



Principles for Responsible Social Investment (PRSI)



Social investment—often referred to as philanthropy—is an important element in corporate responsibility today. Leaders of corporations and grant-making institutions increasingly recognize the importance of ensuring not only the optimal impact of their contributions, but also their alignment with broader societal goals.

The United Nations Global Compact Principles for Responsible Social Investment (PRSI) promote social investments that are Purposeful, Accountable, Respectful and Ethical. By distilling best-practices into a set of voluntary principles that guide the ongoing practice of social investment by organizations, the PRSI seek to increase the impact and scalability of such contributions for the betterment of societies. Forthcoming measurement guidance on the PRSI will enable companies and other grant-making institutions to track improvement in their adherence to these principles over time.

Launched in 2000, the UN Global Compact is a call to companies everywhere to (i) align internal operations with its ten universal principles in the areas of human rights, labour, environment and anti-corruption and (ii) take actions in support of broad UN goals, including the Millennium Development Goals (MDGs). The PRSI are directly related to this second commitment, as a company's voluntary contributions—whether financial or non-financial—can have a significant impact on the sustainable development of societies.

With the introduction of the PRSI, the UN Global Compact seeks to offer guidance for organizations pursuing responsible social investment practices, including companies and their foundations, community foundations, private foundations and non-governmental organizations.

DEFINITION

SOCIAL INVESTMENT describes voluntary financial and non-financial contributions that demonstrably help local communities and broader societies address their development priorities.

PRINCIPLES

Responsible social investment is:

Principle 1: PURPOSEFUL

Principle 2: ACCOUNTABLE

Principle 3: RESPECTFUL

Principle 4: ETHICAL

1. Responsible social investment is PURPOSEFUL.

Definition Purposeful social investment is grounded in a limited set of priorities about which the funder is knowledgeable and committed, and for which the funder is reasonably assured to play a positive role that is non-redundant to the efforts of other actors.

Operating Guidance

- Clearly define your social investment strategy, objectives, and criteria against which all investment and activities will be screened.
- Create a funding mission and portfolio that reflects your institution's expertise and capacity, and aligns with the core competencies of your institution and those of your chosen partners.
- Ensure that staff, partners, and recipients have well-defined roles and responsibilities, and that they understand your institution's grant-making mission, practices, and goals.
- Apply high standards of due diligence and strategic planning to the funding selection process.
- Investigate whether opportunities exist to coordinate efforts with other parties who are linked to your priority funding areas.

2. Responsible social investment is ACCOUNTABLE.

Definition Accountable social investors take responsibility for the intentional and unintentional effects of their funding, and embrace the concepts of transparency, self-assessment, and peer advancement.

Operating Guidance

- Throughout the grant lifecycle, monitor progress toward defined goals and objectives, evaluate the effectiveness of initiatives, and develop responsible exit strategies and funding contingencies.
- Regularly communicate information on grant-making intent, practices, and contributions in an accessible and clear manner that sets stakeholder expectations appropriately.
- Ensure beneficiaries receive given resources, and that they have the capacity to safeguard and apply those resources.
- Remedy any misinformation or negative consequences arising from social investments.
- Use an accepted framework for measurement to record contributions completely and accurately.
- In the spirit of mutual advancement, seek ways to contribute to the ongoing dialogue on best-practice with other funders and engage in relevant benchmarking exercises.
- When assessing the effectiveness of social investments, seek and consider the views of beneficiaries.

3. Responsible social investment is RESPECTFUL.

Definition Respectful social investment has due regard for the local customs, traditions, religions, and priorities of pertinent individuals and groups.

Operating Guidance

- Treat grantees and recipients as valued partners and invest in understanding their aspirations, perceptions, and capabilities. Work to ensure that funding goals match local circumstances and prerogatives.
- Proactively develop trusting and productive relationships with project stakeholders, securing their prior and informed consent before embarking on projects that affect them.
- Enable beneficiaries and other stakeholders to participate in the design, goal-setting, implementation, evaluation, and refinement of social investments.
- Social investment efforts should complement and build on existing capacities and initiatives, as appropriate.
- Seek to empower beneficiaries and institutions to carry on the benefits of the investment, recognizing that capacity strengthening is a key component of sustainable social investment.

4. Responsible social investment is ETHICAL.

Definition Ethical social investment is a reflective practice conducted in accordance with applicable laws and accepted international norms of behavior.

Operating Guidance

- Operate in a manner that is consistent with international frameworks for ethical conduct with a particular emphasis on the Global Compact's ten principles.
- Support, institute, and uphold governance principles, structures, and practices that promote high standards of behavior internally and in interactions with external parties.
- Establish mechanisms and protections that facilitate the reporting of unethical behavior.
- Prevent or resolve conflicts of interest that could lead to unethical behavior.
- Institute controls to protect assets and manage investment risks, and audit accounts regularly.