have a certain CSR, there is still profound debate on: what responsibilities CSR encompasses, the interpretation of these responsibilities and the way conflicting responsibilities should be dealt with. This will be showed through several examples.

1.2 Corporate Social Responsibility – a brief history and conceptual outlook

Corporate social responsibility has gained in significance over the past decades. According to EY, who did a worldwide research among 114 companies from the Global 1000, 73% of the companies confirmed that corporate sustainability is on the board's agenda and even 94% responded that a corporate sustainability strategy might result in a better financial performance, whereas only 11% is actually implementing it.[17] A lot has been written on this issue of more humane, eco-friendly, transparent and ethical[18] conduct of business. These discussions, both academically as well as publicly, have resulted in concepts such as sustainable development, corporate social responsibility, corporate sustainability, corporate citizenship, business ethics and so on.[19]

Corporate social responsibility, corporate sustainability, ethical business: they are frequently used terms to indicate that companies have more than only the responsibility to self-preservation and maximizing profit. Although Corporate Social Responsibility appears to be on the agenda of both academics as well as corporations, it is not necessarily clear what the concept means, and an exact definition remains elusive. Because there are many different definitions in circulation, it is difficult to make sense out of the literature available on CSR and sustainability. Interesting to notice for example, is that the definitions of CSR and Corporate Sustainability are sometimes used simultaneously. Where corporate social responsibility used to relate more to the social aspects, and corporate sustainability more to the environmental aspects, the two concepts have grown into convergence over the last years.[20] [21] Due to the large amount of

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[17] Marrewijk, M. van (2003), Concepts and definitions of CSR and corporate sustainability: between agency and communion, in: Journal of Business Ethics, vol. 44, pp. 103

[18] Note that ethical, used in this context, may not refer to ethics as moral philosophy. Rather, it appears to refer to a set of fundamental principles that a company has.

[19] Marrewijk, M. van (2003), *Concepts and definitions of CSR and corporate sustainability: between agency and communion*, in: Journal of Business Ethics, vol. 44, pp. 95

[20] Marrewijk, M. van (2003), *Concepts and definitions of CSR and corporate sustainability: between agency and communion*, in: Journal of Business Ethics, vol. 44, pp. 102

definitions and theories on CSR, it has been claimed that CSR has become an umbrella term; being used as the "panacea" for all poverty and environmentally related issues, and becoming irrelevant or even meaningless.[22]

To gain inside into some of these critiques, we should first briefly explore the history of some of the dominant concepts of CSR in academic literature, business ethics and daily practice. According to Adaeze Okoye[23], the roots of the concept CSR can be traced back to the early 1930's, when the two academics Berle and Dodd debated on corporations having either a profit-making or a social-service function. It was however not until the 1950-1970's that CSR truly earned a place in business ethics, when authors like Archie Carroll, Milton Friedman and Theodore Levitt wrote about the social responsibility of companies. Particularly Carroll's pyramid of Corporate Social Responsibility is widely accepted. Carroll argues that, for a firm to be socially responsible, four kinds of social responsibilities constitute total Corporate Social Responsibility: economic, legal, ethical and philanthropic. The economic performances are the fundament on which a corporation survives and are therefore at the base of the pyramid. Secondly, organizations also have a "duty to obey the law, and to play by the rules of the game". Thirdly, organizations have an ethical responsibility to "respect the rights of others and to meet the obligations placed on them by society that ensure these rights"[24]. Although economic and legal responsibility both also advocate ethical norms about for example fairness and justice, ethical responsibility can be understood as those activities that are expected by society even though they are not economically or legally obligatory.[25] Finally, the fourth component affects philanthropic activities and the support of local communities. Whilst these four pillars of responsibility are treated as separate concepts, they are not mutually exclusive. The definition of Archie Carroll is specifically appealing for those who think of CSR as a moral obligation rather than a voluntary action. This is because Carroll detaches the ethical responsibilities from the legal and economical responsibilities and ethical and philanthropic duties become

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[21] The term "sustainable development" was first mentioned in "Our Common Future", a report by the World Commission on Environment and Development in 1984

[22] Marrewijk, M. van (2003), *Concepts and definitions of CSR and corporate sustainability: between agency and communion*, in: Journal of Business Ethics, vol. 44, pp. 95

[23] Okoye, A. (2009), *Theorising Corporate Social Responsibility as an Essentially Contested Concept: Is a Definition Necessary?* In: Journal of Business Ethics, vol. 89, pp. 613

[24] Snider, J. Hill, R.P. and Martin, D. (2003), *Corporate Social Responsibility in the 21st Century: a View from the World's Most Successful firms*, in: Journal of Business Ethics, vol. 48, pp. 176

[25] Decker, S. & Sale, C. (2009), *An Analysis of Corporate Social Responsibility, Trust and Reputation in the Banking Profession*, in: Professionals' Perspectives of Corporate Social Responsibility (chapter 7), Springer Berlin, pp. 140

obligations in themselves instead of being part of the more general obligation to make profit and obey the law.[26]

Although Carroll's pyramid is a widely underpinned academic definition, and sheds an initial light on the meaning of CSR, it is not the only one. Caroll's definition states that CSR is a moral duty for companies, where other definitions claim that it should be a completely voluntary activity.[27] Taking a quick tour through the literature available on CSR reveals many different definitions and subsequently different interpretations of its binding force. Attempts to map and analyse the "scenery" of CSR have revealed its complexity, as Okoye claims[28]. Even these attempts to map and group different definitions are multiple. For example, Carroll's pyramid can be defined as the so-called "power legitimacy"-based approach, when you take the perspective of classifying CSR-definitions into rights-based approaches and power-based approaches. There are however also theories classifying CSR-definitions into ethical, altruistic and strategic CSR, or into ethical responsibility, economical responsibility and corporate citizenship. Other authors classify CSR into instrumental, political, integrative and ethical approaches.[29] So far, what CSR actually means or how its definitions should be classified has not been decided upon. This may imply that the concept has a "contested character" to begin with, as Okoye claims.[30] Such a view on CSR might also have implications for the question of how we should determine what kind of responsibilities banks have. However, even if the very concept of CSR were ungraspable by its nature, it would, according to Wim Dubbink and Luc van Liedekerke, still be unwise to be indifferent about that. The definitional issue that CSR has is problematic, if only for its practical impacts. For instance, if we would consider CSR to be a voluntary action (and freely interpretable by corporations), attempts to take steps against "corporations that refuse to act in socially responsible manner must be different in nature from a situation in which CSR is considered a moral duty".[31] This will also be explicated in the next paragraphs.

[26] Dubbink, W. and Liedekerke, L. Van (2008), *A Neo-Kantian Foundation of Corporate Social Responsibility,* in: Ethical Theory Moral Practice (2009), vol. 12 pp. 118
[27] Dubbink, W. and Liedekerke, L. Van (2008), *A Neo-Kantian Foundation of Corporate Social Responsibility,* in: Ethical Theory Moral Practice (2009), vol. 12 pp. 118
[28] Okoye, A. (2009), *Theorizing Corporate Social Responsibility as an Essentially Contested Concept: is a Definition Necessary?*, in: Journal of Business Ethics, vol. 89, pp. 612
[29] Okoye, A. (2009), *Theorising Corporate Social Responsibility as an Essentially Contested Concept: is a Definition necessary?* In: Journal of Business Ethics, vol. 89 pp. 614
[30] Okoye, A. (2009), *Theorizing Corporate Social Responsibility as an Essentially Contested Concept: is a Definition Necessary?*, in: Journal of Business Ethics, vol. 89, pp. 613
[31] Dubbink, W. and Liedekerke, L. Van (2008), *A Neo-Kantian Foundation of Corporate Social Responsibility,* in: Ethical Theory Moral Practice (2009), vol. 12 pp. 118

1.3 Corporate Social Responsibility in the financial sector

The financial crisis of 2008 hid the world hard and enhanced awareness about the necessity of corporate social responsibility within the financial industry rapidly. This is not a surprise considering the vital function that banks have in society. Financial services providers on their part also became more aware of their important role in "determining the economic fortunes, stability and sustainability of modern society".[32] The intermediary role that banks have in society underscores their significant role in achieving sustainable development, according to some authors. As Marcel Jeucken mentions in "Sustainable Finance and Banking", "a bank transforms money into place, term, size and risk in an economy and, as such it affects economic development. This influence is not only quantitative but can be qualitative, since banks can influence the nature of economic growth. Not only are banks pressured by their customers, governments, society and competitors to integrate sustainable development in their activities; banks also have internal drives".[33] Bert Scholtens assessed 32 banks from North America, the Pacific and Europe. Scholtens compared the CSR performance of these banks in 2005 to those in 2000. His conclusion was that CSR is becoming increasingly important in the international banking industry. Much more banks publish an annual sustainability report nowadays, are adopting international codes of conduct such as the Global Compact and the Equator Principles[34], and have more explicit environmental policy than before. Also, financial institutions are increasingly offering (responsible or sustainable) products such as socially responsible investing funds and most of the banks have a code of ethical conduct. Financial institutions are also working together in joined collaborations to fight the image of the sector not being responsible. For instance, the enactment upon "Toekomstgericht Bankieren" (visionary banking) by the Dutch Association of Banks[35], or the Thun Group Discussion Paper on Human Rights and Business[36].

It thus seems as if the financial sector is already one step further in the CSR-debate. Instead of questioning whether and which kind of CSR is applicable for the sector, financial institutions have already consensually decided that they have to take at least some responsibility and show some accountability. Looking at the amount of responsible investment and credit policies that financial institutions have, it looks like the sector has

[32] Decker, S. and Sale, C. (2009), *An Analysis of Corporate Social Responsibility, Trust and Reputation in the Banking Profession*, in: Professionals' Perspectives of Corporate Social Responsibility (chapter 7), Springer Berlin, pp.135
[33] Jeucken, M. (2013), *Sustainable finance and banking,* pp. 61
[34] Scholtens, B. (2009), *Corporate Social Responsibility in the International Banking Industry,* in: Journal of Business Ethics vol. 86, pp.
[35] Nederlandse Vereniging van Banken (2014), *Toekomstgericht Bankieren*
[36] Thun Group of Banks (2013), *UN Guiding Principles on Business and Human Rights, Discussion Paper for Banks on Implications of Principles 16-21*

accepted that investing or lending a credit is not ethically neutral action and involves moral consideration based on ethical criteria. Although joined collaborations are increasing, a one-way direction of approaching responsibility is not yet the case. In the next paragraph an overview of specific choices that different financial institutions make shall be given to point out that there are differences on several levels.

1.4 Dutch banks and CSR

The concern for the behaviour of banks and other financial institutions is increasing, since the financial crisis of 2008. One of the side effects is that the public no longer trusts the financial sector[37] and the sector is entangled in a complex public debate of which bank is trustworthy and which is not. Numerous "quality" labels are increasingly appearing in attempt to make the financial sector more responsible and transparent: the UN Principles for Responsible Investment (PRI), The Fair Bank Guide, BankTrack, the benchmarks and reports by the Dutch Association for Sustainable Investment (VBDO), Eurosif, and other initiatives.[38] This pile of benchmarks, guiding principles and lists all serve the same purpose: 'sustainalizing' or 'responsibilitizing' the financial sector and providing insides on banks' behaviours to the public. However, differences between these initiatives give reason to doubt that there is a common moral understanding or ground for what the "common good" of the financial sector is. By giving an example-based overview of current investment and credit policies of Dutch financial institutions, I will conclude that differences between policies and criteria at banks and the FBG arise on at least four levels. The four levels are: moral grounds for responsibility, specific content, practical interpretation of specific responsibilities, and the scope and feasibility of having responsibility. Because this overview serves the purpose of visualising the context as it is today and showing that certain views contradict each other, this part of the thesis is merely descriptive. It will be used as the starting point of this thesis.

