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Ethical Innovation Fund

- Format** • 90-minute workshop at P&TS
- Location** • Neuchâtel
- Output** • Analysis of the regulations of the Ethical Investment Fund
• New interactive investment matrix

«This workshop enabled the P&TS Ethical Innovation Fund Committee to formalize the process of accepting the ethical innovation projects submitted to us, and to have at the end a more objective and effective evaluation framework than the approach used previously.»

Maria Maina, Patent Attorney at P&TS

A fund to support ethical innovation

The company P&TS, a **specialist in intellectual property protection**, provides an annual fund worth CHF 20,000.- in the form of support for ethical innovation projects. In this way, P&TS wants to assume its responsibilities as a business-citizen and contribute to the resolution of the many challenges we must collectively face. In this project, the company acts as an **investor committed to supporting quality projects**. A group of P&TS employees decides how to distribute funds. The team must therefore determine which projects will be supported by the Ethical Innovation Fund.

A challenge: defining ethical innovation

To determine which projects to support, the fund proposed selection criteria. These criteria are intended to define what ethical innovation means for P&TS. To clarify these criteria and better define its investment guidelines, P&TS conducted a workshop with ethix. During this workshop, team members were able to **clarify their vision of ethical innovation** and lay the foundation for an ethical investment matrix. This matrix of choices is based on a set of questions to address when deciding which projects to fund.

The overall funding strategy prioritizes projects that focus on certain themes (basic conditions). On the basis of current criteria, ethical innovation is defined primarily as an innovation that has an impact on one or more of the following basic conditions:

Renewable energy sources, prevention of global warming, environmental protection, health, human rights, animal rights, peacebuilding, environmental protection, animal rights.

If the project falls into one of these areas, two types of criteria influence its final investment score: positive criteria and exclusion criteria.

The positive criteria are intended to test the quality of the project and the relevance of P&TS' contribution. We have identified three positive criteria:

- Economic viability of the project
- Impact of the contribution provided by P&TS
- Ability of the project team to explain its values and objectives

These three criteria make it possible to prioritize the projects which have the best chances of success. The economic viability of the project and the contribution of P&TS make it possible to select projects with a chance of success on the market. Alignment with values challenges the project team's ability to explain the purpose of its innovation (the «purpose», i.e. the answer to the question of why this innovation makes sense).

Exclusion criteria are used to identify risk factors. Two categories of risks for exclusion criteria were proposed: dual use and relative improvement in a problem area. The challenge of dual use is a classic ethical issue. For the ethical investment fund, the question arises in the case of support for an innovation that can be used in two ways. A technical innovation (e. g. a mechanical part or software) can be used in a product that meets the chosen criteria, but potentially be used in another problematic area (e. g. defense).

To prevent this risk, we have identified 3 questions to evaluate:

- What is the probability of negative use?
- What is the ability of the project team to see and control the chain of intermediaries to a potential negative use?
- What are the guarantees provided by the project team?

For the relative improvement in a problem area, it is sufficient to imagine, for example, of an improvement in the use of otherwise polluting energy sources or an improvement in the use of animal experiments. The challenge for the investment fund is as follows: do we want to support an innovation that strengthens the economic position of actors active in a field which is considered to be problematic? To assess this risk, we identified two questions to be addressed:

- If the proposed innovation is a success, are we enthusiastic about the result?
- Does the proposed innovation lead to advancement beyond the problematic side of the field?

The second question concerns the particular case in which innovation would eventually solve the problems of the field. We could imagine an innovation in animal experimentation that, in the midterm, would make the same type of animal experimentation superfluous.

Output: an interactive investment framework

The workshop allowed the creation of an interactive investment grid. P&TS employees can determine how much relative weight they want to give to the positive and negative criteria. They then enter their assessment of the different points. Taking into account the proposed weighting, the grid then formulates a recommendation for investment.

ethix – Lab for Innovation Ethics is made possible by Engagement Migros, the development fund of the Migros Group.

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About Engagement Migros

Engagement Migros supports pioneering projects in the midst of social change that break new ground and test future-oriented solutions. The impact-oriented funding approach combines financial support with coaching-like services in the pioneer lab. The development fund was founded in 2012 as a voluntary commitment by the companies of the Migros Group. With its independent approach, Engagement Migros supplements the funding activities of the Migros Culture Percentage.

More information: www.engagement-migros.ch