Green Tales

Woodland Park Zoo Adopts Sustainable Investment Strategy

By Pliny Keep

In Seattle, Wash., the Woodland Park Zoo Board of Directors recently approved a Strategic Sustainable Investment (SSI) plan for the Zoo's endowment, in an effort to align the Zoo's investments more closely with its mission to save animals and their habitats. SSI is one form of ethical investing, also known as sustainable, green, ecological or socially responsible investing.

SSI relies on a consensus-based scientific definition of sustainability from 'The Natural Step' (www.thenaturalstep.org). SSI is currently considered a preferred approach to strategically move a company toward sustainability.

Woodland Park Zoo has already offered employees a sustainable investment option for several years. Staff may invest their personal IRAs in the Vanguard FTSE Social Index Fund (VFTSX), which is screened for human rights and environmental criteria. Interestingly, it has beaten the Vanguard S&P 500 fund over the past five years.

Now, the Zoo is poised to join a growing list of non-profits, colleges and universities pursuing responsible investing. The Zoo's finance staff worked with investment advisors on the plan, which begins with transitioning half of the Zoo's endowment over the next several years to an SSI fund that uses Environment, Social Governance (ESG) screening.

Some early sustainable investment funds had the reputation of not keeping up with market returns, but over time this sector has matched or exceeded market indexes. And money managers are responding to this trend. In 2014, 1 out of 6 professionally managed dollars was invested with some sort of environmental or social criteria. It has also been argued that investing in sustainable companies is inherently safer in the long run, since these companies are considering the risks and opportunities—like climate change or renewable energy—that are part of planning for a sustainable future.

SSI also differs from “boycott” oriented divestment strategies, which only exclude industries like weapons manufacturing or fossil fuels, etc. The Zoo's guidelines, and others like them, actively favor companies that engage in activities aligned with the Zoo's mission, like renewable energy and sustainable development.

Since the new plan will be gradually phased in, it won't limit the Zoo's options. The primary obligation is to grow the endowment's size to support the Zoo in perpetuity. The SSI policy is one of several factors for investment advisors to weigh.

Traditionally, investment companies are charged with seeking the highest return possible, with ethical factors not considered at all. Some argue that placing these new considerations on the table can reduce overall returns.

However, consider the oldest socially responsible investment fund, the FTSE KLD 400 Index. It has shown returns of 9.51 percent from inception, while over the same time period the S&P 500 showed returns of 8.66 percent. If you want to see more comparisons, look up the Forum for Sustainable and Responsible Investment performance chart (www.ussif.org).

Woodland Park Zoo is proud to put its money where its values are. Sustainable investing is good for society, the environment and the endowment, and can be another important tool for zoos and aquariums to further our missions.

Pliny Keep is the Environmental Services and Sustainability Manager at Woodland Park Zoo.

References:
- Woodland Park Zoo SSI Policy
- Woodland Park Zoo Lincoln Financial IRA
- Impact Investing, Paul Sullivan, The NY Times
- Ben Steverman, Bloomberg.com
- Forum for Sustainable and Responsible Investment
- Wikipedia, SSI