



Rathbone Greenbank Review

Spring 2018

Inside this edition

Engaging for change

A look back at four years
of engagement activity

Insecure work

Does employment always offer
a clear route out of poverty?

Global Forests Program

How can investors help to
preserve valuable ecosystems?

Rathbones
Look forward

Rathbone Greenbank Investor Day 2018

With the growing debate around what constitutes 'good work' and 'fair pay', this year's event will look at both these issues and examine what investors can do to contribute to the discussion and encourage action.

The Institution of Engineering
and Technology
2 Savoy Place
London WC2R 0BL

Wednesday 6 June 2018
9.30am-2.30pm



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Editor
[Perry Rudd](#)
Head of Ethical
Research

Deputy editor
[Andy McCormick](#)

If you have any comments on this publication,
please let me know.
perry.rudd@rathbones.com

Welcome to the Spring edition of the **Rathbone Greenbank Review**

The past few months have been significant for Rathbone Greenbank Investments as our funds under management passed the £1 billion mark for the first time in September 2017.

We are very grateful to our many clients for placing their trust in us – whether as private individuals, trustees or professional advisers. As a team, and with your ongoing support, we will continue to work to the best of our ability to deliver the returns our clients seek within the ethical and sustainable investment framework that is core to our approach.

We have not been resting on our laurels since reaching our milestone! In fact we have been more active than ever across a wide range of social and environmental issues, using our privileged position as an investment manager to act as a force for positive change. Along with our usual annual engagement review, we include a summary of our activity over the past four years in the centre of the Review.

Also in this edition we look at some of the issues around insecure work and pay, which will be the theme of our Investor Day this year. We will question whether zero-hours contracts and the emergence of the 'gig' economy are contributing to rising underemployment.

The sight and smell of smouldering, fractured trees and earth stripped bare through the illegal logging of pristine rainforests is still etched in my memory from time spent in Borneo in the early 1990s. The depletion of our global forests is a tragic situation. Not just in terms of the less tangible social and cultural value that they provide but also from the perspective of the critical resource they offer as a defence against climate change. We also consider the economic and investment implications of this devastation and look at ways we can do more to protect environments that were thousands of years in the making.

In November, we were honoured to be invited to attend the Faith in Finance conference in Zug, Switzerland. The world's faiths are custodians of trillions of dollars in assets and the conference sought to encourage a shift from traditional avoidance screening of 'sin' stocks to investing with more positive impact.



Like religion, politics also plays a major role in ensuring that capital is deployed and managed responsibly; we review the measures designed to promote environmentally-friendly policies and sustainability goals announced in the chancellor of the exchequer's budget speech last autumn.

Similarly, we consider where global climate talks go next. President Trump's promotion of coal as a solution to climate change stands in stark contrast to the efforts of a broad coalition of US states, cities and businesses to reduce their fossil fuel emissions in line with US obligations under the Paris Agreement.

Finally, we look at the problem of fixed-odds betting terminals and their links to the large numbers of people now classified as problem gamblers. We remain vocal in our support of the introduction of greatly reduced maximum stakes.

I hope that you enjoy reading this edition of our Review.

John David
Head of Rathbone Greenbank Investments

Wage inequality and insecure work

An analysis of UK income distribution, published by the Department for Work and Pensions in March 2017 for the financial year 2015-16, estimated that 5.8 million working-age adults were in relative poverty, 3.2 million of whom were in working families. It is therefore no longer certain that work of itself can be viewed as a clear route out of poverty. Additionally, while economic reasoning would suggest that bargaining power should be shifting back towards workers, generating higher wages to tackle income poverty, the situation in the UK indicates the opposite.

