VICTORIA HOSKINS, RATHBONE GREENBANK INVESTMENTS, MONDAY OCTOBER 30, 2017

Rathbones
Look forward

Combining financial objectives with responding to campaigns

There is a core question at the heart of all faiths - to what extent is my faith just a private matter? Can I be spiritual without any marked changes in my habits and lifestyle? And this question applies to faith communities as they seek to steward their resources - are any areas off limits for the values which we hold dearest?

Faith - and the values which it instils - should be a guiding force which permeates every area of life. But finances have often been last on the list when it comes to living out values. Most organisations have been quick to adopt boundaries when it comes to sponsorship and use of money - not wishing to gain support from the wrong kind of people. But when it comes to the manner in which the wealth is generated - though income streams and importantly through capital investments - values have been marginalised.

The reasons for this are manifold, but a major factor was the way in which 'fiduciary duty' was understood. For years, the prevailing mood in the investment community was that moral or ethical values were simply not part of the discussion. Some definitions of fiduciary duty suggested that the core duty of those managing money for their organisations was to maximize returns.[1] That is, the job of investments is get as much return as possible to fund the really important 'stuff' - the work, the life of the community. And so money-managers and advisors would invest in companies with the highest potential returns – no matter what the activity. And so, anti-cancer charities held tobacco stocks; values and value-seeking were not aligned.

This split between the 'work' and the 'wealth that enables the work' is akin to the sacred/secular divide which many here have been tirelessly working to address. It was the religious community which pushed the investment world on the first step of the integration of these two worlds[2]. The first so-called 'ethical funds' were produced at the request of faith-based investors – screening out the 'sin' stocks that most people would object to –alcohol, armaments, tobacco, and pornography. And the evidence of the last few decades is clear – investing in such a way is, in the long term, compatible with growth.

However – the question raised in the sessions we've had already challenges us to go deeper in our thinking and practice. It asks 'How much further can faith communities go?' Is it simply enough to stop short of investments 'doing no harm', or should your finances be an active force for good?

To address this question, we need to reflect a little on the way in which the world works. The strongest held ethical values often require absolute respect. Catholic charities would not wish to fund contraception; Islamic investors may wish to avoid any usury; animal welfare groups would not wish to invest in factory farming – in any circumstances. This is entirely appropriate. However, to exclude areas is to lose one's voice, to lack a seat at the table. Avoidance and its cousin, divestment, are best seen as a last resort where convictions and

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[1] http://www.unepfi.org/fileadmin/documents/fiduciary_duty_21st_century.pdf
[2] http://www.castlefield.com/about-castlefield/thoughtful-investing/history-of-ethical-investing/
[3] http://www.quaker.org/sttp.html

values are clearest. But where there are shades of grey and competing values, there is power in using one's voice to influence decision makers. The Quaker movement of the 1950s coined the phrase 'speaking truth to power'[3], and there is a sense in which faith communities as investors should make the most of the influence they have as owners of companies.

Responding to campaigns can be achieved whilst meeting your financial objectives, mainly through active dialogue and engagement. And such dialogue has had profound influence on the world.

In the area of climate change, the Church of England has consistently spoken truth to the biggest oil companies in the US, leading them on a path of thinking far more deeply about their role in creating a sustainable world. [4]

An 'army' of faith and non-faith activists in the UK have used their shareholdings in major companies to push for the adoption of living wage standards and better working conditions for the poorest in society.[5]

An investor coalition with £940 billion in assets under management was one of the major influences on the UK's Modern Slavery Act in 2015. They called for business to do more to combine the appalling trade in human beings which persists despite centuries of action.[6]

And these three examples present to us the final piece of puzzle. In all three examples, the companies would be acting in their own best interests if they engaged with the dialogue from those with values. A company that plans for a low-carbon future is far more likely to still have customers in 2030, and more likely to be paying a dividend. A retail company which treats its workers with dignity and respect is more likely to have lower staff turnover and higher levels of staff morale. And a company which seeks to find and correct examples of modern slavery in its supply chain will automatically reduce all kinds of supply chain risk, being less likely to suffer shocks which can hit sales.

Speaking truth to power in the form of shareholder engagement also has important hidden impacts within the companies it targets. Within every company there will people of integrity and values working for the greater good – but often lacking empowerment. Aligning investment with your values and then using your voice, faith communities can give these people a platform. They can support them to gather resource and employ people. It can incentivise gradual, genuinely sustainable development.

This is why faith-based Environmental Social and Governance investment is so vital. It is the investment world that will make sustainable change happen. According to our analysis, through engagement and direct investment, we are able to impact no fewer than 12 of the 17 Sustainable Development Goals. Financial objectives and responding campaigns not only should be aligned - they increasingly can be, to the benefit of all concerned.

In summary, you do not have to choose between your financial returns and your mission – you can do both.

About Rathbone Greenbank Investments

Rathbone Greenbank Investments provides personalised and professional investment services for investors who wish to ensure that their investments take account of their environmental, social and ethical concerns. Greenbank manages over £1 billion of funds (as at 30 September 2017) for individuals, charities, other not-for-profit organisations, trusts, and pension funds and is part of Rathbone Investment Management Ltd

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[4] https://www.ft.com/content/adf0b1c0-7ba1-11e4-b6ab-00144feabdc0?mhq5j=e5
[5] https://shareaction.org/raising-the-living-wage-at-reckitt-benckiser/
[6] https://www.rathbones.com/knowledge-and-insight/helping-fight-modern-slavery

About Rathbone Investment Management

Rathbone Investment Management is one of the UK's largest and longest-established providers of high-quality, personalised discretionary investment services. It manages over £36.6 billion* of funds for individuals, charities and trustees, and is part of Rathbone Brothers Plc, an independently owned company with a listing on the London Stock Exchange.

Rathbones manages over £4.3 billion* of assets for nearly 1,200 UK charities, making them the fourth largest manager of charity assets in the UK.

Investment management services are offered in Aberdeen, Birmingham, Bristol, Cambridge, Chichester, Edinburgh, Exeter, Glasgow, Kendal, Liverpool, London, Lymington, Newcastle and Winchester. Offshore investment management services are offered by subsidiary Rathbone Investment Management International in Jersey.

Victoria Hoskins, Rathbone Greenbank Investments

Victoria Hoskins is an Investment Director with over 17 years of experience in providing and managing investment solutions to Charity and Pension Fund trustees, as well as to individuals with bespoke or complex investment requirements. She is a Chartered Fellow of the CISI and an experienced Trustee, principally for the LankellyChase Foundation, an early adopter of the UNPRI, latterly chairing the Investment Committee. She joined Rathbone Greenbank in 2015 from Barclays where she was Senior Director for the London Charity Team, advising boards on the implementation of their investment policies, including ethical and social investment considerations. From 2007 to 2010, she was Regional Investment Director for London and the South East, responsible for the Gerrard Investment Management business, equating to £2 billion of Private Client, Charity, Pension and Court of Protection portfolios. She began her city career with Capel Cure Myers in 1998. (UK)