

# COVID-19 and the sustainable agenda

March 2020



[www.pensionsforpurpose.com](http://www.pensionsforpurpose.com)

This blog by Karen Shackleton is part of a new weekly series from the Pensions for Purpose team.

So far, 2020 has not exactly panned out as we might have expected. Who could possibly have predicted the global situation that we are currently in, and the pandemic that is likely to impact our society for many months to come? I doubt I am the only person to feel a whole range of emotions from fear, anxiety and sadness to gratitude, relief and joy. And all those emotions can be experienced over the course of just one hour! Our hearts and thoughts go out to any of you who have been ill, whose loved ones are ill, to those of you in families with key workers, to anyone in financial distress... this list could go on for a long time. And of course, we must not forget all the vulnerable people that many of our impact investments are helping, the homeless, the disabled, those with mental health issues, the elderly, to name but a few.

Over the past few weeks, I have read with great interest some excellent thought leadership pieces that our Influencer members have posted onto the Pensions for Purpose platform, relating to COVID-19. I have pondered over their predictions about the impact on the global economy; I have been reassured by posts which discuss how firms are dealing with the crisis, with most employees now working at home (how fortunate we all are to be working in a sector that can largely facilitate this). There are articles that consider the ESG (Environmental, Social and Governance) implications of COVID-19, others have talked with hope about some of the companies in which they are invested, working towards a vaccines and tests for the virus. I encourage you to read these thought-provoking pieces. We have introduced a new COVID-19 tag so just click on the tag under "Thought Leadership" to pull up related articles.

#### SUBJECT TAGS

- ESG and RI (228)
- Environmental impact (114)
- Strategy (62)
- Social impact (51)
- Impact reports (36)
- ESG reports (15)
- Economic impact (4)
- COVID-19 (4)
- 2018 Award Winner (2)

## What does COVID-19 mean for a pension fund?

The equity and bond markets have been in turmoil, with double-digit falls being reported in the press. Yet I read on Friday that the S&P had seen the biggest 3-day percentage increase (+17.6%) since 1931. How can this happen when the pandemic seems to just be going from bad to worse? For many of my pension fund clients, funding ratios have changed dramatically in a very short space of time. Many were in the middle of strategic asset reviews. Should they still roll these out, or postpone until calmer markets prevail again? What will be the implications of the high number of deaths from the virus on the pension fund liabilities? Will the market volatility impact the pension fund's cashflow? There are so many urgent and difficult influences feeding into decision-making. On top of all the personal challenges we are facing, it is little wonder if we look like startled rabbits in headlights.

## What has COVID-19 got to do with the sustainable and impact investing agenda?

I would argue that the answer is "quite a lot". As we adjust to home-working and restrictions on travel, perhaps we can reflect on the environmental debate and learn new disciplines that will, ultimately, help us become a more sustainable society for the future. (There are already fascinating charts on carbon emissions being shared on social media.) Social distancing has been introduced to help protect the vulnerable. When, in our lifetimes, have we been told that "doing nothing" is the most effective weapon against an enemy? Yet by acting for the wider social good, perhaps this will teach us to think about the vulnerable in a different light and allow us to consider more carefully how capital can be invested in new ways to have a positive social impact. Surely this is an excellent opportunity to review sustainable and impact investment, learn about it, adapt and change our thinking, and then modify our investment habits for the long term?

Karen Shackleton  
30<sup>th</sup> March 2020