



CIFs should do more to meet the needs of charity investors

Common Investment Funds (CIFs) should do more to meet the needs of charities that wish to invest responsibly, according to research released today by the EIRIS Foundation.

The new guide [Responsible Investment by Charities: the Role of Pooled Funds](#) reviews the investment approach of 44 UK CIFs in order to help trustees understand how they can integrate environmental, social and ethical concerns into their investments.

CIFs are a popular investment vehicle for charities as they are administratively simple, have low minimum investment levels and qualify for tax exemptions.

EIRIS' research finds that some CIFs offer a good range of responsible investment criteria, helping charities to benefit from investments in positive business areas such as renewable energy companies or dynamic green technologies and to avoid investments in business areas which might run contrary to their aims.

Examples of responsible investment issues that are relevant for charities include climate change and compliance with global norms on human rights, labour standards, bribery and corruption. However, these issues are addressed by a relatively small number of CIFs - leaving some charitable investors potentially at risk of damaging their reputation and alienating their supporters and staff.

Key Findings

- Given its financial relevance, all charity investors should consider how their fund manager integrates environmental, social and governance risks and opportunities into their investment decisions and ownership practices
- Responsible investment approaches of funds are still centred around negative screening; twenty seven funds screen out negative investments whereas only five screen in positive investments such as social enterprise organisations or clean-tech firms



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- Almost half of charity pooled funds apply no responsible investment criteria whatsoever. Around half of CIFs that do, go no further than to screen out tobacco
- Funds with responsible investment criteria tend to be faith based and focus mainly on 'sin stocks' such as alcohol, tobacco and gambling
- Key issues, including climate change, are only addressed by a handful of funds - for example by offering opportunities to invest in renewable energy companies or rewarding good disclosure practices
- Few of the fund managers included in the survey provided details of a clear policy on engagement, voting and integration - potentially leaving charity investors open to financially-material risks as well as reduced opportunities to make an impact

Stephen Hine, Head of Responsible Investment Development at EIRIS said: "Responsible investment is something which each of the UK's 25,000 charities that have investments should be taking very seriously. It provides charities with real opportunities to manage risk and further their aims. We hope that our new guide will encourage more charities to consider the responsible investment approach of CIFs and, if they are not satisfied with what is currently on offer, to talk to their fund managers about their responsible investment needs."

Click [here](#) to download a copy of the guide.

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Notes to editors:

1. The EIRIS Foundation Charity Project increases awareness and understanding of responsible investment amongst charities. It builds the capacity of the charity sector to develop and implement a socially responsible investment (SRI) policy through conducting research, producing resources and publications and organising events. It has also developed a website (www.charitysri.org) which provides clear, accessible and independent information on SRI for charities, their supporters and advisers.
2. The EIRIS Foundation (www.eirisfoundation.org) is a charity, established in 1983, that supports ethical investment. It researches the social and ethical aspects of companies and provides other charities with information and advice to enable them to choose investments which do not conflict with their work. Ethical Investment Research Services (EIRIS) Ltd, a subsidiary company of the Foundation, provides the independent research into corporate social, environmental and ethical performance that is needed by investors to make informed and responsible investment decisions as well as by charities wishing to screen their donors or suppliers.

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