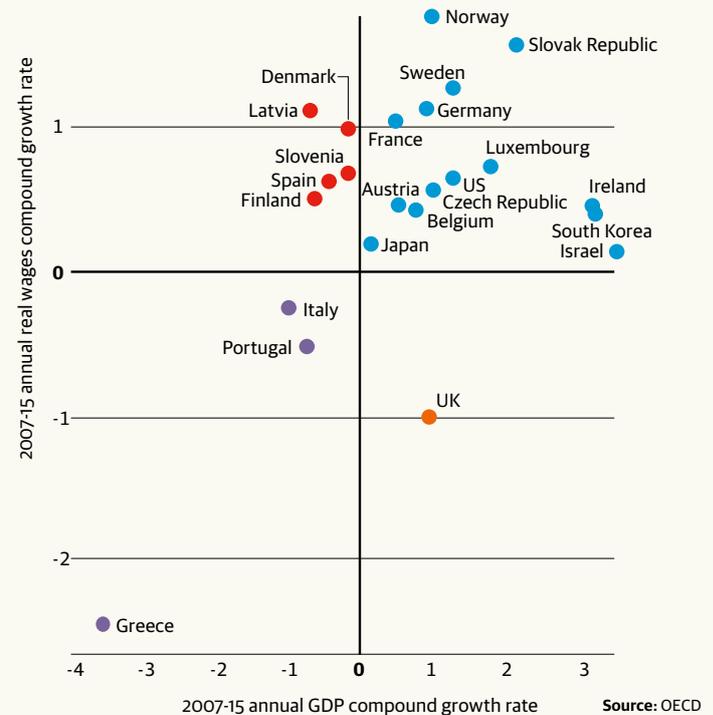
Kate Elliot, Senior Ethical Researcher

In purely numerical terms, the current environment for UK workers seems positive. In the third quarter of 2017, the Office for National Statistics (ONS) recorded UK unemployment at 4.3% – the joint lowest level since 1975 – and the total number of unemployed at 1.42 million. This raised the overall employment rate to 75%, or almost full capacity, suggesting that the balance of power should have shifted from employers towards a shrinking pool of potential workers.

However, the wage growth that economists would expect to occur in such circumstances has not materialised. In the UK, real wages – those adjusted to account for inflation – remain below levels seen before the 2008 financial crisis and subsequent recession. Indeed, between 2007 and 2015, the UK was the only advanced economy where wages fell in real terms while the overall economy grew.

One factor that may help to explain the stagnation in UK wage growth is a shift towards greater flexibility and consequent insecurity in the labour market. This has in turn created a significant sub-group of 'underemployed' workers: people classified as 'employed' who nevertheless seek and make themselves available for more work or longer hours. Zero-hours contracts, agency work and the emergence of the 'gig' economy all contribute to rising underemployment as these working models give little or no guarantee of consistent employment.

Real wage vs. annual GDP growth comparison



- Economic and wages contraction
- Economic and wages growth
- Economic contraction and wages growth
- Economic growth and wages contraction

Source: OECD



In January 2017, economist Michael Saunders, a member of the Bank of England Monetary Policy Committee, acknowledged the rising cost of losing a job. He spoke about the negative impact on future earnings of a period of unemployment – a concept called ‘wage scarring’. He also warned that the safety net provided by welfare and unemployment benefits is now substantially less able to adequately support those in need. In this environment, workers are increasingly risk-averse and unwilling to challenge low wages or unfair working practices.

Flexibility in the labour market, however, is not inherently a bad thing. Many individuals have been able to remain in or re-enter employment because of the availability of flexible contracts that accommodate busy and diverse lifestyles. That flexibility nevertheless becomes problematic when there is a significant imbalance of power between employer and worker interests.



Combating the power gap between employers and workers

The Taylor Review

In July 2017, the government-commissioned Taylor Review of Modern Working Practices was published. This considered how employment law and regulations might be updated to reflect new and emerging business models. It put forward several recommendations including: shifting the burden of proof for determining employment status (and associated rights such as sick pay and the minimum wage) from the individual to the employer; removing ambiguity from existing status definitions; and enhancing the enforcement of current minimum wage requirements.

The Work and Pensions Committee and the Business, Energy and Industrial Strategy Committee published a joint report in November 2017, building on the findings of the Taylor Review. They also proposed draft legislation to help counter worker exploitation, drawing on many of the Review's recommendations. While this is certainly a positive step, the government's formal response to the Taylor Review – published in February 2018 – pushes many of the substantive recommendations on to another stage of consultation. With so much attention fixed on the ongoing Brexit negotiations, the difficulties of progressing meaningful legislation at this time should not be underestimated.

Investor action

A legislative response has the potential to create a level playing field for responsible employers to compete fairly with those adopting more exploitative practices to reduce costs. However, while improved legislation is being determined, there are opportunities for investors to engage with and influence companies to promote more socially responsible employment practices.

While there are significant societal benefits to more equitable working practices, there are supporting economic and financial considerations too. Broadly speaking, higher wages mean more disposable income for goods and services in the wider economy. Responsible employment practices may also help companies increase their productivity and lower employee turnover, reducing the costs associated with recruiting and training replacements.

