



BDS Shifts Focus to Corporations & Investors

CONCEPTUAL FRAMEWORK



המכון מלקבוצת ראות
The Institute by Reut



FIREWALL
ISRAEL

March 2018

ABOUT FIREWALL ISRAEL

In January 2018, the Reut Group launched the Firewall Israel Project, with the anchor support of Bennet Goodman and David Blitzer. The purpose of this project is to improve the capacity of the pro-Israel network to fight and marginalize the anti-Israel movement as it engages in activities of anti-Semitism and delegitimizes Israel in the US and elsewhere. Firewall Israel intervenes in vital yet neglected areas with activities that are demonstrably force multiplying and seeks to leverage existing resources.

BDS SHIFTS FOCUS TO CORPORATIONS & INVESTORS

CONCEPTUAL FRAMEWORK

EXECUTIVE SUMMARY

The campaign to assault Israel's legitimacy, spearheaded by the BDS Movement, is increasingly leveraging Corporate Social Responsibility (CSR) and Socially Responsible Investing (SRI) in order to build links with a larger network of progressive causes. Because CSR and SRI played a key role in mobilizing against South African Apartheid, the application of these tactics to Israel seeks to reinforce a false association between Israel and Apartheid.

The evolution of SRI and CSR is not connected to Israel. However, the anti-Israel movement strives to create a unique category for Israel within international norms and international law, arguing that investments in Israel are not socially responsible.

The pro-Israel network should act to accelerate its learning curve and adaptive capacity. The BDS Movement has dedicated energy and resources to studying the tactics of CSR and SRI and engaging the SRI community. **This shift in focus demonstrates the increasing professionalism and sophistication of the BDS Movement.** The pro-Israel network has not kept up.

Although the anti-Israel movement promotes a comprehensive boycott of Israel, it increasingly shows tactical flexibility and focuses the CSR and SRI discourse on the West Bank. This effort attempts to rally international support and exploit Israel's internal divisions around the issue. The Movement also targets what it perceives as "strategic" sectors in this regard, most notably are the Israeli Banks' sector and the Israeli Electric company who must provide their services all across the Green Line. The current challenge in this regard is the recent blacklist of 206 Israeli and international companies, issued by the UN High Commissioner for Human Rights.

Indeed, targeted boycott of Israeli settlements poses an acute conceptual challenge to the pro-Israel network. The BDS Movement has identified internal Jewish and Israeli divisions around this issue as the Achilles' heel of the pro-Israel network. The polarization around this issue impedes the creation of a

ACKNOWLEDGMENTS

Many people have contributed to this document. Specifically, Reut wishes to thank:

- **Nir Boms**, Newton & Rochelle Becker Charitable Trust;
- **Ethan Felson**, Executive Director, Israel Action Network
- **Julie Hammerman**, Executive Director, JLens Investor Network;
- **Daphna Kaufman**, Managing Director of the Israel Institute for Innovative Diplomacy;
- **Momo Mahadav**, CEO of Maala;
- **Itai Nixon**, Director of the Economic Affairs at the Ministry of Strategic Affairs.

This document, however, reflects the position of the Reut Institute alone.

united and diverse Jewish and Israeli coalition against the anti-Israel movement.

To meet this challenge, the pro-Israel network should develop a strategy of “constructive ambiguity.” In the current political make-up in Israel and the Jewish world, and the tension between progressive Judaism and the State of Israel, it is unlikely that the broad spectrum of the pro-Israel camp could reach a common ground on where the ‘red-lines’ on this issue should be delineated.

This document also highlights the insufficient response of international corporations to the BDS campaign. This response is the result of a “relevancy gap,” namely, a false perception of the character and dynamic of the BDS Movement. Moreover, some corporations suffer from the “Israel-Engagement Conundrum” - their aversion to engage with pro-Israel organizations in order to avoid the perception of “choosing sides.” However, this approach often makes them more vulnerable to the damage of BDS campaigns.

The response of corporations to BDS campaigns is the dominant factor that determines the intensity of the BDS campaign against them. As a result, this document also includes several recommendations for corporations.

It is important to leverage the sphere of community relations in order to engage corporations and the “Long Tail” of the SRI community. The decentralized nature of the BDS Movement requires a decentralized response, led by local community relations experts, and primarily investors and SRI professionals.

Jewish Philanthropy should become more active in impact investing. While the fields of impact and socially responsible investing are growing, it is mostly dominated by private investors. Jewish Foundations and communal organizations, which strive to generate positive social change would seem to be natural candidate for that type of investing, but so far have been behind the curve.

