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IMPACT

ESG Isn't Going Anywhere



Investor Expectations in the Age of COVID-19

One of the most important topics in corporate sustainability is the dramatic increase in attention by investors on the integration of environmental, social, and governance (ESG) considerations.

The COVID-19 pandemic has created a global health crisis, upended the economy, and led to major stock market declines. As a result, many investors are reevaluating both short-term and long-term portfolio strategies, and companies are reevaluating their sustainability priorities. This raises an important question for corporate sustainability professionals: how will the rise of COVID-19 affect ESG investing strategies both in the short term and the long term, and what does it mean for companies?

Preliminary indications are that the COVID-19 pandemic has—if anything—increased investor attention on corporate ESG management. In particular, investors have been even more vocal about their expectations on issues such as employee health and safety, workforce policies, job security, and business operational and strategic resilience. Front and center are investor concerns about responsible corporate governance, specifically related to COVID-19 response.

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COVID-19 Is a Reason to Accelerate Efforts on ESG, Not to Pause Them

Companies that are more strategically and operationally resilient and that treat their workforces better will likely be more attractive to all investors. In the short term, that means companies should increase efforts to integrate ESG investor expectations, ratings, and perspectives as part of sustainability initiatives, stakeholder engagement, and resilient business strategies. Corporate leadership should also be conversant in ESG topics that relate to the COVID-19 response as investors ask tough questions and stakeholders evaluate companies on their effectiveness, credibility, and leadership on those material topics.

Longer-term, COVID-19's effects and the responses may also become a testbed for ESG analysis that helps create a new understanding of ESG impacts on business. For example, many investors have struggled with how to model and quantify the "social" aspects of ESG (whereas "environmental" are quantitative and more understood), and this may improve understanding of the financial impacts of major social disruptions. If this happens, companies should expect to see an increase in the quality of ESG investor expectations for corporate reporting.

As we look ahead to the day when COVID-19 is no longer front-page news every day, it will be imperative for companies to learn and apply the lessons of this crisis. We believe investors will in turn hold them to higher ESG expectations. It will only become more important for companies to turn corporate sustainability principles into action, placing robust approaches to ESG at the center of resilient business strategies.

Roadmap to Transform US Agriculture from Extractive to Regenerative

Published by Sustainable Brands May 27, 2020



Against the backdrop of the COVID-19 crisis, a new report from Forum for the Future highlights the critical role of regenerative agricultural practices in delivering future food system reliances

Growing Our Future synthesizes wide-ranging insights gathered through a collaborative inquiry that brought together more than 60 major organizations across the food system, to explore the future of regenerative agricultural systems. Their discussions highlighted a number of systemic barriers to change, and resulted in a seven-point-roadmap to overcome them.

The report comes as the food system continues to face severe disruption from the COVID-19 crisis, which has dramatically exposed the challenges faced by current agriculture systems and a pressing need to strengthen supply chain resilience.

Accounting for 8-10 percent of greenhouse gas emissions in the US alone, agriculture is at the heart of major global challenges such as climate change, food security and nutrition, water and soil quality, biodiversity and sustainable livelihoods. Thanks to conventional farming practices, which lean heavily on monoculture, the US will lose an estimated 996 million metric tons of soil through erosion each year and face increasing reductions in yield and protein value for staple crops. The societal and environmental costs of mainstream agriculture are devastating, as well: The Nature Conservancy has calculated costs of \$85 billion; and the number of US farmers filing for bankruptcy rose by 20 percent in 2019, the highest level in a decade.

“The pandemic isn’t the first thing to expose our broken, unhealthy food system; but it has cast a harsh light on the interconnectedness and vulnerability of our key systems.”

