Abstracts

Investors - Leveraging Environmental Issues to Generate Increased Rates of Return

Panel Presentation for:
The Greening of Industry Network
Research & Policy for a Sustainable Future
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Mode of Presentation: Panel Presentations and Discussion

Session Overview
The financial services industry can only materially impact sustainability as it pertains to influencing industrial corporations (e.g. their actual or potential clients or investments) to act more responsibly in utilizing and disposing of raw materials (energy, minerals, air and water), by rewarding the leading pro-active leaders as it pertains to managing environmental issues and activities. These rewards would take the form of lower costs of capital (e.g. lower interest rates), higher securities prices, and lower premiums on insurance products. Unfortunately, until recently financier's have not seen a positive (in fact they have often perceived a negative correlation) financial correlation between environmental leadership and financial performance. But, based on a rapidly expanding body of information over the last several years that no longer appears to be the case.

It appears that investors no longer need to receive lower then market rates of returns if they choose to include environmental criteria as part of their investment decision making process. At present, the evidence suggests that by evaluating and including these criteria in your investment decision making model an investor can actually increase their rate of return over an investor who ignores environmental issues. By selecting firms that proactively manage environmental issues, investment managers may actually be helping to reward themselves, these firms, and their clients.

This arena is still in an early, but rapidly evolving stage of development and the panel will look at past, current, and potential activities of investment advisors and their clients, who range from Pension Funds to individual consumers holding mutual funds to foundations and insurance companies.

Panelist Topics (and organizations)

1. Socially Responsible Investing, Positive and Negative Screening Funds and the First US Financially Driven US Eco-Fund (Winslow Management)
2. Eco-Rating Systems and current Wall Street thought (Innovest International)
3. The Birth of Eco-Efficiency and Sustainability Investing (European Fund Designer)

[1] Financial Times, January 26th, 1999, page 7 Ecological Wake-up call for Fund Managers. A fresh generation of analysts is divided about whether such investments are a blessing or a curse, Vanessa Houlder and Financial Times, January 26th, 1999, page 7 EQUITIES: Go green, invest and then prosper: Claims that investing in companies that care about the environment is a way to out perform the market, Edward Alden