

# Charity Commission seeks views on updated responsible investments guidance

'Responsible investments' refers to financial investments that align with a charity's mission and purpose. The regulator [announced the review in January](#), after an [informal listening exercise](#) last year found that the way responsible investment is outlined in its [existing guidance](#) does not give all trustees sufficient confidence that they can consider, or that the Commission supports, this approach to investment.

It has now published a draft of updated guidance, supported by refreshed legal analysis, and is asking charities and others to say whether the changes are clear, and make the guidance easier to use.

[View the consultation and draft updated guidance](#)

The draft guidance is clear that trustees of all charities can decide whether or not to adopt a responsible investment approach that reflects the charity's purposes and values, and not just focus on the financial return. The new draft explains that the rules applying to responsible investments are those that apply to all financial investments, including that trustees' decisions must always be made in the best interests of the charity, and in line with its governing document.

The guidance also highlights the slightly different rules that apply when charities invest permanent endowments.

The consultation, which runs for 6 weeks, is framed as a short survey, designed to help the Commission determine whether the new guidance empowers trustees to take decisions on investments that are right for their charity. The consultation closes on 20 May 2021.

Paul Latham, Director of Communications and Policy at the Charity Commission said:

During the listening exercise we held last year, we learnt that many charities are interested in considering responsible investments but need more clarity around the regulatory position.

We have worked hard to ensure our draft guidance is easy to understand and empowers trustees to make decisions that are right for their charity.

I encourage trustees, charity staff, those involved in investment management, and anyone with an interest in how charities are run to take part in our consultation, to help ensure our final guidance is as clear and empowering as possible.

The Commission's guidance on responsible investments is part of its wider guidance on Charities and Investment Matters (CC14). The remainder of the guidance is not being updated immediately. The Commission says that this is because it recognises the urgent need to first address concerns about the clarity of its existing guidance around responsible investments.

## **Ends**

### **Notes to editors**

1. The Charity Commission is the independent, non-ministerial government department that registers and regulates charities in England and Wales. Its purpose is to ensure charity can thrive and inspire trust so that people can improve lives and strengthen society.