Finally, the anti-Israel movement’s increasing attempt to blacklist Israel in the diplomatic arena **requires the pro-Israel network to respond with intensified “lawfare.”** The pro-Israel network should dedicate resources to contain the attempt of the anti-Israel movement, and seek to proactively **shape legal frameworks and norms.**

TABLE OF CONTENTS

Glossary / Concepts	4
Background	5
The Global Trend of Rising CSR and SRI	5
BDS Jumps on the Bandwagon.....	6
2017: BDS Defeated on Every Front	7
BDS Undermines Israel’s SRI status	8
Engagement of the “Long Tail of the SRI Community”	8
BDS Focus on Corporations	9
Encouraging Consumer Boycotts.....	9
Promoting Shareholder Activism.....	10
Why do Attempts at Engagement by Corporations Fail?.....	10
The Challenge of West-Bank Focused Campaign	11
The Targeted Boycott Challenge (Israeli Settlements in the West Bank).....	11
The UNHRC Blacklist – A Game Changer?	12
Recommendations	13
Key Principles: Adaptive Capacities and Broad Tent 2.0	13
Elevating Relationship-Based Approaches.....	14
Impact Investing	15
The Diplomatic and Legal Field	16
Recommendations for Corporations.....	16
Annex: To publish or not to publish? The Reut Institute’s policy on writing about BDS	19

GLOSSARY / CONCEPTS

The Assault on Israel's Legitimacy	The negation of State of Israel's right to exist, as the expression of the Jewish People's right to national self-determination.
Double Standards / Singling Out	Applying unique standards to Israel that are harsher than common international practice, as a basis for expressing disproportionate criticism.
Socially Responsible Investing (SRI)	An investment approach that seeks to consider both financial return and social good. This approach guides the investment strategies of an increasing amount of funds.
Corporate Social Responsibility (CSR)	A practice of self-regulation by corporations. CSR is incorporated into business models in order to meet increasing expectations that corporations take a greater degree of responsibility for the social and environmental implications of their business activities.
The Israel-Engagement Conundrum of Corporates	A situation where corporations facing BDS campaigns avoid support from the Government of Israel or pro-Israel organizations, to avoid being perceived as "choosing sides" in the conflict. This approach often makes corporations more vulnerable to the BDS campaign, and reflects their "relevancy gap" - their misperception of the character and dynamic of the BDS Movement.
Israel's Negative SRI Label	The anti-Israel movement's attempt to formally single out Israel diplomatically, by creating a unique investment category for Israel, and arguing that investors cannot claim to be socially responsible if they invest in Israel.
The Long Tail of the SRI Community	The various professional organizations making up the SRI community, which may be engaged by the BDS Movement. These organizations may occasionally and unwittingly embrace the terminology and methods used by the BDS Movement. These organizations include: ethical screening companies, investors and asset managers, SRI advisory committees, and governmental ethical councils.
The Targeted Boycott Challenge (Israeli Settlements in the West Bank)	The challenge to the pro-Israel network, posed by the BDS Movement's tactical focus of their campaign on the Israeli settlements in the West Bank. This effort seeks to leverage the international consensus that opposes Israel's policies in the West Bank, and elevate internal tensions within the pro-Israel network.
Broad Tent 2.0: Constructive Ambiguity on Targeted Boycott	This strategy proposes a decentralized, contextual, and nuanced approach, instead of blacklisting organizations or strictly defining membership in the Zionist Broad Tent. A strategy that acknowledges that the Targeted Boycott Challenge has been an impediment to the formation of an effective pro-Israel coalition against the BDS Movement. This approach will enhance the pro-Israel network's ability to develop diverse, ad-hoc partnerships in a variety of areas.

BACKGROUND

1. **Since 2010, the assault on Israel’s legitimacy¹ has become a major concern for the Government of Israel and Jewish communities around the world.** This political campaign has made headway in influencing the “long-tail”² of Western societies, particularly within liberal and progressive circles.
2. **While the anti-Israel Movement uses many tactics, the movement to promote Boycott, Divestment, and Sanctions (BDS) of the State of Israel is its central effort.** This movement uses these tactics in order to create negative public attention toward Israel and brand Israel as a pariah state.

The Global Trend of Rising CSR and SRI

3. **The emergence of Socially Responsible Investing (SRI) and Corporate Social Responsibility (CSR), is not connected to Israel or the BDS Movement, but reflects a global trend. International organizations, including the UN, have played a key role in the establishment of these norms:**
 - **SRI - There is increasing demand for investments that** consider both financial return and social good. Trillions of dollars of investments are screened by ethical screening companies, which conduct research and analysis on the ethical performance of investments and corporations.

SRI can be traced to the 1950s, when investors increasingly sought to address equality for women, civil rights, and labor issues. SRI played an important role in ending the apartheid regime in South Africa, with large institutions avoiding investment in South Africa between the 1970s and the 1990s. Importantly, SRI includes a wide variety of issues and **divestment from corporations or portfolios which allegedly do not meet moral and ethical standards is not unique to BDS.**³
 - **CSR – Corporations are expected to take a greater degree of responsibility** for the social and environmental implications of their activities.

The evolution of CSR is more recent. The key international documents on CSR were written in the past twenty years. The earliest documents include the

² The ‘Long Tail model’ is essential in explaining and understanding the delegitimization campaign and the community that drives and supports it. The model highlights four groups: The head – the instigators of the campaign; the body – composed of harsh critics; and the long tail composed of soft critics and bystanders (See [the Reut Institute & The Anti-Defamation League](#), January 2017, Version A).

³ For example, the California State Teachers' Retirement System (CalSTRS) removed more than \$237 million in tobacco holdings from its investment portfolio after 6 months of financial analysis and deliberations (*Wikipedia*).