Rathbone Greenbank is an active participant in several engagement projects seeking to address issues surrounding insecure work. We continue to encourage companies to become Living Wage employers, guaranteeing employees a minimum wage reflective of the actual cost of living in the UK. Last year we also supported the Workforce Disclosure Initiative (WDI), a project that aims to increase awareness of and improvements in the quantity and quality of company information regarding employment and supply chain policies and performance. At this time, the results of the WDI's pilot year are being analysed, but we hope to be able to build on its findings within our engagement programme for the year.

Engaging for change: annual review

The investor voice is a powerful means to influence and direct the ways in which companies are run. In recognition of this, we devote considerable time and energy towards engaging with the companies we're invested in to promote and incentivise more responsible corporate policies and practices. Here we provide our annual update on our primary engagement themes during the previous year as well as reporting on their progress and impact over the longer term.

Matt Crossman, Engagement Manager

Climate change – policy

In early 2017, we provided feedback to the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) regarding its draft guidelines for company reporting on climate risks and opportunities. Through our relationship with the Institutional Investors Group on Climate Change (IIGCC), we also lobbied international governments to maintain and strengthen their commitments to the Paris Agreement and implement policy measures that support the transition to a low-carbon economy.

The TCFD's key recommendations, published in June, incorporated many of our suggestions, including a proposal for companies to stress-test their business models against plausible future climate change scenarios.

Climate change – direct engagement

As members of the IIGCC, we continued to play an active role in its Corporate Programme, serving on its Shareholder Resolutions Sub-Group.

This engagement work delivered two major outcomes in 2017. First, having spoken to the board of SSE on climate risk at a private meeting in May, we attended the AGM in June and welcomed the publication of a report by

the group highlighting how it expects climate change to impact its business. Second, in November we saw several years of direct engagement pay off as Royal Dutch Shell announced a firm ambition to lower the net carbon footprint of its energy products in line with the goals of the Paris Agreement.

Employment and insecure work

In March 2017, we became a signatory to the Workforce Disclosure Initiative (WDI), lending our expertise to help shape the project's methodology. Coordinated by ShareAction and funded by the Department for International Development, the initiative seeks to improve the quantity and quality of information provided by companies on employment and supply chain policies and performance. We also joined a collaborative engagement project (led by ShareAction) seeking to encourage more FTSE 100 companies to become accredited Living Wage employers.

WDI was launched in June 2017, with a survey request sent to 75 companies listed on eight international stock exchanges. We await the analysis of responses due to be published in the WDI's pilot year report in spring 2018.

Sugar, health and wellness

Throughout 2017, we highlighted investor concerns regarding the effects of sugar overconsumption on public health and wellness across our engagement activities with the food and beverage industries. We became a signatory to the Access to Nutrition Index and were invited to a roundtable meeting with the project's secretariat in June to discuss its plans for future engagement activity. In September, we presented our work at the annual *PRI in Person* conference in Berlin, which included a discussion about emerging megatrends such as global dietary health and their potential to radically impact the global economy over the long term.

Our framework principles encouraging the food and beverage industries to reduce sugar content across their product ranges were released in partnership with Schroders in February 2017. To date, these five engagement principles (governance, strategy, implementation, public policy and the demonstration of progress) have been endorsed by investors representing around £1 trillion of assets under management.

Tax

We continued to serve as an active member of a global investor task force supporting the

Responsible tax

Engaging companies to encourage more responsible tax policies and practices. Also engaging other investors to highlight the importance of tax as an engagement topic.

Health, nutrition and obesity

Engaging with companies in the food and beverage production and retail sectors to highlight the risks of sugar, poor nutrition and obesity.

Modern slavery

Co-ordinating UK investor support for enhanced reporting of company efforts to eradicate modern slavery. Advising on similar efforts in Australia and Canada.

Climate policy

Lobbying for policies and regulation which support the necessary transition to a low carbon economy. We were particularly active in the lead up to the Paris COP21 climate negotiations in December 2015.

Company climate risk

Engaging with major greenhouse gas (GHG) emitters in the FTSE 100 Index. Our successful engagement model has since been adopted by investors worldwide.

Principles for Responsible Investment's (PRI) work on corporate tax responsibility, working to develop a set of disclosure recommendations for companies on tax policies, governance mechanisms and practices. We also wrote to members of the European Parliament in support of enhanced disclosure of country-by-country tax information by companies operating within the European Union. At the same time, we called for such information to be made public to aid stakeholder scrutiny of those companies' tax affairs.