The pandemic isn’t the first thing to expose our broken, unhealthy food system; but it has cast a harsh light on the interconnectedness and vulnerability of our key systems. Conversely, regenerative ag practices carry inherent, wide-ranging benefits — including the restoration of soil health, water quality and biodiversity; localized and diversified production systems; and equitable distribution of value and risk throughout supply chains — and it has been recognized as one of several key existing solutions that can help us achieve ‘Drawdown’ by the mid-2040s. But while a growing group of major companies including **Annie’s**, **Anheuser-Busch**, **General Mills**, **Indigo Agriculture**, **Starbucks**, and **Microsoft** and **Danone** are leading the charge to develop solutions, progress to date remains fragmented.

CHANGING OUR SYSTEMS FOR A HEALTHY, POST-COVID WORLD

Hear insights from Janine Benyus, Lynne Twist and Andrew Winston on how we got here — and what nature tells us about how to build a global economy that better, and more sustainably, serves the needs of humanity for today, and for the future — at the SB Leadership Summit, SB's first virtual event, June 1-2.

“Regenerative agriculture has the potential to create more resilient supply chains, restore soil health and enable farmers and businesses to thrive in an increasingly turbulent world. Regenerative practice allows actors across the current food system to use their skills, assets and determination to drive a much-needed transformation,” said Lesley Mitchell, Associate Director of Sustainable Nutrition at Forum for the Future. “Today, the food system is geared towards efficiency and profit maximization for a few. What we must create is one capable of putting more back into society and the environment than it takes out; while providing safe, affordable and nutritious food for all.”

Growing Our Future examines 16 current barriers to scaling regenerative ag; as well as seven levers for change — which, if pulled concurrently, can deliver the scale of transformation needed. The report gives clear recommendations to a range of key stakeholders — from farmers and agribusiness; to businesses, investors and financial services; policy makers, consumers, researchers, non-profit organizations and philanthropists — regarding their role in accelerating the necessary shift to regenerative practices. And while the report primarily focuses on food and apparel companies, these actions are equally relevant in other sectors with significant agricultural supply chains — from agroforestry to beauty and personal care.

Canada, EU Attach Sustainable Strings to Their COVID Recovery Plans



EU's €750B recovery fund to funnel investments towards climate action

Published by Sustainable Brands May 2020

Both Canada and the European Union have unveiled plans to rebuild their post-pandemic recovery plans that put sustainability front and center. Will other governments follow suit?

In a speech today before European Parliament, European Commission President Ursula von der Leyen unveiled “Next Generation EU” — a seven-year, €1trn budget proposal and a €750bn recovery plan that rely heavily on sustainable and digital transitions as a path not only toward recovery from the

devastating impacts of the COVID crisis, but also a resilient future for Europe.

“The recovery plan turns the immense challenge we face into an opportunity, not only by supporting the recovery but also by investing in our future: the European Green Deal and digitalization will boost jobs and growth, the resilience of our societies and the health of our environment,” von der Leyen said. “This is Europe’s moment. Our willingness to act must live up to the challenges we are all facing. With Next Generation EU we are providing an ambitious answer.”

The spending will be guided by a sustainable finance taxonomy, to aim to channel private investments into technologies and solutions that contribute to at least one of six pre-defined environmental objectives:

CHANGING OUR SYSTEMS FOR A HEALTHY, POST-COVID WORLD

Climate change mitigation

- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention control
- Protection and restoration of biodiversity and ecosystems

The taxonomy sets performance thresholds for economic activities, including that they make a substantive contribution to one of the six environmental objectives, and “do no significant harm” (DNSH) — which could in theory prevent investments into coal and other highly polluting fossil-based power sources. Approved investments must also meet minimum safeguards (e.g., OECD Guidelines on Multinational Enterprises and the UN Guiding Principles on Business and Human Rights).

Canadian companies must disclose climate impacts to qualify for COVID-stimulus funds

Meanwhile, earlier this month, Canadian Prime Minister Justin Trudeau announced that Canadian companies seeking COVID-19 relief funding will be required to disclose their climate impacts and commit to continued attention to environmental sustainability.