[United Nations Global Compact](#) (2000),⁴ the [Guiding Principles on Business and Human Rights](#) (2011),⁵ and the [OECD Guidelines for Multinational Enterprises](#) (2014).⁶

4. **Although CSR and SRI are increasingly popular, they are not required by international law.** Corporations and investors only voluntarily commit to their guiding principles.

BDS Jumps on the Bandwagon

5. **The anti-Israel Movement seeks to brand the entire political model of Israel as morally corrupt.** This brand impedes Israel's engagement with foreign audiences and makes Israel vulnerable to wildly improbable allegations. The BDS Movement strives to constantly generate negative soundbites on Israel that will ultimately tarnish Israel's reputation beyond repair and undermine its moral right to exist.

6. **The BDS Movement is inspired by the model of apartheid South Africa**, which collapsed in a dynamic that combined internal political and societal developments, international diplomatic⁷ and economic pressures, and global delegitimization campaigns.

7. **In recent years, the BDS Movement has become more institutionalized and sophisticated.** Its use of legal and commercial tools within the corporate world has increased and become more professional.

8. **The central example of this process is the BDS Movement's emphasis on Corporate Social Responsibility (CSR) and Socially Responsible Investing (SRI), because of the key role they played in mobilizing against South African Apartheid.**

9. **By focusing on CSR and SRI, the BDS Movement seeks to create a false association between Israel and Apartheid, to regulate the political discrimination of the State of Israel, and to create coalitions within a larger network of progressive groups** who promote fair trade, environmental sustainability, social justice, and equitable corporate governance.

⁴ The world's largest corporate social responsibility initiative with 13000 participants and other stakeholders in over 170 countries

⁵ **The Guiding Principles**, approved by the UNHRC 2011, are based on the work of the UN Secretary-General's Special Representative for Business and Human Rights **John Ruggie (2005)**, and the ISO 26000 - the international standard developed to help organizations effectively assess and address these social responsibilities.

⁶ Recommendations providing principles and standards for responsible business conduct for corporations operating in, or from, countries adhering to the Declaration.

⁷ The peak of these efforts was the UN General Assembly resolution equating Zionism with racism (1975), which then-Prime Minister Yitzchak Rabin characterized as an "assault on Israel's right to exist..."; See: [Ministry of Foreign Affairs](#); Also [Haaretz](#), 10/11/09, (Hebrew).

2017: BDS Defeated on Every Front

10. **2017 was supposed to be a watershed year for the BDS Movement** – 2017 marked several key anniversaries in the history of Israel’s legitimacy: 100 years since [the Balfour Declaration](#),⁸ 70 years since the UN partition plan ([UN Resolution 181](#)), and 50 years since the 1967 Six-Day War. The BDS Movement launched a concerted effort to leverage the unique symbolism of 2017 in order to create a discourse about “the original sin” of Israel, and as a result, undermine Israel’s right to exist.
11. **In spite of this effort, BDS suffered defeats on almost every front in 2017** and the actual economic impact has been marginal.⁹ On campuses, both the number of proposed and successful BDS resolutions declined significantly.¹⁰ Most notable has been the failure to create a cultural boycott of Israel, as a record number of leading popular artists performed in Israel in the summer of 2017, including Radiohead, the Pixies, Guns N’ Roses, Justin Bieber, and Nick Cave.
12. **In fact, Israeli diplomacy celebrated many successes this year.** These successes include a series of visits by the Prime Minister of Israel to new and important destinations, the deepening and strengthening of ties with leading and emerging powers, and the Trump Administration’s recognition of Jerusalem as the capital of Israel.¹¹
13. **Meanwhile, anti-BDS legislation is emerging** – Legislative efforts to curtail BDS efforts, especially in the U.S.,¹² have succeeded in putting the BDS Movement on the defensive. However, in several states, this effort has raised concerns relating to freedom of speech.
14. **However, the Reut Institute believes that a shift in focus to CSR and SRI could become a significant challenge for Israel, as described below.**

⁸ The PA sought to prepare a legal file against the UK over the 1917 Balfour Declaration, which the Palestinians see as the original sin that laid the ground for the establishment of the State of Israel, see: <http://www.jpost.com/Arab-Israeli-Conflict/Palestinians-seeking-to-sue-Britain-over-Balfour-Declaration-462379>

⁹ Nizan Feldman, [In the Shadow of Delegitimization: Israel’s Sensitivity to Economic Sanctions](#), INSS, February 2017. See also: Dany Bahar and Natan Sachs, [“How much does BDS threaten Israel’s economy?”](#) Brookings, January 2018.

¹⁰ [2016-2017 Year End Report](#), Israel on Campus Coalition.

¹¹ Eran Lerman, [“Israel’s Remarkable Diplomatic Achievements in 2017”](#), JISS, January 2018

¹² Since the New York State Senate became the first body to pass anti-BDS legislation (1/2014), a wave of anti-BDS legislation has swept across the US. To date, 25 states have passed anti-BDS legislation. Gov. Andrew Cuomo of New York issued an executive order prohibiting state business with companies that boycott Israel. Additionally, President Obama approved provisions making rejection of Israel boycott a key objective in trade talks with EU.

