

WEALTH & ASSET MANAGEMENT

ESG - navigating the maze





Illustration: Environment by iSam Hadley

Environmental, Social, Governance factors and the broader themes of Sustainability, Impact and Socially Responsible Investing are moving from ambiguous concepts into clearly articulated ones – with commensurate expectations from investors, managers and regulators alike.

Asset managers, be it AIFMs, UCITS management companies, MIFID firms or credit institutions providing portfolio investment management and also investment advisers are increasingly within the focus of the regulators when it comes to the ESG agenda.

The direction of travel is clear: asset managers will need to consider their ESG profile and navigate through an increasingly complex web of rules, regulations and best industry practice.

Whatever challenge you are facing - from development of new products through to concerns about “greenwashing” and reputational risk, our multi-disciplinary team will be with you to provide support on every step of your journey.



IT'S THE SIMPLICITY OF DEALING WITH THEM – THEY TEND TO MAKE EVERYTHING EASY AND RATHER THAN COMING TO YOU WITH PROBLEMS THEY WILL COME TO YOU WITH A SOLUTION, GIVING YOU THEIR POINT OF VIEW ON THE LEGAL POINTS BUT WITH A COMMERCIAL SPIN.

Chambers UK

WHY DO ASSET MANAGERS NEED TO CONSIDER ESG?

IT MATTERS TO INVESTORS.

- 56% of UK Investors have increased their allocations to ethical funds in last five years
- 81% of millennials want to know more about responsible investing
- Institutional investors, such as pension schemes, endowment funds and insurers are themselves increasingly subject to ESG-related requirements, driven by regulations or their own investors, a trend that is set to continue

IT MATTERS TO INVESTMENT RETURNS.

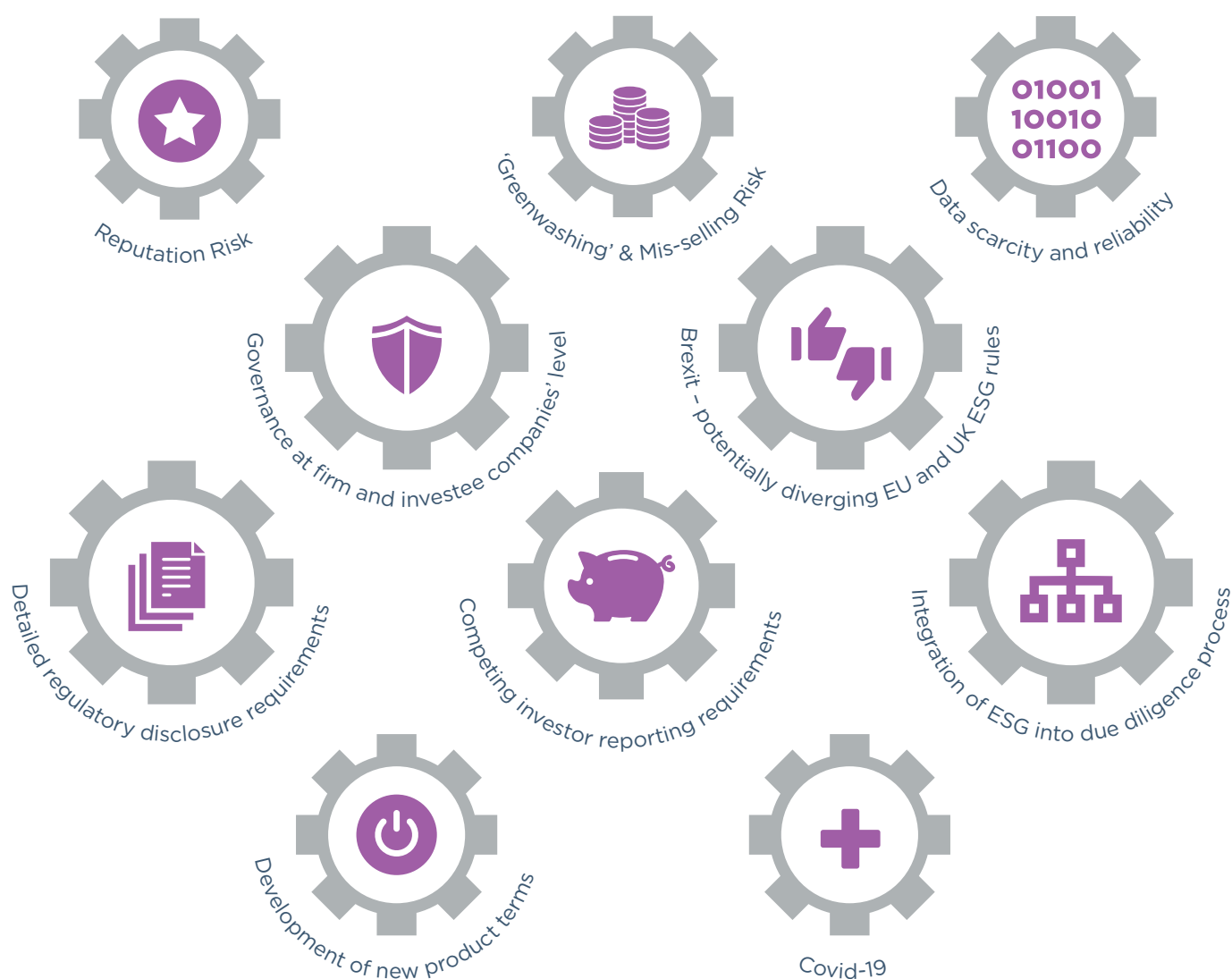
- ESG is now seen as a driver of better investment performance, helping to generate better investment returns in the long term than those achieved by conventional funds
- 37% of asset managers see ESG investing as means of decreasing investment risk
- Sustainable funds are seen by many to have performed better than conventional funds during the Covid-19 pandemic

...AND IT MATTERS TO THE REGULATORS.