Our collaboration with the PRI investor task force resulted in the February 2017 publication of the PRI's *Investors' recommendations on corporate income tax disclosure*. These serve as a supplement to the 2015 *Engagement guidance on corporate tax responsibility*, developed and drafted by the same collaborative group.

In August, we were invited to work in an advisory capacity on responsible tax practice with The B Team, a not-for-profit organisation formed by a group of global business leaders to promote business practices supporting environmental and social wellbeing.

In all our engagement projects we seek to be supportive of company efforts and achievements to date, but stretching in how we ask them to continue to improve.

Many engagement projects run over several years, enabling trust and understanding of differing viewpoints to be built up over time. Where appropriate, we also look to work in collaboration with other investors, NGOs and stakeholder groups to effect the greatest change.

We present overleaf details of five key engagement projects over the past four years.

-  AGM
-  Company meeting
-  Roundtable
-  Policy influence
-  Landmark event
-  Partnerships for change

Responsible tax since 2010

				
Final UK roundtables with mining and consumer goods companies	Responsible tax discussion paper launched to UK investors	PRI convenes global working group on responsible tax, using our UK group as a framework	Spoke at PRI annual conference, encouraging investors to engage with companies on tax	Publication of PRI engagement guide on responsible tax

Health, nutrition and obesity since 2014



Provided feedback to Access to Nutrition Index on its methodology and future plans

Modern Slavery Act receives Royal Assent. TiSC clause included

Provided feedback to the Home Office on implementation guidance for TiSC reporting

Modern slavery since 2012

						
Invited to give evidence to Parliamentary Joint Committee on the draft Modern Slavery Bill	Gathered public support for transparency in supply chains (TiSC) from UK investors	Input into draft Modern Slavery Bill prior to its discussion in the House of Commons	Hosted a parliamentary debate in support of the Modern Slavery Bill	Greenbank becomes a member of the Institutional Investors Group on Climate Change (IIGCC)	Encouraged greater climate ambition among G7 countries	Presented on a webinar to global investors on risks of modern slavery
			Attended official UN business side-conference at Paris climate talks			

