

Responsible Investing

By

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Civil rights leader Rabbi Abraham Joshua Heschel observed, “Words create worlds.” Confusion over the terminology describing an investment approach that considers environmental, social, and governance (ESG) factors obscures the point of the work linking investing and encouraging corporate behavioral change.

There is a battle of semantics going on within the industry to change or shift from Socially Responsible Investing (SRI) to the concept of “sustainability”. However, some companies with poor ESG performance records touting the mantra of sustainability, are using it as a marketing ploy, or what we call “green-washing.” So, Amy Domini of the Domini Social Funds, prefer to continue to use SRI or just responsible investing.

I and other leaders in the field particularly like the concept of Restorative (RI) or Transformative Investing (TI), due to my belief in the concept of G'd as being the transformative power of the universe to bring our greatest potential into being. Another term that I believe is a good inclusion is the concept of “stewardship,” which is also a biblical concept and denotes responsibility in managing resources in a responsible and sustainable way. Whatever you want to call this concept of investing, whether it be SRI, SI, TI, Values or Mission-Based Investing; they all equal wisdom and common sense or cents, pun intended, and they are all based in biblical and Talmudic wisdom.

The four pillars of this type of investing, are as follows:

1. **Investment screening-**
 - A. Exclusionary-to either rule out companies, industries, practices, such as tobacco, weapons, gambling, alcohol, labor practices, excessive executive compensation, etc.
 - B. Inclusionary-to support companies in industries such as renewable energy, innovations in health, food, water, conservation, “green” building, etc.
2. **Shareholder Advocacy**
 - including efforts of dialog with companies to improve their environmental, social, and governance performance, and using proxy voting and other actions to positively influence their corporate citizenship to enhance the long-term well-being of all stakeholders, including the company, customers, employees, vendors, communities, and the natural environment, and stockholders.
3. **Community Investment**
 - to support our communities locally, and particularly to direct capital to people of lower income who have difficulty accessing it through conventional channels through temporary loans as a hand-up and not a hand-out. Many values-based investors earmark a certain percentage of their portfolios to community development financial institutions (CDFIs) that work to alleviate poverty, create jobs, provide affordable housing, and

finance small business development in disadvantaged communities. Examples of CDFIs are Jewish Fund for Justice, the Grameen Bank of Bangla Desh that was started by Mohammed Yunus, winner of the Nobel Peace Prize in Economics for his work with development of microfinance or micro loans to small business owners, usually women to support their families with better food and education, the Calvert Foundation, which we use as a convenient funding source for these other worthy organizations.

4. **Charitable Giving-Tsedakah (Charity) with Tsedek (Justice)**

-supporting causes that we believe in and love, such as our Synagogues, Mosques, Churches, Ashrams, Habitat for Humanity, UNICEF, NAACP, human and animal rights organizations, and numerous other charitable organizations in our communities and abroad.

If all investing incorporated these concepts, I believe that we could have prevented the current financial crisis, and if properly utilized, could be used to get us out of it as well. Plus, SRI could also help prevent the next looming climate change crisis preventing the destruction of our planet and annihilation of many species including our own.

Doesn't it make perfect sense to invest in and support in a world that you want to create, instead of things that you don't really believe in or want to support?

Or let me ask this question this way. What will our children and grandchildren say? "Thank you for acting when you had the chance", or will they instead ask us? "Why didn't you act when you could have prevented all of this?" What kind of world do we want to leave for them and what legacy do we want to create for the next generations?

Many of the concepts such as excessive executive compensation, ethical lapses, fraud, deceit, lack of full disclosure, discrimination, predatory lending, abusive labor practices, gender and racial inequality, etc. are all issues the SRI world has been dealing with for decades and now are on everyone's radar screen.

Is our economic system truly sustainable or do we need to change it now, strike while the iron is hot and before it's too late? Let's use this crisis as an opportunity to bring about the change we believe in and not just use it as a campaign slogan. We need to be "responsible" and hold our leaders to a higher standard that benefits everyone, not just the few; Democracy for the common good.. Isn't this what G!d and our higher selves really wants for us to do? Your money and your investments have power for meaningful and positive change if you make the choice. Be part of the solution!

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