PA 5: Investment Holdings

Rationale

This credit recognizes institutions that engage in positive sustainability investing and provide transparency about their investment holdings. An institution can use its investment power to support socially and environmentally responsible practices, thriving local communities, and the development of sustainable products and services. Disclosure of investment holdings is an important accountability mechanism that also helps engage campus stakeholders in the governance of the institution.

Applicability

Applicable to institutions with investment pools of $1 million US Dollars (USD) or more.

Points available

A total of either 6 or 3 points are available for this credit as outlined in Table I. Indicators 5.1 and 5.2 are weighted more heavily for institutions with investment pools of $1 billion USD or more and less heavily for institutions with smaller investment pools

Table I. Points available for investment holdings

Total value of the investment pool	Points available for indicator 5.1	Points available for indicator 5.2	Total points available
$1 billion or more (USD)	2	4	6
Less than $1 billion (USD)	1	2	3

Indicators

5.1 Investment holdings disclosure

An institution earns the maximum points available for this indicator when it A) has published a snapshot of the holdings in its **investment pool** within the previous three years that B) details the amount or percentage allocated to specific funds, companies, and institutions, and C) is inclusive of the combined activities of the institution and all other entities that manage investments on its behalf such as a contracted management company, university system, and/or foundation. Partial points are available and earned as outlined in Table II.

Table II. Points earned for indicator 5.1

Criterion	Points available	Points earned

A. Institution has published a snapshot of the holdings in its investment pool within the previous three years.	⅓ of the points available (Table I)	
B. The snapshot details the amount or percentage allocated to specific funds, companies, and institutions.	⅓ of the points available*	
C. The snapshot is inclusive of the combined activities of the institution and other entities that manage investments on its behalf, such as a contracted management company, university system, and/or foundation.	⅓ of the points available*	
Total points earned →		

* Criterion A must be met to earn any additional points for this indicator.

Measurement

Report on the most recent snapshot available from within the previous three years.

To qualify, the snapshot must include, at minimum, the predominant asset pool or grouping of assets that is organized primarily to support the institution and reflect its investment policies. In general, this should include long-term reserves and unrestricted investment and endowment funds, including assets managed on the institution's behalf by other entities. Pensions and other restricted assets may be excluded.

Documentation

Report the following information in the online Reporting Tool.

- Is the total value of the institution's investment pool $1 billion USD or more? (required). Report on the combined activities of the institution and all other entities that manage investments on its behalf, such as a contracted management company, university system, and/or foundation.
- Has the institution published a snapshot of the holdings in its investment pool within the previous three years? (required)

  If Yes, at least one the following two fields and the three subsequent fields are also required:

  - Copy of the investment snapshot. Upload
  - Online location where the investment snapshot may be found. Website URL.
  - Performance year for investment. The year in which the snapshot was taken.
  - Does the snapshot detail the amount or percentage allocated to specific funds, companies, and institutions? Disclosure of basic portfolio composition (e.g., by asset class) does not qualify.

- Is the snapshot inclusive of the combined activities of the institution and other entities that manage investments on its behalf, such as a contracted management company, university system, and/or foundation? If No, document the excluded activities in the public Notes field provided in the Reporting Tool.

5.2 Percentage of the investment pool allocated to positive sustainability investments

An institution earns the maximum points available for this indicator when 100 percent of its investment pool is allocated to A) funds that are explicitly focused on sustainability or **environmental, social, and governance (ESG)**, B) sustainability-focused industries or sectors, C) businesses selected for exemplary sustainability performance using positive **screens**, D) **community development financial institutions (CDFIs)**, E) **place-based investments** that target positive social and environmental impacts in economically divested areas, and/or F) **green revolving funds** seeded from the investment pool. Incremental points are available and earned as outlined in Tables III and IV.

Table III. Positive sustainability investments

Option	Amount allocated
A. Funds that are explicitly focused on sustainability or ESG	
B. Sustainability-focused industries or sectors (e.g., renewable energy production)	
C. Businesses selected for exemplary sustainability performance using positive screens	
D. Community development financial institutions (CDFIs)	
E. Place-based investments that target positive social and environmental impacts in economically divested areas	
F. Green revolving funds seeded from the investment pool	
Total →	

Table IV. Points earned for indicator 5.2

Total positive sustainability investments (Table III)		Value of the investment pool		Points available		Points earned

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Measurement

Report on the published snapshot provided in indicator 5.1.

To claim points for a positive sustainability investment, the total pool of assets from which those funds are distributed must be included in the investment pool. For example, to earn points for long-term reserves held in a community development credit union, all of the institution's long-term reserves must be included in the investment pool.

An allocation may not be counted in more than one category, e.g., funds invested in a Certified B Corporation that operates in the renewable energy sector may be reported as funds allocated to businesses selected for exemplary sustainability performance or funds allocated to sustainability-focused industries or sectors, but not both.

