

## **New Ceres Blueprint Outlines Action Steps for Major Investors on Sustainable Investing**

BOSTON, Jun. 26 /CSRwire/ - Institutional investors and their investment managers must integrate the financial risks from climate change, resource scarcity, supply chain failures and tighter water supplies into their investment practices if they are to be successful in the 21st century.

That's the message of a new Ceres blueprint outlining the urgency and long-term competitive advantages for investors that incorporate sustainability across all aspects of their investment practices. It includes 10 action steps for integrating sustainability into investment beliefs, asset allocation strategies, corporate engagement, proxy voting and other areas.

"The financial risks of climate change and other sustainability threats will have profound effects on investment returns in the years to come, yet the traditional methods of financial analysis used by most large investors ignore these factors," said Ceres president Mindy Lubber, in announcing the report at the International Corporate Governance Network annual meeting today in New York. "The blueprint provides a clear path for integrating sustainability challenges into investment strategies, and shifting from short-term thinking about earnings and profits to longer-term risk-adjusted returns mindful of the present as well as the future."

The 21st Century Investor: Ceres Blueprint for Sustainable Investing was done in close collaboration with a dozen leading investors, including the New York, California and Florida public pension funds, State Street Global Advisors and key SRI funds, which are part of Ceres' Investor Network on Climate Risk (INCR).

"The Blueprint is an important tool that will help all investors, including asset owners and investment managers, bring fresh thinking and greater analysis to their work in a fast-changing investment climate," said Thomas P. DiNapoli, New York State Comptroller, who oversees \$160 billion of investments and wrote the report foreword. "The report provides a useful framework for reviewing policies and practices to better manage a new world of risks. New York's Common Retirement Fund is already pursuing a number of the report's recommendations consistent with our fiduciary duty to protect present and future beneficiaries."

"Establishing the activities outlined in the Blueprint positions institutional investors for global economic growth and long-term value creation," said Jack Ehnes, Chief Executive Officer of the California State Teachers' Retirement System (CalSTRS), the world's largest educator-only pension fund with a portfolio valued at \$166 billion. "Each of the strategies offered affords decision makers the opportunity to take appropriate action on all material investment considerations, including environmental social and governance issues. CalSTRS has successfully integrated sustainable business practices into our investment policy."

The report comes amid escalating sustainability challenges around the world, including population pressures, rising demand for resources and energy, and a changing climate that could cause severe economic disruption if global warming pollution is not reduced.

“The nature of risk facing investors, communities and businesses in the 21st century is different—even unprecedented,” the report concludes. “These emerging risks will almost certainly have more severe and longer lasting economic consequences than the recent financial crisis.”

The report states that investors cannot afford to ignore these risks, that analytic tools and data for analyzing these risks is much improved, and that there is a growing body of evidence linking strong sustainability focus to strong investment performance.

Developed in consultation with a broad cross-section of asset owners and asset managers, the Blueprint recommends the following 10 action steps (accompanied by real-life examples) for developing sustainable investment strategies:

1. Establish a commitment to sustainable investment through a Statement of Investment Beliefs
2. Establish board level oversight of sustainability policies and practices
3. Identify sustainability issues material to the fund
4. Evaluate asset allocation for material sustainability risks
5. Select an investment strategy and integrate sustainability criteria
6. Require sustainable investment expertise in manager and consultant procurement
7. Evaluate manager performance against sustainable investment expectations
8. Establish corporate engagement strategies and proxy voting guidelines consistent with sustainable investment goals
9. Support policies and market initiatives that promote a sustainable global economy
10. Integrate sustainable investment criteria across all asset classes and strategies.

“Sustainable investing will require investors to think far more broadly about risk and opportunity across all asset classes,” said Chris Davis, director of Investor Programs at Ceres. “No investor can ignore the impacts of climate change on the food and agricultural sector, for example, or the economic costs of increasingly common severe weather events. But it’s not all about risk. For example, there’s an estimated \$6 trillion market for global clean energy investment that smart investors are taking advantage of.”

Institutional investors who have read the report believe it will provide an important perspective for trustees, fund managers and consultants entrusted with meeting obligations to beneficiaries over multiple generations. “The Blueprint provides both the business case for sustainable investing and a soup to nuts range of strategies that reflect the latest thinking on this important issue,” said Meredith Miller, Chief Corporate Governance Officer for the UAW Retiree Medical Benefits Trust.

“Each step in this Blueprint will help investors assess how their core investment policies and practices support sustainable risk-adjusted returns,” said Jimmy Yan, trustee of the New York City Employee Retirement System (NYCERS).

The 21st Century Investor: Ceres Blueprint for Sustainable Investing can be viewed online at [www.ceres.org/investorblueprint](http://www.ceres.org/investorblueprint). For more information about the Blueprint contact Peter Ellsworth at [ellsworth@ceres.org](mailto:ellsworth@ceres.org).

About Ceres

Ceres is an advocate for sustainability leadership. Ceres mobilizes a powerful coalition of investors, companies and public interest groups to accelerate and expand the adoption of sustainable business practices and solutions to build a healthy global economy. Ceres also directs the Investor Network on Climate Risk (INCR), a network of 100 institutional investors with collective assets totaling more than \$11 trillion. For more information, visit [www.ceres.org](http://www.ceres.org).

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