To help protect the millions of middle-class jobs tied to large and medium-sized businesses, the Government of Canada has instituted the Large Employer Emergency Financing Facility (LEEFF) to help Canadian businesses weather the current economic downturn, and avoid bankruptcies of otherwise viable firms where possible. One condition of the relief package is that recipient companies with annual revenues of \$300 million or more commit to publishing annual, climate-related disclosure reports consistent with the Financial Stability Board's Task Force on Climate-related Financial Disclosures — including how their future operations will support environmental sustainability and national climate goals.

As Canadian Finance Minister Bill Morneau told CBC News, “Among the conditions are making sure that there [are] no share buybacks or dividends or excessive executive pay, but also that companies have financial disclosures on their climate situation and that they're part of our long-term sustainability goals.”

All of which sounds great – but, as E&E News points out, the program does allow for some of the most-polluting industries, such as airlines and oil companies, to apply for loans of \$60-90 million, as long as they abide by the rules.

As in many countries, energy politics remain a big part of Canada's national debate, and the Trudeau administration has been criticized by NGOs for bowing to industry lobbyists, even as it takes a strong public stance on the need for climate action.

At a news conference in Ottawa on May 11, Trudeau said, "People will be asking about what their risk-mitigation strategies for pandemics are as they invest in companies going forward," Trudeau said. "But we also know that climate change represents a significant risk to companies' bottom line, as well."

155 Business Leaders Push Governments for Net Zero COVID-19 Recovery Plans

Published by Sustainable Brands May 2020

In the largest-ever, UN-backed, CEO-led climate advocacy effort, major multinationals — all part of the Science Based Targets initiative — reaffirm their own commitments to achieving zero-carbon economy and call on governments to match their ambition.

Hot on the heels of Ceres' LEAD on Climate 2020 virtual advocacy event last week — during which over 250 business leaders and investors called on the US Congress to lay groundwork for a more resilient, sustainable economy post COVID-19 — and echoing similar calls by groups such as the Under2 Coalition of 220 state and



regional governments, 155 global companies have today released a joint statement urging governments around the world to align their COVID-19 economic aid and recovery efforts with the latest climate science.

With a combined market cap of over US\$2.4 trillion and representing over 5 million employees, the signatories — which include Adobe, Burberry, Carlsberg Group,

Coca-Cola European Partners, Colgate Palmolive, EDF Group, Electrolux, H&M Group, Hewlett Packard Enterprise, Mars, Nestlé, Orange, Salesforce, Telefonica, The Co-op, Unilever, Vattenfall and Vodafone Group — are all part of the Science Based Targets initiative (SBTi) and its Business Ambition for 1.5°C campaign. Together, they are amplifying the growing call from leaders across all industries and sectors for the widespread adoption of policies that will help future-proof the global economy — by supporting efforts to hold global temperature rise to within 1.5°C above pre-industrial levels, in line with reaching net-zero emissions well before 2050.

The statement comes as governments around the world are deciding how to direct trillions of dollars’ worth of stimulus packages and implement new policies and strategies to help their economies recover from the impacts of the coronavirus pandemic. In the coming weeks, several major economies will make key decisions in their recovery efforts, including the European Union Recovery Plan, new stimulus packages from the US and India, and the G7 Heads of State summit in June.

According to an Oxford University study released earlier this month, recovery policies that address the COVID and climate crises in tandem will reduce vulnerability to future shocks and disasters, create jobs, reduce emissions and greatly improve air quality. According to an SBTi impact report released in December, just 285 of the hundreds of companies now working toward science-based emissions-reduction goals through SBTi — which, collectively, are responsible for more than 752 million metric tons of CO₂-equivalent emissions per year from their operations (more than the combined annual emissions of France and Spain) — will, through these commitments, reduce 265 million metric tons of CO₂e (approximately equivalent to shutting down 68 coal-fired power plants) — an average annual reduction of 35 percent compared to base year emissions.

