

Sustainable Investment Initiative

Outlining a Framework for Sustainable Investment at Pacific University

Isabella Barcellona- Environmental Studies concentrating on Policy and Government

Kayleigh DeBruyne - Environmental Biology and Anthropology

Gabriella Brill - Environmental Biology

Wyatt Swayngim - Business Administration, Finance and Accounting

Hannah Claussenius-Kalman - Psychology major (neuroscience emphasis), Spanish minor

Steven Armes- Business Admin. Finance & Marketing

Marc Bellantoni - Business Admin. Accounting and Finance, Politics and Government Minor

Xuan Dang - Business Admin. Accounting and Finance, Economics Minor

Andy Soria

David Knaus

Goal

Manage \$10,000 startup fund in a way that earns maximum ROI while investing in funds or companies that are innovative, socially responsible, and promote environmental sustainability.

Decision Process Overview

- Four Sectors for Investment:
 - Green Technology
 - Infrastructure
 - Natural Resources
 - Social Enterprise
- Extracted sustainability and financial metrics from each sector
- Narrowed down to five metrics in each category
- Prospects filtered through sustainability metrics first

Sustainability Metrics Overview

DOW Jones Sustainability Index



Global Reporting Initiative



Life Cycle Assessment

Sustainability Dashboard

IRIS Metrics

Sustainability Metrics

DOW Jones Sustainability Index



- Calculated with RobecoSAM's Corporate Sustainability Assessment (CSA) methodology
- Includes 300-400 companies representing the top 10% of leading companies committed to sustainable practices worldwide
- Self-reported data

Sustainability Metrics



Global Reporting Initiative (GRI)

- Non-profit foundation focused on empowering sustainable decision making
- Most widely used standards for sustainability reporting
- Focus on multi-stakeholder approach for reporting framework
- Public access to all reports

Sustainability Metrics

Life Cycle Assessment (LCA)



- Cradle-to-grave analysis of production systems, processes and services to assess potential environmental impacts
- Review of LCA reports in academic journals
- Allows us to work outside of main stock market index and go for the cutting edge companies

Sustainability Metrics



Sustainability Dashboard

- Organization tracks and manages sustainability related data
- Metrics that can be tracked:
 - Waste
 - Transportation
 - Products
 - Energy
 - Water
 - HUman Resources
- Voluntary participation by companies

Sustainability Metrics

IRIS Metrics

- Filter by industry specific standards
- Five categories of performance
 - Financial
 - Sector
 - Product
 - Operational
 - Social and Environmental Objective
- Allows us to compare companies within an industry on the same standard



Financial Metrics Overview

- Sharpe Ratio
- P/E Ratio
- Capital Asset Pricing Model (CAPM)
- Five Force Model
- Monte Carlo Analysis
- Asset Allocation

Financial Metrics

Sharpe Ratio: Evaluates return per unit of risk for a given asset.

$$SR = \frac{r_i - r_f}{\sigma_i}$$

P/E Ratio: indicates investor sentiment and potential for growth.

$$P/E \text{ Ratio} = \frac{\text{Current Share Price}}{\text{Earnings Per Share (EPS)}}$$

Financial Metrics

CAPM: determines risk premium in contrast to market return

$$E(r_i) = r_f + \beta_i (r_m - r_f)$$
$$\beta_i = \frac{\text{Cov}(r_i, r_m)}{\text{Var}(r_m)}$$

Five Force Model: analytical tool used to assess threats to business survival

Monte Carlo Analysis: Statistical model used to predict asset price movement

Strategy

- Risk Hedging
- Asset Allocation
- Risk Free Investment
- Asset Type Diversification

Questions

- Is there anyone else from the Board's Finance Committee we should work with?
- Who else within the University community should be involved in the project?
- Who would you prefer to be in charge of financial transactions?
- How would you like us to document and publicize our efforts for the Pacific community?
- What role can this group play in the vetting of the RFPs?
- Did you include in the RFP section not only “Are you being sustainable?” but “What are you doing?” or “How are you incorporating sustainability into your business practices?”

Thank You