BDS UNDERMINES ISRAEL'S SRI STATUS

15. **In recent years, activists of the BDS Movement have adopted SRI** language and tactics, attended relevant conferences, and formed relationships with leaders in the SRI field.
16. **Israel's Negative SRI Label – Because the SRI field is still developing,** BDS activists, are attempting to shape SRI discourse in a way that singles out Israel. The BDS Movement argues that investors cannot claim to be socially responsible if they invest in Israel.

Engagement of the “Long Tail of the SRI Community”

17. **The Long Tail Model** – The anti-Israel Movement is made up of a ‘long tail,’ which includes a relatively small number of passionate individuals, instigators, who reach out to a wide variety of groups who may have legitimate criticisms of Israeli policy.
18. **The “Long Tail of the SRI Community”** includes organizations that sometimes unwittingly embrace some of the terminology and methods used by the anti-Israel movement, due in part to their opposition to Israel's policies or simply because of the predominant ‘spirit of the-time.’ Most do not share the vision or fundamental motivations of the instigators, nor do they seek Israel's elimination. These organizations include:
 - **Ethical Screening Companies** – Organizations that grade socially responsible investments, on behalf of other corporations. The BDS Movement seeks to add Israel to the accepted issues of Environment, Social justice, and corporate Governance (ESG) that downgrade an investment's SRI status.
 - **Investors and Asset Managers** – BDS activists have lobbied institutional investors including banks, pension funds, academic endowments, and churches to divest from Israeli corporations or international corporations that are “complicit” in the occupation.¹³
 - **SRI Advisory Community on University Campuses** – The BDS Movement and student activists are increasingly represented on universities' SRI Advisory Committees.
 - **Ethical committees in Government Bodies (Ethical Councils)** – BDS groups lobby ethical committees in governments and regional councils to divest from Israel or boycott companies who operate in Israel. As a result, decision makers often rely on

¹³ Notable examples include the role played by BDS-affiliated organizations in the Presbyterian Church's summer 2014 vote to divest from three American companies. The BDS movement had very few achievements, primarily with mainline protestant Christian denominations. See Nathan Guttman, BDS Heats up on a New Front – Socially Responsible Investing”, [Forward](#)

an extremely narrow set of sources that are not fully disclosed when deciding upon economic sanctions.¹⁴

BDS FOCUS ON CORPORATIONS

19. **The BDS Movement is making an effort to leverage the increasingly popular tactic of CSR. It does this through two main efforts: Encouraging consumer boycotts and promoting shareholder activism.**

Encouraging Consumer Boycotts

20. **The BDS Movement lists dozens of companies that are “complicit” in Israel’s occupation of the West Bank**, in an attempt to frame their operations as infringements of CSR principles.
21. **However, the BDS Movement has made a strategic decision to focus on only a small number of companies** based on the potential media impact that their brands offer. **The criteria for corporations to make it onto the BDS shortlist are:**¹⁵
 - a. **“Ethical vulnerability”** – companies whose work makes them particularly sensitive to human rights, social issues, or international law, are more susceptible to the BDS Movement’s allegations.¹⁶
 - b. **Companies that enable coalition building** – The BDS Movement seeks to focus on companies that enable it to create broad coalitions with human rights groups, unions, environmentalists, and labor groups.¹⁷
 - c. **A preference for local campaigns** – The BDS Movement is a locally-led, grassroots campaign with a global reach. In the case of G4S, the BDS Movement was able to leverage local lobbying efforts to create a global campaign.¹⁸

¹⁴ For example, the Norwegian Council on Ethics for the Government Pension Fund gave in to pressure to divest from Shikun & Binui, Africa Israel, and Elbit. See: [CSR And The Role Of NGOs In BDS Divestment Campaigns In Europe](#), Ngo Monitor, February 2015.

¹⁵ <http://www.pacbi.org/etemplate.php?id=2424>

¹⁶ In the [case of Sainsbury’s](#), BDS activists say that their chance of success stems from the fact that the supermarket chain promotes itself as the market leader in fair trade, and should be more sensitive to CSR claims.

¹⁷ For example, the BDS Movement targeted G4S, because they claim that “...G4S infringes on immigrants’ rights, is deeply involved in the privatization of vital public services in many countries, etc., making it an ideal target that encourages the formation of a wide coalition against (unions, anti-privatization groups, artists, asylum seekers’ advocacy networks, among others)”. See more [here](#). For another example, see the case of [Veolia](#).

¹⁸ No other corporation has received as much attention from the BDS Movement as G4S, the British-Danish security company. G4S adopted a well-intentioned policy that strove for a constructive dialogue with activists. However, not understanding the nature of the BDS campaign, it appears likely that this policy in fact increased the intensity of the campaign against G4S.

Promoting Shareholder Activism

22. **Shareholder activism** – The BDS Movement mobilizes its activists to become shareholders in targeted companies in order to “hijack” their agenda and advance divestment motions.¹⁹
23. **Engagement with private asset management companies.**²⁰

Why do Attempts at Engagement by Corporations Fail?