1.4.1 Moral grounds for financial Corporate Social Responsibility

Both The Fair Bank Guide, as well as financial institutions use lengthy and detailed lists of how investments should be conducted (and what should or should not be invested in). These policies are based on more profound ideas of moral responsibility. When comparing these banks' policies and their moral grounds, several differences can be identified. In this paragraph some of them will be explicated and compared.

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[37] Tilburg, R. van (2013), *de Goddelijke Boekhouder*, in: New Financial Magazine, pp. 9 (translated by Dieuwertje Bosma)
[38] Adamini, M. (2014), *De Keurmerk-Maffia,* published on www.iex.nl, found on the World Wide Web: http://www.iex.nl/Column/116798/De-keurmerken-maffia.aspx (translated by Dieuwertje Bosma)

The Fair Bank Guide uses a definition for CSR from the Dutch Platform for Corporate Social Responsibility (MVO Platform). The Dutch platform for corporate social responsibility[39] claims that CSR can be defined as a:

"result driven process in which an organization takes responsibility for the effects it has on social, environmental and economic level. This also includes reporting on this process in a transparent way to whom it may concern."[40]

This definition is an action-based definition and requires actions from corporations on four levels: social, environmental, economical and governance. The definition requires a company to act in certain ways as part of its moral responsibility. First, it implies a requirement of knowing (or get to know) what the effects of a company's core business are on social, environmental and governance level. Having to know what these effects are also implies a measurability of these effects, since companies are expected to report on this information. Secondly, "Taking responsibility for the effects", although it remains rather vague, assumedly aims for companies to minimize their negative effects. Another requirement is being transparent about these actions and making this information publicly available. The Fair Bank Guide does not explain how this definition translates into its own criteria for good banking policy. One of the arguments the Fair Bank Guide puts forward is that the CSR policies of banks should first and foremost serve their core activity: providing capital. The core activity of banks is making it possible, through financial services, for companies, governments and individuals to gain new capital and upscale their activities. The Fair Bank Guide looks at how banks, by providing capital in various ways, contribute to a socially responsible and sustainable world. Regarding practical requirements, the Fair Bank Guide thinks that banks should check whether companies are following the lead (international) treaties, statements and regulatory codes.

Other organisations, like ING follow different CSR-guidelines and –principles. ING follows the principles that a company has a moral obligation to use its specific competencies to do "good". ING Group states that:

"a healthy and a stable society go hand-in-hand, and financial services are important drivers for both". [41]

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[39] MVO Platform (translated by Dieuwertje Bosma)
[40] Translated by Dieuwertje Bosma: "een resultaatgericht proces waarbij een bedrijf in haar gehele bedrijfsvoering en in de keten verantwoordelijkheid neemt voor de effecten die zij bewerkstelligt op sociaal, ecologisch en economisch gebied en daarover op transparante wijze verantwoording aflegt aan belanghebbenden".
[41] ING for something better, What Matters (website)

ING defines its role in society as: "*to use our scale*, *reach* and *expertise* to stimulate economic development", and they recognize that the value they create extends beyond monetary return. This for ING translates into a five-pillar framework: enhancing customer centricity, promoting responsible lending and investment practices, engaging their employees, improving environmental performance and creating positive change in investment. The Fair Bank Guide specifically focuses on the responsible lending and investment framework (the so-called ESR Framework). For ING, this responsibility means, "being careful about where and how we invest our money and expanding our sustainable product portfolio". The ESR Framework is also built upon the five-pillar framework and the "underlying commitment to respect human rights and the environment". ING reckons it is important to use its strength for a better cause. Their responsibility is first and foremost to stimulate economic development, however they think such development also implies non-monetary criteria. Also, all actions should be done under careful consideration. ING's definition implies that a company with substantial power to initiate developments should also be obliged to do so. The moral argument can be defined as: unique competencies imply specific obligations towards certain groups.[42] Consequently, this may imply that ING does not feel the need or obligation to make efforts in taking responsibility for things they think are beyond their reach, scale or expertise.

Furthermore, accounts of responsibility in positive terms are also present. Triodos Bank's approach for instance, is based on:

"the fundamental belief that economic activity can and should have a positive impact on society, the environment and culture. ... [They] value people, planet and profit – and take all three into account in everything ... [they] do".[43]

This statement refers to a policy framework of positive obligations. Instead of dropping out of negative investments, Triodos is focused on a 100% positive approach. This is especially interesting compared to the Fair Bank Guide, who's foundation lies in the fact that corporations should take responsibility for the (negative) *effects* they have on social, environmental and economic level. Rather than minimizing harm, Triodos' policy is to bring about positive effects.

For Van Lanschot Bankiers, responsibility is all about doing business with integrity. This is something they claim to be doing since 1737. Van Lanschot's strategy

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[42] Frederiksen, C.S. (2010), *The Relation Between Policies Concerning Corporate Social Responsibility (CSR) and Philosophical Moral Theories – an Empirical Investigation,* in: Journal of Business Ethics, vol. 93, pp. 365
[43] Triodos Bank, *What We Stand For, Banking to Make a Positive Impact*, found on the World Wide Web: http://www.triodos.com/en/about-triodos-bank/who-we-are/mission-principles/what-we-stand-for/

states that they want to achieve their financial goals in close harmony with all of their stakeholders. To do this, Van Lanschot engages in a permanent dialogue with its stakeholders (clients, employees, shareholders, competitors, governments and NGO's). [44] The point seems to be that the bank has a responsibility towards those who are directly affected by them. Furthermore, Van Lanschot's point appears to be that, since it is co-owned by shareholders, they ought to be accountable towards their shareholders. An implicit principle may be that, since shareholders own the company, Van Lanschot feels they can only engage in activities that would be approved by their shareholders. Not doing so might A. violate the shareholders rights and B. it might also risk the very existence of Van Lanschot.[45] These reasons are better explained using examples. Reason A. represents the view that a company should not spend money in ways that the owners would not approve of.[46] Since Van Lanschot is interested in serving their share- and stakeholders well, they organize a yearly stakeholder dialogue, in which they take stock of what topics are most important to different groups of stakeholders (clients, employees, shareholders, competitors, governments and NGO's).[47] Considering that Van Lanschot is focused on the outcome of the stakeholder dialogue, we may assume that its focus is on the most proximate stakeholders.

The four examples show that already at the very fundament of why and how financial institutions should act responsible, considerable differences arise. Where one (FBG) claims that a banks responsibility should be primarily aimed towards society and the environment, the other (Van Lanschot) claims that responsibility is primarily a case of being responsible to your closest stakeholders. Inevitably, this may also result in a different outlook on specific policies and obligations. We should however take into account that it is perhaps difficult to extract actual moral beliefs out of publicly available policies. While the Fair Bank Guide is fairly precise in describing hundreds of criteria for good banking policy, the criteria of Dutch banks are relatively vaguely presented. This means that they may present which activities are or are not included, however actual moral reasoning *why* this is the case may not be available.[48] Therefore, it may become quite difficult to determine which moral principles underlie a banks' policy. We should

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[44] Van Lanschot Bankiers, *Basis van ons VO-Beleid.* Found on the World Wide Web: https://www.vanlanschot.nl/vanlanschot/over-van-lanschot/mvo/verantwoordondernemenbeleid.html
[45] Frederiksen, C.S. (2010), *The Relationship Between Policies Concerning Corporate Social Responsibility (CSR) and Philosophical Moral Theories – An Empirical Investigation*, in: Journal of Business Ethics, vol. 93 pp. 365
[46] Frederiksen, C.S. (2010), *The Relationship Between Policies Concerning Corporate Social Responsibility (CSR) and Philosophical Moral Theories – An Empirical Investigation*, in: Journal of Business Ethics, vol. 93 pp. 365
[47] Van Lanschot Bankiers, *Dialoog met Belanghebbenden*, found on the World Wide Web: https://www.vanlanschot.nl/vanlanschot/over-van-lanschot/mvo/verantwoordondernemenbeleid/dialoog.html
[48] Frederiksen, C.S. (2010), *The Relationship Between Policies Concerning Corporate Social Responsibility (CSR) and Philosophical Moral Theories – An Empirical Investigation*, in: Journal of Business Ethics, vol. 93 pp.

furthermore notice that some of the policies that banks present are perhaps not a result of actual moral consideration but rather of prudential or strategic consideration (image building).[49] Also, note that the approach of the Fair Bank Guide contains a certain moral presupposition as well: denouncing banks publicly will stimulate positive change.[50] In the next paragraph it will be explicated that in the content of the policies, numerous moral differences arise as well.

1.4.2 Content of policies: different interpretations and moral presuppositions

In the previous paragraph, the moral grounds on which policies are based were compared. In this paragraph the actual content of these policies will be explicated and compared. There are some topics on which mutual agreement of its intrinsic wrongness does exist. For instance, all banks exclude the production of landmines, cluster munitions, and the production and supply of nuclear weapons for embargoed countries (e.g. countries that have not ratified the Non Proliferation Treaty) in their investment and lending policies.[51] Also, companies engaged in neglecting certain labour rights are excluded. Examples of violation of labour rights are: neglecting the freedom of Unions and the right for collective negotiation, forced labour, child labour and discrimination based on ethnicity, sex or social origin or failing to pay a living wage.[52] There are however also considerable differences. By using some examples, this will be further explored.

Animal Welfare

The Fair Bank Guide claims that animals, just like people, are creatures with feelings and deserve respect and protection. The welfare of animals is also considered to be important for the welfare and health of humans, as about a billion people depend on the health and productivity of the animals they work with. The Fair Bank Guide is especially critical on intensive animal farming and animal testing for pharmaceutical and cosmetic purposes. Intensive animal farming can put animal welfare under pressure, for instance because animals are held under circumstances that do not meet the natural needs of animals and is therefore degrading for animals (it is "unworthy" or "undignified"). The Fair Bank Guide thinks that banks should, with their investments, take into account the welfare of animals; not only for the sake of animals, but also with an eye on preserving a healthy society and environment.[53] Based on several (inter)national principles and guidelines,

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[49] Irvine, W.B. (1987), *The Ethics of Investing*, in: Journal of Business Ethics, vol. 6 pp. 233
[50] Eabrasu, M. (2012), *A Moral Pluralist Perspective on Corporate Social Responsibility: From Good to Controversial Practices,* in: Journal of Business Ethics, pp. 1
[51] Eerlijke Bankwijzer (2014), *14e update*, pp. 48
[52] De Eerlijke Bankwijzer (2014), *14e update, een onderzoeksrapport voor: Amnesty International, Dierenbescherming, FNV, Milieudefensie, Oxfam Novib en Pax,* pp. 40
[53] De Eerlijke Bankwijzer (2014), *14e update, een onderzoeksrapport voor: Amnesty International, Dierenbescherming, FNV, Milieudefensie, Oxfam Novib en Pax,* pp. 67

some more familiar to the public than others, the Fair Bank Guide formulates 14 "elements for good banking policy". Examples of these elements are: 1. Companies should respect the Five Freedoms[54] of animals, 2. Animal testing for cosmetic purposes is unacceptable, 3. Animal testing for pharmaceutical purposes is only acceptable when companies are trying to minimize the animals used for testing and prevent harm from being done to the animal the best way they can. Companies should also be open and transparent about this and should actively and visually look for alternatives, 4. Genetic modification of animals and the production of derived products are unacceptable, 5. Catching or farming animals for the purposes of fur production is unacceptable, and 12. Companies minimize the duration of transportation of animals to maximally 8 hours.[55] The statements of the Fair Bank Guide are, ethically speaking, not self-evident. Animal ethics appears to be a topic characterised by pluralism. First, there is considerable ambiguity about the importance and interpretation of animal ethics. This counts for both society as in theoretical ethics.[56] Secondly, conceptually speaking, there are also different views on what animal wellness encompasses. Although many philosophers would plea for the intrinsic value of animals, there is considerable disagreement about what it is that we should regard as valuable.

