

# PATHSTONE'S STRONG LEGACY OF DEEP ESG ANALYSIS WINS PLAUDITS

**Erika Karp**, Chief Impact Officer and Executive Managing Director, **Pathstone**, talks to Group Editor **Tom Burroughes** about the firm's accomplishments.

## Please tell us how your firm advances causes such as ESG and sustainability and what sets it apart?

Pathstone has led and will continue to lead the field of sustainable and impact investing forward in many ways. Our legacy of in-depth ESG analysis is continually expanding. We have built a thought-leading platform of asset managers that systematically integrate ESG factors into investment strategies on behalf of our clients. We have created a unique capacity to produce Thematic Investment Research on key sectoral and issue areas for investors who seek to align their values with their portfolios. And we have built a proprietary and unique impact measurement framework, the Access Impact Framework (featured in the New York Times.) Finally, Pathstone has been involved in the founding, growth, and support of many of the key organisations in the field.

## Please describe the challenges you needed to surmount to reach your standard.

Truly achieving thought leadership in such a broad and complex field requires a genuinely interdisciplinary approach to investing for impact. It is no easy feat to bring together a team with expertise in financial advising, capital markets, economics, strategy, impact analysis and measurement, manager due diligence, marketing, and external subject matter experts.

## What steps are you taking to stay ahead of competition and in this region?

Through our engagement with the sustainable and impact investment community, we see what issues and challenges are yet to be addressed, then turn our attention to coming up with valuable solutions. For example, achieving the UN Sustainable Development Goals (SDGs)

may be aspirational because they are broad. However, we believe that our "Access Impact Framework" will offer a unique path forward for our clients.

## Describe how you managed to encourage colleagues to support and drive forward what you do?

When a culture of learning, creativity, positive energy, and collaboration grows, everyone wants to be involved. Having an environment where people have a "purpose" that is encouraged, facilitated, respected, and compensated makes all the difference in the world! Colleagues who can build solutions together for the good of all our shareholders drive even more innovation. Further, among our employee networks, FuturePath has the mission of educating the rising generation, creating and empowering a community of peers.

## What kind of challenges around ESG topics are you most focused on and why?

ESG topics that remain challenging include:

- The continuation of the myth of under performance.
- The notion that ESG analysis is somehow political, whereas it absolutely is not.
- The progress on the quality of corporate ESG data disclosure.
- The misguided notion that using ESG data is a breach of fiduciary care.

## Looking ahead, where do you see the trend of such investment ideas going?

Over the next five to 10 years, we will see a dramatic improvement in the quality of ESG data; we will see those companies, advisors, and managers that are "greenwashing" be called out in a much more rapid and clear fashion; we will move towards a place where all investors



**Erika Karp**  
Chief Impact Officer and Executive Managing Director, Pathstone

will know that ESG analysis is essential for all forms of investments; we will see the mainstream of the capital markets offering more robust investment solutions.

## How do you hope receiving this award will affect your business?

An award like this positions Pathstone to scale the work being done in the field of sustainable and impact investing even more quickly. There is so much urgency to achieve the aspirations of the UN Sustainable Development Goals that we must raise our voice. ■

