



JEWISH

POLICY FOR FCI BY JEWISH COMMUNITY ORGANISATIONS, UK

In 2006, at the launch of the International Interfaith Investment Group (3iG) a key document was created for Jewish Community organisations wanting to create a policy on faith-consistent investment. It was written by: Mark Goldsmith, Rabbi of the Alyth Synagogue in London and member of the 3iG Executive Committee; Andrew Reese, analyst at an SRI Rating Agency; and Adam Ognall, Charities co-ordinator of the Ethical Investment Research Service/UK Social Investment Forum. This is an edited version of the original document.

Vision:

Jewish community organisations can seek to ensure that their strategies and policies for the investment and management of their assets are both financially robust and in accord with Jewish values and principles in the conduct of business. Where feasible, through their implementation, they can seek to contribute to the process of “tikkun olam” – making the world a better place.

A “Jewishly Responsible” Investment Strategy

- takes account of the relationship between socially responsible managements and long-term sustainable business profitability.
- encourages fund managers to use good quality research on the factors of social responsibility relevant to Jewish ethical values.
- through monitoring their performance, asks fund managers to explain and financially justify any investment decisions, for example on stock selection,

which is controversial in terms of social responsibility. It may favour investing on a positive “best in class” selection basis and using engagement with management and not only or even primarily negative screening.

- gives the asset manager clear guidance as to the values which should overlay the need for the fund to perform well financially but which leaves the day-to-day investment decisions to the fund managers within this overlay.

Jewish Principles and values which could be communicated to a fund manager, and examples of how these might be measured.

The businesses we invest in should:

- follow appropriate environmental standards e.g. ISO14001 or EMAS accreditation. (Deuteronomy 20:19 is the Bal Taschit text, requiring a besieging army to preserve fruit trees for the future)
- be just and fair to their workers with a good working relationship with unions, abide by principles of e.g. the Ethical Trading Initiative, International Labour Organisation and (in the UK) Investors in People. (Leviticus 19:13 commands that the wages of a worker are paid promptly)
- deal in good faith and demonstrate good corporate governance, complying for example in the UK with Combined Code and understanding of the new Modernising Company Law Review including the Operating Financial Review or in the US with the Sarbanes-Oxley Act US, in South Africa with King II. (Leviticus 25:14: “When you buy or sell anything to your neighbour’s hand you shall not wrong one another”. This has been primarily interpreted in Rabbinic texts to apply to fair pricing but could be interpreted wider to give rise to the general Jewish responsibility for fair dealing)
- respect human rights and comply with the UN Convention on Human Rights. (In the Torah Jews are commanded 36 times to love the stranger and to remember the experience of having been slaves in Egypt)
- neither take nor give bribes, complying with the Equator Principles, Publish What You Pay or similar. (Exodus 23 8: You shall not accept a bribe, for a bribe will blind the clear-sighted and pervert the words of the righteousness)

- not sell strategic military weapons to oppressive regimes, using definitions of oppressive regimes by Freedom House, the Economist Intelligence Unit or similar. (Isaiah 2:4 and they shall beat their swords into plowshares and their spears into pruning hooks; nation shall not lift the sword against nation, neither shall they learn war anymore)
- if it is involved in the health sector, engage in practices which enable wide access to healthcare. (Deuteronomy 4:9 “Watch over yourself very well”, which in Rabbinic interpretation implies a duty to take care of one’s own health)
- if its activities require it to work with animals, take care to treat them with kindness respect for their quality of life, complying not only with minimum standards of animal welfare but also with best practice. (Deuteronomy 22: 4 You shall not see your brother's donkey or his ox fallen [under its load] on the road, and ignore them. [Rather,] you shall pick up [the load] with it.)
- not sell or provide health-damaging products including tobacco to vulnerable consumers, demonstrate responsible marketing in alcohol and uphold a duty of care to others who might be affected by its activities. An example is the requirement under Jewish law to build a parapet around a flat roof lest someone unknown to you might fall off the roof and injure himself. (Deuteronomy 22:8)

Putting SRI Into Action

It is particularly effective to engage with businesses in alliance with other organisations which share the values as well as investments in the same businesses.

Ask your current fund managers to pay attention to these principles and report on their progress. Communicate the policy that you are adopting to your stakeholders. This may encourage them to investigate socially responsible investing for themselves and will enable them to see how Jewish values are part of the running of the organisation.

This document was co-written in 2006 by Rabbi Mark Goldsmith, one of the trustees of the Shores Charitable Trust, trustee of 3iG.