



ecojudaism

OUR FAITH IN THE PLANET

Judaism and Socially Responsible Investment: Greenwash or Mitzvah?

Does Judaism mandate that our investments, be they Synagogue development funds or personal pensions, are invested according to socially responsible principles (environmental, social and governance)?

Or is it just so much greenwash, making a gesture that does not really make a difference? A study session and an EcoJudaism debate.

Principles of Jewishly Responsible Investment

Al tono ish et achiv (Decent standards of corporate governance)

Leviticus 25

14. And if you sell something to your neighbour, or buy something from your neighbour's hand, you shall not wrong one another.



Bal taschit (You shall not destroy, care for the quality of the environment)

Deuteronomy 20

19. When you shall besiege a city a long time, in making war against it to take it, you shall not destroy its trees by forcing an ax against them; for you may eat of them, and you shall not cut them down. For is the tree of the field a man that it should be besieged by you?

20. Only the trees which you know are not trees for food, you shall destroy and cut them down; and you shall build siege works against the city that makes war with you, until it is subdued.

Babylonian Talmud Sukkah 29a

And on account of four things are the luminaries in eclipse: On account of those who perpetrate forgeries, on account of those who give false witness; on account of those who rear small cattle in the land of Israel; and on account of those who cut down good trees.

Shochad lo Tikach (Avoiding un-ethical business practices)

Exodus 23

8. And you shall take no bribe; for the bribe blinds the wise, and perverts the words of the righteous.

Tza'ar ba'alei chayyim (The avoidance of cruelty to animals and the positive achievement of animal welfare standards)

Deuteronomy 22

4. You shall not watch your brother's donkey or his ox fall down by the way, and hide yourself from them; you shall surely help him to lift them up again.

6. If a bird's nest chances to be before you in the way in any tree, or on the ground, whether they are young ones, or eggs, and the mother sitting upon the young, or upon the eggs, you shall not take the mother with the young.

Babylonian Talmud Bava Metzia 31a

Now, why must both unloading and loading be stated? — Both are necessary. For had Scripture mentioned unloading [only], I would have thought, that is because it entails suffering of dumb animals and financial loss.

Babylonian Talmud Bava Metzia 32b

'One must busy himself with an animal belonging to a heathen just as with one belonging to an Israelite'. Now, if you say that [relieving] the suffering of an animal is a Biblical injunction, it is well; for that reason he must busy himself therewith as with one belonging to an Israelite.



Lo talin p'ulat sachir (Paying workers on time, caring for the welfare of workers)

Leviticus 19

13. The wages of a hired labourer shall not remain with you all night until the morning.

Lo t'chaleh p'at sad'chah (Fair trading practices)

Leviticus 19

9. And when you reap the harvest of your land, you shall not reap to the very corners of your field, nor shall you gather the gleanings of your harvest.

10. And you shall not glean your vineyard, nor shall you gather every grape of your vineyard; you shall leave them for the poor and stranger; I am the Eternal your God.

Shmor naph'shcha m'od (Taking care of human health for yourself and therefore also for your neighbour)

Deuteronomy 4

9. Only take heed to yourself, and keep your soul diligently, lest you forget the things which your eyes have seen, and lest they depart from your heart all the days of your life; but teach them to your sons, and to your grandsons.



Machazik Yad (Strengthening the hand of the poor - Microfinance investing)

Maimonides' Mishneh Torah, Laws of Gifts to the Poor 10:7-14

The highest degree of charity—above which there is no higher—is he who strengthens the hand of his poor fellow Jew and gives him a gift or [an interest-free] loan or enters into a business partnership with the poor person.

L'kayem Medinat Yisrael (Investing in Israel)

Is there a Jewish duty to invest a proportion of funds in businesses in the State of Israel?

Jeremiah 32:9,15

I bought the field of Hanameel my uncle's son, that was in Anathoth, and weighed him the money, seventeen shekels of silver. . For thus says the Eternal God of hosts, the God of Israel; Houses and fields and vineyards shall be bought again in this land.

Micro-Enterprise



One of our first Micro-Enterprise beneficiaries opened a shop in 2015. She sells tea, bread, chilli powder and powdered shiro (spicy chickpea mix).

