



PATHSTONE IMPACT

SUSTAINABLE INVESTING HIGHLIGHTS

MARCH 2020

Visit great museums, and attend a class at a top university

Here are a few websites to check out while in isolation:

Visit a Museum

- Skip the lines and take a tour of the Musee d' Orsay in Paris, the Van Gogh Museum in Amsterdam, the Met and MoMA in NYC, the Uffizi Gallery in Florence, or so many more. You can find a digital pathway to these institutions, created in partnership with Google, at www.artsandculture.google.com/partner.

Take a Class

- Check out the websites www.Coursera.org and www.edX.org for free courses on a wide variety of subjects. Work on these sites can help achieve certificates and degrees. Coursera is powered by such institutions as Rice, Michigan, Duke, Yale and Stanford, while EdX is backed by such universities as MIT, Harvard, Berkeley, Boston University and Georgetown.
- Attend a free business summit or webinar at www.BrightTALK.com, focusing on sales, marketing, information technology or finance.
- Learn about ESG and responsible investing through a series of free webinars at www.PRIAcademy.org put together by the UN. You can also visit the www.cfainstitute.org/en/membership/professional-development/ce/esg-investing for additional complimentary ESG investment perspectives.



Stay calm, ride some rollercoasters, and connect with family and friends

Here are a few websites to check out while in isolation:

Meditate

- Download a meditation app at www.Calm.com, which seeks to help you “sleep more, stress less, and live better”, or at www.Headspace.com, which strives to provide “mindfulness for your everyday life”.

Ride a Rollercoaster

- Enjoy an exciting rollercoaster ride while sitting on your couch. The folks at www.youtube.com/user/TheCoasterViews have coaster rides from Six Flags, Cedar Fair, Disney and Universal Studios amusement parks.

Fun Games with Family and Friends

- Host a virtual game night with family and friends. Go to www.Jackboxgames.com to play irreverent party games with up to eight people (and up to 10,000 audience members if you have lots of extras). Everyone needs a phone with internet access. It is great fun to combine this with video chat on an app like www.zoom.us if players have access to another screen as well.



Covid-19: a local and a global challenge

The global community today is being confronted with its worst health crisis since the Ebola outbreak, which led to coordinated responses from the international community.¹ In prior cases international responses were clearly focused on the health crisis at hand, often disregarding other needs or concerns of the local communities related to their well-being.²

COVID-19 is a dangerous and novel coronavirus, a variation of a common virus.³ Although many other human coronaviruses have been identified that are of less concern, COVID-19 is a new coronavirus which can cause serious upper-respiratory illness.⁴ The new virus has disrupted communities across the globe along economic, health, and social dimensions.⁵

Since Coronavirus was declared a global pandemic by the World Health Organization, the market has been volatile, with major daily moves as the S&P 500, the Dow Jones Industrials, and NASDAQ fell more than 20% to reach bear market status.⁶ Cross border travel between countries has been brought to a standstill, with businesses tied to the epicenter of the virus reconsidering their supply chain, and companies announcing they will fall short of analysts' earnings forecasts for the first quarter of 2020.⁷ The economic implications of Coronavirus extend beyond the market to businesses and individuals. Major developed market economies have most likely fallen into recession as businesses adjust their operating costs to a new environment of dramatically lower demand and declining revenues.⁸



SDGs targets and indicators [3.8.1](#), [9.5.1](#), [11.b.1](#), [13.3.1](#), and [17.7.1](#)

Covid-19: a local and a global challenge, *continued*

In a Harvard Business Review piece, David Blumenthal, MD and Shanoor Seervai highlight a number of key weaknesses in the U.S. healthcare system that have become clear within the context of COVID-19.⁹ Since many don't have health insurance, they lack access to affordable primary care and utilize the emergency room too often.¹⁰ During an outbreak, residents flood emergency rooms, putting hospital staff and other patients at risk.¹¹ Staff shortages, shortages of equipment such as ventilators, and a lack of extra hospital beds also become evident, especially in hospitals in rural areas that are often hard-pressed during normal times.¹² Blumenthal and Seervai point out that Medicare and Medicaid don't pay hospitals to have excess capacity with respect to machines, beds or supplies, and they advocate for a "national reserve of health care resources", comparing it to the nation's strategic petroleum reserve.¹³ [Ironically, during one of President Trump's Coronavirus Task Force press conferences, his list of medical and fiscal initiatives to combat the adverse impact of the virus included filling up the strategic petroleum reserve.]¹⁴