Climate policy since 2010

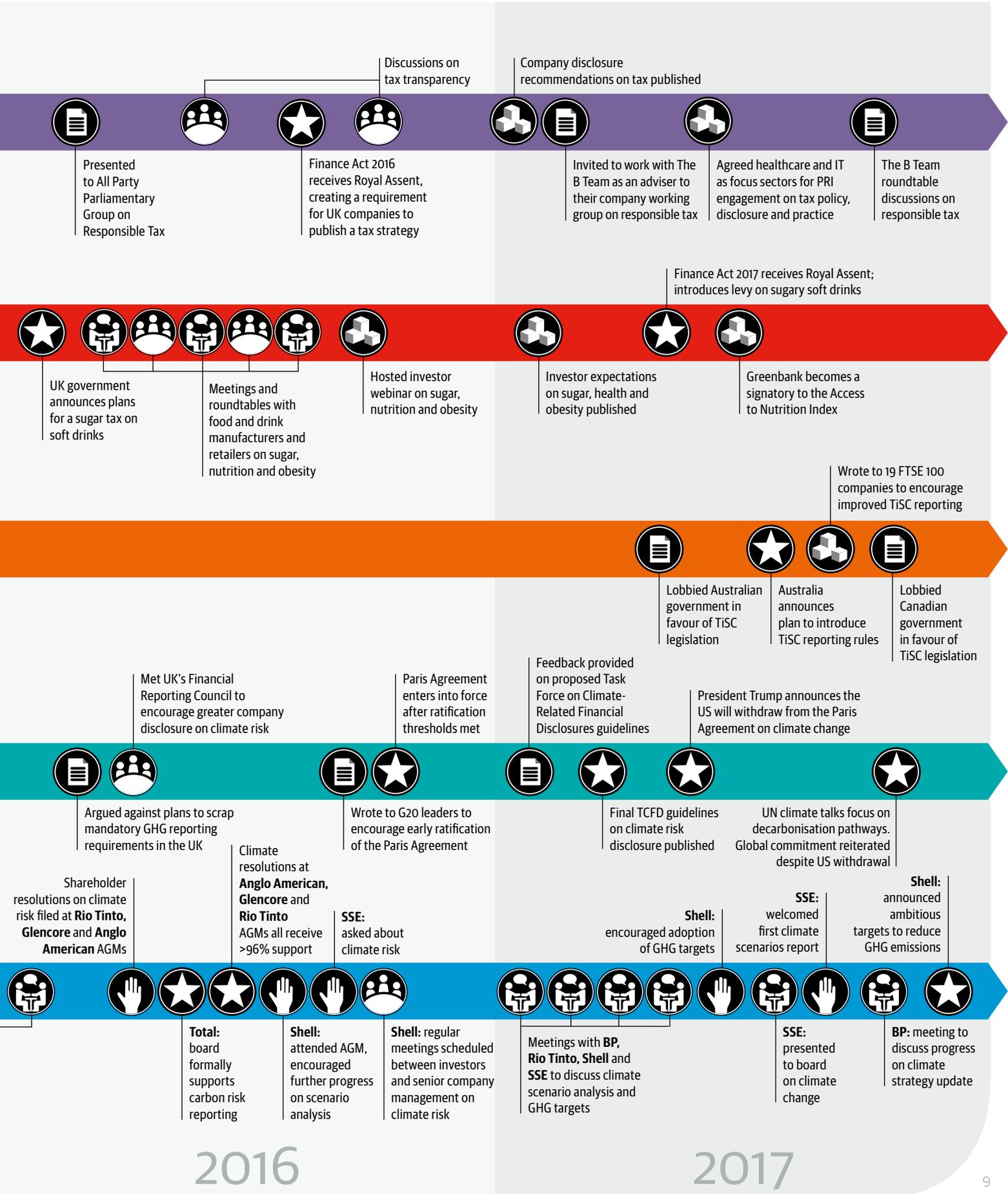
					
Greenbank signs the Montréal Pledge, committing to annual portfolio carbon footprinting	Investor expectations on transparency in corporate climate lobbying published	Paris Agreement adopted, setting global ambition to limit warming to 'well below' 2°C			

Company climate risk since 2008

								
Asked about climate risk at SSE and Shell AGMs		Resolutions on climate risk filed at Shell and BP AGMs		BP: climate resolution receives 98% support	Shell: climate resolution receives 98.9% support	Meetings with BP, Shell, Statoil and Total on climate risk management and reporting		

2014

2015



Deforestation: understanding the risks to investors

Forests are vitally important to world ecosystems and the global economy. Their preservation is central to the fight against climate change; they deliver a huge range of systemic services and generate significant economic value, underpinning the supply chains of thousands of companies worldwide. Forests also have an intrinsic social and cultural value that isn't easy to quantify in economic terms. What can investors do to ensure the preservation of such far-reaching benefits for current and future generations?

Kate Elliot, Senior Ethical Researcher

The CDP's 2017 Global Forests Report estimates that 10-15% of all greenhouse gas emissions are directly caused by deforestation, while around a third of climate mitigation efforts depend on forest preservation. A failure to combat deforestation therefore makes it harder to deliver the climate reduction targets agreed in the 2015 Paris Agreement. CDP also estimates that around \$941 billion of turnover generated by listed companies globally is currently dependent on commodities linked to deforestation – and could potentially be at risk.

One of the chief barriers to mitigation and greater investor action on deforestation is a lack of quality information regarding risk. Forest risk commodities – timber, palm oil, soy and cattle products among others – have clear and well-documented links to deforestation, but it's often difficult to identify the degree to which companies and their supply chains are exposed to these. Relatively few companies provide meaningful information on their mitigation policies and systems concerning deforestation or their progress in rerouting supply chains towards more sustainable sources.

CDP's Forests Program (formerly the Forest Footprint Disclosure Project) is one initiative helping to bridge this information gap.



\$941 billion
generated by
companies
currently
dependent on
commodities
linked to
deforestation



It encourages companies to report definitively on their exposure to forest risk commodities along with their efforts to combat deforestation. It also works with investors to provide them with the necessary data to conduct informed and productive dialogue with investee companies.

Rathbone Greenbank has been a supporter of CDP's activity on this issue since 2009 and was invited to speak at the launch of its 2017 Global Forests Report. While it's encouraging to note that the total number of companies disclosing to the initiative has grown from 35 in its first year in 2009 to 272 in 2017, less than a quarter of the 1,103 companies approached last year by CDP chose to respond.

There is, however, some evidence of good practice and a small number of companies are demonstrating leadership in this regard. Unilever stood out as the sole recipient of an 'A' rating for its disclosure efforts across all four of the main forest risk commodities alongside its development of origin maps for its entire beef supply chain.

These efforts are commendable, but our work will continue to promote greater awareness, transparency and improved performance regarding deforestation and associated environmental risks and opportunities.



Image: ARC



Image: ARC

Left: Delegates from over 30 faiths gather in Zug.

