



# OSU Investment Policy Review: Sustainable Investing Considerations

Finance and Administration  
Committee

May 16, 2024

# Sustainable Investing

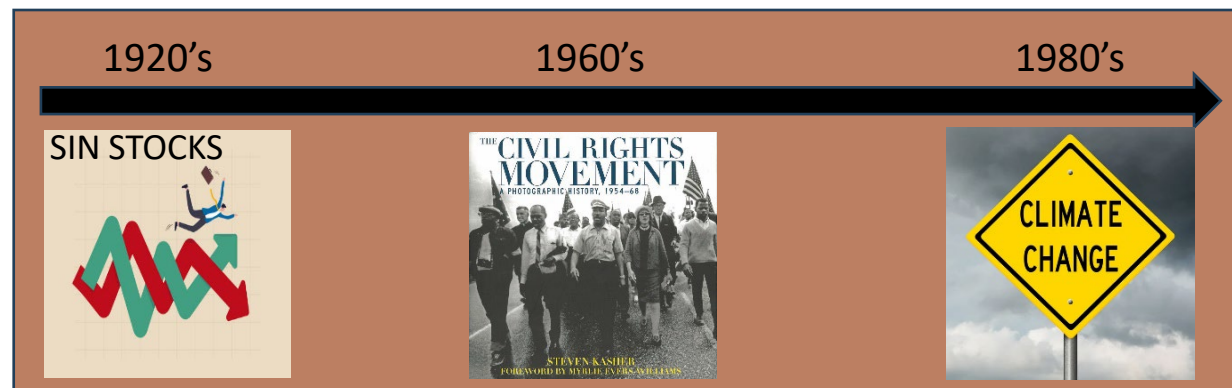
- Broad Concept
- Traditional investing with environmental, social, and governance-related insights to improve long-term outcomes.

A word cloud centered around the word "Investing". The word "Investing" is the largest and most prominent, rendered in a dark brown color. Above it, the word "Responsible" is written in a smaller, orange font. Surrounding "Responsible" and "Investing" are various related terms in smaller, brown or orange fonts: "impact", "esg", "environmental", "sri", "Social", "socially", "sustainable", and "Governance".

# Socially Responsible Investing

- Ethical Values
- Negative Screens
- Prohibited Investments
- Social Impact

Social investing has long historical roots in the U.S.



Source: Intentional Endowments

## OSU Investment Policy Restriction

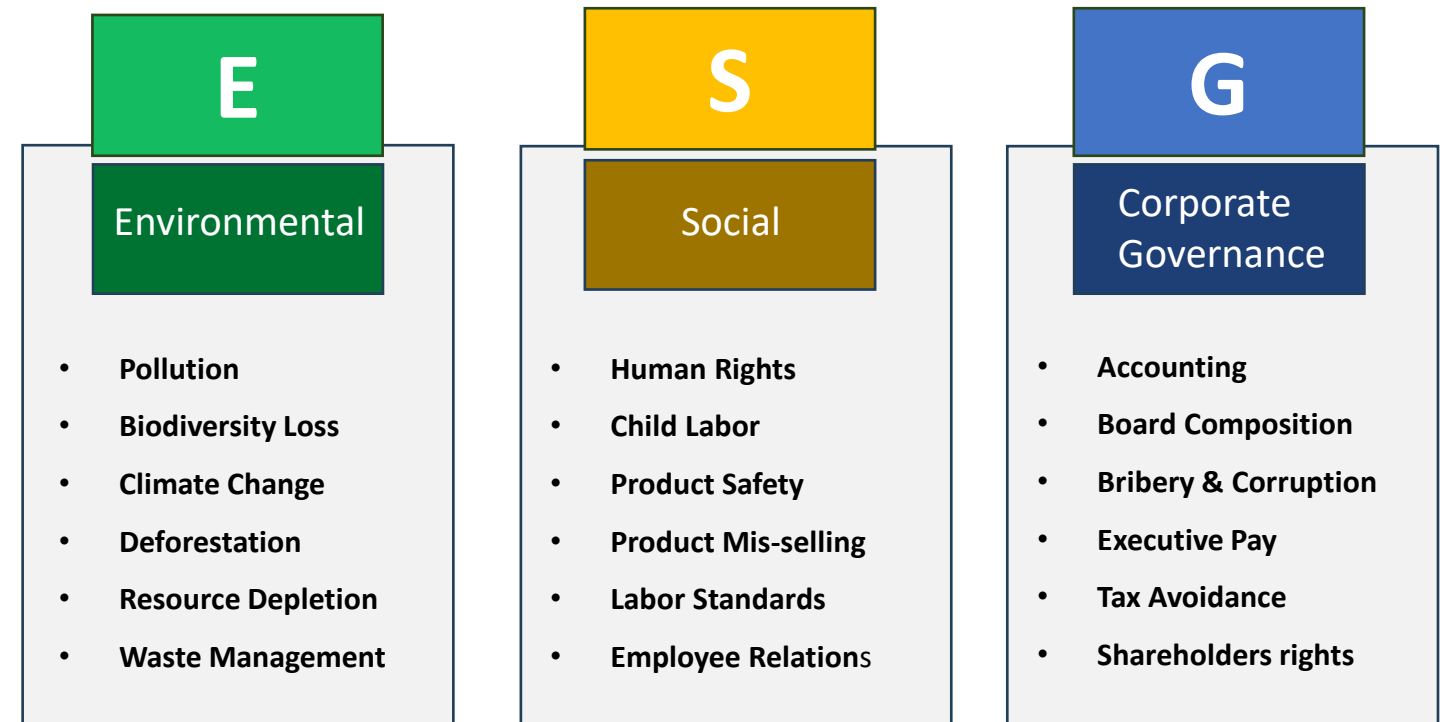
Investments in issuers identified by the Carbon Underground 200 published by Fossil Free Indexes LLC (or successor entity) are not permitted.

