

Paula Sussex
CEO, Charity Commission
PO BOX 211, Bootle
L20 7YX

30 March 2016

Dear Ms Sussex

I am writing to you in my capacity as Programme Director and Head of Public Policy at the UK Sustainable Investment and Finance Association (UKSIF) with regard to the recent legal opinion by Christopher McCall QC on ethically questionable investments.¹

UKSIF is the membership network for sustainable and responsible financial services in the UK. We promote and support sustainable and responsible investment (SRI) and other forms of finance that advance sustainable economic development, enhance quality of life and protect the environment. We have around 240 members and affiliates including financial advisers, institutional and retail fund managers, pension funds, banks, research providers, consultants and NGOs. For more info about UKSIF please visit www.uksif.org.

We run Ownership Day, the national initiative to raise awareness of the financial benefits of active ownership and to encourage quality active ownership strategies. This year the theme which ran throughout was the concept of fiduciary duty and we produced a guide on the current state of the law for DB and charity trustees which you find attached. This was linked to the legal opinion by Mr McCall which, as you will know, described CIIs as being 'pregnant with material financial risks' and stated that prudent trustees should consider how best to manage and mitigate those risks.

As part of Ownership Day 2016 we are calling on the Charity Commission to provide clarity on CIIs. We do not propose any particular direction, but believe given the McCall opinion and the incontrovertible science,² charity trustees should be afforded certainty relating to their investments through guidance. It seems to us that a revision to CC14 may be the most appropriate method of clarifying the law in this respect.

We would be very grateful for receipt of this letter and if you are able to provide any information on whether the Charity Commission intends to clarify the law in guidance and next steps.

Yours sincerely

Fergus Moffatt
Programme Director and Head of Public Policy
UK Sustainable Investment and Finance Association (UKSIF)

¹ Available at <http://www.bwbllp.com/file/summary-and-opinion-pdf>

² IPCC, Climate Change 2014 Synthesis Report, available at http://www.ipcc.ch/pdf/assessment-report/ar5/syr/AR5_SYR_FINAL_SPM.pdf