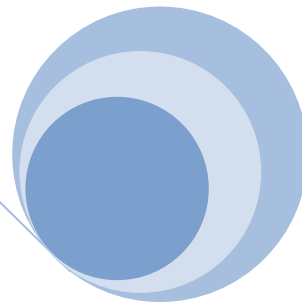
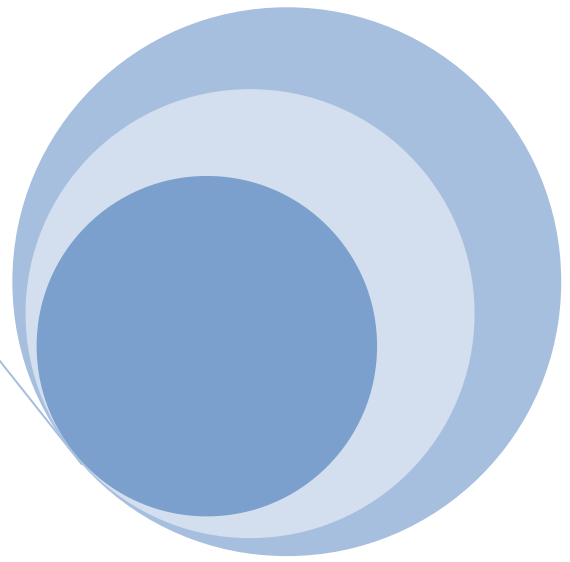


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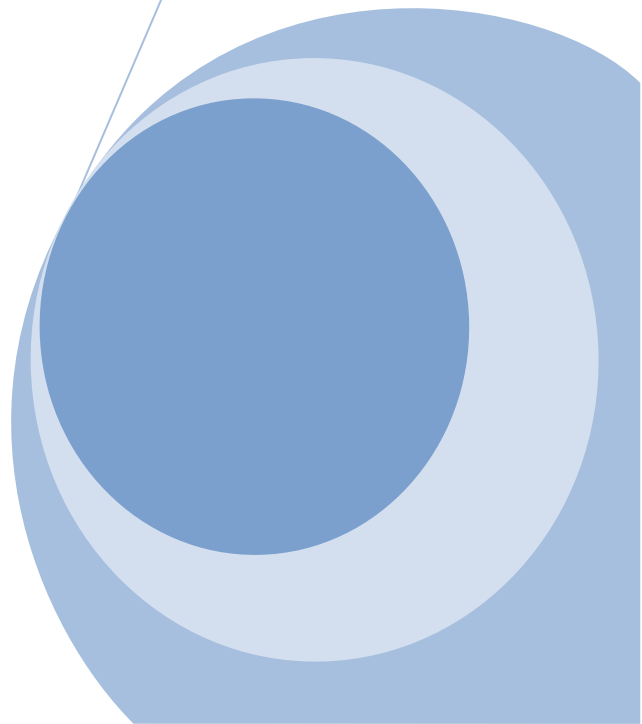


Ethical Finance

A Sikh Perspective

The City Sikhs Network presents a trilogy of articles discussing the Sikh perspectives on ethical finance.

City Sikhs Network
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Welcome to the first in a series of articles on Sikh views on ethical finance

Ethical Finance – A Sikh Perspective

The guidance to Sikhs on wealth creation, use of wealth, and its distribution is implicit in the faith's teachings. More specifically, direction comes from two sources:

1. the notion of '*dharamsal*' which is fundamental to the pursuit of social justice and social responsibility;
2. the '*Rehat Maryada*', the Sikh code of discipline which guides the Sikh way of life from both the individual perspective and the responsibilities a Sikh has as a member of the Sikh community ('*saadh sangat*' or the '*Panth*').

Both offer the moral context as well as some practical how-to guidance for daily conduct.

The term *dharamsal* is composed of two words:

- ⤴ '*dharam*' denotes religious, ethical and social obligations, upholding the law and duty to the community;
- ⤴ '*sal*' means a place of abode.

According to Sikh beliefs, the world is a *dharamsal* established by God/Waheguru and humans are part of that system. This automatically establishes the interdependency between mankind and all life on the planet.

At the same time, the *Rehat Maryada* demands that Sikhs must earn their living through:

- ⤴ hard work through honest means ('*kirat karna*'),
- ⤴ share what is created with others ('*wand ke chhako*'). *Kirat karna* and *wand ke chhako* are two of the three main pillars of the Sikh faith.

