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## Leading investment institutions make the case for responsibility

There is significant untapped potential for investors to exert a positive influence on the economy, environment and society, by practising responsible investment, according to a new report from eleven leading investment institutions with over US \$5 trillion assets under management.

The institutions, which include both asset managers and owners, are part of the Investment Leaders Group (ILG) hosted by the University of Cambridge Institute for Sustainability Leadership (CISL). The group is supported by financial economists at the Cambridge Judge Business School.

The new report, *The Value of Responsible Investment*, warns that today's economy continues to draw down on the world's natural capital rather than living off its interest. It identifies a need for strong and collective leadership from the investment industry, arguing there is a "moral, financial and economic case for action".

Philippe Zaouati, CEO at Natixis Asset Management's responsible investment brand, Mirova, and Chair of the ILG, said: "In spite of a widespread rhetorical commitment to responsible investment principles, market dynamics remain pre-occupied by the short-term, and the majority of investment does little to answer the challenges of our time. The ILG seeks to change this, first of all by defining the value of responsible investment and then working out how to promote it."

The report outlines actions investment institutions can take to maximise the opportunities of investment that seeks to create environmental, social and governance benefits, including:

- Commission targeted research on the degree to which the risks generated by so-called environmental 'megatrends' are placing a drag on economic performance, limiting future returns.
- Pursue a range of tactical opportunities to support responsible investment, for example standardised reporting on environmental and social impacts, long-term investment mandates, and demonstration of alignment between fiduciary duty and ESG integration.
- Scale up capital allocation into the technologies, infrastructure and business models of a future low carbon, green economy. This will depend upon solid investment principles and clear enabling actions from policy makers.

Dr Jake Reynolds, Director of Business Platforms at CISL, said: "In a world that neglects to account for social and environmental costs on corporate balance sheets - costs we know can ultimately impact value - responsible investment can be seen not only as a smart investment strategy but as an essential response to growing sources of systemic risk."

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## Notes

The opinions expressed in *The Value of Responsible Investment* report are the authors' own and do not represent an official position of the ILG or of its individual members. Online versions of the report will be available from May 22 at: [www.cisl.cam.ac.uk/Business-Platforms/Investment-Leaders-Group.aspx](http://www.cisl.cam.ac.uk/Business-Platforms/Investment-Leaders-Group.aspx). To receive an embargoed copy in advance contact Amy Barry (details above).

*About the Investment Leaders Group (ILG):* The ILG currently comprises 11 investment institutions: Allianz Global Investors, Aviva Global Investors, First State Investments, Loomis Sayles, Mirova (Natixis Asset Management), Nordea Life & Pensions, PensionDanmark, PIMCO, Standard Life Investments, TIAA-CREF Asset Management and Zurich Insurance Group. Its secretariat is provided by the University of Cambridge Institute for Sustainability Leadership (CISL).

*About CISL:* The University of Cambridge Institute for Sustainability Leadership (CISL) brings together business, government and academia to find solutions to critical sustainability challenges. Capitalising on the world-class, multidisciplinary strengths of the University of Cambridge, CISL deepens leaders' insight and understanding through its executive programmes, builds deep, strategic engagement with leadership companies, and creates opportunities for collaborative enquiry and action through its business platforms. HRH The Prince of Wales is the patron of CISL and has inspired and supported many of our initiatives.