

# ESG | UN Sustainable Development Goals as a Framework for Family-oriented Investment



By [Jude Erondu](#), *Analyst* and [Steve Kleyn](#), *Director*

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The United Nations Principles for Responsible Investment (UNPRI) considers the SDGs as "the globally agreed sustainability framework", and it has become the agreed-upon language for communicating the world's most significant challenges. Ban Ki-moon, former Secretary-General of the United Nations, in a [2010 report](#) describes the role of families in achieving the SDGs: "The very contribution of families to the achievement of development goals continues to be largely overlooked, while there seems to be a consensus on the fact that, so far, the stability and cohesiveness of communities and societies largely rest on the strength of the family. In effect, the very achievement of development goals depends on how well families are empowered to contribute to the achievement of those goals." The report provides insights on how families can help accelerate the achievement of the SDGs and mitigate existing funding gaps that present headwinds to that achievement.

## Family-oriented Investment and Sustainable Development Goals Alignment

While there are many barriers to the success of the development goals, including climate change, disease and pandemic, and new and ongoing conflicts, businesses and families alike play a critical role. An [Ernst & Young](#) piece states, "The SDGs will likely have an important impact on the purpose of many companies around the world. Contributing to the SDGs is a way to create shared value for all stakeholders and therefore businesses will be a strong driving force to galvanize stakeholders around a common shared outcome. When companies focus on a purpose rooted in creating value for others, improving the world we live in, and inspiring the organization at all levels, they may increase their ability to drive profits and create sustainable value. The SDGs can focus a company's purpose on challenges that act as a catalyst for innovation, engage and motivate employees, open up new markets and opportunities, and may future-proof the company against a wide range of risks."

Purpose-driven investors see the SDGs as a framework to help align their investment portfolios with their goals and values. For example, a family with a focus on education can align their investments with SDG 4 that focuses on ensuring [inclusive and equitable quality education and promote lifelong learning opportunities for all](#). Families with concerns about climate change can align their investments to SDG 13 which encourages [taking urgent action to combat climate change and its impacts](#), and families with a desire to help fight world hunger can choose to align with SDG 2 that focuses on achieving [food security and improved nutrition and promote sustainable agriculture](#).

Beyond investing themselves, a time- and resource-intensive process, families can achieve their SDG alignment goals by accessing professional investment managers who invest in companies through an Environmental, Social, and Governance (ESG) framework and with an SDG focus. Pathstone works with several investment managers in private and public markets with such a focus. For example, SJF Ventures is an impact-focused venture capital firm, founded in 1999 to generate extraordinary results and create positive change. SJF invests across several impact themes, including climate change mitigation, advancing access to education, the conservation of natural resources, improving health, sustainable food, and agriculture, and creating greater economic access.

## Family-oriented Investment and Sustainable Development Goals Funding Gap

Achieving the SDGs requires the involvement, investment, and cooperation of governments, civil society, private foundations, and financial institutions. It is estimated that accomplishing the SDGs will take US\$5 to \$7 trillion, but there is a significant funding gap, which the United Nations Deputy Secretary-General addressed in a 2019 [press statement](#): "The financing gap is \$2.5 trillion per year. Poverty is falling too slowly. Global hunger has risen for the third successive year. No country is on track to achieve the goal of gender equality. Biodiversity is being lost at an alarming rate. And with greenhouse-gas emissions still rising, we are moving closer and closer to a 3 to 5°C temperature increase, with all the devastation that science keeps warning us about. In short, we are not doing enough to bring dignity, opportunity, and justice to all, and we are at risk of irreversibly degrading the natural systems that sustain us." Private financing holds huge strong potential to help close this gap and address these challenges.

The Sustainable Development Goals can serve as an effective framework for families interested in aligning their investment portfolio with their values. SDGs can be targeted by accessing best-in-class investment managers who focus on specific SDGs to address the biggest challenges in society.

## About the Authors

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### Jude Erondy, *Analyst*



Jude is an Analyst on the Client Advisory team with a primary focus on ESG and Impact solutions. Based out of our Boston office, Jude supports the Impact Committee with investment and impact research and analysis, client meetings and relevant deliverables. Jude is also responsible for assisting with thought leadership programs with relation to Impact and ESG, including helping craft white papers, Pathstone's quarterly Sustainable Investing Highlights, as well as the firm's Annual Impact Report.

### Steve Kleyn, *Director*



Steve is a Partner of the firm and a Director of Investment Research in the firm's Bellevue office. His responsibilities include the selection and due diligence of investment strategies for the firm's clients, as well as portfolio management duties.

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