

Our role in a sustainable future

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This article was recently addressed at the Guernsey Funds Forum Webinar exploring the opportunities in private equity and the commitment that the funds industry can make to sustainability in business. The following article is based on that presentation.

There are far more pieces to the jigsaw of launching a fund than just COVID-19 and so speculating about what the markets are going to do or about the viability of launching funds over the short term remains far from an exact science - although it's probably fair to say that those of us optimistic for a post-summer pick-up have now started looking towards the first half of next year.

What we can do here in Guernsey is concentrate on the system that we have, the island's funds regime and the benefits of launching a fund here - all of which remain unchanged - notwithstanding the terrible human impact of the ongoing pandemic. It is also worth remembering that the reasons for the unfolding financial crisis are, of course, very different to the backdrop of its predecessor in 2008 and it follows that the recovery may be very different too.

Part of that recovery will be supported by the stability that some funds offer to ride out the impending difficult fundraising markets (and there are several non-market correlated funds doing extremely well) - not a surprising view from a funds lawyer, perhaps, but it is clear that there is huge promise for private equity and debt fund offerings in the healthcare, technology and the green / clean sectors. As there may not be sufficient capacity within existing funds to cope with demand, these are likely areas where we will see the most action for new managers and launches.

There are opportunities for fund restructurings too and despite the natural inclination during a pandemic to focus on local needs and resources, Ogier remains committed to the benefits of working across its jurisdictions to reach the optimum result for our clients and has the remote working and technology capability to do so.

The pandemic has also been an important catalyst, instigating discussion around the environmental sustainability of our practice, processes and systems - in essence, how we do things. In Guernsey, where we are - with an excellent first of its kind Green Fund regime - at the forefront

of establishing green funds, we could also think more about how we as advisers to funds and asset management businesses are working to be environmentally sustainable ourselves.

The impact of COVID-19 is so firmly in focus at the moment that other crucial global concerns, such as environmental sustainability and the climate crisis are taking something of a backseat. But we still have a crucial part to play on these issues and it is right that such issues must have a bearing on our post-pandemic behaviour - indeed, the pandemic has shown us that we can adapt. As advisers to vehicles subject to increasing measures, reporting and accountability on environmental sustainability, we should look now to ensure we are making a difference too. These issues are important and will arise more frequently throughout the full lifecycle of PE funds and other vehicles.

There are a number of areas that are already high on the agenda for many businesses. How can we travel smarter to reduce our carbon footprint? And, if we cannot totally reduce our carbon footprint, how do we mitigate any negative impact? Have we optimised our IT systems for environmental sustainability, looked at how we source our energy, and how we are integrating technology into less obvious parts of our business to result in more sustainable outcomes? More broadly, how we can collaborate with our own supply chains to encourage sustainable practices and how are we implementing cultural change which permeates throughout our organisations and influences decisions both in and out of the workplace? Most importantly, how are we holding ourselves accountable?

One of the outcomes from this pandemic will be for funds and managers to look carefully at their governance procedures and any issues which presented themselves over the past few months. There is a strong case for that review to include a look at issues around sustainability too, for example looking at the wider indirect environmental impact of private equity vehicles from cradle to grave. This would provide the recognition that these aren't only issues for funds and managers with green strategies but for the wider funds industry too.

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