Doing the Right Thing:
The Paycheck Protection Program
and Sustainable Investing

May 7, 2021

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Doing the Right Thing and the Paycheck Protection Program (PPP)

I believe in supporting companies that operate within important parameters. Read more below for a full list of sustainable investing parameters. One particular parameter is good governance, or watching how a company is run. A company with good governance attributes, such as strong business ethics and reasonable compensation practices is doing the right thing. It can also be a smart financial move and have positive impact on the community and larger society it serves.

The opposite is also true. For example, a company which chose to accept the Paycheck Protection Program (PPP) money even though it did not qualify or need it during the pandemic is not operating within a decent governance parameter.

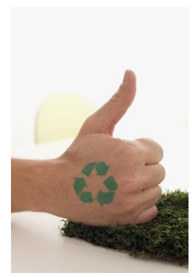
The PPP is an emergency disaster loan program administered by the US Small Business Administration (SBA) designed to provide funds to small businesses with under 500 employees who were affected by the 2020 Coronavirus epidemic. All loan information is a matter of public record. The website www.FederalPay.org created a powerful search tool that allows public access to the PPP loan database.

You may find the search function on this public website for looking up PPP loan amounts to be of particular interest. You can look up PPP loan recipients by company name, zip code, industry, and business type. You can also view the largest recipients of PPP loans. https://www.federalpay.org/paycheck-protection-program

Recipients of the PPP loans can qualify to have their debt forgiven if within 8 or 24 weeks they use at least 60% of the funds for payroll costs, with the rest eligible to be spent on eligible business mortgage interest payments, business rent or lease payments, and business utility payments.

According to this website, since the inception of the PPP program dozens of cases of PPP fraud have been prosecuted by the Department of Justice, including cases where loans were filed for nonexistent companies, overstatement of employee and payroll amounts.

Doing the Right Thing and Sustainable Investing



What Is Sustainable Investing?
Sustainable investing empowers you to work toward achieving your financial goals while making an impact on the environmental and social issues that matter to you the most. This investing approach identifies companies with the potential to deliver strong financial returns while demonstrating a commitment to sustainable business practices.
Sustainability is typically measured by using environmental, social, and governance (ESG) analysis to evaluate a company's policies, practices, and performance.

A Spectrum of Approaches
As you can see in the following chart, there is no one-size-fits-all approach to sustainable investing—rather, a spectrum of differentiated approaches exists.

Approach	Intention	Investment Practice
Exclusionary	Screening out certain exposures	By excluding certain assets or companies from a portfolio, investors can avoid exposures to businesses (i.e., alcohol, tobacco, fossil fuels, or gun manufacturing).
ESG Consideration	Sustainability is relevant	When screening funds, ESG factors are considered alongside traditional financial analysis to gain a more well-rounded view of how a company operates.
ESG Integration	Sustainability is central	This involves proactively including ESG factors in the investment decision-making process while helping investors identify high-quality sustainability leaders.
Impact	Implementing sustainable solutions	This approach focuses on companies working to solve sustainability challenges while creating a measurable impact over time.

What Are the Benefits?
In addition to prioritizing the impact of your investments, sustainable investing can offer many long-term advantages, including:

- **Risk management.** Applying an ESG framework can help investors understand the risks associated with a given company, allowing them to choose companies with greater risk monitoring methods in place. Comparatively, companies that negate ESG factors may face material regulatory, ethical, or environmental risks.

- **Competitive performance.** Sustainable investments can also offer investors additive performance and enhanced returns relative to traditional investments. Additionally, leveraging ESG criteria can help provide greater downside protection during periods of volatility than traditional strategies, according to data from Morgan Stanley's Institute for Sustainable Investing.*

- **Shareholder activism.** Investors can exercise their rights as shareholders to communicate with corporate management teams via proxy voting or meetings in an effort to create awareness, enact positive change, and influence a corporation's policies or ongoing behaviors.

Invest with an Impact
By choosing sustainable investing, you can generate a competitive financial return while allocating your money to companies committed to making a difference in the world—such as combating climate change, advancing renewable energy, or promoting fair labor practices. If sustainable investing or any of the above approaches sound compelling, ask your financial advisor to help you identify the appropriate approach and strategy based on your financial goals and investment objectives.

My staff and I deeply appreciate the continuing opportunity to work with you. Please let me know if you have any questions or requests. Thank you.

Sincerely,

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*www.morganstanley.com/content/dam/msdotcom/ideas/sustainable-investing-offers-financial-performance-lowered risk/Sustainable_Reality_Analyzing_Risknd_Returns_of_Sustainable_Funds.pdf

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