Jews and the Corporate Responsibility Movement **by Lawrence Bush, Jeffrey Dekro & Rabbi Mordechai Liebling (The Shefa Fund and Torah Of Money)**

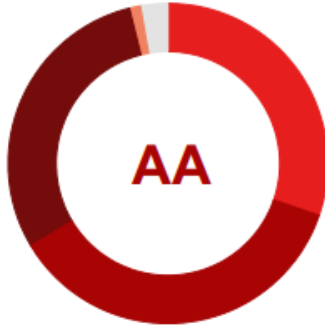
“Where within the SRI movement are American Jewish institutions - including Federation endowments and the more than 5,000 existing Jewish family foundations - with their investable assets of more than \$25 billion? In general, our community has dodged the entire matter of socially responsible investing. Of the 275 participating institutions in the ICCR, for example, only two are Jewish: the Reform Rabbinical Pension Fund, and The Shefa Fund. The reasons for this are complex:

- o Support for Israel has meant support for the U.S. defense and nuclear industries (to lessen the influence won by the oil of Arab countries), while the SRI movement is strongly rooted in anti-military, anti-nuclear values.
- o Ongoing wariness about anti-Semitic stereotypes of Jewish wealth and power has provoked a good deal of Jewish reticence about issues of wealth and power.
- o The oligarchic governance structures of American Jewish institutions have brought to leadership many wealthy funders, including corporate executives. The result has been to mute Jewish criticism of corporate corruption and power.
- o Endowment funds - that is, investable funds - are relatively new to most Jewish institutions. Most investments, moreover, are made by financial professionals, with little input from mission- and program-oriented staff.”



Report from a Jewish community trust working in the UK from their bank – Sustainability rating

Distribution of your assets



Sustainability classes	Value in EUR	Share in %
AAA	953.789	30,2%
AA	1.137.155	36,1%
A	938.825	29,8%
BBB	31.933	1,0%
not rated	91.536	2,9%
Total (excluding liquidity)	3.153.239	100,0%

Best ESG-Ratings

Security name	Rating	Value in EUR	Share in %
Telia Company AB	AAA	112.828	3,6%
Iberdrola International B.V.	AAA	100.224	3,2%
Merck KGaA	AAA	90.027	2,9%
Kreditanst.f.Wiederaufbau	AAA	72.680	2,3%
Oréal S.A., L'	AAA	67.076	2,1%
Total		442.835	14,0%

Worst ESG-Ratings

Security name	Rating	Value in EUR	Share in %
Thermo Fisher Scientific Inc.	BBB	20.213	0,6%
Alphabet Inc.	BBB	11.720	0,4%
United States of America	A	129.794	4,1%
Grenke Finance PLC	A	90.477	2,9%
C.N.d.Reas.Mut.Agrico.Group.SA	A	86.865	2,8%
Total		339.069	10,8%

Note: All information is based on MSCI's ESG research.

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Prof. Benjamin Laker – Henley Business School, August 2023 in Forbes Magazine

It is suggested that ESG ratings present a paradoxical nature, measuring relative progress rather than absolute impacts. This may effectuate scenarios where a major polluter like a coal company can be celebrated for sustainability within its industry, while the sector itself remains fundamentally at odds with environmental preservation.

The subsequent issue, suggested by the essay, that ESG investments often fail to lead to new green projects or tangible reductions in emissions highlights a critical flaw in the system. Public companies tend to adhere to their pre-existing business strategies, largely unaffected by their ESG ratings. Coupled with the fact that ESG ratings are primarily self-reported, this pattern has given rise to a system where companies can superficially endorse sustainable practices, indulging in what is known as greenwashing, without having to demonstrate concrete results or genuine commitment to environmental responsibility.



Financial Times 31st July 2023

The correlation between ESG scores and carbon intensity is close to zero [at 4 per cent]. The two objectives are unrelated and are therefore hard for investors to simultaneously achieve." "It can very well be that a high-emitting firm is very good at governance or employee satisfaction. There is no strong relationship between employee satisfaction or any of these things and carbon intensity," Goltz argued. "Even the environmental pillar is pretty unrelated to carbon emissions," he added, with this rating partly determined by factors such as a company's use of water resources and waste management practices. Keeran Beeharee, vice-president for ESG outreach and research at Moody's, agreed that ESG investment does not necessarily help an investor create a low-carbon portfolio, or any other specific goal.

A spokesperson for MSCI ESG Research said its ratings "are fundamentally designed to measure a company's resilience to financially material environmental, societal and governance risks. They are not designed to measure a company's impact on climate change." Its environmental pillar, for example, looks not only at a company's past carbon emissions, "but also at its plans to curb emissions in the future, its investments to seize opportunities related to clean technology, and its management of biodiversity and nature-related risks."

Environmental	Companies must show commitment to good environmental practices. This may be trying to eliminate plastic from their entire supply chain or only using electricity supplied from renewable sources such as wind and solar.
Social	Companies must have a positive social impact. This might be promoting good working conditions for employees or providing services to the local community. Companies that participate in potentially socially negative activities, such as tobacco or gambling firms, can be excluded, even if they meet other social criteria.
Governance	Companies must actively work to improve behaviour at the corporate and executive level. This can involve everything from strict bribery and corruption policies, to increased diversity and inclusion in the boardroom.

HOW TO SPOT GREENWASHING

For you, the risk of greenwashing is that you end up putting your money in companies and funds that conflict with your values.