24. **The BDS Movement claims to seek policy change. In practice, it is a negative branding campaign and measures its success by the buzz around its campaign.**
25. **Indeed, the BDS Movement focuses on specific companies because of their perceived potential to attract public attention.** Often, the reaction of corporations to BDS efforts is the determining factor in the degree of [public attention and media exposure](#). Similarly, the BDS Movement often falsely claims responsibility for corporate decisions in order to generate media attention.²¹
26. **Many corporations enact well-intentioned policies seeking constructive dialogue with BDS activists. However, appeasement frequently increases the prospects of an intensive BDS campaign.** The BDS Movement constantly expands the agenda against corporations and will always bring up an outstanding issue, regardless of how corporations respond.
27. **Likewise, the “engagement approach” is often the result of a relevancy gap of the true character and dynamic of the BDS Movement.** Because corporations and investors believe that the BDS Movement is a classical grassroots campaign and social movement, they seek to apply traditional policies to engage and respond to its efforts. However, there are several key differences between the BDS Movement and a classical grassroots campaign:

¹⁹ In 2013, BDS activists pressured US corporations by filing resolutions with the Securities and Exchange Commission (SEC) to place proxy ballots before shareholders, on the issue of ending the ir ties with Israel. Activists filed resolutions on behalf of shareholders of Boeing, Cisco, Corning, Intel, General Electric, and others. This effort failed in the case of Caterpillar and TIAA-CREF, as TIAA-CREF received permission from the SEC to omit the divestment proposal. [Forward](#).

²⁰ One firm, Harrington Investments, called on Hewlett-Packard to establish a committee on human rights following the direct engagement of a BDS activist. This activist - Dalit Baum, co-founder of Who Profits and Director of Economic Activism at the American Friends Service Committee - contributed to the materials appearing on the Harrington Investment website

²¹ Examples include the [BBC decision](#) to stop using G4S services in March 2014, and a [similar decision taken by the EU](#) in April 2012.

	The Mindset: Social Justice Campaign	The Reality: BDS is an Ideological Anti- Israel Campaign
Leaders and Motivation	Groups genuinely concerned by the ethical or social performance of the corporation.	Leaders of BDS are motivated by an anti-Israel ideology.
Ultimate Target	The corporation.	The State of Israel.
Goal of the Campaign	Change the policies of the corporation.	Brand Israel negatively through a smear campaign.
Possibility of reaching common ground	If the corporation is willing to be at least partially receptive to the protesters' demands, there is a high possibility that the two sides will reach common ground.	There will always be an outstanding issue. Concessions are regarded as a sign of weakness, and make the corporation an ideal target.

28. **The Corporations' Israel Engagement Conundrum** – International corporations who are subject to the BDS campaign tend to avoid support from the Government of Israel or Pro-Israeli organizations. This behavior emanates from a desire to avoid the perception of “choosing side” in the conflict. In many cases, this approach has backfired, damaging corporations who failed to understand the campaign against them.

THE CHALLENGE OF WEST-BANK FOCUSED CAMPAIGN

The Targeted Boycott Challenge (Israeli Settlements in the West Bank)

29. **The BDS Movement promotes a comprehensive boycott of Israel, but increasingly shows tactical flexibility and focuses the CSR and SRI discourse on a targeted boycott on the West Bank as a way to rally international support.** This limited boycott is perceived as a well-intentioned, legitimate, non-violent protest against Israeli policies. Indeed, the BDS Movement often uses narrow terminology centered on Israel's occupation of the West Bank to exploit the trends of CSR and SRI.
30. **The BDS Movement has also identified Israel's internal divisions around settlement boycott as the Achilles' heel of the pro-Israel network:**
- **Support for targeted boycott by Israelis and Jews is often driven by a genuine Zionist motivation and emerges from a lack of trust in the**

current Israeli government's commitment to peace. This trend has begun to affect many Jewish institutions, as liberal Zionist activists demand clarity about initiatives across the Green Line;²²

- **The Government of Israel and several Jewish organizations often embrace a “closed tent” approach,** blacklisting those who disagree with or criticize Israeli policies, sometimes even limiting their access to Israel;
- **The pro-Israel network's lack of a clear stance on settlement boycott opens up space for the BDS Movement to adopt it as a part of the delegitimization of Israel.** Indeed, by increasingly focusing on targeted boycott and tacitly “collaborating” with critics of Israeli government policy and liberal Zionists, the BDS Movement has managed to gain ground. **The confluence of the BDS Movement's ‘open tent’ approach with Israel's ‘closed tent’ approach has weakened the pro-Israel network.**

The UNHRC Blacklist – A Game Changer?