Only half of the banks score sufficiently on the Fair Bank Guide's benchmark. Specifically ING, according to FBG's benchmark, scores a poor 2 on animal welfare.[57] The reason ING scores a 2 is as follows: "ING's policy for animals is bad. There are no criteria for (holding or transporting) cattle or the use of wild animals. Genetic modification is allowed in some cases. ING does exclude animal testing for cosmetic purposes and breeding animals for the purposes of fur (except when these animals are used for pharmaceutical purposes)."[58] ING responded to this in an article, claiming that ING checks companies who request a credit for their compliance to law and regulatory policies and therein recorded societal norms. ING does not check for itself whether companies comply with certain animal welfare standards and claims that in The Netherlands, but also in international spheres, there are extensive laws and rules and

[54] These Five Freedoms, formulated by the Farm Animal Welfare Committee are: freedom from: 1. Hunger & Thirst, 2. Discomfort, 3. Pain, Injury or Disease, 4. To express normal behavior, 5. Fear and distress. Found on the World Wide Web: http://www.defra.gov.uk/fawc/about/five-freedoms/

[55] De Eerlijke Bankwijzer (2014), *14e update, een onderzoeksrapport voor: Amnesty International, Dierenbescherming, FNV, Milieudefensie, Oxfam Novib en Pax,* pp. 73

[56] Kupper, F. and De Cock Bunnink, T. (2011), *Deliberating Animal Values: a Pragmatic – Pluralistic Approach to Animal Ethics,* in: Journal of Agriculture and Environmental Ethics, vol. 24, pp. 431-450.

[57] DuurzaamBedrijfsleven (2014), *Natuur- en milieuclubs bankieren niet duurzaam*. Found on the World Wide Web: http://www.duurzaambedrijfsleven.nl/61481/natuur-en-milieuclubs-bankieren-niet-duurzaam/?utm_source=twitterfeed&utm_medium=twitter

[58] De Eerlijke Bankwijzer, *Overzicht – Scores*, found on the World Wide Web: http://www.eerlijkebankwijzer.nl/overzicht-scores/

subsequent supervision on animal transportation. ING thinks that, whenever companies are not sufficiently complying with this regulatory framework, it is first and foremost a task for legislators and supervisory bodies as the governments to make a chance in this.[59] Contrary to the presupposed moral claim of the Fair Bank Guide, ING believes it to be much more a task for other organizations than banks to ensure companies comply with animal welfare standards. This is an interesting tension, because even if ING and the Fair Bank Guide would agree upon the implicit claims about the moral statuses of animals, they would still disagree about whose responsibility it is.

1.4.3 Scope and feasibility

Besides moral grounds an the actual content of policies, there is also difference in how financial institutions and the Fair Bank Guide think about the scope of responsibilities and its feasibility. The example of ING Bank in the previous paragraph shows that there is also difference about the scope of responsibilities a financial institution has. The Fair Bank Guide claims that, for instance, ING is responsible to make sure companies they invest in are not entangled in activities that undermine animal welfare. ING however, thinks the process of ensuring is beyond the scope of responsibilities. Whether or not a responsibility fall within the total scope of responsibilities, is a question of how moral responsibilities are divided between agents.

There is also an element of feasibility. Imagine a bank having close to a thousand companies in their lending and credit portfolios. Is it reasonable to state that it may just be too much to ask of a bank to investigate whether these companies have anything to do with wrongful activities? The Fair Bank Guide has approximately ten to twenty criteria per sector and per theme. Overall, this leads to almost 400 criteria. Is it reasonable to ask a bank to take into account so many criteria for their investments, even if they would agree on the content of these criteria? There are some banks that appear to meet (almost) all of these criteria (for instance, ASN Bank and Triodos Bank). However, ASN Bank and Triodos operate in a niche, and perhaps (because of their smaller credit and lending portfolio) it is easier for these banks to submit all investments and credits to their criteria. As such, there is an element of unfeasibility in the benchmark of the Fair Bank Guide: even if banks wanted to invest in sustainable or ethical business solely, it could still be impossible given the current status of today's society. This shows that, even if the motivations of banks and the FBG were aligned (if there were a universal interpretation of CSR in investment discourse), in practice it could still turn out that some

[59] NieuweOogst.Nu, *ING: "Wij toetsen naleving dierenwelzijnsregels"*, found on the World Wide Web: http://www.nieuweoogst.nu/scripts/edoris/edoris.dll?tem=LTO_TEXT_VIEW&doc_id=174457#.U7KgLF7h4uQ (translated by Dieuwertje Bosma)

investments are morally undesirable. This does not necessarily say that these banks have morally adverse policies. It may also (simply) mean that some banks, for example due to there size and impact in society, are faced with serious practical challenges to align their many investments with their policies.

1.4.4 Ways to practice responsible investment policies and their moral foundations

The last difference that will be explicated is a difference between ways to practice (ensure) responsible investments. This can be done in roughly three ways: avoiding (excluding certain investments from your business), involvement (engaging in constructive dialogues with companies) and shareholder activism (using your power as an investor to make decisions). Common methods to practice responsible investments are for example engagement, exclusion, impact investment, voting and ESG integration.[60] These methods can be categorized into different ethical approaches, according to Paul Dembinski.[61] There are for example value- or conviction-based ethical approaches, such as an exclusion policy. Banks express their ethical concerns by refusing to contribute to activities or companies on which they, or the investor disapproves. Excluding a company from your credit or investment portfolio also presupposes that a bank's analysis of risk, however profitable a certain company might be, goes beyond just monetary criteria. Excluding a company from your portfolio, can be understood as an uncompromising act and is not aimed at having (an improving) impact on a company's activities. The objective of such a policy is to ensure that financial choices are solely based upon the subject's (or entity's) moral conviction. Looking investment policies in the Netherlands, there are a lot of banks that apply some sort of exclusion policy. Excluded investments for example are companies engaged in: cluster munitions, controversial weapons, child labour, and porn. For instance, ING does not engage with companies that are involved in the "production, maintenance or trade of anti-personnel landmines, cluster munitions, depleted uranium ammunition, or nuclear, biological and chemical weapons or: controversial weapon trade, such as making arms available to UN, EU or US weapon embargoed countries". Another instance of exclusion is animal testing for cosmetic purposes.[62] If companies do, however for a minor part of business, engage in such activities, ING may finance the companies' activities that do not refer to the exclusion list. Interestingly, this presupposes that ING thinks there is a difference between financing a company where engages in controversial weaponry is a core activity and companies who engage in controversial weaponry 'on the side'.

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[60] VBDO, (2014), *Engagement: Box-ticking or Catalyzing Sustainability?*, pp. 13
[61] Dembinski, P. (2003), *Ethical Foundations for Responsible Investments*, pp. 203 -
[62] ING GROUP, Environmental and Social Risk Framework, pp. 7

Another method is impact- or consequence based ethics; means to induce companies to adopt certain ethical requirements. Engagement (a regular constructive dialogue with companies) is a good example of such an approach. A commonly used argument to convince a company to act more responsible is the risk of suffering reputational damage (be it in the eyes of the investors or in the eyes of society).[63]

A last form of ethical considerations in responsible investments is using "ethics" as a financial criterion, with the thought that ethical or responsible investments are more likely to return profit than others. This suggests that an investor is not so much considered with an intrinsic need to invest in something good, and that the act of investing in itself is not so much an ethical act. Rather he is considered with the profitability of an investment, and ethical values are just a (advanced) technical indicator for that.

Looking at the Dutch financial sector, these methods are used intertwined and disorderly. For instance, ING applies an excluding policy as well as an engagement policy. Other banks choose consciously for one specific method. Van Lanschot Bankiers for example, examines their corporate lending portfolio on their sustainability criteria. This is part of their Client Due Diligence process. Van Lanschot calls upon corporate clients, who take these criteria into account insufficiently, via the Swedish engagement company GES. Van Lanschot excludes a company from their portfolio in case there is no visual improvement after engaging with this company.[64] Triodos Bank on the other hand, explicitly chooses a "100% positive approach": Triodos only invests in and lends to companies that benefit people and environment and bring about positive and lasting change.[65] These different approaches also imply a different outlook on what (shared) responsibility actually means for a bank. Looking at the Dutch landscape of approaches by financial institutions, it becomes clear that there is not a single "formula of responsible investment".[66]

1.5 A short evaluation of the Fair Bank Guide

Thus far, in the descriptive sense, plurality emerges on at least four levels between banks and NGO's like the Fair Bank Guide and banks. It should be noted at first that NGO's such as the FBG, have a different role and function than financial institutions.

[63] Dembinski, P. (2003), *The Ethical Foundations of Responsible Investment*, in: Journal of Business Ethics, vol. 48 nr. 2, pp. 208
[64] Van Lanschot, *Bancaire kernactiviteiten*, found on the World Wide Web: https://www.vanlanschot.nl/vanlanschot/over-van-lanschot/mvo/bancaire-kernactiviteiten.html
[65] Triodos, *What we do: lending strategy*, found on the World Wide Web: http://www.triodos.co.uk/en/about-triodos/what-we-do/lending-strategy/
[66] Dembinski, P. (2003), *The Ethical Foundations of Responsible Investment*, in: Journal of Business Ethics, vol. 48 nr. 2, pp. 203

The Fair Bank Guide's mission is to stimulate a process that leads to more stringent policies and a "race to the top". The FBG wants to play a constructive role and help banks establish a sustainable and just society.[67] Taking these different roles into account however, it can still be concluded from the previous paragraphs that the Fair Bank Guide fails to address several (practical) complexities that banks are confronted with. The Fair Bank Guide uses one method to morally evaluate several (intrinsically different) banks. Concluding from this chapter, there are numerous (moral) differences between these banks; size, a proclaimed role in society, different ways to practice responsibility and so on. These differences are morally relevant, since they may give a different outlook on how moral responsibility is, or should be, understood. The methodology of the Fair Bank Guide, namely to unify moral values into a quantitative dataset, thus far fails to address the plurality of fundamental moral questions of moral responsibility in the investing discourse. The absence of sufficient elaboration on the intrinsic function of an investment, or the moral foundation of certain responsible investments methods, give reason to think that it may be necessary to examine the nature and ethicality of investments and the concept of moral responsibility more profoundly in the next chapter.