Above: The symbolic procession through the medieval city.

Faith in Finance Zug 2017

On 1 November 2017, I was privileged to participate in the first Faith in Finance conference held in Zug, Switzerland. Alongside senior UN figures and leading impact investors, delegates came from more than 30 different faith traditions, representing over 500 faith investment groups and trillions of dollars in assets. All were there to discuss how diverse values can be incorporated and reflected in investment choices.

Victoria Hoskins, Investment Director

A key element to this discussion was an underlying sense that investments had to strike a balance between generating financial returns and representing fundamental values – that the funding of essential projects should not supersede the need to assess corporate activity against ethical mandates.

Split between the ‘work’ and the ‘wealth that enables the work’ is akin to the sacred/secular divide which many delegates have been working to address. Indeed, it was the religious community which first pushed the investment world towards bridging this divide: the first recognised ethical funds were established at the request of faith-based investors who sought to see traditional ‘sin’ stocks screened out. Since then, values-based investing has proven itself compatible with long-term growth.

Questions raised in the sessions, however, challenged all to go deeper in their thinking and practice. How much further can faith communities go? Is it simply enough to screen out harmful investments, or should finances be an active force for good?

Ultimately, agreement was reached on establishing an alliance (as yet unnamed) aimed at creating values-consistent investment goals and moving billions of dollars of faith-based investments into sustainable initiatives. It will enable faith groups to share information to better direct their investments and collectively develop a faith response to the challenge of the UN’s Sustainable Development Goals.

The alliance marks a definitive shift from simple negative screening to actively challenging money to work for greater social and environmental impact while seeking positive returns. In addition, Elliott Harris, Assistant Secretary-General to the UN Environment Programme, stated that those present had a duty to hold governments accountable to sustainability goals and support their initiatives.

Cardinal Peter Turkson of Ghana, tasked with establishing a new agency in the Vatican ‘to promote integral human development’, spoke of the need for churches to develop alternative funding models and seek out new sources of capital. He advocated greater efforts to educate people about values-based investing and encouraged faith organisations to continue promoting the sustainability agenda.

The conference also saw the launch of *The Zug Guidelines to Faith-Consistent Investing* with a symbolic procession through the medieval city of Zug in partnership with the Swiss Impact Investment Association. Following the publication of the guidelines on 31 October, several key faith groups from Europe and Asia requested that they join the alliance and an executive committee is being established to help make the guidelines a reality for faith investing.

Green ideas in the red box?

“We can’t keep our promise to the next generation to build an economy fit for the future unless we ensure our planet has a future.”

Included as part of his budget speech in November 2017, this message from Philip Hammond, the chancellor of the exchequer, seemed to offer a more positive outlook for environmentally-friendly policies and sustainability goals.

Anique Greyling, Assistant Investment Manager

The chancellor’s forward-thinking statement appeared not to amount to mere rhetoric, as evidenced by the introduction of some welcome environmental policy changes, notably focused on encouraging the use of cleaner forms of transport.

Central to these was the announcement of a £220 million Clean Air Fund, levied from changes to the vehicle excise duty on new and existing diesel cars. This will support efforts at local authority and business levels to solve the problem of reducing air pollution. The fund will also be used to encourage manufacturers to develop cleaner diesel fuel and consumers to choose more environmentally-friendly modes of transport.

In support of this, the establishment of a £400 million fund for electric vehicle charging infrastructure was also announced, to be funded equally by government and private sector investment. In addition, there will be an extra £100 million plug-in car grant and a further £40 million for charging research and development.

The chancellor also announced the launch of a review into measures to reduce the amount of single-use plastic waste in the UK. One result of this investigation may be the introduction

of a tax on single-use plastics such as bottled water similar to the 5p charge for plastic carrier bags, which has helped to reduce usage and waste.

While these measures are encouraging, there were some notable omissions from the budget. For example, new funds were not allocated to support renewable energy projects, such as solar tax benefits or onshore wind subsidies; neither was a diesel scrappage scheme announced to assist drivers who bought diesel vehicles in good faith to make the switch to cleaner models.

But the absence of a statement on carbon pricing was the most disappointing aspect of the budget. Uncertainty about its future beyond 2021 means there is a genuine risk that coal could increase its share of the national power mix. With the question of the UK’s ongoing involvement in the European Union emissions trading scheme in the balance, investors and the energy industry need clear guidance on the future of this highly effective mechanism.