The Financial Conduct Authority (FCA) has stated that it's ready to start regulating ESG ratings firms to prevent greenwashing.

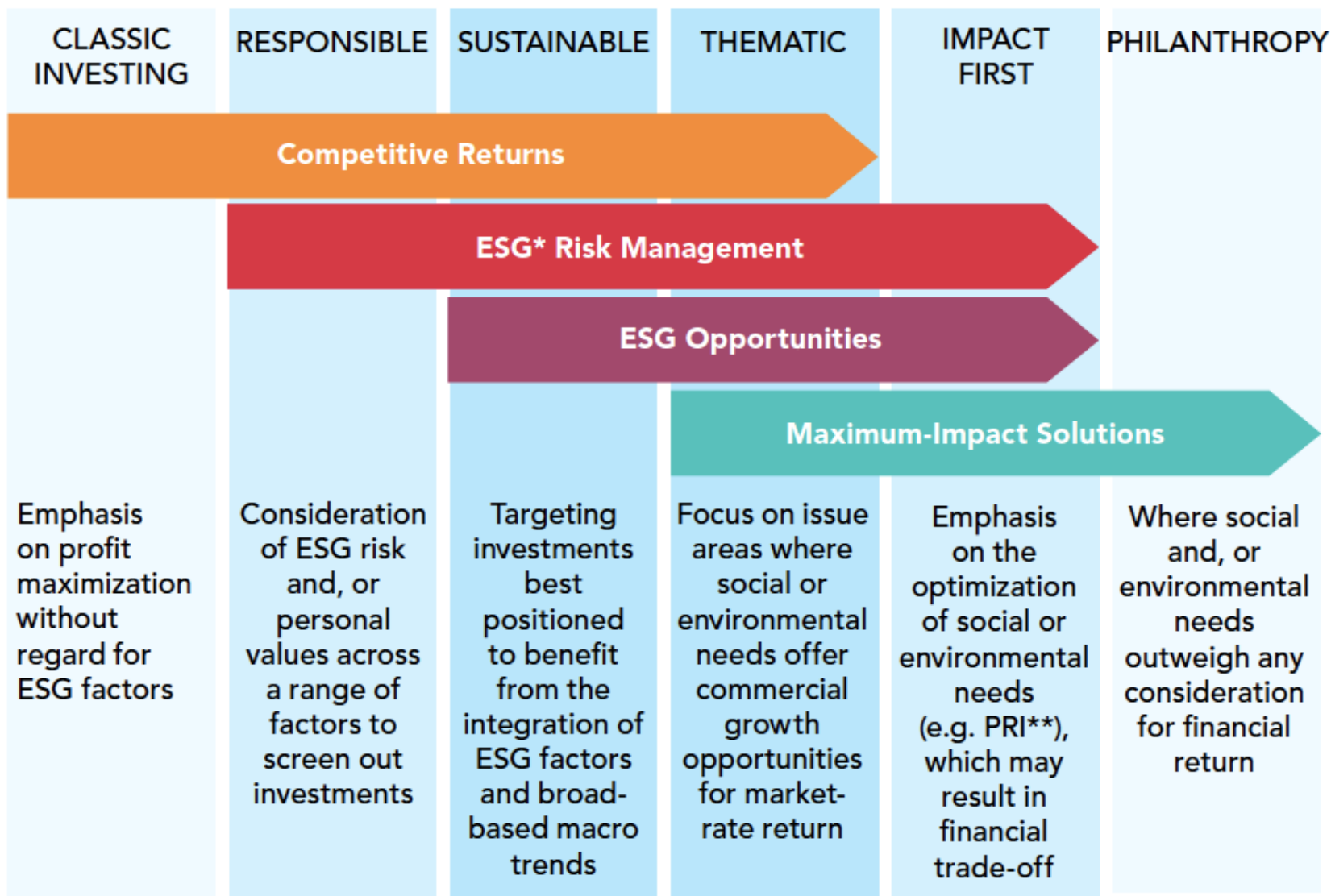
But in the meantime, it's worth knowing a couple of ways in which you can identify issues yourself to avoid investing in companies that don't align with your principles.

The first thing to do is to check the underlying investments in any ESG funds you intend to invest in.

Obviously, while you can't know about the specific behaviours of every single company, you may notice inclusions of companies that you know have practices that conflict with your values.

Aside from reviewing the funds you're interested in, you could consider selecting and investing in individual companies that support good ethical practices.

There's plenty of information available online to help you decide whether certain companies meet your ethical standards, either in the product or service that they offer, or more widely.



Adapted from Bridges Ventures and Clara Barby, June 2012

* ESG-Environmental, Social and Governance factors

** PRI - Program Related Investments available to US Foundations as defined by the Tax Reform Act of 1996