

Impax publishes new report on the implications of COVID-19 for investing in the transition to a more sustainable economy

London, 11 August 2020 – Impax Asset Management (“Impax”), the specialist asset manager investing in the transition to a more sustainable economy, is pleased to announce the publication of a report looking at the implications of COVID-19 (“C19”) for investing in the transition to a more sustainable economy.

The pandemic and associated response have reinforced the imperative to transition to a more sustainable economy. It has reminded us of the fragility of human society in the face of a natural phenomenon and has triggered the kind of collective response that will be needed to address climate change and other sustainability challenges.

Over the summer, Impax’s research team has taken a step back from the immediate market volatility to consider the implications of C19 for the firm’s investment thesis. Their observations are the basis of a report, which is not intended to be a forecast, rather a framework for thinking about how the future may look.

The report draws three key conclusions:

1. Four structural changes are disrupting business models: a heightened awareness of systems-level risks; exposure of supply chain vulnerabilities; the social distancing measures changing behaviour; acceleration towards a digital economy;
2. The reaction of policy makers as they move from lockdown to rebuilding economies, will likely incorporate societal feedback that simply returning to the old normal is not enough;
3. Tangible investment opportunities include industrial automation advances, digitisation acceleration and underscored importance of health, safety & well-being theme. In addition, risks associated with areas such as human capital management, diversity, climate change and biodiversity are becoming relevant to fundamental analysis across sectors.

Bruce Jenkyn-Jones, Co-Head of Listed Equities, Executive Director, Impax Asset Management, commented:

“C19 has been an intense and high-stakes trial run for system driven management. The crisis has revealed complex interconnected consequences, arising from an unsustainable economy. In recognising this, C19 has given investors, policy makers, corporations and consumers a chance to avoid the same missteps when the next high impact crisis of this magnitude hits (for example, climate change).

“As evidenced through our report, four structural changes stand to have long-term effects on business models - each elevating both risks and opportunities across varied time horizons.

“Looking ahead, the reaction of policy makers as they move from lockdown to rebuilding economies, will likely incorporate societal feedback that simply rebuilding an unequal, fossil fuel powered economy is not enough.

“In addition to continuing to incorporate these learnings into the investment process, Impax will support calls for both private and public sectors to invest in the green economy as part of post-C19 economic stimulus packages, as well as tackling persistent areas of inequality.”

Impax’s investment process, particularly its Sustainability Lens, Environmental and Gender focused investment universes and integrated ESG risk management practices already address the main C19 challenges, yet certain aspects will gather renewed importance:

- Recognising the value of biodiversity, and protecting wild areas from further encroachment, could reduce the risk of further zoonotic transmission and improve our quality of life.
- Tackling persistent inequalities of gender, race and opportunity would equip companies with a broader talent pool and reduce operational and reputational risk through supply chains.
- As we start to rebuild from the human and economic damage inflicted so far in 2020, tackling these two critical topics will increase resilience.

The full report is available [here](#).

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About Impax

Founded in 1998, Impax is a specialist asset manager, with approximately £18.1bn (as of 30 June 2020) in both listed and real asset strategies, investing in the opportunities arising from the transition to a more sustainable global economy.

Impax believes that capital markets will be shaped profoundly by global sustainability challenges, including climate change, pollution and essential investments in human capital, infrastructure and resource efficiency. These trends will drive growth for well-positioned companies and create risks for those unable or unwilling to adapt.

The company seeks to invest in higher quality companies with strong business models that demonstrate sound management of risk. Impax offers a well-rounded suite of investment solutions spanning multiple asset classes seeking superior risk-adjusted returns over the medium to long term.

Impax has ca. 170 staff across five offices in the United Kingdom, the United States and Hong Kong, making it one of the investment management sector's largest investment teams dedicated to sustainable development.

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