

28 February 2011

The logo for UKSIF (UK Sustainable Investment and Finance) is displayed in a grey rectangular box. The letters 'UKSIF' are in a bold, white, sans-serif font.

## **Consultation on Charities and Investment Matters (CC14) Response from UKSIF – the sustainable investment and finance association**

### **Contact Details**

UKSIF – the sustainable investment and finance association

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Our legal name is “UK Sustainable Investment and Finance” and we were formerly called “UK Social Investment Forum”. We are a non-profit membership association, but we are not a charity.

### **Introduction**

UKSIF is the membership association for sustainable and responsible investment and finance in the UK. Our members include many of the leading UK experts in sustainable and responsible charity investment.

We are delighted that UKSIF members have been able to play an active role during this consultation through participation in meetings and making written submissions. In addition, UKSIF has been pleased to participate in a number of meetings with the Charity Commission ourselves to discuss the draft guidance.

We are grateful to Charity Commission officials for the open and constructive approach that they have taken to our comments and those of our members during their consultation.

### **Our Response**

A response to this consultation has already been submitted on behalf of an expert group convened jointly by ourselves and Bates Wells & Braithwaite. Further responses have been submitted by a range of expert organisations within UKSIF’s membership.

This UKSIF response seeks to complement rather than to duplicate these responses by

- highlighting sustainable and responsible investment resources outside the charity sphere that may be of value to the Charity Commission in deciding ways forward
- suggesting liaison with other regulators and policy makers.

As such, it provides supplementary information and suggestions rather than answers to the consultation questions. In addition, we have highlighted that Section N2 of the draft guidance lists our previous name rather than our current one.

Sustainable and responsible investment and finance is a rapidly evolving field of relevance to all aspects of charity investment. We would encourage the Charity Commission to explore the current thinking within and future evolution of this field as it affects the broad community of asset owners of which charitable investors are one part before finalising “Charities and Investment Matters”.

We hope that the Charity Commission will not feel unduly constrained by timetable pressures in developing their final recommendations. These recommendations will shape charity investment in the UK during a time of rapid evolution of sustainable and responsible investment practice. Like others, we believe that the importance of this issue justifies taking sufficient time to consider fully the comments made and develop a

thoughtful and considered revision of the draft guidance as a result. If any additional contributions from us and our members would be useful during this process, we would, of course, be delighted to provide further assistance.

### **Correction to “N2: Other useful organisations and resources” (Page 60)**

UKSIF is delighted to be listed in “N2: Other useful organisations and resources” in the draft guidance on Page 60. We do hope that this reference remains in the final guidance.

For this reason, we would like to highlight that UKSIF’s name is given incorrectly in section N2 of the draft guidance. We are now known as “UKSIF – the sustainable investment and finance association”. (Our name is legally now “UK Sustainable Investment and Finance” but we use “UKSIF – the sustainable investment and finance association or the “UK Sustainable Investment and Finance Association” in our communications.) We are longer called “UK Social Investment Forum”. The other information in our entry is correct.

### **Sustainable & Responsible Investment: Resources for Institutional Asset Owners**

A range of resources are now available to educate and support institutional asset owners. Some support specific audiences such as occupational pension fund trustees. As this field is developing rapidly, we recommend that the Charity Commission should review the range of material available rather than only that developed specifically for charities. Resources include:

#### *UN-backed Principles for Responsible Investment*

For: *all institutional investors; international*

The United Nations-backed Principles for Responsible Investment Initiative (PRI) is a network of international investors working together to put the six Principles for Responsible Investment into practice.

