

## Impax sees biodiversity loss as a crucial issue for investors

*Excerpts from a recent Q&A featuring Lisa Beauvilain, Global Head of Sustainability & Stewardship, and Chris Dodwell, Head of Policy & Advocacy*

As a specialist investor in the transition to a more sustainable economy, Impax has been taking biodiversity into account in our investment approach for many years. But its importance has risen with growing awareness of the impacts and dependencies of economic activities on nature.

We find it useful to think about addressing nature loss through the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) framework, which sets out the five most significant direct drivers of biodiversity loss:

- **land-use change;**

- **overexploitation of organisms;**
- **climate change;**
- **pollution; and**
- **invasive non-native species**

For land-use change, solutions around food waste reduction, plant-based proteins, alternative feeds to soy, resource efficiency and circularity are all extremely relevant to addressing deforestation.

On overexploitation, we could point towards sustainable aquaculture, although you must be extremely selective in identifying companies that are truly sustainable. Alternative animal feeds can also be a good solution here.

On climate change, there is considerable overlap with our environmental and climate solutions with sub-sectors like renewable energy or energy efficiency.

When it comes to pollution, one of the biggest solutions concerns water treatment, but we also view testing as incredibly important — you have to begin with testing to understand where pollution is taking place. Plastic pollution is a big issue for marine biodiversity, though you have to be mindful about trade-offs. Reducing single-use plastic can mean you use more virgin fibers instead, potentially further accelerating deforestation.

Roughly 90% of global trade is conducted through shipping and is responsible for enormous problems



with invasive species, such as zebra mussels, in many regions of the world. Companies providing ballast water treatment provide an important example of an investible solution, however.

We are acutely aware that almost all of the investible solutions identified to date focus on reducing pressure on biodiversity. While this is a crucial first step, there are comparatively few examples where we can commercially invest in the restoration of nature.

So, we've been working with Imperial College London to find case studies where companies are investing in activities that restore nature in order to reduce risks and generate commercial benefits, such as supply chain resilience, cost reductions, revenue creation and commercial

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# Shareholder Corner: Highlights from the SECURE 2.0 Act

You may have heard that at the end of last year Congress passed the SECURE 2.0 Act of 2022, a follow-up to the Setting Every Community Up for Retirement Enhancement Act of 2019, or SECURE Act. Building on changes made in 2019, SECURE 2.0 Act introduces a number of enhancements to retirement accounts, which are intended to phase in between 2023 and 2025.

There are many important changes in this legislation, a few of which are noted below, which impact redemptions from IRAs and certain reductions in penalties an investor may face.

- Beginning with the 2023 tax year, the required beginning age for mandatory distributions from Traditional IRA, SEP IRA, SIMPLE IRA and 403(b) accounts has

increased from 72 to 73 — if you were born on or after January 1, 1951. If you reached age 72 before January 1, 2023, you must still take your required minimum distributions (RMDs) on the prior schedule. Then in 2033, the required beginning age will rise from 73 to 75.

- There is a reduction in the penalty for failure to take an RMD: If you fail to take an RMD starting in 2023, the penalty tax will be reduced from 50% of the amount you were due to take to 25%. If it is corrected with two years of when the RMD was due to be taken, this penalty may be reduced further to 10%.
- If you contribute to an IRA in excess of your maximum allowed for a given tax year, when

correcting the excess contribution, the earnings attributed to it will no longer be subject to the 10% early withdrawal penalty if you are under the age of 59½ years. This will apply regardless of whether the excess occurred prior to January 1, 2023 or not.

For more details on these and other changes included in the SECURE 2.0 Act, visit the IRS website "publication" and "frequently asked questions" sections. For guidance about how this regulation may affect you, please consult a financial or tax professional.

We hope you find this information helpful in starting a conversation with your investment or tax adviser about how the SECURE 2.0 Act may benefit you. [X](#)

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advantage. While it is difficult to find cases where biodiversity is the main investment driver, investing in things like climate mitigation and clean water can bring substantial benefits to the preservation of natural biodiversity,

and in a few cases help restore it.

By shining a light on these examples, we hope to identify actions that industry and governments can take to facilitate nature-positive investments. [X](#)

To read the full article *Natural selection: the investment case for addressing biodiversity loss*, visit: [impaxam.com/addressing-biodiversity-loss](https://impaxam.com/addressing-biodiversity-loss)

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