For immediate release: 8 October 2013

Cambridge hosts new project to advance value of sustainable investing

*Investment Leaders Group will bring together leading firms in sector*

A group of leading asset managers and owners have joined forces with the University of Cambridge in a three-year project designed to promote understanding of how investors can realise positive long-term investment returns by understanding and managing for environmental and social factors.


The group will work together to explore the degree to which economic, social and environmental factors can influence long-term value creation and become a more integral part of the investment process. The secretariat is provided by the University of Cambridge Programme for Sustainability Leadership (CPSL).

The project is championed at the most senior levels in the member companies, with a view to integrating the research and best-practice recommendations across their businesses. The members will collaborate with academics at the Cambridge Judge Business School on some of the most fundamental issues and barriers to integrating environmental and social factors in investment.

Philippe Zaouati, Chair of the ILG, Deputy CEO of Natixis Asset Management, head of Mirova investment division said: “Understanding and promoting increased sustainability will be essential for the success of the investment industry, and in fact the whole of society. With Cambridge as a partner we have a real opportunity for thought leadership.”

Through a series of workstreams, the ILG will identify and test new investment practices involving evidence review, model development, empirical testing, engagement and thought leadership reports. The first workstream will concentrate on developing an understanding of the value of environmental and social factors in investment, while the second will look at how investors could measure and communicate how environmental and social factors can contribute towards a more stable economy and society. Through these activities, the group seeks to create outcomes that will influence the future of the investment industry by improving on current practices.

Carlos Joly, CPSL Fellow, Cambridge University said: “Pursuing environmental and social goods does not have to preclude robust returns on investment. On the contrary, we can create a virtuous circle, whereby considering environmental and social factors in investment decisions can drive both economic prosperity and societal wellbeing. That is the only secure basis on which business and long-term investment can flourish.”

Dr Jake Reynolds, who leads the Cambridge team behind the project, said: “The calibre of the participants in the ILG and its collective ambition are both very high, which tells you something about the importance of this topic. By starting with the fundamentals, from the ground up, we have an opportunity to put the value of sustainable investment beyond doubt.”
Professor Raghavendra Rau, Head of the Finance and Accounting Research Group at the Cambridge Judge Business School, added: "Financial economists have barely analyzed sustainable investment using a rigorous empirical framework to date. All the tools are there, and this project provides an opportunity to do so."

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For more information see: www.cpsl.cam.ac.uk/investment