31. **In September 2017, Prince Zeid bin Ra'ad Zeid Al Hussein, United Nations High Commissioner for Human Rights sent letters to 64** (of the 206 that are on its list) **Israeli and international companies** threatening to add them to a blacklist of firms operating in the West Bank, East Jerusalem, and the Golan Heights. **These letters were sent shortly before the Office of the High Commissioner issued a report with** a “database of all business enterprises engaged in certain specified activities related to the Israeli settlements in the Occupied Palestinian Territory...”.
32. **The United Nations Human Rights Council (UNHRC) has a clear record of anti-Israel bias.** The Council has resolved more resolutions condemning Israel than the rest of the world combined.²³ The council also voted to establish a review of alleged human rights abuses by Israel a permanent feature of every council session.
33. **The effect of the United Nations Human Rights Council (UNHRC) Blacklist is still unclear.** The UNHRC lacks the authority to impose sanctions on these companies, but it may have “detering” effects on companies doing business with Israel or on investors.
34. **Despite the claim of the anti-Israel Movement, there is no international legal prohibition against business operation in disputed or occupied territories, or a legal framework that bears the responsibility on the “home state”,** of corporates as long as it is not participating in, or benefiting from violations of human rights.²⁴ That approach was solidified recently in an attempt by a BDS-affiliated organization against G4S, in which the OECD asserted that it “*does not find any broad*

²² See: Reut and ADL, “The Assault on Israel's Legitimacy” (above).

²³ “Report: Since Inception, UNHRC Condemned Israel More Than Rest of World's Countries Combined”. Algemeiner.com

²⁴ Sarah Saadoun, “Responsible Business in Occupied Territories,” Harvard International Review, June 21, 2016. <http://hir.harvard.edu/article/?a=13429>

failure by G4S to respect the human rights of people on whose behalf the complaint is made” and that it is “not recommending that the company ends the relationships [with Israel].”²⁵

35. **Thus, the anti-Israel’s movement focus on corporations and Investors should be understood as an attempt to shape the international law and norms in a way that regulate and legalize the singling out of Israel in the international and diplomatic community. The recent attempt is manifested by the blacklist of the United Nations High Commissioner of Human Rights.**

RECOMMENDATIONS

Key Principles: Adaptive Capacities and Broad Tent 2.0

36. **The key challenge for the pro-Israel network remains its need to accelerate its learning curve in order to out-adapt the delegitimization network.** The BDS Movement has adopted SRI and engaged the long tail of the SRI community, while the pro-Israel network did not keep up. **The most important investment must be made in improving the pro-Israel’s network adaptive and learning capacities.**
37. **The lack of a clear Israeli political vision for the Israeli-Palestinian conflict is exacerbating the prospects of the pro-Israel network to deal with the SRI and CSR challenge.** A credible, genuine and persistent commitment to achieving a just and agreed upon political solution to the Israeli-Palestinian conflict is crucially important for the battle against the assault on Israel’s legitimacy.
38. **The pro-Israel network must acknowledge that the Targeted Boycott Challenge and Israel’s settlements in the West Bank pose an acute conceptual challenge** – Due to the current political make-up in Israel, tensions between progressive Jews and the State of Israel (especially in the aftermath of the Israeli government’s failure to deliver on its promised ‘Kotel Compromise), and the global trend of political polarization, it is unlikely that the broad spectrum of the pro-Israel camp could reach a common ground on where the ‘red-lines’ on this issue should be delineated.
39. **Broad Tent 2.0: “Constructive Ambiguity”** – The Reut Institute created in the past [the concepts of ‘broad tent’ and ‘red lines’](#) as a part of its strategic response to the assault on Israel’s legitimacy.
- **The ‘broad tent’ concept** refers to the need to promote a united front, across the political spectrum, against the assault on Israel.

²⁵ This final statement made by the UK National Contact Point for the OECD Guidelines for Multinationals (UK NCP) following an examination of a complaint made by the BDS Movement-affiliated Lawyers for Palestinian Human Rights (LPHR) against G4S.

- **The ‘red lines’ concept** refers to voluntarily boundaries that delineate the range of constructive discourse about Israel.

As part of this approach, it may be that the pro-Israel network is required to develop another layer of “constructive ambiguity” regarding the issue of a targeted boycott in order to be able to create a united front against the BDS Movement. Instead of focusing on the question of “who is in the tent” (and thus, reflects a tacit assumption that ‘the tent’ is a closed permanent list) or strictly defining targeted boycott as an act of delegitimization, the answer to this question must be contextual. Such an approach will allow the pro-Israel Movement to create diverse, ad-hoc partnerships across the different theatres in which the anti-Israel movement plays out.

Elevating Relationship-Based Approaches

40. **Leveraging community relations organizations** – Local communities play a key role in defending Israel’s legitimacy. The decentralized nature of the BDS Movement requires a decentralized response. This response should be built on the existing architecture of community relations organizations who should enhance their capabilities by developing simple, flexible, and scalable platforms, tools, and resources. To do so, these organizations should outline a core vision of their role for the next 5-10 years.
41. **Letting investors and SRI professionals lead engagement in the SRI field** – Jewish and Israeli investors and SRI organizations should be the ones to actively engage with the SRI community in order to prevent BDS Movement gains. Often, high-visibility “Hasbara” engagement by unrelated pro-Israeli advocacy groups can be counterproductive.
42. **Building on the existing capabilities of the pro-Israel network** – The pro-Israel network has developed a diverse tool-kit and includes specialized organizations for engaging various constituencies, including investors and corporate management. This needs to be done through a variety of programs such as Israel visits, educational initiatives, and marketing highlighting Israel’s humanitarian aspects.
43. **Engaging the SRI community is particularly important** – The key to the BDS Movement’s effectiveness lies in its attempts to engage with people outside of their immediate networks. Similarly, the pro-Israel network’s most direct and effective method of impacting the SRI community builds on personal relationships. Specifically, early relationship-based engagement can inoculate against later attempts to demonize Israel.
44. **The Messenger: Engaging third party validators from the political left** – Some of the most effective voices against the BDS Movement and the assault on Israel’s legitimacy are often from the political left, as well as from non-establishment groups. Groups on the left are better positioned to directly engage with the claims of delegitimizers, as they share a demonstrated commitment to peace, human rights, and international law. Because they share a set of values and language, pro-Israel groups from the political left can effectively advocate for alternatives to BDS.