1.6 Why are these differences morally problematic?

Conflicts of interest are not necessarily problematic. Not every conflict of interest necessarily entails a moral conflict. It would furthermore not be problematic if it were easy to demonstrate that there is one prevailing view (for example that the Fair Bank Guide is right, and some banks are therefore wrong). However, concluding from chapter one, this is not the case. All views appear well reasoned and are thus not reducible to a simple overriding principle[68]. The problem is therefore that it is not necessarily clear why the Fair Bank Guide's view, or any other view, should prevail. Consequently, it also remains unclear why financial institutions have a responsibility (and what this responsibility entails), in the investment discourse. Also, extensive (and well-detailed) policies are claims of why financial institutions are morally responsible organisations. As such, these claims create a certain expectation towards consumers. The policies seem to fulfil the purpose of showing why a certain bank is a trustworthy organisation. However, because it is not clear how to deal with moral conflicts in this, and because it is not clear why a certain policy should prevail over the other, it is also not clear when and how consumers can assess whether a certain organisation is morally responsible and (thus) trustworthy or not. The lack of commonly shared values, may pose a more profound

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[67] Eerlijke Bankwijzer (2014), *14e update,* pp. 3
[68] Meijboom, F. L.B. (2008), *Problems of Trust: a Question of Trustworthiness. An Ethical Inquiry of Trust and Trustworthiness in the Context of the Agricultural and Food Sector*, pp. 147

problem to the Fair Bank Guide's mission: how can it urge banks to become more responsible, if there is possibly no common shared idea of what this responsibility is?

1.7 Conclusion: how to identify the concept of CSR

That Corporate Social Responsibility has become an indisputably rooted concept in the modern financial sector is undeniable. Since its very long history in literature and day-to-day practice in business, countless articles, policies and books have been written. However, the examples presented in this chapter give reason to think that there is conceptual ambiguity regarding CSR in the financial sector. It was explicated that differences between the understanding and execution of CSR in investment policies emerge on at least four levels: 1. Policies and "good" banking criteria differ in actual content. 2. The scope and feasibility of responsibilities. 3. Practical interpretation of specific responsibilities and 4. Moral grounds for responsibility (the fundament). Exploring these differences has showed that there is considerable disagreement on what an 'ethical' investment is and how a bank should ensure ethical procedures in investing.

Conceptual ambiguity regarding concepts like CSR is not uncommon, according to Adaeze Okoye[69]. Okoye argues that, as is the case with more concepts in social sciences, although CSR is widely accepted as a concept, the "major problem identified in CSR discourse is the lack of an agreed normative basis underpinning CSR practice". This has been linked to the absence of a universal definition. The descriptive analysis of CSR in the Dutch financial sector shows that although financial institutions all proclaim to act responsible, there is still considerable doubt what moral responsibility in investing actually is. We cannot, by the descriptive analysis of chapter one, state that one policy should prevail over the other. This consequently also means that the criteria, presented in chapter one, cannot be evaluated morally. In this respect, since the criteria are both context bound and subjective, all investments can be either right or wrong. Further exploring what moral responsibility in investing (profoundly) means, is therefore necessary. This will therefore be further investigated in chapter two.

[69] Okoye, A. (2009), *Theorising Corporate Social Responsibility as an Essentially Contested Concept: Is a Definition Necessary?*

Chapter 2. The ethics of investing and the concept of responsibility

2.1 Introduction

Concluding from chapter 1, it can be said that there are numerous differences between the CSR policies of different banks and NGO's. These differences are at least based on four levels: moral grounds, content, scope & feasibility and practical interpretations. It has been explicated that differences on these levels also entail deeper moral disagreement. Conflicts among reasonable conceptions of the good life and reasonable values may be an unavoidable feature of the very concept of CSR.[70] It however questions the possibility of a universally applicable principle of CSR in investment practices. This further complicates the assessments of an organisation being responsible or not. It should therefore be examined why the investment practice involves moral responsibility. In other words:

1. Does investing and lending credits involve a moral responsibility, and why?
2. If so, how should we understand such a moral responsibility?

At the end of this chapter, it will be argued that the type of shared responsibility in investing and lending, together with the conclusions from the previous chapter, gives reason to doubt that a universally applicable CSR policy in the Dutch financial sector is ethically feasible or desirable.

2.2 Moral questions in the investment practice

Up until this point it has been implicitly assumed that the practice of investing or lending a credit involves a moral component. But why is this necessarily the case? The answer to this question is twofold. The first part is that investing has a moral component, because we (the financial sector and society) say so. This was explained in chapter one. A short summary of that chapter will help to get to the second answer. Investors, NGO's and financial institutions are (increasingly) involved in making the investment practice more 'responsible'. On the investor's side, there is an increasing interest for 'ethical', 'social' or 'sustainable' investment funds since 1984. These funds aim at incorporating both financial goals as non-financial goals in investment decisions.[71] These non-financial goals can vary from social, moral or ecological values. The most frequently used terms to indicate this practice are: SRI (socially responsible investment), ethical investing and sustainable investing.[72] On the side of NGO's, there is an increasing amount of initiatives aiming to make the sector more responsible. The Fair Bank Guide is such an initiative.

[70] Kekes, J. (1993), *The Morality of Pluralism,* pp. 21
[71] Soppe, A. (2013), *Grondlijnen voor een Nieuwe Financiële Ethiek,* pp. 87
[72] Soppe, A. (2013), *Grondlijnen voor een Nieuwe Financiële Ethiek,* pp. 88

Finally, financial institutions on their part are putting in more effort to incorporate non-financial aspects in investment decisions. This can be done in roughly three ways: avoiding (excluding certain investments from your business), involvement (engaging in constructive dialogues with companies) and shareholder activism (using your power as an investor to make decisions).[73] On the side of NGO's and the public debate, there is an increased awareness of the involvement of financial institutions in businesses that are considered undesirable. The existence of these practices shows that (at least) some people think that investment decision should also incorporate (moral) values, instead of just numbers. Moral responsibility in the investment practices as such is a merely descriptive term. Such an observation tells us little about *why* the act of investing involves a moral responsibility.

This question asks for a deeper analysis of the act of investing. It begins by the observation that there is a difference between the morality of the investment practice and the moral weight of certain investment decisions. The morality of the practice of investment relates to the question: ought we invest? Is the act of investing right or wrong? It concerns fundamental questions about the role of economics and financial institutions in our society. This thesis is concerned with the second sphere: the morality of specific investment decisions. Chapter one showed that there is considerable dispute on what constitutes a good investment and what kind of investments can be considered morally responsible. In other words: how ought we invest? As Marcel Jeucken claims, "a bank transforms money into place, term, size and risk in an economy and, as such it affects economic development. This influence is not only quantitative but can be qualitative, since banks can influence the nature of economic growth."[74] This quote explains that investments make impact beyond financial terms and, as such, can also have morally right or wrong returns. Although a financial institution's influence can be qualitative, it does not necessarily mean that it should use this influence for the better good. An obligation to do good because you have the ability to do good, is however intuitively appealing. This relates to the "common intuition (...) that if an agent, individual or institutional, has the capacity, power, and resources to contribute to solving a problem, they have a responsibility to do so, i.e., that power and capacity entails responsibility".[75]

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[73] Soppe, A. (2013), *Grondlijnen voor een Nieuwe Financiële Ethiek,* pp. 89
[74] Jeucken, M. (2013), *Sustainable finance and banking,* pp. 61
[75] Fahlquist, J.N. (2008), *Moral Responsibility for Environmental Problems – Individual or Institutional?,* in: Journal of Agriculture and Environmental Ethics, vol. 22 *pp. 118*

2.3 How investments can have morally undesirable returns

An investor takes a risk by investing money or capital to gain profitable returns. Gaining return from an investment is the very purpose of the act of investing. The concept of "return" in the investment discourse can thus be subdivided into two paradigms. Both paradigms have different demands, but are not mutually exclusive.[76] Financially speaking, investments have monetary returns, such as interest. From an ethical perspective, moral weight can also be attached to other kinds of returns of the investment. These returns are non-financial. As such, an investment can have morally desirable returns and morally undesirable returns.

It is however still a merely descriptive observation that the act of investing has moral weight since outcomes can be ethically (un)desirable. Again, this tells us little about why investors should feel responsible for that outcome. To address that question, we should focus on the purposiveness of the act of investing. The two paradigms in the investment practice, the ethical and financial paradigm, show that the act of investing is a purposive act. The investment that you make today is motivated by the possibility of return in the future and aimed at enabling business in the future. As such, the moral weight of investing is tied to the purposiveness of the act. In this light, William Irvine claims that investing can indeed be a wrongful act when *your investment enables others in their wrongdoing*. His principle is concerned with *how* an investment will (now or in the future) have an effect on the wrongdoing of others. Deriving from this principle, Irvine finds that investors are morally obliged to make *some* effort in determining what the consequences of an investment might be. Important criteria for this principle are: the investor can only be accounted for what he can reasonably know, and he cannot be accounted for wrongdoings if that is not an effect of having to choose between two evils. Deriving from that, the principle can be as follows: an investor is performing a morally wrongful act when he *knows* his investment will enable a wrongdoing (which is not the lesser wrong out of multiple wrongs), or when he *should* know this.[77]

A point of critique towards Irvine's so-called "Enabling Principle" is that, although Irvine claims that the principle is aimed at future acts any reasonable attempt of inquiry towards a company will always be based on past or present knowledge. This leaves the question: *why* is it necessarily wrong to give money to a company, which it may use for wrongdoings? This question is better explained using an example: if I lend my neighbour a kitchen knife, I do not necessarily presume that she will use it to kill her husband. If, however, I had foreseen that she had any intentions of doing so, me lending her a kitchen

[76] Earhart, R.S. (2011), *Partiality of Responsibility*, Ethics in Sustainability Consulting, pp. 168
[77] Irvine, W.B. (1987), *The Ethics of Investing*, in: Journal of Business Ethics, vol. 6, pp.: 235

knife would, in the light of Irvine's argument, be morally wrong. This is because I had reason to assume that my neighbour would not use the knife for any good. This awareness can, according to Robert Larmer, only be based on my experiences with the neighbour (past and present evidence). As such, "any reasonably estimation of whether a company will use the provided resources for wrongful means, can only be based on the company's past and present record".[78] However, from Irvine's article, as well as Larmer's response to it, we can conclude that responsibility in investing is derived from the purposiveness of the act. An investor's responsibility should be seen in the forward-looking sense, even though your knowledge may be based on past events. We may furthermore conclude that:

> *"what is wrong in investing [in a certain company], is not that one is necessarily providing the resources whereby it can engage in wrongdoing, but that even in the absence of such resources, one implicitly condones its moral resources. [...] knowingly providing the resources by which a company will engage in wrongdoing is immoral."*[79]

2.4 Forward-looking responsibility

Concluding from Irvine and Larmer, investments can be morally wrong when the investor (knowingly) contributes to any wrongdoings of a company. Investors should thus, to a reasonable amount, make efforts to inform themselves on possible undesirable activities of a company. This should form the basis of a well-considered investment decision.

The coming paragraphs will be dedicated to dig deeper into the matter of responsibility and responsibility in the forward-looking sense. First, Scanlon's theory on attributive and substantive responsibility will be elaborated on and after that it will be argued that there is a case for ascribing banks with an attributive and substantive responsibility. Lastly it will be argued that, in the light of the financial sector, such perspective on responsibility asks for a forward-looking outlook. The writings of Hans Jonas will be used to explain this. At last, using Henry Richardson's thoughts on forward-looking responsibility, it will be argued that this also implies a pluralist outlook.

[78] Larmer, R. (1997), *The Ethics of Investing: a Reply to William Irvine*, in: Journal of Business Ethics, vol. 16, pp. 398
[79] Larmer, R. (1997), *The Ethics of Investing: a Reply to William Irvine*, in: Journal of Business Ethics, vol. 16, pp. 400

2.5 Responsibility

We speak of responsibility in an every-day manner. If I step into my car, I commit myself to being a responsible driver and not make any accidents. If my friend breaks a plate at my home, he may feel responsible for replacing it with a new one. My mother is responsible for the care of her children. I promise my friend not to be late for a concert; I am responsible for keeping that promise and watch the time. There are different types of responsibility, not all of them are moral.