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“It is imperative that we not only restart the world economy – but also reset it. It would be a tragedy if after spending \$10-20 trillion of public money we simply rebuild the same unequal, vulnerable and high-carbon economy we had before,” said Dr. Andrew Steer, President and CEO of World Resources Institute and SBTi

Board member. “We applaud the leaders of these 155 companies, who are not only committed to resetting their own companies but are also demanding that the world’s governments act in the light of the best science and best economics which shows that climate-smart policies will create more jobs and stimulate resilient, inclusive economic growth.”

At the C40 World Mayors Summit in October, mayors of 94 major cities recognized a global climate emergency and announced their support for a Global Green New Deal to lead the world toward a resilient economy — time will tell if governments push forward or resort to business as usual post COVID.

Impact in the News



- NextEra Energy Resources

2019 Fortune World’s Most Admired Companies and are dedicated to cleaning the air. Their wind facilities have reduced carbon emissions by 30.7 million metric tons of CO₂.

- Clorox Safe Water Project Works to achieve education and awareness about global water crisis

Disinfecting water across the globe and have partnered with nonprofit organizations to improve overall sanitation and health via Safe Water Project Works. Two Step effort begins with bleach dispensers to treat/disinfect water, then focus on education and promotion to encourage the use of the project’s resources.

NVIDIA Co. and Nvidia Foundation log over 13,000 volunteer hours and raise \$3.3 million annually.

Striving for 80% annual landfill diversion goal of 80% since 2008, in 2019 they achieved 90%.

- Caterpillar Inc working to reduce operational impact

Since 2006, have decreased operational intensity by 33%, GHG emissions down by 44%, water consumption down by 36%, and use sustainable machinery to replace aging equipment.

E3 = Epic Time, Talent & Treasure

Epic Capital is a mission-driven firm with a genuine heart for community, both locally and around the world. We focus specifically on social outreach initiatives. We give our time, talent and treasure to organizations that support families in need, the working poor, homeless or impoverished. This is meaningful to us because we recognize the incredible blessings in our lives and the opportunities that we have been given to do work that we love. So we have taken our personal passion for empowering others and made it a part of our corporate charter. We call it **E3**.

- We give **our time** through our quarterly *Epic Outreach* program, serving where the greatest needs are through local charities.
- We give **our talent** through our *Epic-EDU* program, in addition to our partnership with [CommonWealth Charlotte](#), administering financial workshops for organizations and churches that minister to low income families, the working poor and the previously incarcerated.
- And we give **our treasure** through our *Epic Impact Grant* program to local community and global organizations that meet our social outreach criteria.

We believe that we are all called to serve. We also believe that the positive impact one can make by empowering the life of another can alter the direction of that life forever.

We are pleased to announce that we have opened up our quarterly Epic Outreach initiatives to include volunteer participation from clients of Epic Capital. Please consider joining us during one of our upcoming volunteer efforts.

Wine to Water Amazonas Region Brazil/Colombia – Q1 2020



Managing Director, Ed Doughty, just returned from a 10-day trip serving with [Wine To Water](#), a North Carolina based non-profit that aims to eradicate the global water crisis. He and a handful other volunteers visited and worked in several remote communities along the Amazon River in Columbia and Brazil. The main project was the construction of a 3-story water tower that will support a 5000-liter water tank connected to a water-pump pulling from a deep underground well. This water system will enable the 40 homes in the riverside community of Santa Luzia to receive water directly to their homes and to the local community school. Wine to Water has also provided a [Sawyer Point-One water filter](#) to each family so that the water piped-in from the newly constructed water system will truly provide clean water, free from any bacteria and much safer for the 100+ men, women and children of the community to utilize and consume. If you would like to learn more about Wine to Water, or would like to support them in any way, please visit their website at <https://winetowater.org> or simply reach out to [Ed Doughty](#) who leads the [Charlotte Chapter of Wine to Water](#). Ed has also volunteered with WTW in [Uganda](#), [Ethiopia](#) and the [Dominican Republic](#).



If you would like to consider other volunteer opportunities, or to learn more about over 400 local non-profits in the Charlotte region, please visit a community partner of ours who we hold in very high regard: [Share Charlotte](#) <https://sharecharlotte.org/>

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