45. **Highlighting the threats of submitting to boycott campaigns, among others:**
- **Loss of credit among pro-Israel groups** – Corporations who submit to BDS campaigns may in turn become targets of divestment campaigns by pro-Israel groups. In the past, pressure groups and investors have launched counter divestment campaigns against businesses who gave in to the BDS Movement. As a result, corporations could experience an erosion in their reputation among pro-Israel communities.²⁶
 - **New legal complexities** – By December 2017, 24 US state legislatures have enacted legislation, adopted resolutions or have executive orders condemning BDS and/or prohibiting state contracting and/or investing in companies who boycott Israel. Several other states and local authorities are considering similar measures

Impact Investing

46. **Seize the trend of positive investing** – the field of SRI is changing, there is also a visible trend of positive measurable impact and community investing in conflict areas, in order to encourage co-existence and economic prosperity as a foundation for peace.
47. **Cultivating alternative political engagement opportunities** – SRI should be reframed as aligned with Israeli and Jewish values. The pro-Israel network should highlight alternative SRI opportunities that contribute to sustainable solutions for a variety of social issues, and specifically those that create people-to-people economic partnerships between Palestinians and Israelis. One example is [Invest in Peace](#) – “a coalition of Bay Area community activists, business owners, academics, elected officials and leaders from labor, non-profit and faith-based groups...” who ...”create economic and people-to-people partnerships among Palestinians and Israelis”.
48. **Jewish Philanthropy should become more active in impact investing**, focusing on building sustainable social enterprises and become a legitimate actor in the field of SRI. While the fields of impact and socially responsible investing are growing, it is mostly dominated by private investors. Jewish philanthropy, of Foundations and Jewish communal organizations, which strives to generate positive social change would seem to be natural candidate for that type of investing, but so far it is behind the curve.
49. **The pathbreaking Jewish organization in this field is [JLens](#)** – a network of investors inspired by a Jewish lens on impact investing. JLens is the leading and perhaps only organization paying attention to this issue, another indicator of this rising challenge.

²⁶ **Starbucks**, left Israel in 2003 due to poor business performance. Anti-Israel activists tried to create the impression that this action was the result of their campaign. This led to undeserved criticism in the US against the coffee chain.

Jlens issued an investment strategy, the Jewish Advocacy Fund, that allows the Jewish community raise its concerns in the SRI field.

The Diplomatic and Legal Field

50. **Re-emphasizing the importance of diplomacy** – Until recently, most of the burden of counteracting delegitimization and the BDS Movement has been carried by grassroots pro-Israeli NGOs. The Israeli government has played a mostly behind-the-scenes role. Indeed pro-Israel organizations provided people, funds, and resources, and created platforms for response; nurtured key relationships across liberal and progressive circles; led local media campaigns; and mobilized the loosely organized pro-Israel network.
51. **However, anti-Israel organizations are increasingly turning to diplomacy to shape legal frameworks and norms that single out Israel. Therefore, “integrative diplomacy,”²⁷ led by Israeli diplomats is taking on renewed importance.** While this is not a new phenomenon, the anti-Israel movement is engaging an increasingly wide range of states, international organizations, and non-state international actors. The UNHRC blacklist is one of several trends that highlight this need. Additionally, Palestinian representatives have started to leverage their membership in international treaties and organizations to challenge Israel in international forums and organizations.

Thus, While efforts to defend Israel’s legitimacy should still be led by a decentralized network of NGOs and community relations professionals, a greater emphasis should also be placed on the role of diplomacy.

52. **Preparing to deal with increasing “International Lawfare”** – The UNHRC blacklist is the contemporary peak of an effort to shape an anti-Israel legal framework. More resources and attention are needed to leverage existing potential assets in the field of international law.

Recommendations for Corporations

53. **The history of the BDS Movement demonstrates that changes to company policies or modified business strategies will not lead to the resolution of BDS activity.** BDS activity stops when the BDS Movement decides that their campaign against a certain corporation is no longer sufficiently advantageous to its broader campaign. Several principles of response have proven themselves effective for corporations:
- Silence is golden** – A strategic, as opposed to a reflexive response, is crucial in counteracting a BDS campaign. In most cases, the mere discourse of boycott has been significant in tarnishing a corporation’s brand. Corporations should not buy into the discourse framework that the BDS Movement creates.

