

# 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.

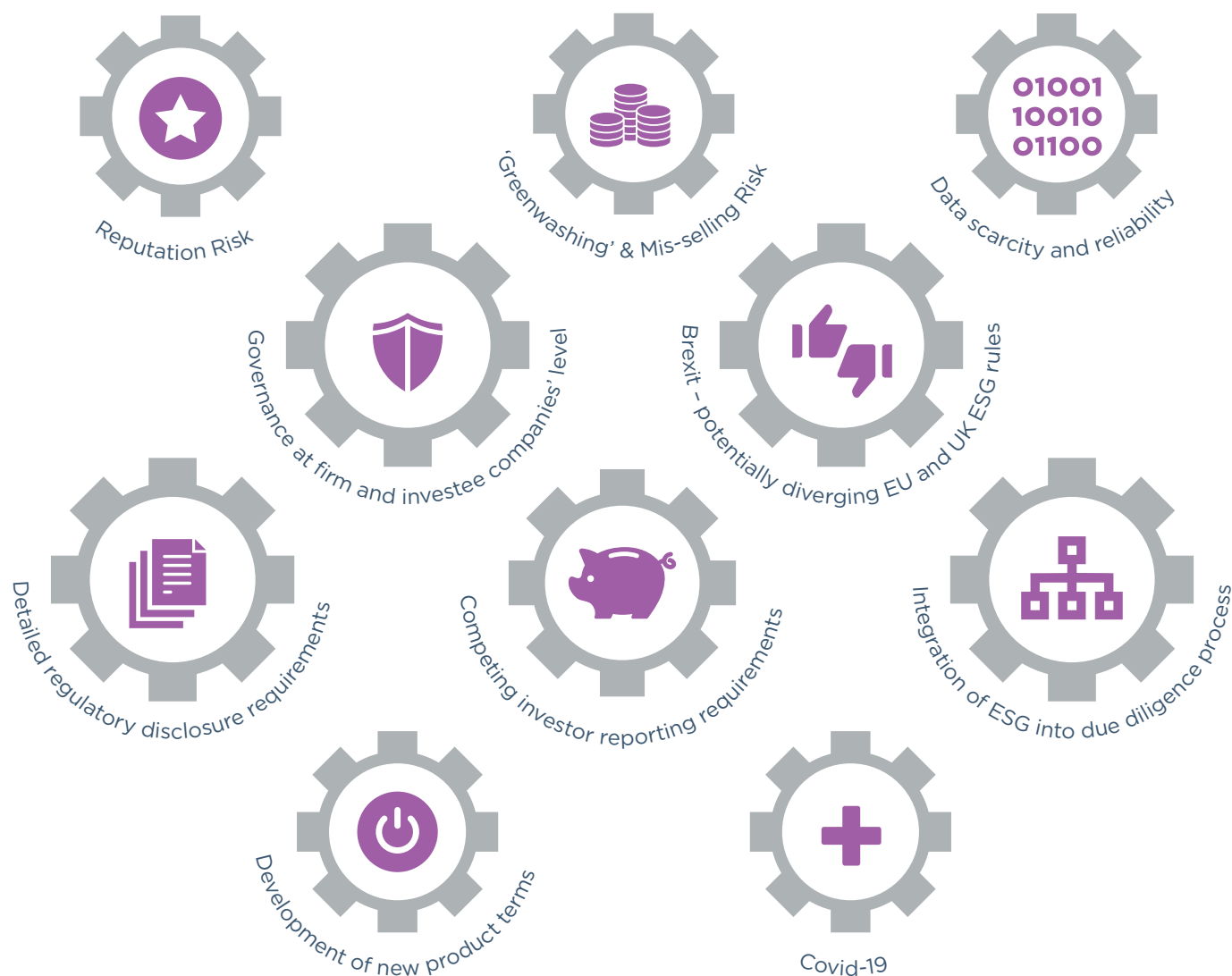
- ESG is now seen as a driver of better investment performance, helping to generate better investment returns in the long term than those achieved by conventional funds
- 37% of asset managers see ESG investing as means of decreasing investment risk
- Sustainable funds are seen by many to have performed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



## KEY CONTACTS



**LORNA FINLAYSON**

Partner – Financial Regulation  
+44 (0)7980 303483  
+44 (0)131 222 9579



**RICHARD SMALL**

Partner – Financial Regulation  
+44 (0)7889 231898  
+44 (0)20 7160 3004



**JONATHAN POWLING**

Partner – Investment Management  
+44 (0)7809 594258  
+44 (0)20 7160 3245



**JAN GRUTER**

Legal Director – Investment Management  
+44 (0)7784 298011  
+44 (0)141 574 2327



**SARAH HERBERT**

Compliance Director – Financial Regulation  
+44 (0)7730 193861  
+44 (0)20 7160 3429



**WILL CHALK**

Partner – Head of Corporate Governance  
+44 (0)161 934 6429  
+44 (0)7775 586503



**MICHELLE HEADRIGE**

Partner – Construction, Engineering and Environment  
+44 (0)161 934 6492  
+44 (0)7775 586472



**JOANNE HOLBROOK**

Legal Director – Construction, Engineering & Environment  
+44 (0)161 934 6171  
+44 (0)7803 442571



**ANDREW GREEN**

Partner – Private Equity  
+44 (0)161 934 6716  
+44 (0)7734 496776



**SARAH THOMAS**

Partner – Global Investigations  
+44 (0)20 7160 3152  
+44 (0)788 053 7796



**DAVID ENGEL**

Partner – Commercial Disputes  
+44 (0)20 7880 5653  
+44 (0)7711 691622



BAC 14.55 JPM 52.88 AAPL 324 INTC 24.65

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

**addleshawgoddard.com**

© 2020 Addleshaw Goddard LLP. All rights reserved. Extracts may be copied with prior permission and provided their source is acknowledged. This document is for general information only. It is not legal advice and should not be acted or relied on as being so, accordingly Addleshaw Goddard disclaims any responsibility. It does not create a solicitor-client relationship between Addleshaw Goddard and any other person. Legal advice should be taken before applying any information in this document to any facts and circumstances. Addleshaw Goddard is an international legal practice carried on by Addleshaw Goddard LLP (a limited liability partnership registered in England & Wales and authorised and regulated by the Solicitors Regulation Authority and the Law Society of Scotland) and its affiliated undertakings. Addleshaw Goddard operates in the Dubai International Financial Centre through Addleshaw Goddard (Middle East) LLP (registered with and regulated by the DFSA), in the Qatar Financial Centre through Addleshaw Goddard (GCC) LLP (licensed by the QFCA), in Oman through Addleshaw Goddard (Middle East) LLP in association with Nasser Al Habsi & Saif Al Mamari Law Firm (licensed by the Oman Ministry of Justice), in Hamburg through Addleshaw Goddard (Germany) LLP (a limited liability partnership registered in England & Wales) and in Hong Kong through Addleshaw Goddard (Hong Kong) LLP, a Hong Kong limited liability partnership pursuant to the Legal Practitioners Ordinance and regulated by the Law Society of Hong Kong. In Tokyo, legal services are offered through Addleshaw Goddard's formal alliance with Hashidate Law Office. A list of members/principals for each firm will be provided upon request. The term partner refers to any individual who is a member of any Addleshaw Goddard entity or association or an employee or consultant with equivalent standing and qualifications.