However, despite these omissions, the 2017 budget may ultimately make a useful contribution to the continued decarbonisation of the UK transport sector, the largest contributor to the country’s total emissions.



Institutions and businesses around the world maintained their resolve to support the climate change agenda throughout 2017, despite the expressed intent of President Trump to reverse his own country's policy commitments.

Matt Crossman, Engagement Manager

By the end of the year, even previous abstainers Nicaragua and Syria had both signed up to the Paris Agreement, leaving the US as the only country in the world to remain in opposition. Trump may have announced his intention to withdraw from the Paris Agreement on 1 June 2017, but under the rules of entry, the country cannot formally leave until late 2020.

The US still sent a delegation to the COP23 Climate Talks in Bonn in November 2017, though its interventions were minimal and controversial, organising a single side event promoting coal as a solution to climate change which was widely ridiculed. We can only hope that the opinion of Christiana Figueres, former UN Climate Envoy and key Paris Agreement negotiator, is proved right: that the Trump era will go down as a blip in the long-term history of the global effort to reduce greenhouse gas emissions.

COP23 nevertheless made progress on some key technical details left unfinished in Paris, and further advancement was seen in the so-called 'ratchet mechanism' giving greater latitude for countries to increase the ambition of their decarbonisation commitments.

In the absence of American political leadership, the country's investors, cities and businesses came together to fill the gap. A coalition of 20 US states, 110 cities and more than 1,400 businesses pledged to reduce their fossil fuel emissions to help the US fulfil its obligations under the Paris Agreement, regardless of the president's retrograde actions.

Last year also saw the launch of a major new initiative from policymakers aiming to radically change the way in which companies report on climate change. Chaired by the former mayor of New York, Michael Bloomberg, and backed by the governor of the Bank of England, Mark Carney, the Task Force on Climate-related Financial Disclosures (TCFD) published its voluntary recommendations in June 2017. These called for companies across the global economy to stress-test their business models against aggressive low-carbon transition pathways. As at February 2018, more than 240 companies had pledged their support for TCFD.

Eager to assert his own country's leadership on climate change, French president Emmanuel Macron organised a major climate conference in Paris in December 2017. At the One Planet Summit, a new global investor coalition was launched, called Climate Action 100+. This five-year, investor-led initiative aims to engage with the world's largest corporate greenhouse gas emitters to improve governance on climate change, reduce overall emissions and improve the quality of climate-related financial disclosures. To date, 256 investors (including Rathbone Greenbank) with more than \$28 trillion in assets under management have signed up to Climate Action 100+.



Above: French President Emmanuel Macron (L) welcomes philanthropist and co-founder of the Microsoft Corporation Bill Gates at the Élysée Palace in Paris for the One Planet Summit held in Boulogne-Billancourt, near Paris, on 12 December 2017.

Casinos on the high street

When people first consider investing ethically, they commonly think in terms of avoiding so-called 'sin stocks'. While armaments, pornography, alcohol and tobacco are among the more traditional of these, a sharp rise in revenues generated from gambling in the UK has alerted investors to the risks of a rapidly-expanding gaming industry.

Matt Crossman, Engagement Manager

In recent years, two factors converged to facilitate an increase in the number and variety of gaming options. The first was technological, with the internet and the mass production of mobile devices combining to allow opportunities for online gambling to thrive. The second was regulatory, as the UK government of the early 21st century sought to relax gaming legislation.

For all the subsequent anxiety about 'supercasinos', it was something far less conspicuous that prompted a rise in rates of problem gambling in the UK. The Gambling Act 2005 opened the way for casino-style gambling in arcade game formats, circumventing the law banning the operation of roulette tables outside of regulated casinos. Consequently, highly addictive and profitable games like roulette began to proliferate in high street betting shops across the UK.

The machines delivering these casino-style games are classified by the Gambling Commission as 'B2 gaming machines', also known as fixed-odds betting terminals, or FOBTs. The latest gambling industry statistics count just 146 casinos in the UK, but almost 34,000 FOBTs. Their attraction is proving to be highly lucrative: in 2017, the gross gambling yield from FOBTs – the amount retained by operators after the payment of winnings but before the deduction of operating costs – was £1.8 billion. On average, each machine delivers a profit of just over £53,000 a year for the operators.