Moral responsibility is not only about being able to separate right from wrong, but also to be held accountable for certain (moral) conduct. As such, we are able to make a judgement of moral praise or blame towards someone. Miller explains that it is important to make a distinction between causal and moral responsibility. Being causally responsible, means that the agent has a role in the cause of a certain effect. This is something different than being morally responsible. If for example, I drop my friends phone in the water because I slipped on the street, I am causally responsible, but few would hold me morally responsible. Moral responsibility, as Miller calls it, "involves an appraisal of the agent's conduct".[80] A person is morally responsible when we have a certain duty or obligation towards someone or something. To gain further insight on what kind of moral responsibility can be attributed to banks and what kind of accompanying principles that encompasses, in the next paragraphs the notion of moral responsibility will be further explicated by Scanlon's responsibility theory on substantial responsibility explained in his book "what we owe to each other"[81].

2.6 An introduction to Scanlon's theory of moral responsibility

Thomas Scanlon makes a distinction between causal, attributive and substantive moral responsibility. His theory regarding moral responsibility can be understood from a contractualist perspective. Contractualism, according to Scanlon, means that deciding whether an action is right or wrong requires "a substantive judgement on our part about whether certain objections to possible moral principles would be reasonable". This view represents the idea that the rightness or wrongness of an act does not depend on the act itself, but rather on the relationship between people and how they, as such, create certain moral principles. Scanlon deliberately presents 'reasonableness' as an open and somewhat undefined concept. Rather than rationality, reasonableness "presupposes a

[80] Miller, D. (2001), *Distributing Responsibilities*, in: The Journal of Political Philosophy, vol. 9, no. 4, pp. 456
[81] Scanlon, T. (1985), *What we owe to each other*

certain body of information and a certain range of reasons which are taken to be relevant, and goes on to make a claim about what these reasons [...] in fact support".[82]

According to Scanlon, it is easy to overlook the differences (whether an action depends on someone's choice) between different types of responsibility, and the types do not necessarily correspond with each other. Someone can be held attributively responsible, while not being substantively responsible. In Scanlon's theory, responsibility becomes a "precondition for moral appraisal, rather than as one of the ideas figuring in the principles on which his appraisal is based".[83] In other words: one should not be held accountable if one cannot truly be held accountable. Essential to Scanlon's theory is that moral responsibility is not equally divided amongst agents, and depends on the choices that one has. In the next paragraph it will be explained under which conditions someone can be held responsible.

2.7 Attributive and substantive responsibility

Scanlon divides between (causal,) attributive and substantive responsibility. Attributive responsibility is "about whether some action can be attributed to an agent in the way that is required in order for it to be a basis for moral appraisal", and substantive responsibility refers to judgements that "express substantive claims about what people are required to do for each other". Both types will be further explicated in this paragraph.

Attributive responsibility is considered with the question whether an agent truly performed an act voluntarily, since only then can he be held attributively responsible for it. Voluntariness in this sense is a result of moral deliberation; since I choose to act in a certain manner, moral responsibility can be attributed to me. Whether someone can be held attributively responsible, depends on the question of whether we can attribute certain conduct (and its consequences) to a person so that we can subject that person to moral praise or blame.[84] If, for instance, I smash my roommate's window to get out of house during a fire, I am causally responsible for the broken window, while I am not attributively responsible for it. It was not a voluntary action; it was a necessary evil to save myself. Secondly, it is necessary that the agent is "open" for moral appraisal or criticism. Important preconditions for attributive responsibility are thus a. a freely (voluntarily) performed act and b. being open to moral appraisal.

Substantive responsibility is considered rather with the outcomes of an act, and whether someone, due to his role can be held responsible for that. Principles like:

[82] Scanlon, T. (1998), *What we owe to each other*, pp. 192
[83] Scanlon, T. (1998), *What we owe to each other*, pp. 267
[84] Bolt, L.L.E, Verweij, M.F., Delden, J.J.M. van (2010), *Ethiek in de Praktijk*, pp. 152

"parents are responsible for the care of their children" are claims of substantive responsibility[85]. Substantive responsibility relates to the types of choices an agent makes (or did not make), for which he can be held responsible, and to the question of what we are required to do for each other. As such, Scanlon considers the possibility that moral appraisal or blame towards an agent depends on the opportunities and choices that agents have and make. Scanlon uses the "Value of Choice" as the account of choice and considerations that plays an important role in the thought that "our choices and other forms of response have [significance] in determining what we owe to each other".[86]

Scanlon poses the question whether a person's duties (in the substantive sense) depend on the choices that he or she makes. Having the capacities for conscious choice and agency according to Scanlon namely, invokes that these choices and actions can be submitted to moral appraisal or blame. It also means that, because for example a baby is not (yet) capable of choice and agency, his choices may not be submitted to moral appraisal or blame. It is however important to see the Value of Choice as something different than what Scanlon calls the Forfeiture View; the power of making a conscious, voluntary choice between different alternatives and practice your "will". In the Forfeiture View, it matters (crucially) "whether an outcome actually resulted from a conscious decision in which the agent intentionally passed up specific alternatives". Such a view is flawed, as Scanlon claims (at least in within the substantive responsibility discourse), because even though from the fact that a person took a certain risk willingly and knowingly we might conclude that he should also bear the burden of its responsibility, it does not *necessarily* follow that such a choice has value per se. Scanlon argues that voluntariness in choices is somewhat overrated when we speak of responsibility. Rather, as Scanlon puts it: "what matters is the *value* of the opportunity to choose that the person is presented with". To explain why choices have value, Scanlon demonstrates three types of values of choices: instrumental, symbolic and representative. Choice has an instrumental value because the fact that one has a choice makes it more probable that an outcome is good; it serves as an instrument to "future enjoyment"[87]. Choice has a symbolic value because having the opportunity to choose reflects that a person is seen as being competent to make such a choice. Scanlon mentions the example of being free to marry whomever you want, instead of your parents making arrangements. The instrumental value of such a free choice is that it is more likely that a person will end up happy, because they get to choose their own partner. The symbolic value is that making a

[85] Bolt, L.L.E, Verweij, M.F., Delden, J.J.M. van (2010), *Ethiek in de Praktijk*, pp. 153
[86] Scanlon, T. (1998), *What we owe to each other*, pp. 263
[87] Scanlon, T. (1998), *What we owe to each other*, pp. 252

free choice means that we are respected in life and trusted with making these choices. Choice also has a representative value because our choices represent who we are and what we stand for.[88] What thus matters most is not *having* a choice, but rather, having a *certain* choice. Otherwise: "a person who could have chosen to avoid a certain outcome, but knowingly passed up this choice, cannot complain of the result".[89] Substantive responsibility is therefore not so much about the allocation of specific responsibilities. Rather, substantive responsibility is about the implications of the choices that one has. This, according to Scanlon, leads to the claim that in some cases it is permissible to attribute persons (or institutions) certain (extra) moral obligations, due to the opportunities and choices that they have. As such, Scanlon makes no distinction between the value of *having* and the value of *exercising* a certain choice.[90] Scanlon uses this claim to explain why "principles that *no one could reasonably reject* will make a person's obligations and his claims against others depend on the opportunities he has had and the decisions he has made".[91] Whether a principle can be reasonably rejected or not, depends on our substantive claims about morality. Reasonable rejection is much about balancing general moral principles. Scanlon does not further explicate how these principles should be formulated, nor why one principle should outweigh the other.

This is the core of Scanlon's contractualist' idea about morality (and the fundament of morality for Scanlon), further explicated by his account of the Value of Choice. What Scanlon calls "distinctive" of his view, is the fact that his ideas form both the basis for normative judgements as they also form their general content[92]. To be (held) substantively responsible then, depends on whether a person (or entity) is able (and has the opportunity) to make a conscious choice among several possibilities and whether others could reasonably reject the act.

2.8 The application of Scanlon's theory

The question what kind of responsibility can be ascribed to financial institutions now follows. It is difficult to ascribe causal responsibility to a bank. First, a bank cannot be ascribed with the causal responsibility for the morally wrong activities of companies. , A financial institution is not the sole actor to cause companies' wrongdoings. The board of the company, consumers, employees and so on can be added to this list. While banks may lend out very large credits or invest with large amounts of money, these are not necessarily the only monetary resources a company uses to execute its business. It should

[88] Scanlon, T. (1998), *What we owe to each other*, pp. 252
[89] Scanlon, T. (1998), *What we owe to each other*, pp. 259
[90] Olsaretti, S. (2012), *Scanlon on Responsibility and the Value of Choice,* in: Journal of Moral Philosophy, pp. 4
[91] Scanlon, T. (1998), *What we owe to each other*, pp. 249
[92] Scanlon, T. (1998), *What we owe to each other*, pp. 189

also be noted that the investment funds (like the example on corporate finance) are in some cases part of a product that a bank sells to private investors. It is therefore questionable who truly owns the investment.

If a bank cannot be ascribed causal responsibility for the outcome of an investment, can it be ascribed an attributive responsibility? Scanlon's attributive responsibility is based on two criteria: 1. the voluntariness of an act, and 2. whether the moral agent is open to moral deliberation (moral appraisal or blame). By the mere fact of having *a* CSR policy, I argue that a bank is open for moral deliberation. These CSR-policies, which were described in chapter one, contain normative matter and normative statements about the bank's activities. As such, they are an expression of the moral beliefs of banks and by formulating such policies, banks assume that their investment and credit decisions imply a normative action and consequence. Banks also have a normative reason for excluding certain companies. Furthermore, many banks engage in dialogues (with stakeholders, in public debate or with NGO's) about the moral responsibility of the financial sector. Such behaviour reflects the kind of openness to moral appraisal or blame necessary for moral reflection on the choices that one has.

The second requirement is that banks should act voluntary and freely. This question is more difficult to answer, since banks are institutions and not individuals. Is a bank an "entity to whom we can apply the ideas of moral responsibility such as agency, rationality and autonomy"?[93] In this context, the author Soares notes that a corporation cannot be reduced to "the mere behaviour of individuals".[94] Rather, individuals in a corporation are acting within a context of social rules, functions and roles. Furthermore, declining a theory of institutional responsibility would mean that all accountability could be reduced to individual causality. Instead, Scanlon claims that causal responsibility is not a necessary element for attributive responsibility. Therefore, the distribution of (attributive) responsibility should not be based on the causal contribution of an individual member to a certain outcome.[95] Rather it could be based on the shared intention of an institution. An example of collective moral intention in the financial sector, are the CSR-policies. They describe 'the bank's' policies with regards to moral responsibility; rules that apply for the entire bank and all it's members. These policies function as a declaration of institutional moral intention. Since, as chapter one showed, there is considerable difference between policies,

[93] Soares, C. (2003), *Corporate versus Individual Moral Responsibility*, in: Journal of Business Ethics, vol. 46, pp. 143
[94] Soares, C. (2003), *Corporate versus Individual Moral Responsibility*, in: Journal of Business Ethics, vol. 46, pp. 150
[95] Corral, M. Del, *the Role of Forward-Looking Responsibility in Collective Responsibility for Omissions,* pp. 1

A few observations should be now made in the light of the investment practice. The general climate of the current Dutch financial climate is one of (moral) consciousness. With consciousness I mean that there is an awareness of the moral weight of investment decisions. As mentioned in the introduction, the Fair Bank Guide is not the only NGO occupied with responsibility in the financial sector, nor is there only a handful of banks occupied with the matter. Rather, all banks, a lot of NGO's and much public and academic debate are concerned with the moral responsibility of the financial sector. To say that a bank did not act voluntary is to say that it did not had the knowledge[96]to do so. Given the amount of information available on the ethics of investing, together with the extensive CSR-, credit and investment policies that banks have (declarations of institutional intention), banks are acting consciously and voluntarily by investing in certain companies. Financial institutions can thus be ascribed an attributive responsibility, since both requirements are met.