²⁷ Brian Hocking, Jan Melissen, Shaun Riordan, Paul Sharp, “[Futures for Diplomacy](#)”, **Clingendael**, Report no. 1, October 2012

- b. **If response is nevertheless needed, unapologetic, short, and occasionally aggressive responses can be effective, although they are harder to control.** In 2011, BDS activists in London launched the [Adidas – Don't Run with Apartheid](#) campaign at the Adidas store near Covent Garden in response to Adidas's sponsorship of the first-ever Jerusalem Marathon.

Adidas's response was short, decisive, and unapologetic: "...Adidas is convinced by the unifying power sport offers. As a general rule, we do not influence any political processes or event details..." There was no follow up to the campaign.

In April 2011, a campaign targeting [British Telecom](#)'s partnership with Bezeq, British Telecom responded "aggressively" and commented that "...*Suggestions that BT activities in Israel make the company complicit in breaches of international law and human rights are ill-founded.*" Because British Telecom did not conduct a dialogue with the BDS Movement, the boycott campaign failed.

- c. **No negotiations with the BDS Movement, but yes to a dialogue with investors:**

- Some companies have adopted a well-intentioned policy to take every meeting about their ethical conduct. As indicated above, **attempts to engage or appease the BDS Movement, are manipulated in order to gain more media attention;**
- **Most investors and ethical screening companies seeking information from corporations, are genuinely concerned by ethical or socially responsible behavior. Ignoring them will not be beneficial for the corporations.**
- Often, corporations struggle to distinguish between genuine CSR and SRI investors, analysts, and ethical screening companies, and those with a broader anti-Israel political agenda. Corporations should **establish an ongoing relationship with local Jewish community relations organizations in order to make this differentiation.**

- d. **Mid- and long-term stakeholder engagement strategy** – The most direct and effective method of countering the BDS Movement draws from personal relationships. Relationship-based engagement can inoculate against Israel's demonization.

- e. **Focus on the center and center-left** – The BDS Movement seeks to mobilize progressive-liberal audiences in the West. Instead of engaging directly with BDS activists, companies have successfully engaged bystanders, progressives, liberals, and the center on their own terms. Garnering the support of this constituency, requires substantively responding to their concerns and building personal relationships.

- f. **Fact-based defenses do not always work. Corporations should also seek to connect emotionally** – Bystanders are not always convinced by a simple presentation of the facts. Corporations should also seek to create an emotional connection between the corporation and liberal audiences, by highlighting their humanitarian contributions.
- g. **Consistent communication on CSR and legal actions** – Companies have created regularly updated communications materials to be used by all stakeholders. Through this strategy, corporations could credibly communicate CSR matters and legal actions and highlight them to relevant audiences.

These programs should be verified by third-parties, promoted by neutral implementing partners, and accompanied by facts about the core issues when needed. Traditional and social media, the company’s website, pamphlets, and internal communications should also be used to promote these activities.
- h. **Crisis preparedness is critical** – Companies targeted by the BDS Movement need to prepare a risk mitigation and crisis preparedness tool kit, including: a documented response plan, background materials on the BDS Movement, stakeholder analysis, message development, scenario planning, online, social, and traditional media strategies, ongoing monitoring and intelligence, and leadership training.
- i. **Virtual shareholder meetings** – BDS campaigns have targeted the in-person shareholder meetings of several companies, in order to gain media attention. In response, many companies have begun hosting shareholder meetings [online](#).

End.

ANNEX: TO PUBLISH OR NOT TO PUBLISH? THE REUT INSTITUTE'S POLICY ON WRITING ABOUT BDS

A central goal of the BDS campaign is branding Israel as a violent, occupying country that abuses human rights and violates international law – which stands in direct contrast to the values at the heart of Western, liberal societies. This branding makes it easier to delegitimize Israel, and label it a pariah state. The BDS Movement strives to constantly generate negative soundbites about Israel that will ultimately tarnish Israel's reputation beyond repair and raise questions regarding its moral right to exist.

The response of pro-Israel groups occasionally plays into the hands of delegitimizers as they add to the media narrative surrounding delegitimization. While well-intentioned, pro-Israel advocacy often helps the BDS Movement generate their desired exposure through a rhetoric that boosts, rather than marginalizes BDS. These responses unwittingly generate negative soundbites, and increase media attention toward BDS.

As a result, writing about BDS creates a dilemma. Frequently it is the only way to generate strategic change within the pro-Israel network. However, we cannot ignore the fact that it also gives the BDS Movement exposure while disclosing the pro-Israel network's proposed strategy and tactics.

Reut's approach, based on experience, is that writing selectively about this issue is the optimal way to positively impact the ecosystem opposing delegitimization and the BDS Movement. Reut primarily discusses the relevance of the mindset of the pro-Israel network, and only the theoretical principles of response, rather than outlining a detailed plan of action. This content does not bring added value to "the other side," but it can help pro-Israel groups adapt to an evolving challenge.

It is important to emphasize that in addition to responding to instances of BDS, the pro-Israel network must also proactively create new frameworks of discussion about Israel.





המכון מקבוצת ראות
The Institute by Reut



FIREWALL
ISRAEL

The Reut Group: From Vision to Reality

7 Hapelech St. Tel Aviv, 6816727, Israel

Reutgroup.org

©2018 The Reut Group`