As we practice social distancing and strive to stay safe, it is important to keep in mind that people with disabilities and those living in poor countries are not as able to follow these practices. Catalina Devandas, UN Special Rapporteur on the rights of persons with disabilities, recently noted that people with disabilities, about 80% of whom are poor, often need help to eat, dress, and bathe.¹⁵ She suggests that people with disabilities need special work considerations, financial aid, and must continue to receive help from caregivers. In addition, threats of the coronavirus, and how to minimize risk, should be communicated to them in various ways, including sign language and captioning.¹⁶

Covid-19: a local and a global challenge, *continued*

More prosperous developed countries will also need to step up and support poorer countries during this pandemic. According to a March 26th editorial in the Economist entitled, “The corona virus could devastate poor countries,” the poor in many third world countries lack healthcare and social safety nets. Demand for commodities has collapsed, tourism has dried up, and amounts that are sent home by migrants will drop dramatically. It will be impossible for residents within the slums of India and Africa to practice proper hygiene without running water and soap, or social distancing given a lack of space. “Shelter in place” requires a stockpile of food, which requires financial resources. In addition, many of the poorest countries rely on imported food, and this supply chain may break as global commerce shuts down.¹⁷

Gita Gopinath, Chief Economist for the International Monetary Fund has called for a global coalition to tackle the Coronavirus pandemic, and notes that the pandemic requires monetary and fiscal responses in addition to mobilization of healthcare workers.¹⁸ According to Gopinath, “governments should consider measures like cash transfers, wage subsidies or tax relief, while central banks should be prepared to provide liquidity to banks and companies, as the epidemic disrupts supply chains and consumer demand around the world [..], The goal is to prevent a temporary crisis from permanently harming people and firms through job losses and bankruptcies.”¹⁹ As of this writing, governments across the globe have rapidly adopted fiscal and monetary policy responses unprecedented in their size, many of which align with recommendations outlined by Gopinath.

Recent activity within the U.S. by the Federal Reserve, the Trump administration and Congress will provide much needed support for individuals and investors.²⁰ To be determined in months to come - will these actions be sufficient to avert a prolonged recession, while supporting those near the poverty line as they face a higher risk of sickness, lost wages and unemployment? ²¹

Marine Environment Bio-Degradable – Yes or No?

The United Nations Environment Programme (“UNEP”) recently estimated that nearly eight million tons of non-biodegradable plastics end up in the ocean every year.²² Non-biodegradable plastics have a substantial adverse economic and health impact on humans and marine species when they end up in the sea.²³

While single-use plastic packaging accounts for nearly half of all plastic waste globally, the UNEP is kicking off a “What’s In Your Bathroom?” campaign to raise consumers’ awareness that many personal care products and cosmetics include microplastics within their ingredients. Reading the label, you may find Polyethylene (PE), Polymethyl methacrylate (PMMA), Nylon, Polyethylene terephthalate (PET), and Polypropylene (PP) in your lotions or hair products. Waste from these products may contain microbeads or glitter that can be flushed into the ocean, consumed by fish, and ultimately consumed by humans as part of the food chain.²⁴

In their February newsletter the folks at SaferMade offered objective insights into the shortfalls of industry definitions of “biodegradable” and “compostable”, and suggested consumers would benefit from clarification of bio-degradability standards.²⁵ Revised guidelines might include a hierarchy that would position “marine environment bio-degradable” as the most desirable, with “backyard compostable” next, followed by “industrially compostable”.²⁶



SEC seeks comments regarding ESG fund names

During the recently ended bull market, registered investment funds experienced enormous inflows, with environmental, social, and governance (“ESG”) funds capturing a good portion.²⁷ The Securities and Exchange Commission (“SEC”) is looking into whether financial managers engaged in “greenwashing,” by selling funds that are misleading investors by being described as ESG.²⁸ A Barron's article by Daren Fonda noted that the SEC had requested public comment on whether ESG funds should be subject to clear guidelines, similar to the requirements that funds with an industry or geographic focus meet or exceed an asset threshold of 80% in their targeted area. Others may argue that ESG is a more nebulous and less defined term, falling more within the realm of a strategy, such as a “growth” strategy.²⁹