Since it became clear that it is difficult to ascribe causal and possible to ascribe attributive responsibility to banks, we now turn to the question whether a substantive responsibility can be ascribed to banks. According to Scanlon's theory, this depends on two things: whether a bank has a (fair) range of choices it can make and whether others could have reasonable rejection towards their actions. First, it is a presupposition that a bank has a fair opportunity to choose between all kinds of alternatives. For the sake of the argument I will assume that a bank has a fair range of investment options to choose from. The primary focus of the current capitalist system is that investments or lends should be profitable.[97] There are many strategies, discussed in chapter one, for banks to apply in order to combine profitable investments with morally 'right' investments. Inasmuch as a bank is conscious of the choices it makes (and based on the detailed policies that banks have we can assume that choices are made consciously), I would argue that it therefore also *has* a choice. Having to choose between either investing in Company X or Company Y is, considering the lengthy responsible investment policies that banks have, a case of moral decision. Since financial institutions *have* that decision, Scanlon argues that they are burdened with a substantial responsibility.

The second criterion is whether anyone could reasonably reject the act. This element is more complicated to discuss, since Scanlon does not discuss what counts as reasonable and what not. Rather, Scanlon argues that reasonable rejection is part of a

[96] Bolt, L.L.E, Verweij, M.F., Delden, J.J.M. van (2010), *Ethiek in de Praktijk*, pp. 157. Bolt, Verweij and Delden argue that there are three circumstances under which it is questionable to argue that a moral agent acted freely. Not having the sufficient knowledge is one of the criteria.

[97] Jeucken, M. (2001), *Sustainable Finance and Banking: the Financial Sector and the Future of the Planet*, pp. 220

person's substantive claims about right and wrong.[98] In other words, this means that what counts as right or wrong, depends on whether one could reasonable reject and whether such rejection is valid. It is obvious that the Fair Bank Guide (and others) rejects (or denounces) certain activities of banks. This rejection is based on normative judgments that appear justified (or reasonable) prima facie. This was explained in chapter one. Thus, it can be argued that banks have a substantive responsibility as well, because they have a fair range of opportunities to choose from (and appear to do this consciously), and having this choice implies a sort of specialised moral burden upon banks. Furthermore, other parties can reasonably reject a bank's decisions.

In the next paragraph it will be argued that this substantive responsibility needs to be seen from a forward-looking perspective. The argument of reasonable rejection leaves the question of how the different values that banks, FBG and other NGO's have can be compatible with each other. After elaboration on the forward-looking character of responsibility it shall be argued that moral pluralism, as a ground for CSR, needs to be investigated.

2.9 Moral responsibility as forward looking responsibility

Note that the single act of making an investment is not the topic of discussion in this thesis. It is the effect of it, and *what* you are investing *in,* or *to whom* you lend your credit *to*. This is what, according to the Fair Bank Guide and authors like Marcel Jeucken, gives a bank a certain responsibility: banks have the power to allocate money and give a financial boost to entrepreneurial endeavours. This presupposes that, by allocating money in a certain way, banks *can* make a difference, and they *ought* to do so. Since we have reached the conclusion that an attributive and substantive responsibility can be ascribed to banks, we should also conclude that the act of investing has a purposive and thus forward-looking character. Investment policies are not so much about "what has been done", but rather about "what is to be done".[99] A theory that explains an investor's responsibility should therefore at least explain what the implications are of having a responsibility towards the future. In order to understand the meaning of responsibility in the sense that it must be "forward looking", we should take a look at the work of Hans Jonas.

2.10 The Imperative of Responsibility

In his book "The imperative of Responsibility", Hans Jonas searches for a new metaphysical ground for moral responsibility. He states that modern technology has

[98] Scanlon, T. (1998), *What we owe to each other*, pp. 249
[99] Jonas, H. (1984), *The Imperative of Responsibility: in Search for an Ethics for the Technological Age,* pp.92

altered human actions in such a way, that traditional outlooks on ethical obligation are no longer applicable.[100] According to Jonas, this means we should look out for moral imperatives that are appropriate for this renewed paradigm of human action.[101] It is interesting to notice that Jonas specifically choses to search for a new ground for ethics, instead of revising old familiar frameworks. This has to do with his argumentation that the traditional ethical frameworks, such as virtue theory, consequentialism etc., "aim at relations between people in society (…) and thus also fail to address accountability for the future of life itself".[102] The new moral 'imperative' Jonas is looking for is the moral obligation that our acts are dedicated to "the permanence of genuine human life". [103] Jonas tries to find a moral ground for justifying the normative claim in regard to non-human beings and 'the future'. However, it is according to Jonas important to understand that we should not try to attach rights to the future, like we do to humans, because rights is a political concept which we can only understand by virtue of our human nature. We should rather look out for a new conceptualization of ethics that includes all other beings, including future other beings. The justification for this claim lies in the fact that by being, we encounter the purposiveness of nature. The worthiness of human being, Jonas describes, is the preservation of life itself. As nature's purpose is to exist, human action should be aimed at preserving the future. Jonas attaches an intrinsic and transcendent value to nature and life, as it is something heuristic, in the sense that we are a part of it and should guard it.[104] Jonas thus moves away from the idea our world might end some day, since this idea will not cause an ethic of responsibility. Rather, Jonas moves towards a "preventive ethics of survival, motivated by a 'heuristic of fear':

> *The fear of a catastrophe, which humanity is able to cause by means of technology or as consequence of modern lifestyle, calls for curbing of humanity's effects on the world as well as for the expansion of the scope of human responsibility to include the world at large."[105]*

For Jonas, technology has developed into something beyond our own understanding, and we should therefore act prudently. Our knowledge about the outcome of our actions is limited in general, but it is even more limited when it comes to

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[100] Bernstein, R.J. (1995), *Rethinking Responsibility*, in: The Hastings Center Report, vol. 25, no. 7, The Lagacy of Hans Jonas (1995), pp. 14
[101] Bernstein, R.J. (1995), *Rethinking Responsibility*, in: The Hastings Center Report, vol. 25, no. 7, The Lagacy of Hans Jonas (1995), pp. 16
[102] Morris, T. (2013), *Hans Jonas's Ethic of Responsibility*, pp. 17
[103] Bernstein, R.J. (1995), *Rethinking Responsibility*, in: The Hastings Center Report, vol. 25, no. 7, The Lagacy of Hans Jonas (1995), pp. 14
[104] Morris, T. (2013), *Hans Jonas's Ethic of Responsibility*, pp. 34
[105] Safit, I. (2013), *The Ethics of Survival: Responsibility and Sacrifice in Environmental Ethics*, in: Phenomenology & Practice, vol. 7, no. 2, pp. 90

the future. Jonas makes a clear distinction between causal and substantive responsibility. The first being a type of "formal" or "neutral" responsibility, where an agent is being held accountable for his deed, and whatever deed this is. This is a kind of retrospective responsibility. The second type however, can be seen as the substantive type of responsibility that precedes the former type. Namely: retrospective responsibility can only be attributed in the light of an object; a substantive, forward-looking responsibility towards something (i.e. "we are responsible *for* the caring or preservation of some object"[106]). This type of responsibility is the primary focus of Jonas. Such substantive responsibility should be understood as an endless focus on the future, in which for the sake of 'being', we should act responsible. This is also the metaphysical basis for Jonas for substantive responsibility. From the perspective of Jonas' imperative of responsibility, multiple things can be concluded for the investment practice.

Jonas' theory tells us something about *why* banks should be held responsible for their investments. Jonas' idea of morality is to move towards a sustainable future. His ethic revolves around the idea that our (fragile) future asks prudence and preservation that is "proportionate to man's power".[107] 'Man's power' is what gives mankind its substantive responsibility. Because the act of investment is a purposive act, banks should act prudently when making specific investment decisions. There are increasing technical possibilities to stimulate faster trading and automatize the calculation of risk in the financial sector. In the light of Jonas' imperative of responsibility, 'foreseeing' the consequences of the act of investing (to a reasonable amount) is a necessary element to execute responsibility. Foreseeing the consequences, or forward-looking responsibility, also imposes that a responsible investor carefully considers its investments, by balancing out the possible financial and non-financial returns of the investment. The substantive responsibility of an investor is thus constituted by his ability to morally appraise different investment options (choices). This, according to Jonas, means that an investor looks beyond the immediate financial profit of an investment, and takes into account the future for our well being and the environment.

2.11 Back to business

In the short introduction on moral responsibility it has been explained that the normative assumptions in the policies of banks and NGO's ask for a deeper understanding of the concept of moral responsibility. In this light, responsibility should

[106] Bernstein, R.J. (1995), *Rethinking Responsibility*, in: The Hastings Center Report, vol. 25, no. 7, The Lagacy of Hans Jonas (1995), pp. 16

[107] Wheeler, S. (2012), *Climate Change, Hans Jonas and indirect investors*, in: Journal of Human Rights and the Environment, vol. 3, no. 1 pp. 104

be understood as part of one's specific role (as a financial services provider) and subsequent power. While moral responsibility, as described in Scanlon's theory, is often understood as attributive or causal, especially causal responsibility fails to enlighten us about the nature of moral responsibility in the investing business. Rather, what defines a financial institution's responsibility, are more substantive claims of "what we owe to each other". The value of choice is an important aspect of our substantive responsibility. More specifically: the choices that we have (not make), define (a) moral responsibility. As part of their special role (and power), financial institutions should take up the responsibility for their investments. From Jonas we have seen that a bank's substantive responsibility should be seen from a forward-looking perspective. Rather, as Jonas puts it, the very nature of human kind should be understood through its purpose of preserving the future. The purposive character of the act of investing implies that an investor has the power to alter the future in certain manner. This influence at the same time involves an obligation ('can implies ought'). Since an investor's influence on future objects is beyond his span of control, acting prudently is necessary. As such, an investor has a moral responsibility because:

1. He has the opportunity (choice) to invest in a certain manner (substantive responsibility), and
2. The purposiveness of the act of investing implies that the consequences of an investment are beyond what investor's can reasonably predict.

Jonas' outlook on responsibility, and specifically his ideas around the heuristics of fear however, asks from investors to look beyond the immediate financial response and move towards an investment ethics of sustainability. In the next paragraph, I will address how a plurality of values fits within this view.

2.12 What does a 'good' investment policy look like?

So far it has been explicated why financial institutions have a moral responsibility. The debate in this study is however complicated by the fact that, even though investors have *a* moral responsibility; multiple investment and credit policies of banks still co-exist and appear legitimate prima facie. In chapter one it became clear that it is not necessarily clear, when examining those policies, whether one should overrule the other. This poses the question of how we should deal with a plurality of values in respect to moral (substantive) responsibility. In this paragraph, guided by Henry

Richardson's article "Institutionally Divided Moral Responsibility"[108], the implications of Jonas' and Scanlon's theory for moral pluralism in the investment discourse will be further explicated. Richardson focuses on the concept of moral responsibility in the light of institutional rules, closely related to Scanlon's idea of substantive responsibility. Central to his idea is how a forward-looking responsibility, and the unpredictability of the future, effects how moral rules and responsibilities can constantly be revised. His claim is that, by virtue of our deliberative and reflective nature, we (human beings) are both shapers of our moral institutions as well as we are partly submitted to them. This means that, as I will argue, especially in the case of forward-looking responsibility for investors, a plurality of values is inevitable and even desirable.