Documentation

Report the following information in the online Reporting Tool, with monetary figures provided in the institution's local currency.

- Local currency code (required). Report the three-digit ISO alphabetic code of the currency used to document the institution's financial data (e.g., AUD, CAD, or USD).
- Value of the investment pool (required). Report the total value of the predominant asset pool or grouping of assets that is organized primarily to support the institution and reflect its investment policies, as captured in the snapshot provided for indicator 11.1.
- Amount allocated to funds that are explicitly focused on sustainability or environmental, social, and governance (ESG) (required). Report on funds that are explicitly focused on incorporating sustainability or ESG criteria into the investment process, funds that seek to deliver a measurable impact on specific issues or themes such as low carbon or community development, and funds that are focused on purchasing bonds with sustainable goals. A sustainability or ESG focus may be indicated by explicit mention of either term in the name or high level description of the fund, management by a firm exclusively using an ESG lens for investing, or high sustainability grades/scores from a rating agency (e.g., MSCI) or tool (e.g., As You Sow).
- Amount allocated to sustainability-focused industries or sectors (required). This may include direct investments in a sustainability-focused industry or sector such as renewable energy production and/or holdings of companies whose entire business is sustainable (e.g., a manufacturer of wind turbines).
- Amount allocated to businesses selected for exemplary sustainability performance using positive screens (required). For example, as specified in the institution's sustainable investment policy or an external sustainability rating tool such as B Corps, IRIS+ (Global Impact Investing Network), MSCI ESG Ratings, Principles for Responsible Investment (PRI), or Sustainable Accounting Standards Board (SASB) standards.

- Amount allocated to community development financial institutions (CDFIs) (required). Report on funds allocated to credit unions, loan/venture funds, microfinance initiatives, and public/community banks that operate as social enterprises and/or have community development as their primary mission.

- Amount allocated to place-based investments that target positive social and environmental impacts in economically divested areas (required). For example, affordable housing, climate resilience, and sustainable transportation projects that engage underrepresented groups and/or vulnerable populations in addressing the sustainability challenges they have identified.

- Amount allocated to green revolving funds seeded from the investment pool (required). Exclude funds seeded from the institution's operating budget, donations, or student fees, for example.

  If any of the six preceding fields are greater than zero, the following field is also required:

  - Narrative and/or website URL providing an overview of the institution's positive sustainability investments

The Reporting Tool will automatically calculate the following two figures:

- Total positive sustainability investments

- Percentage of the investment pool allocated to positive sustainability investments

Glossary

Community development financial institutions (CDFIs) – Locally controlled financial intermediaries such as credit unions, loan/venture funds, microfinance initiatives, and public/community banks that operate as social enterprises and/or have community development as their primary mission.

Environmental, social, and governance (ESG) – An approach to investing that uses specific factors, standards, and/or criteria to screen investments for social and environmental responsibility and/or sustainability performance. These factors may address:
- Environmental issues such as sustainable land use, carbon emissions, resource extraction, product circularity, and biodiversity.
- Social issues such as human and labor rights in the supply chain, community impacts and engagement, and diversity, equity, and inclusion.
- Governance issues such as tax fairness, responsible political engagement, anti-corruption, whistleblowing, executive pay, and shareholder rights.

ESG funds are portfolios of equities and/or bonds for which these factors have been integrated into the investment process. This means that the equities and bonds contained in the fund have passed stringent tests over how sustainable the company or government is regarding its ESG criteria. [Adapted from the definitions used by the Principles for Responsible Investment (PRI) and Robeco.]

Green revolving funds – Internal capital pools dedicated to funding sustainability projects that generate cost savings. A portion of those savings are then used to replenish the fund (i.e., revolved) allowing for reinvestment in future projects of similar value. This establishes an ongoing funding vehicle that helps drive sustainability over time, while generating cost savings and ensuring that capital is available for important projects.

Investment pool – The predominant asset pool or grouping of assets that is organized primarily to support the institution and reflect its investment policies. In general, this should include long-term reserves and unrestricted investment and endowment funds, including assets managed on the institution's behalf by other entities. [Adapted from the definitions used by the National Association of College and University Business Officers (NACUBO) and the Anchor Learning Network.]

Place-based investment – An investment approach that targets positive social and environmental impacts in economically divested communities and geographies. Effective place-based investments support marginalized groups in addressing the sustainability challenges they have identified. [Adapted from the work of the Anchor Learning Network.]

Screening – Using a set of filters to determine which companies, sectors, or activities are eligible or ineligible to be included in a specific investment portfolio. These criteria might be based on an investor's preferences, values, and/or ethics. For example, a screen might be used to exclude the highest greenhouse gas emitters from a portfolio (negative screening) or to target only the lowest emitters (positive screening). It can be based on the policy of an asset manager or asset owner. [Adapted from the definition used by Principles for Responsible Investment (PRI).]