The SEC has posed specific questions as to whether a rule for naming funds should apply to ESG funds, whether investors rely on these terms, and whether there should be specific requirements for such funds.³⁰



ESG growth raises concerns over data quality and transparency

Studies suggest that responsible investing should experience higher demand given a growing focus on climate change, demographic shifts, and individuals' heightened interest in pursuing value alignment within their portfolios.³¹ As this growing demand translates into asset flow, we may see an increasing shift from traditional investing to environmental, social, and governance (“ESG”) and impact investing.³²

A Bloomberg article by Ishika Mookerjee and Abhishek Vishnoi notes that “do-good” investing has picked up globally, with at least \$30.7 trillion held in sustainable or green investments in 2018.³³ However, investors are expressing concerns surrounding data adequacy and the need for companies to have greater transparency regarding their ESG ratings.³⁴

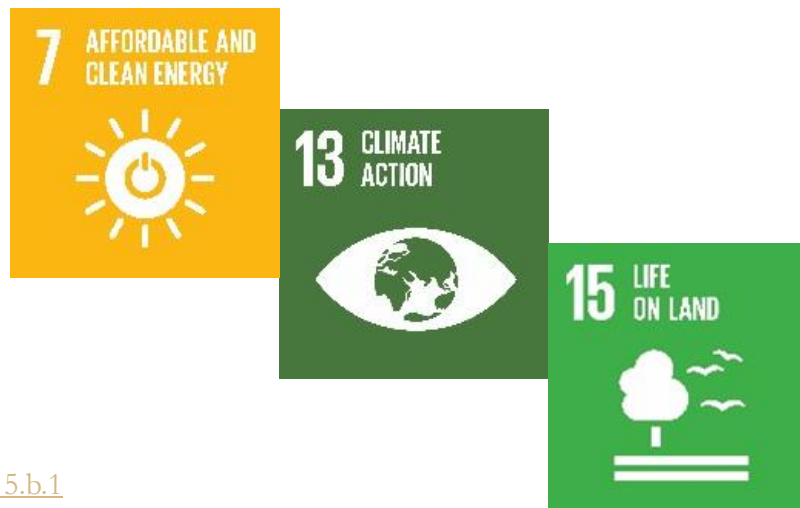
The Norwegian Sovereign Wealth Fund is an example of a fund calling on companies to improve their approach in disclosing their environmental, social, and governance (“ESG”) reporting using the Sustainability Accounting Standards Board (“SASB”) as main reporting metrics.³⁵ In addition to helping gain favor with large investors, a company's ranking along ESG criteria could help or hinder it from attracting an investment or better loan terms from banks.³⁶



A Recycling Plan for Wind Turbine Blades

The World Bank perceives renewable energy as a good way to address world energy poverty.³⁷ The past decade has experienced a huge energy demand and investment flow into the solar and wind turbine industry, but recently concerns have been raised as to what should be done with aging wind turbine blades.³⁸ Those concerned suggest these components should be viewed through a more complete circular economy/product lifecycle perspective.³⁹

Most wind turbine blades end up in landfills, thus presenting environmental concerns. For instance, in Europe, about “3,800 blades will be removed every year through at least 2022.”⁴⁰ While wind turbine blades might pose an environmental challenge, a Danish startup company has found a way to crush wind turbine blades into an ultra-resistant mix of fiberglass and industrial glue.⁴¹ The crushed blades could also provide material used to manufacture noise pollution barriers for those living near wind turbines.⁴²



SDGs targets and indicators [7.1.2](#), [13.2.1](#), and [15.b.1](#)

About the SDGs, Targets, and Indicators

The SDGs

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (“SDGs”), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.⁴³

Targets

The SDGs targets are set to be achieved by 2030. There are approximately 169 targets covering a broad range of sustainable development issues.⁴⁴

Indicators

The SDGs indicators are used to measure progress made by the United Nations member states towards the achievement of SDGs targets. There are approximately 232 indicators set by the United Nations to measure SDGs progress.⁴⁵

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