The notion of *dharamsal* and the *Rehat* are wholly consistent with the current principles of responsible corporate and institutional behaviour with its emphasis on good governance, and on ethical social and environmental action.

The principle of '*dharma*' contains precepts relevant to good business, humanitarian and environmental conduct, but also the implicit requirement of mindfulness about the sources of wealth — and therefore responsible investing. On the one hand, it informs the behaviour of corporate Sikhs in terms of how they treat their employees, customers, communities, shareholders and the environment.. On the other, it informs their decisions on how they create, use and invest their wealth. Implicit in this would be the notion that if they only consider the profit

motive of any investment without recognising how that profit was generated and at what cost to other human beings or the planet, then they are failing to live by the codes of *dharamsal* and *Rehat*.

Faith-based investment would have a natural appeal for Sikhs. In reality, the demand for faith-based investment is still untapped. The idea of investment in financial markets, let alone faith-based investment, is relatively new to Sikhs around the world. When growth comes, it will be organic, pushed by individuals – investors and thought leaders alike – and from entrepreneurs offering faith-based investment services. That may take the debate on how modern Sikhi applies its values and doctrines to a wider forum.

Currently, there are no specific Sikh values-based investment institutions.

In January 2008, the Dow Jones announced that it would be launching its 'Dharma indices'. Created in partnership with a private faith-based Indian firm, the aim of the indices was to track the stocks of over 3,400 companies globally that observed the values of dharmic religions such as Hinduism, Jainism, Sikhism, and Buddhism. Similar Dharma indices were also created for the U.S., Britain, Japan and India.

The Dharma indices rewarded companies that worked to improve the welfare of the world, whether in terms of environmental preservation, sustainability, or acting for the good of society. The indices excluded companies that had negative impacts in any of these areas. Companies were screened for factors such as corporate governance, financial management, labour relations and human rights, resource management, environmental policies, and corporate social responsibility.

Companies from business sectors which were not deemed dharmic, such as defence, tobacco, pharmaceuticals (if they use animal testing or promote genetic modification, for example), food production (where it involves animal slaughter or meat processing), casinos and alcohol, were excluded from the indices.

Sadly, the Dharmic indices were abandoned in late 2008 due to the economic crash, and no product was ever launched which followed those indices. However, it is hoped that similar indices will be launched in the future, thus enabling Sikhs to invest in stocks that are in sync with their religious beliefs.

Continuing the series of articles on Sikh views on ethical finance Ethical Finance – A Sikh Perspective – Part 2

Hard Work and Sharing One's Wealth

Introduction

The reputation that Sikhs have gained within India and throughout the Diaspora of being successful businessmen, industrialists and entrepreneurs can be explained by the commitment to the twin ethical principles of *kirat karna* and *wand kay chhakna*:

1. *Kirat Karna* – earning an honest living through hard work;
2. *Wand Kay Chhakna* - sharing one's wealth for the benefit of society and for building an inclusive community life.

Hard Work – Kirat Karna

For a Sikh, doing good is an implicit and desirable outcome of wealth creation. The pursuit of excessive profits is not the aim, nor is making money for the sake of it. As such, investing in stocks and shares may not appeal to many Sikhs.

In early Sikh history, the Gurus encouraged the creation of wealth by establishing new townships in the Punjab. They invited traders, artisans, craftsmen and shopkeepers to these new towns, and as a result of this strategy, a number of these towns emerged as flourishing trade centres. However, although the Sikh Gurus encouraged the creation of wealth, they categorically rejected unethical or immoral means of accumulating it.

Gambling is forbidden by the *Rehat* as it is seen to contravene the principle of *kirat karna*. Consequently, many Sikhs might interpret 'playing the stock market' for short term gains as a form of gambling. Given the principle of responsible investing, however, Sikh investors might be more open to long term/sustainable outcomes from their investments .

Sharing One's Wealth – Wand Kay Chhakna

When it comes to sharing one's wealth, Sikhs believe in the concept of *Daswandh* tithe, or the sharing of 10% of one's income for charitable or religious purposes.

Philanthropy and charitable donations are an integral part of the Sikh tradition. It is the way in which Sikhs ensure the upkeep of their places of worship (*gurdwara*), supporting the religious and cultural activities provided by the *gurdwaras* and ensuring a daily *langar* (the community kitchen).

