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Covid-19 Pandemic and Surge in ESG Investing

By www.ProfitableInvestingTips.com

Many expected ESG investing to take a dive due to the economic stresses of the Covid-19 pandemic but there has been a surge of ESG investing instead. It appears that long term investors realized that the best-run companies were the most likely to endure and prosper during these difficult times. And, the stresses of the pandemic have also reinforced concerns about how we deal with our planet and each other.

Covid-19 Pandemic and Surge in ESG Investing

Financial News published an insightful piece in regard to the Covid-19 pandemic and [surge in ESG investing](#). As they note, the strongest focus has been on the “S” in ESG in that human capital management and labor standards. Well-run companies with a focus on sustainability are the most likely to survive and prosper.

The trend of Environmental, Social and Governance investing, or ESG, has been gaining momentum for years as climate change and other social ills threaten to alter the capitalist landscape. Then the virus struck.

Many assumed the ESG focus would fade. But early on in the crisis, major shareholders urged company bosses to focus on employee well-being and on ensuring that suppliers were paid during global lockdowns, even if this meant cutting or suspending dividend payments.

This attention to how a company acts going forward is likely to continue to focus on governance and sustainability as well as environmental concerns according to JPMorgan Asset Management. They state, according to *Financial News*, that nearly three-fourths of their investors believed that the Covid-19 crisis will lead to more concerns about issues like biodiversity losses and climate change. It would seem that the pandemic has made us realize that the natural world has a huge say in how human life and investments play out!

The number of investment funds focusing on ESG investing has multiplied and these funds are making it clear to companies that they will put their investments with those who emphasize an ESG focus more than a focus on short term profits.

Demand for ESG Investments Increases Due to the Covid-19 Pandemic

Morningstar also notes that [investors are demanding ESG investments](#) during the pandemic and for afterward. Investment trusts and ETFs are maintaining an active focus on the companies they are invested in and active stewardship as well. Thus they meet with corporate boards to review ESG issues. The first issues right now have to do with employee health, safety, and retention. But, supply chain issues are of great concern both for company viability but also concerns about forced labor, employee mistreatment, and dealings with [military](#)

[and spy services as with China](#). While the US government is moving toward decoupling from China for national security reasons, ESG investors are concerned about company viability and the effects of the work force.

With the increasing focus on the safety of our natural world, ESG investing is looking to the long term with investments in socially and environmentally responsible projects that will help us avoid Covid-19-like disasters in the future.

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