Their design is alluring and their placement tempting. Traditionally, betting shops were reliant on sporting and cultural events to provide consumer entertainment, but

with FOBTs, they can offer all-day gambling. As such, games are often designed to encourage extended play – roulette terminals, for example, list the results of previous spins to give a false impression of trend emergence. While hosting outlets are restricted to four FOBTs per location, these limits haven't checked their proliferation. Betting shops have moved into the high street in record numbers and it's not uncommon to find multiple outlets run by the same operator in close proximity, each stocking the maximum number of FOBTs.

Gambling has its defenders and detractors. The defenders would point to its value as entertainment – that there's an inherent thrill in playing games of chance for gain, and that a responsible wager can enhance the experience of any event. Its detractors, however, argue that gambling – and FOBTs in particular – offers nothing more than a route to addiction and financial hardship for users and their families.

Indeed, it's easy to lose a lot of money very quickly on FOBTs. With a maximum bet of £100 every 20 seconds, FOBTs can drain a bank account in a matter of minutes. While correlation doesn't necessarily equal causation, levels of problem gambling in the UK have risen with the emergence of FOBTs in high street betting shops. Reporting in 2017, the Gambling Commission estimated that there were around 430,000 problem gamblers in the UK in 2015, up by over 50% in the three years from 2012. While FOBT gaming accounts for around 13% of gross gambling yield in the UK, 43% of people classified as problem gamblers use such machines.



The gambling industry would also defend itself as a provider of employment and tax revenue – but at what cost? Each pound spent on FOBTs, net of winnings, is a pound lost to the local economy. On average, £1 billion of consumer spending in the UK supports 21,000 jobs. By comparison, FOBTs support only 4,500 jobs per £1 billion of spending, automation in particular requiring less intervention from staff. Additionally, those in jobs supported by FOBTs face threats to their physical safety with incidents of violence reported against machines and staff.

Despite efforts by the gambling industry to improve its image and encourage responsible gambling, profits continue to soar. With the establishment and expansion of online betting, many of those controlling it have become very wealthy: Denise Coates, co-CEO of the online betting company Bet365, took home £217 million last year. This drew criticism from the head of the charity Addaction, who noted that the sum equated to 22 times the amount donated by the UK gaming industry to combat gambling addiction.

The gaming industry may be able to defend traditional, over-the-counter betting at some level as recreational fun, but the evidence is clear that the spread of high-stakes FOBTs in the poorest areas of the UK is causing serious social harm. This has far-reaching consequences for the overall prosperity of the UK, which is why Rathbone Greenbank has lobbied the government for tougher FOBT regulation and pushed for reductions in maximum stakes.



Rathbone Greenbank and The Funding Network celebrate 10 years of collaboration

Catherine Naughton, Marketing Assistant

Over the last 10 years, Rathbone Greenbank has been pleased to work alongside The Funding Network (TFN), supporting its efforts to finance social change projects. During this time, our partnership has raised over £800,000 – with 2017 being a particularly successful year as our three sponsored events in London, Oxford and Bristol raised £81,000 in support of 13 charities.

TFN holds live crowdfunding events throughout the country, giving people the opportunity to pool their time and resources to fund charitable projects that catalyse transformational social change. These events vary in size and structure and fund a variety of innovative local, national and international projects, particularly those small-scale ventures that may otherwise find it difficult to source funding.

The work of TFN resonates well with Rathbone Greenbank as it aligns with our aim of encouraging people to make a difference, through philanthropy or investment. Throughout our working partnership, many of our staff have enjoyed participating in TFN events, nominating projects and contributing to selection panels.

Celebrating our decade of collaboration, we were proud to sponsor the production of a short film showcasing TFN's work. The film demonstrates how the crowdfunding process works and how charities, donors and beneficiaries come together at events to pitch and pledge for selected projects. The film was launched in July 2017 at an event held at our London office, details of which can be found at: rathbonegreenbank.com/insight/our-evening-funding-network

Since its inception in 2002, TFN has raised £10 million for over 1,500 social change charities around the world. We are delighted to have played a small part in this success and will be supporting the following events during 2018:

Thursday 17 May 2018

Oxford Gives 2018

Jesus College, Ship Street Centre, Ship Street, Oxford OX1 3DW

Wednesday 23 May 2018

TFN London

Rathbones, 8 Finsbury Circus, London EC2M 7AZ

Tuesday 16 October 2018

TFN Bristol

TLT, One Redcliff Street, Bristol BS1 6TP

For further details on these events and how to register, please visit thefundingnetwork.org.uk

Contact us

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.

For further information on the services that we provide, or to arrange a meeting, please contact us.

Call us on:
0117 930 3000

or email:
greenbank@rathbones.com

For more information, please visit:
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