2.13 Institutionally divided moral responsibility

Richardson claims that a forward-looking perspective appeals to us in an intuitive way, for instance when we think about marriage. By marrying someone, you commit yourself to several (future) responsibilities, such as being faithful. Henry Richardson tries to answer the question how the nature of moral rules gives rise to differential responsibility. How can we, from the fact that we have certain moral rules, distribute our responsibilities? To answer this question, Richardson elaborates on moral rules. He uses Rawls's "two concepts of rules"[109]. Rawls' two concepts of rules are: justified practices (say: the practice of promising) and justified actions falling under a practice ("any form of activity specified by a system of rules which defines offices, roles, moves, penalties, defences, and so on, and which gives the activity its structure"). As such, Rawls's distinction, according to Richardson, distinguishes between "justifications of actions within practices, which are not consequentialist, and justifications of the practice as a whole, which may be [consequentialist]". Richardson thinks this distinction between moral rules and the morality of certain practices is too black-and-white and fails to grasp the idea of the enlightenment: that we are each and all equally "empowered to change and criticize the rules under which we live".

Instead of looking at only two conceptions of rules, Richardson offers a third "forward-looking" rule, which he calls the "participants conception". Richardson's claims that we, as moral agents, by virtue of our reflective nature, are both the shapers our moral institutions as we are also partly submitted to it. Furthermore, Richardson states that even if we would find ourselves in a situation where the moral answer is relatively simple (say: we would stand for the choice of murdering an innocent child for fun), and

[108] Richardson, H.S. (1999), *Institutionally Divided Moral Responsibility,* in: Social Philosophy and Policy, 16:2, pp. 218-249
[109] Rawls, J. (1955), *Two concepts of rules*, pp 3-32

even if a single principle would apply, the very essence of our deliberative nature asks us to at least consider possible exceptions and interpretations. This also relates to Scanlon's idea of the Value of Choice: an important prerequisite for (moral) responsibility is the possibility to consciously choose between (certain) possibilities. However, Richardson claims that it is neither the case that human beings, based on their context, can easily make their own ethical framework. We also commit to a more general body of rules. He argues that although we are participants in the sense that we must exercise some sort of deliberative judgment, we are still basing our moral judgments not merely on rules of thumb, but also on collective principles. Therefore, alongside the specialized moral duties that humans have, we must also submit to some self-evident truths (like the example that it is always wrong to deliberately torture an innocent child just for the fun of it). This means that moral responsibility is both *divided* (meaning that the context of our situation asks us to reflect on several exceptions to moral principles) as well as *universal* (meaning that there are some self-evident rules). The participant's conception thus embodies both the sovereign role of moral deliberators, as well as the fact that moral agents are participating in something.

In society morality may function as a "vehicle for constituting and coordinating complex cooperative action". Interesting to notice is that this function of morality, for Richardson, should be distinguished from other kinds of cooperative actions in the sense that morality does not aim at achieving *a* good, but rather at the (common) good. As such it is radically different from other cooperative actions. This also results in the claim that, since there is no "mutually acknowledged ultimate and summing up what is truly good, the institution of morality cannot rightly be understood as promoting any single good".

The fact that moral responsibility is divided, according to Richardson, leads us to the claim that a single truth cannot be derived. Rather, moral responsibility asks from the moral agent a perpetual moral deliberation. Specific moral dilemma's confront agents with specific choices which, following Scanlon, imposes a (special) moral obligation upon someone. This point was already stretched in chapter one; different financial institutions, applying different policies in different contexts. It means that each bank is confronted with a different set of responsibilities. According to Scanlon, this means that banks, while each being provided with a set of choices within a specific context, have a substantial responsibility. This substantial responsibility should furthermore be understood from a forward-looking perspective. Solid investment ethics as such adequately obliges investors to take accountability for their investments. Lastly, Richardson's theory explains why a forward-looking responsibility implies that one always has to consider different possibilities to act. Such an obligation, specifically when it considers forward-looking responsibility, asks deliberation and reflection. This presupposes that there is a plurality of responsibilities one could take. Thus, it would be impossible to determine the division of moral responsibilities on a simple, instrumental basis.[110] Consequently, it is questionable whether there is a single (moral) truth on how to invest or lend a credit responsibly. Rather, instead of defining *ethical investments* as a set of fixed criteria, we should move towards an *investment ethic*, in which forward-looking responsibility is a solid fundament for an investor's moral accountability as well as it offers room for plurality.

2.14 Conclusion

Chapter one shows that banks, NGO's and other parties, each follow their own ideas and criteria when it comes to CSR in the investment business. Bank A. can exclude investments in weaponry from its portfolio, where Bank B. can just as well include those investments. As such, these criteria for 'ethical' investment are relative and subjective, up to the point that they do not tell us anything about the more profound idea of moral responsibility in investing. This has lead to a need of exploring what moral responsibility means in the investment practice. This chapter then showed that financial institutions can be ascribed an attributive and substantive forward-looking responsibility when we look at Scanlon's, Jonas's and Richardson's theories. Scanlon's thoughts on substantive moral responsibility show that investors have a special (moral) obligation because they have a fair range of special choices to make. Since the act of investing has a purposive character, Jonas argues that investors are confronted with a kind of responsibility dedicated to the preservation of life (since the outcome of actions is unpredictable). Consequently, since investments are an important vehicle in global business and economy (and therefore have great influence), Jonas dictates that substantial forward-looking moral responsibility obliges moral agents to take accountability for present and future generations. Following such a principle, investors are obliged to allocate (financial) resources in such way that they contribute to the prosperity of future generations as well.

As became clear from Richardson's findings, as well as Scanlon's claims about substantive responsibility, having a responsibility towards the future, implies moral deliberation with the moral agent, rather than just following one fixed principle. This implies that the investment practice presupposes moral pluralism. Moral pluralism in the context of investing will be the subject of the following, and concluding, chapter.

[110] Tilburg, R. van (2013), *De Goddelijke Boekhouder,* in: New Financial Magazine, pp. 7

Chapter 3. Moral Pluralism as a basis for Corporate Social Responsibility in the Dutch Financial Sector

3.1 Introduction

In this final chapter it will be discussed how pluralism can be a moral ground for Corporate Social Responsibility practices in the current Dutch financial sector. First, a theoretical outlook on moral pluralism will be outlined. After that it will be discussed which implication moral pluralism has for corporate social responsibility practices. At last, in my final remarks, the leading question of this thesis will be answered.

3.2 Moral pluralism

According to Christopher Stone, moral pluralism is the refusal of the thought that "all ethical activities, are in all contexts determined by the same features or even that they are subject, in each case, to the same overarching principles."[111] As such, multiple (and even conflicting) moral principles can coexist. As such, moral pluralism poses an answer to the problem that morality "might be too complex to be captured in a single principle specifying some one underlying feature that determines the deontic status of any action."[112] In pluralism, one overruling moral principle (that justifies all of them) cannot be identified and several basic moral principles can coexist. Pluralism can arise on multiple levels; the nature of a right action, the nature of intrinsic value or both.[113]

3.3 The (favorable) implications of moral pluralism for corporate social responsibility practices

Chapter one contained an example-based analysis of the current Dutch investment discourse. It became clear that, although corporate social responsibility is on the agenda in the investment discourse, there is still a lot of debate on what responsible investment should encompass. An analysis of the current practices in the investment business showed that differences between investment and credit policies arise on four levels. This plurality is morally problematic since there is not one single view that clearly prevails over the other. This may be caused by a lack of commonly shared values. Furthermore, as theoretical analysis pointed out, because of the purposive character of the act of investing, the moral responsibility of investors should be seen in a forward-looking way. The unpredictability of the future and the impact of an investor's choices, questions whether a universally applicable investment policy is possible. Rather, since

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[111] Stone, C. (2003), *Moral Pluralis mand the Course for Environmental Ethics,* in: Environmental Ethics, an Anthology, pp. 197
[112] Timmons, M. (2002), *Moral Theory,* pp. 190
[113] Timmons, M. (2002), *Moral Theory,* pp. 190

our world is constantly developing and changing, the moral responsibility of investors asks for a (constant) moral deliberation and reflection. This presupposes that a plural character of moral responsibility in investment business is inevitable.

Furthermore, as Okoye argues, CSR can be classified as a so-called "contested concept".[114] An essentially contested concept means that some concepts are intrinsically contested. Furthermore, based on several criteria[115], Okoye argues that there is a certain necessity for those concepts to be contested. According to Gallie, there are concepts that initiate constant disputing in which none of the arguments is totally correct or incorrect. Instead, these disputes may well be based on "genuine conceptions not resolvable by arguments and sustained by respectable evidence".[116] Eabrasu furthermore claims that not only CSR is an "essentially contested concept", but also the very concept of "doing good" is. Inasmuch that CSR-issues have a normative dimension, they can always be appraised from various and incompatible moral perspectives.[117] Furthermore, as she argues, all topics in CSR may be potentially controversial. This is a somewhat a-typical observation as she claims, because first observations (as also became clear in the first chapter of this thesis) reveal a kind of consensual agreement on the goodness of CSR and also on the goodness of its aims: "reducing pollution, shutting down sweatshops, discouraging tax evasion, and so on"[118]. Eabrasu elaborates that usually two approaches are used in the battle against immoral behaviour, even though such behaviour might be legally or economically permissible or profitable. One approach is to constantly monitor and publicly denounce immoral activities, like the Fair Bank Guide does, and the other is to exercise pressure on immoral activities to encourage more responsible or sustainable behaviour. She finds it noteworthy that none of these approaches actually considers the meaning of "immoral activity". Investments made in sustainable energy or fair trade companies are usually considered good, while investments in, say, military arms, pornography or the mining industry are usually considered as bad. However, such

[114] Okoye, A. (2009), *Theorising Corporate Social Responsibility as an Essentially Contested Concept: is one definition necessary?* In: Journal of Business Ethics, vol. 89, pp. 615

[115] There are seven conditions for a concept to be essentially contested: it should be evaluative, internally complex and diversely describable, open in character, it should have aggressive and defensive uses, it should be a derivation of an original exemplar and there should be an optimum development. Okoye claims that all these criteria are met. For this thesis it is not necessary to reproduce his argument. I would like to stretch the point that the very concept of CSR should not be seen as a singular definition.

[116] Okoye, A. (2009), *Theorising Corporate Social Responsibility as an Essentially Contested Concept: is one definition necessary?* In: Journal of Business Ethics, vol. 89, pp. 623

[117] Eabrasu, M. (2012), *a Moral Pluralist Perspective on Corporate Social Responsibility: From Good to Controversial Practices,* in: Journal of Business Ethics or Springer Online Publications, pp. 6

[118] Eabrasu, M. (2012), *a Moral Pluralist Perspective on Corporate Social Responsibility: From Good to Controversial Practices,* in: Journal of Business Ethics or Springer Online Publications, pp. 1

"consensus" that we all assume, contrasts "sharply with our most basic intuitions".[119] Okoye claims that since the concept of CSR encompasses so many issues for so many different actors, CSR needs to be a flexible concept in order to reflect its "different conceptions" that subsequently reflects "the diversity of actors and issues"[120]. Yet, there is still a need for common reference point of exemplar, which doubtfully can be tied to a singular definition. As Okoye calls it, the core of CSR can be found in "attempts to address various issues which arise out of the dynamic relationship between corporations and society over time".[121] CSR should necessarily be seen from a pluralistic point of view, because this is the only way to understand such an "Umbrella-Concept". Such a description of CSR asks for a state in which open dialogue is possible.