The Principles were devised by the investment community. They reflect the view that environmental, social and corporate governance (ESG) issues can affect the performance of investment portfolios and therefore must be given appropriate consideration by investors if they are to fulfil their fiduciary (or equivalent) duty. The Principles provide a voluntary framework by which all investors can incorporate ESG issues into their decision-making and ownership practices and so better align their objectives with those of society at large  
[www.unpri.org](http://www.unpri.org)

#### *UKSIF Sustainable Pensions Library, Newsletter and Other Resources*

For: *occupational pension funds; UK*

UKSIF’s Sustainable Pensions Project encourages occupational pension funds to adopt more sustainable and responsible investment strategies, with the aim of enhancing long-term shareholder value and financial returns for fund members. It provides support and resources to corporate and local authority pension funds, consultants and policy makers. All resources are free to use and available to everyone.

UKSIF’s Sustainable Pensions Library, a project resource, provides trustees and advisers with an overview of key responsible investment documents and initiatives. The documents in the library are provided as downloadable PDFs or as links to external sites. The project also distributes a free quarterly e-newsletter.  
[www.uksif.org/projects/sustainable\\_pensions](http://www.uksif.org/projects/sustainable_pensions)

#### *Charity SRI*

For: *charities, their service providers and their supporters; UK*

This web site, an initiative of the EIRIS Foundation developed initially with UKSIF, provides information and resources on Responsible Investment - what it is, reasons for doing it and how to go about it.  
[www.charitysri.org](http://www.charitysri.org)

#### *United Nations Finance Initiative*

For: *financial institutions from the global banking, insurance and investment sectors; international*

UNEP FI is a global partnership between UNEP and the financial sector to develop and promote linkages between sustainability and financial performance.  
[www.unepfi.org](http://www.unepfi.org)

### *Global Impact Investing Network*

For: *investors (including charitable foundations); international*

The Global Impact Investing Network is a not-for-profit organisation dedicated to increasing the effectiveness of impact investing. Impact investments aim to solve social or environmental challenges while generating financial profit.

[www.theqiin.org](http://www.theqiin.org)

## **Liaison with other Regulators and Policy Makers**

### *A Long-term Focus for Corporate Britain*

UKSIF has recently responded to the Department for Business, Innovation and Skills (BIS) consultation “A Long-term Focus for Corporate Britain”. In our response, we highlighted the fragmented way that oversight of the investment policies of asset owners in the UK is dispersed across a range of regulators and departments. We called on the government to address this by reviewing international best practice in institutional design to support long-term responsible asset ownership by pension funds, insurance companies and other asset owners.

While this dispersed oversight remains, we would urge the Charity Commission to liaise with sustainable and responsible investment policy makers within regulators and government departments, including the Financial Reporting Council which is responsible for the UK Stewardship Code.

### *The Transition to a Low Carbon, Resource-Efficient Economy*

UKSIF has recently submitted oral and written evidence to the Environmental Audit Committee’s inquiry on proposals for a Green Investment Bank. We highlighted the significant low carbon investment gap that needs to be bridged within the UK to support the transition to a low carbon, resource efficient economy.

It is widely recognised that this transition will have significant economic and social as well as environmental consequences within the UK. As such, it should be a matter of material concern for the investment policies of charities, for both mission-related and financial reasons.

For this reason, we would urge the Charity Commission to have regard to these emerging investment priorities in developing its final recommendations.

## **About UKSIF – the sustainable investment and finance association**

UKSIF, the sustainable investment and finance association, supports the UK finance sector to be a global leader in advancing sustainable development through financial services. We promote and support responsible investment and other forms of finance that advance sustainable economic development, enhance quality of life and safeguard the environment. We also seek to ensure that individual and institutional investors can reflect their values in their investments.

UKSIF was created in 1991 to bring together the different strands of sustainable and responsible finance nationally and to act as a focus and a voice for the industry. UKSIF’s 250+ members and affiliates include institutional and retail fund managers, charitable foundations, investment banks, pension funds, financial advisers, research providers, consultants, banks and non-governmental organisations. For more information about UKSIF, please visit [www.uksif.org](http://www.uksif.org).

With best wishes



**Penny Shepherd MBE**

Chief Executive

UKSIF – the sustainable investment and finance association