

## How ESG risks may vary over the short, medium, and long term coming out of the pandemic.

**Margaret Childe:** With me today is Manulife Investment Management's Global Head of ESG and Risk Peter Mennie. Peter from your global perspective, how do you think ESG risk management will emerge from the pandemic?

**Peter Mennie:** Well, thanks for that question, Maggie. I think in the short term, what we're going to see is a positive impact for climate risk because of a reduction in pollution. What we've had is a series of lockdowns, and I think we're going to continue to see a series of localized lockdowns. And the natural corollary of those is a reduction in economic activity and thus a reduction in pollution, and we've seen that here on the Eastern Seaboard of the United States, where you can see very clearly a reduction in nitrogen dioxide emissions during the lockdown period.

Alternative text:

The slide is titled Effects of the pandemic on environmental factors: Airborne nitrogen dioxide over the northeastern U.S. It shows that airborne nitrogen dioxide was present on average in much higher concentrations over the northeastern United States in the month of March during 2015-2019 (left image) than in March 2020, when economic and other activity had slowed in the region due to restrictions put in place in response to the COVID-19 pandemic (right image). The source is NASA Scientific Visualization Studio (<https://svs.gsfc.nasa.gov/4810>, July 3, 2020).

**Peter Mennie:**

If we turn now to the medium term, I think what we can expect is that with the economic slowdown that we've had, that there will be a temptation for governments to go for growth. In other words, they may go for growth at the expense of some of the environmental commitments that they've made for example, reducing carbon emissions in the Paris agreements. I think then if we turn to the longer term, what we've seen in COVID-19 is the realization of a tail risk, and we've seen how a tail risk can manifest itself in having a genuine impact on people and on economies, and I think that pressure will be there therefore, and a willingness from people to accept the importance of addressing tail risks. And when you think about the sustainability risks that we face, for example climate change, and the threat to biodiversity those are also tail risks, and they could have just as material an impact as we've seen with COVID-19. So I'm hopeful that in the longer run there will be positive impacts in terms of dealing with sustainability risks.

**Margaret Childe:** Thank you Peter, and thank you for watching. Please contact your Manulife Investment Management relationship manager with any questions you may have. Have a great day.

Ending slide: Click on the *sustainability* icon on our website.

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