Gurdwaras are built by way of voluntary donations as the centres of religious and cultural activities, actively nurturing ethical values amongst young Sikh children and promoting inter-faith dialogue and understanding. There are over 200 *Gurdwaras* in the UK which have been built through such voluntary donations. Charitable giving also supports educational and health care projects within and outside of Sikh communities.

Although there is emphasis on *daswandh*, Sikhs are encouraged to combine financial contribution with volunteering their time, talent and energy. This is the concept of *sewa* - unconditional, selfless service without expectations of reward or approbation to the community (*sadh sangat*). Practical expressions of this could be supporting activities in the *gurdwara* such as helping prepare or serve the *langar*, and volunteering time or expertise in community projects.

The rationale for combining *sewa* and *daswandh* is simple. It reinforces the faith's emphasis on social awareness and the societal outcomes of an individual's active participation in the community. It reminds Sikhs that their faith was founded in the 16th Century during a period of grave social injustice in India due to the caste system and gender inequality, and in a time of political tyranny and religious persecution under the Mughal empire. The message is that Sikhs, led by their Gurus and at terrible cost to themselves, were fighting for social justice, equality and religious tolerance; and that legacy has to be cherished, sustained and passed on.

The *langar*, which is open to everyone irrespective of faith, colour or creed, represents the concept of brotherhood, equality and humility, and a humanitarian, compassionate attitude to one's actions in life. *Sewa* is a way of ensuring equality and social reform and inclusive access to education, health or commerce for all members of the community.

Concluding the series of articles on Sikh views on ethical finance Ethical Finance – A Sikh Perspective – Part 3

Responsible Planning and Management – Stewardship

The concept of stewardship for Sikhs is defined by the *dharamsal*, with its emphasis on both social and environmental responsibility. These in turn guide how Sikhs create, use and distribute their wealth now and for the future sustainability of society and the world.

In the Sikh faith, the world is perceived as the abode of God and a sacred place in which to practice *dharam* for the welfare of humanity. According to the faith's teachings, a Sikh is not a passive spectator but an active participant in bringing about social reform, being ready to protect and stand up for the rights of the weak, to fight for justice, human dignity, human rights and fairness for all.

In this context, stewardship entails using one's time, talents, material possessions and wealth for societal sustainability and the transmission of Sikh values and beliefs to the next generation. The communal Sikh prayer or *Ardas* ends with the following words:

With God's blessings, may there be peace and prosperity for the whole of humanity

The *Ardas* therefore acts as a continuous reminder of social stewardship.

There is also a strong expectation of environmental stewardship in the Sikh holy scriptures, articulated especially well by Guru Nanak Dev. He is probably one of the earliest recorded environmentalists to lay the foundation for a sacred vision for the environment. For instance, the following statements of Guru Nanak are taken as a clear indication of the supremacy of Nature:

1. *“All Waters all winds, all the fires and underworlds. All spheres, all divisions of Earth, and all worlds, men and forms.... How great is the Lord's command over them”*
2. *“Air is the Guru, Water the Father, and the Earth is the Great Mother”.*

Sikhs are thus encouraged to have an intrinsic sensitivity to the natural world, and a belief that the fate of the planet and humanity are intertwined; destruction of one will lead to the destruction of the other.

Given the above notions of social and environmental stewardship, the Sikh faith supports the kind of financial management that would help individuals to contribute to social equality, justice and empowerment and responsible planning and management of natural resources and preservation of biodiversity for future generations.

Philanthropy and Impact Investing

Philanthropy is a familiar way of contributing to social or economic development and it carries no expectation of any monetary return. Most Sikhs would expect to use part of their profits to create some additional social, economic or environmental benefit. This invariably means investing into their own business, creating more employment, better products or services, better production processes, creating more channels to markets for more people to access their products and so on.

Sikhs would be receptive to investment in activities outside of their core business for a financial return if it meant compliance with the code of conduct defined by the *Rehat* and the *dharamsal* doctrine. In this respect, investment in a social enterprise or social business would not be alien under Sikh teachings, as it would allow the owners to invest the bulk of the profits back into the enterprise and take out just enough money for their own needs.

The predominant Sikh business model tends to be small or medium-sized, often family-run enterprises. If there is a call for investment for social impact, then these existing enterprises would be likely to be the first beneficiaries rather than a brand new sector.



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