

**!** This PDF is governed by copyright law, which prohibits unauthorised copying, distribution, public display, public performance, and preparation of derivative works.

---

**THIS CHAPTER  
IS AN EXCERPT  
FROM**

Dilemmas in Responsible Investment



**BY** Céline Louche and Steve Lydenberg

**FIRST PUBLISHED** June 2011

**ISBN** 978-1-906093-51-8 (pbk)

**MORE DETAILS AT** [www.greenleaf-publishing.com/dilemmas](http://www.greenleaf-publishing.com/dilemmas)

© 2011 Greenleaf Publishing Limited

SUSTAINABILITY • RESPONSIBILITY • ACCOUNTABILITY

Greenleaf Publishing, Aizlewood's Mill, Nursery Street, Sheffield S3 8GG, UK  
Tel: +44 (0)114 282 3475 Fax: +44 (0)114 282 3476  
info@greenleaf-publishing.com <http://www.greenleaf-publishing.com>



# Preface

It originally seemed like a simple task. In the spring of 2007, we set out to prepare a short ‘quiz’ on responsible investment. Céline was teaching a course on corporate social responsibility that autumn. For a week-long segment on responsible investment she wanted to identify a number of the basic, but difficult, questions that arise for practitioners in the field.

We weren’t certain what we meant by a ‘quiz’, but we started to jot down some questions from our personal experience. Quickly the questions expanded into short hypothetical stories to dramatise the ‘dilemmas’, as we were now calling them, that responsible investment practitioners face as they research societal and environmental records of publicly traded corporations, interact with their clients and make investment decisions.

Ultimately, we turned 12 of these dilemmas into the short narratives you find in this book. These ‘mini-cases’, drawn from our personal knowledge of, and experiences in, the field, were not full-blown case studies of the type frequently used in business schools, but we felt they were detailed enough to promote classroom discussion. In fact, they did just that when Céline taught a number of them during the 2007–08 academic year. But her students raised two interesting questions. The first was, ‘What are some real-life examples of these dilemmas?’ The other was, ‘How would investment professionals in the responsible investment field respond?’

These seemed like reasonable questions and, after some discussion, we decided to develop the cases further by interviewing a number of professionals to find out how they would in fact respond, to track down real-life examples to illustrate the cases, and to provide a general discussion of the various approaches responsible investors take when confronted with

these dilemmas, factors that affect these approaches and recommendations about how to proceed when these dilemmas occur.

We now had something that looked more like a book than a quiz. In certain senses it provided a general overview of the field and our views of what makes responsible investment an important and valuable contribution to the financial world. While elaborating on these cases and the field of responsible investment in general, however, we wanted to be careful not to ‘explain away’ the dilemmas or suggest that they had solutions. We focused on these dilemmas to begin with because we believe that they not only dramatise the complexities of responsible investment, but also demonstrate how contending with these complexities has made valuable contributions to its advancement.

These are not dilemmas that can be resolved, nor should they be. It is in fact in the grappling with the often difficult questions about the relationship between business and society, between the process of investment and its societal and environmental implications, that responsible investment adds its greatest value. It is these hard questions, which do not have easy answers, that lie at the heart of what we do.