Furthermore, it can also be claimed that pluralism is favourable from a moral pragmatism point of view. This is because, as Andrew Light claims, "ethics sufficient to motivate enough people to extend moral consideration to the (....) world would have to appeal to a broader range of intuitions."[122] This kind of pluralism that Light is talking about, argues that because we have some urgent problems ahead, that ask for immediate action, we should set aside our moral differences for a while and try to approach the problem from different moral angles. For Light, the fact that some problems we face (his focus is environmental, but this can easily be translated to the topics discussed in this thesis), are so pressing provides a warrant for setting aside agreement on ethical foundations when possible. Furthermore it stresses the point that we can use multiple moral frameworks to reach the same goal or priorities.

3.4. Problems with pluralism

Besides the intrinsic pluralism that moral responsibility has, there are several arguments in favour of moral pluralism when it comes to corporate social responsibility. They have been discussed in the previous paragraph. However, pluralism also faces some problems. As we have seen, the criteria of the Fair Bank Guide and the policies of the financial institutions are not always compatible. The main problem of moral pluralism in this context is that it offers little solution in dealing with conflicting views regarding moral responsibility. Franck Meijboom suggests that we have (limited) ways to address pluralism, such as being transparent about our point of view to increase transparency, discussing with each other and reflecting and deliberating on our thought. However, even

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[119] Eabrasu, M. (2012), *a Moral Pluralist Perspective on Corporate Social Responsibility: From Good to Controversial Practices,* in: Journal of Business Ethics or Springer Online Publications, pp. 1
[120] Okoye, A. (2009), *Theorising Corporate Social Responsibility as an Essentially Contested Concept: is one definition necessary?* In: Journal of Business Ethics, vol. 89, pp. 622
[121] Okoye, A. (2009), *Theorising Corporate Social Responsibility as an Essentially Contested Concept: is one definition necessary?* In: Journal of Business Ethics, vol. 89, pp. 623
[122] Light, A. (2003), *The Case for a Practical Pluralism*, in: Environmental Ethics, an Anthology, pp. 231

after such attempts to explicate and deliberate on our moral viewpoint, we can still be left with conflicting principles. This is a kind of moral conflict that cannot be overcome by reasonableness or moral deliberation. This moral conflict transcends any attempt to reconcile truly incompatible principles. Meijboom quotes Rawls on this, who calls this kind of conflict "reasonable pluralism".[123] The implications of such reasonable pluralism for practicing corporate social responsibility are twofold.

First, there is a risk of relativism. This means that, since there is not one underlying moral principle that justifies all moral rules, moral principles are relative to different cultures and people. The principle holds that, ultimately, there is no moral truth. According to Peter Wenz however, we should be careful about the thought that pluralism turns into relativism because it does not offer moral coherence like moral monism does. Positioning moral pluralism opposite from monism is too much of a minimal way to approach moral pluralism. By opposing pluralism to monism, one implicitly presupposes a lack of moral coherence (whereas monism does offer moral coherence). Such a state would be undesirable. This is what Wenz calls extreme pluralism. Extreme pluralism, as Wenz argues, means that you can adjust a moral principle in accordance with the situation that you are presented with. In other words: moral rules are subjective. Such pluralism presupposes that moral judgments can be based on whatever theory is convenient at whatever time. According to Wenz, this is wrong, since moral rules should be understood unconditionally; "all things considered". Wenz therefore argues for a moderate approach of moral pluralism. Moderate pluralism includes a "plurality of principles (in a single theory)". Wenz argues that there is no a priori reason "why moderate pluralism cannot coexist with unity at metaphysical, foundational level".[124] It means that not all the moral principles one has are derived from a master principle. As such, it can still be reasonable to dispute over a moral dilemma when both parties recognize themselves and the other as reasonable agents. [125]

Secondly, as Meijboom argues, reasonable pluralism poses a risk for trusting, since "being trustworthy implies respect for both one's own and the truster's autonomy"[126]. This means that a moral agent should take another opinion seriously, in order to be a trustworthy party. At the same time however, a company should also stand

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[123] Meijboom, F.L.B. (2008), *Problems of trust, a question of trustworthiness*, an ethical inquiry of trust and trustworthiness in the context of the agricultural and food sector, pp. 148

[124] Wenz, P. (2003), *Minimal, Moderate and Extreme Moral Pluralism,* in: Environmental Ethics, an Anthology, pp. 227

[125] Wenz, P. (2003), *Minimal, Moderate and Extreme Moral Pluralism,* in: Environmental Ethics, an Anthology, pp. 221

[126] Meijboom, F.L.B. (2008), *Problems of trust, a question of trustworthiness*, an ethical inquiry of trust and trustworthiness in the context of the agricultural and food sector, pp. 148

by its own moral principles, because it has to remain credible. The differences between investment policies are based on moral principles that appear legitimate. When you move away from the principles you believe in, you lack credibility and integrity. When you easily dismiss another's point of view, you lack respect for autonomy.

Being trustworthy is an important element in moral responsibility (of financial institutions). The world of investments is complex, especially for consumers. As a result, consumers have to rely on the trustworthiness of financial institutions and their investment policies when they want to make sure that institutions invest in an ethical way. Furthermore, CSR-policies (or responsible investment policies) also function as an instrument for financial institutions to show that they are trustworthy corporations. These policies should therefore have integrity. Meijboom argues however, that even in the case of 'reasonable pluralism', corporations can still be trustworthy. He argues that corporations should balance between accommodation and integrity.[127] Accommodation means recognizing that another one's point of view (of principle) has the same moral weight as your own. It includes "an attitude of openness towards counter evidence concerning one's own view"[128]. There are two principles for accommodation: one should minimize the harm towards another agent's view, and one should act in a way to minimize the damage to the relationship between him and the other party.[129] Accommodation should however be balanced with integrity. Easily adapting your moral views can cause damage to your credibility. Moral principles represent what you value most in life, and compromising on those values may cost you integrity. Integrity and accommodation are somewhat contradictory. It seems as if you cannot both accommodate (compromise), as well as having moral integrity. Losing one of each, according to Meijboom, has serious consequences for one's trustworthiness. As Meijboom puts it: "This results in an impasse: a compromise is inevitable and to be avoided at the same time".[130] As a solution to this paradox, Meijboom uses the work of Martin Benjamin. In his book, Benjamins investigates the possibilities of "splitting the difference" through a compromise. Such moral compromise can be feasible if it either does not affect one's integrity, or if affecting one's integrity is justified (by both parties).[131] Meijboom further

[127] Meijboom, F.L.B. (2008), *Problems of trust, a question of trustworthiness*, an ethical inquiry of trust and trustworthiness in the context of the agricultural and food sector, pp. 150
[128] Meijboom, F.L.B. (2008), *Problems of trust, a question of trustworthiness*, an ethical inquiry of trust and trustworthiness in the context of the agricultural and food sector, pp. 149
[129] Meijboom, F.L.B. (2008), *Problems of trust, a question of trustworthiness*, an ethical inquiry of trust and trustworthiness in the context of the agricultural and food sector, pp. 232
[130] Meijboom, F.L.B. (2008), *Problems of trust, a question of trustworthiness*, an ethical inquiry of trust and trustworthiness in the context of the agricultural and food sector, pp. 155
[131] Meijboom, F.L.B. (2008), *Problems of trust, a question of trustworthiness*, an ethical inquiry of trust and trustworthiness in the context of the agricultural and food sector, pp. 164

mentions that there are two constraints. Some issues cannot be compromised: they are simply too important. Finally, accommodation is only possible if it is "consistent with the competence of the trustee".[132]

The problem of pluralism for trustworthiness can be dealt with, as Meijboom suggests. As such, there are ways to incorporate moral pluralism in the financial sector, without having to compromise on integrity or lack of commitment to being a responsible corporation.

3.3 Moral pluralism in the Dutch investment practices

In the previous paragraphs it was explicated that moral pluralism is a necessary element for moral responsibility. However, this thesis has also showed that moral pluralism means that conflicting principles can emerge in corporate social responsibility. This has serious consequences, on a practical and on a moral level. On a practical level, it questions the feasibility of a benchmark like the Fair Bank Guide. On a moral level, moral pluralism (especially in the case of moral conflict) can have consequences for the trustworthiness of financial institutions and the sector as a whole. Balancing accommodation and integrity can serve the purpose of trustworthiness.

3.4 Conclusion and final remarks

This thesis has showed that the Dutch financial sector has proven to be committed to thoroughly documenting its ambition to invest in a responsible manner. It serves the purpose of showing consumers that they are trustworthy corporations. The topic in itself is the centre of a lot of public debate. I began this thesis with an empirical observation: in the current Dutch financial sector there are relatively distinct thoughts on what CSR entails and subsequently, what responsible investments are. There are differences between the actual policies, about the beliefs of why a financial institution is responsible and to what extend this responsibility goes. Throughout this thesis I have tried to show that this empirical observation relates to a more fundamental question on how we should distribute responsibilities when it comes to the investment practices. This proved to be complex and a more thorough investigation on the concept of responsibility was necessary. I conclude that, philosophically speaking, we should relate this kind of responsibility to a form of moral pluralism in which the moral agent (i.e. a bank) is partly submitted to a body of rules, as well as he is partly the shaper of these rules (meaning that he has moral autonomy). This is in the philosophical sense, the argument for the

[132] Meijboom, F.L.B. (2008), *Problems of trust, a question of trustworthiness*, an ethical inquiry of trust and trustworthiness in the context of the agricultural and food sector, pp. 164

necessity of moral pluralism. Whether moral pluralism is in fact desirable, relates to a whole other investigation, which I have tried to shortly investigate in this chapter.

The central question of this thesis was whether we can and should strive for a universally applicable concept of Corporate Social Responsibility for investments and credit policies of Dutch banks. The question, as well as the answer, is twofold. We can't strive for a universally applicable concept, since Dutch financial institutions are so different in size, shape and background. We also should not strive for such a concept, since pluralism is a necessary element for substantive forward-looking responsibility. Without its plural element, the value of choice becomes irrelevant. Pluralism has its difficulties, but without it, responsibility becomes redundant. In a world that is constantly developing, moral deliberation and a (constant) revision of applicable moral rules is necessary. I therefore pose the final remark that we should move away from the discussion of what constitutes a good investment, and we should move towards a discussion on what constitutes good investing. From ethical investment, to investment ethics.

Obviously, this thesis is merely a starting point of such investigation. Further investigating this topic is necessary to gain more insight on how we can clarify the discussion on moral responsibility in the financial sector further. The case for moral pluralism as a ground for Corporate Social Responsibility in the financial sector in the Netherlands, comes down to three observations:

1. Empirical investigation shows that pluralism is already a fact
2. Philosophical investigation shows that pluralism is both inevitable, as necessary in the light of substantive responsibility
3. Moral investigation shows that pluralism can be desirable.

As a final thought, I hope that this thesis sheds some light on the difficulties that are encountered in the financial sector. I think that we should strive towards a climate in which open dialogue is possible, and CSR-issues are not approached from a monistic is-or-is-not perspective.

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