- ESG is a key regulatory focus at a global, European and UK level with numerous rules and regulations finalised or in the pipeline
- Regulators are increasingly focussed on identifying and stamping out “green-washing”
- Detailed ESG-related disclosures and transparency requirements will apply to asset managers from March next year as part of rules introduced by the EU Disclosure Regulation and EU Taxonomy Regulation, including a number of rules applicable to all asset managers and financial products, regardless of whether they have an ESG focus or not
- There is an increased focus on integration of ESG considerations into asset manager's governance and investment processes

WHAT ARE THE ESG ISSUES THAT ASSET MANAGERS ARE FACING?

We are attuned to the many issues facing asset managers when it comes to ESG. Some of these may be driven by regulations, some by investors' demands and some by the wider geo-political environment. None of them is easy but we can help you master them.



WHAT ADDLESHAW GODDARD CAN DO FOR YOU

We work across teams to advise asset managers, be it to maximise ESG-driven opportunities or mitigate risks.

Some examples of how we can support you:



PRODUCT DESIGN & DOCUMENT DISCLOSURE

- Advising on the launch of ESG focussed investment products
- Drafting ESG regulation compliance product terms, including fund document disclosures and side letters, and aligning existing terms with new regulatory requirements
- Analysing of existing product terms, helping identify the impact of forthcoming disclosure obligations
- Advising on stewardship disclosures



STRATEGY AND POLICY DEVELOPMENT

- Assisting in the development of your Enterprise Risk Management Framework
- Drafting ESG policies, codes of conduct
- Advice on, and execute, ESG project implementation plans
- Advising on the integration of ESG considerations into business and client engagement processes
- C-Suite advice on governance issues and senior management training



INVESTMENT DUE DILIGENCE

- Conducting regulatory, compliance and commercial due diligence processes, identifying ESG risks and issues at all levels in the transaction chain
- Advising on the full spectrum of environmental risk and liability issues



REPORTING AND DATA

- Data scoping exercises and advising on the development of reporting templates
- Negotiating commercial contracts with data suppliers



HORIZON SCANNING AND TRAINING

- Keeping you up to date on the latest ESG legal developments
- Designing and running bespoke training for business, legal and compliance teams



DISPUTES RESOLUTION AND REPUTATION PROTECTION

- Assisting clients with crisis response and reputation protection in cases of alleged ESG contraventions
- Drafting appropriate dispute resolution mechanisms into transaction documents to resolve ESG related grievances and represent clients before courts in contentious proceedings



[AG] HAVE SHOWN THEMSELVES TO BE DEDICATED, EXTREMELY RESPONSIVE, TECHNICALLY AND COMMERCIALY ASTUTE. [THEIR] TRANSACTIONAL MANAGEMENT SKILLS OF A VARIETY OF WORK STREAMS WERE INSTRUMENTAL IN GETTING THE MATTER COMPLETED, NOT TO MENTION MAKING THE LIFE OF IN-HOUSE COUNSEL SUBSTANTIALLY EASIER.

General counsel/institutional fund manager



SOME AG FACTS & STATS



Acted for Warrington Borough Council on its joint venture with Altana Wealth establishing the Public Sector Social Impact Fund



Advised Actis, a leading 'responsible investing' asset manager, on the takeover of several emerging market funds previously managed by the Abraaj Group – representing c.US\$5bn of assets under management



Advised a PLC on disclosure under the Carbon Disclosure Project



Advised Bridges Ventures on the establishment of Bridges Ventures Sustainable Growth Fund IV



Advised a global brand on sustainability claims of products throughout the supply chain



Advised a utility company on asset resilience and strategic planning



Acted on c.20 investments for CDC Group, each with a detailed set of ESG requirements which are then tested during the life of the investment



Delivered bespoke ESG training to a global asset manager and private bank



Advised a pension fund on its first investment on a large scale energy from waste facility

39

Tier 1 Rankings in Legal 500

38

Tier 1 rankings in Chambers UK

7

Act for 7 of the Top 12 UK Asset Managers



REAL ESTATE FIRM OF THE YEAR
(The Lawyer Awards 2019)



NOMINATED FOR FUNDS TEAM OF THE YEAR (PRIVATE EQUITY)
British Legal Awards 2019



LEGAL 500 DISPUTE RESOLUTION FIRM OF THE YEAR 2019



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**PROBLEMS. POSSIBILITIES.
COMPLEXITY. CLARITY.
OBSTACLES. OPPORTUNITIES.
THE DIFFERENCE IS IMAGINATION.
THE DIFFERENCE IS **AG.****

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