# ESG Investing

- Business Strategy
- Improve Financial Performance
- Support Sustainable Development

## Definition of ESG

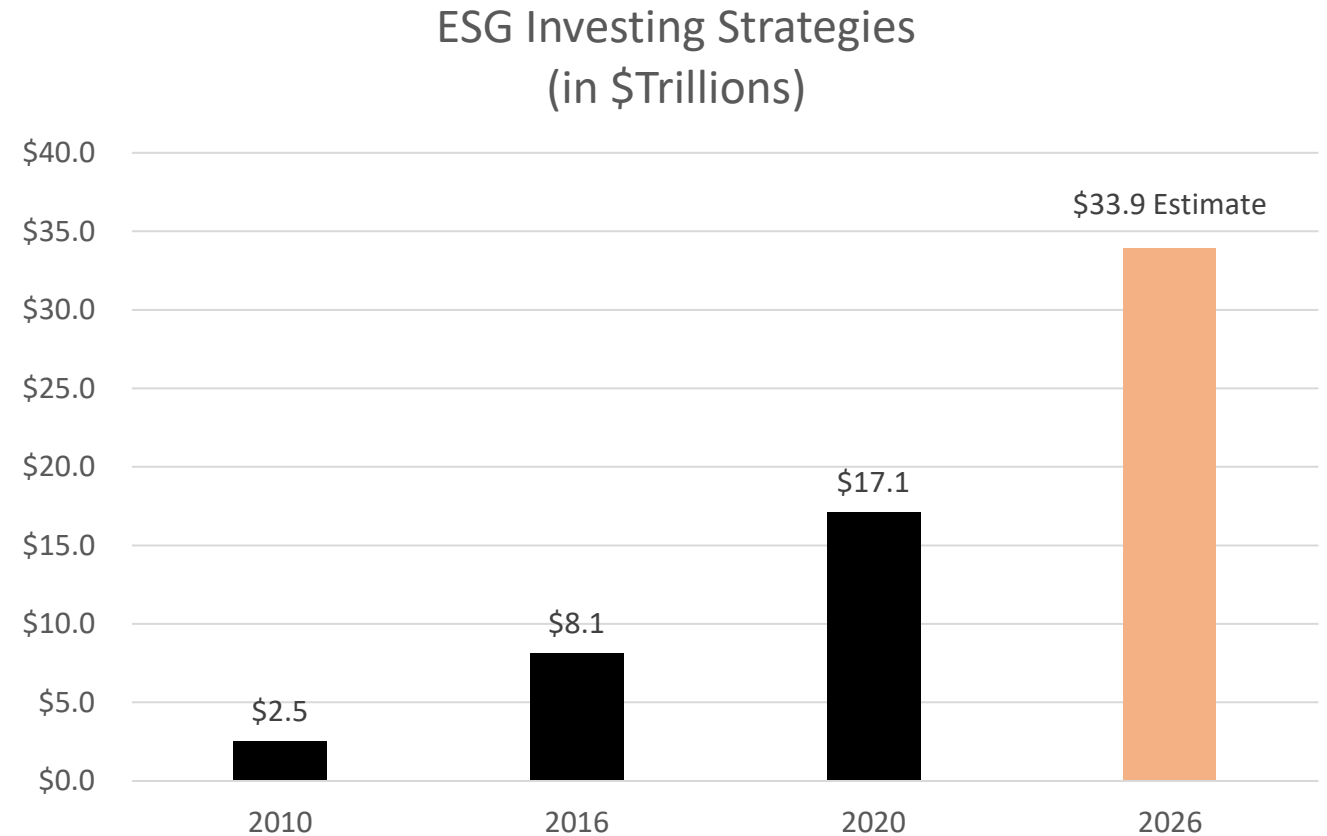
is a **generic term** used by investors to refer to **the factors** that can affect a company's ability to create long-term value. It also refers to **intangible assets**. - *PRI Academy*



# ESG Investing

- ESG Factors
- Sustainability Reports
- Standards

In 2020, \$1 of every \$3 invested professionally utilized an ESG investment strategy. - *NACUBO*



Estimate from McKinsey

# Sustainable Investing



## Transition to Sustainable Energy

- Global energy sectors shift from fossil-fuel based systems of production and consumption to renewable energy sources.
- Energy transition will continue to increase in importance as investors prioritize environmental, social and governance (ESG) factors.
- 200 nations have committed to curbing global warming by reducing greenhouse gas emissions.
- Several energy and utility companies have developed strategic plans to meet aggressive reductions in greenhouse gas emissions.

# Investment Policy Considerations



## Sustainable Investing Considerations

- Recognize the Energy Transition to Net Zero
- Consider energy and utility companies executing on energy transition plans.
- Consider policy exceptions for investment advisors of commingled funds.

# Considerations



## The consideration is to incorporate inclusion of Sustainable Investments in the Investment Policy.

- In line with OSU Values to invest in funds or companies that reduce carbon emissions and greenhouse gases, promote social responsibility, and seek solutions for climate change.
- Not dependent upon the screening methods utilized by OSU's investment managers.

Together with its 2016 decision to divest from fossil fuel related securities, updating the University's current investment approach aligns with its considerable academic and research commitment to these environmental causes.





**Questions?**