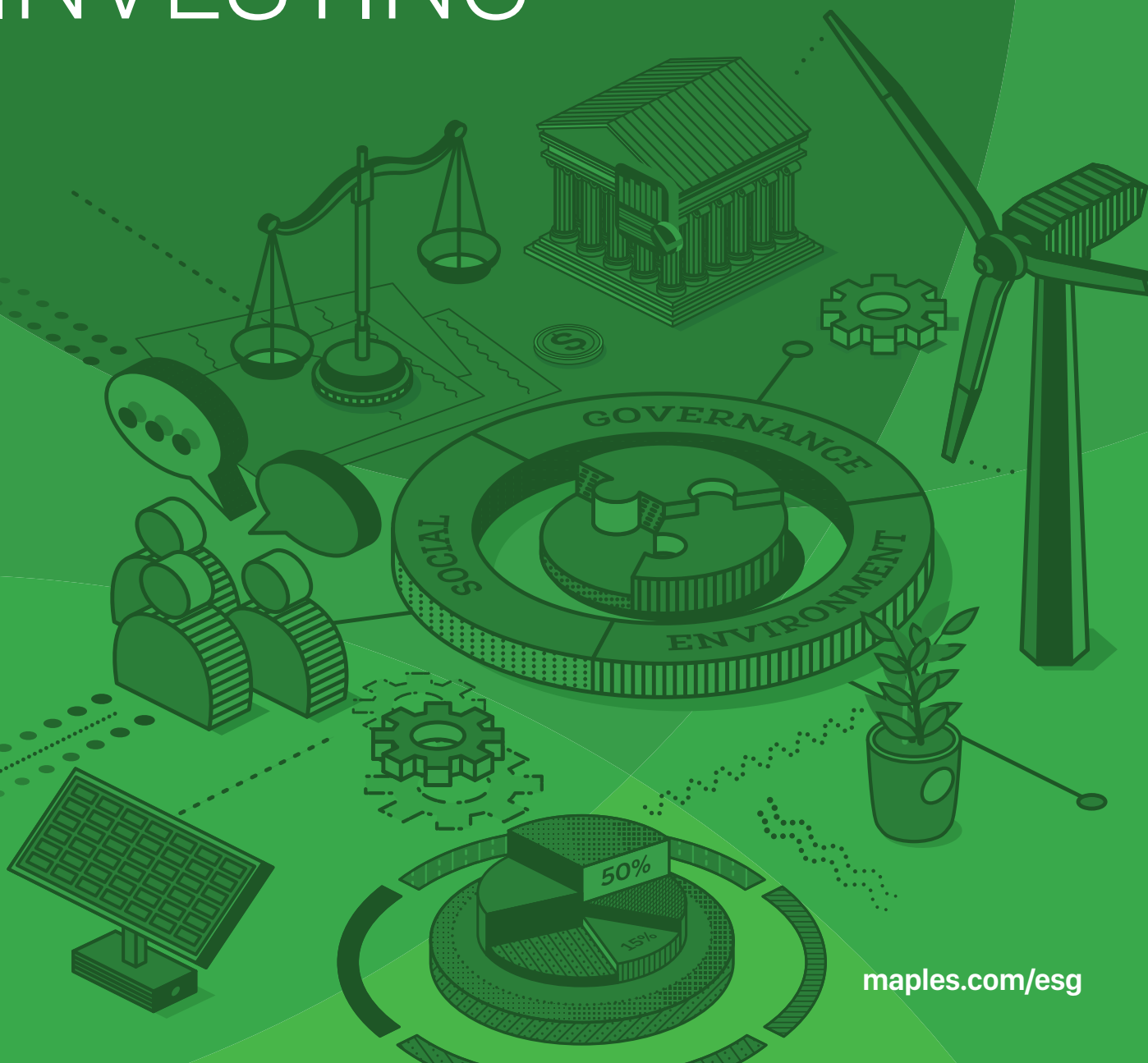




MAPLES
GROUP

ESG AND SUSTAINABLE INVESTING



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For further details please
see our **ESG Platform**



FOREWORD



The Maples Group is committed to working with our clients and our friends across the global financial sector to accelerate the transition to a more climate neutral, climate resilient, resource efficient and fair economy.

Peter Stapleton
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We have been involved in advising financial institutions on some of the very first sustainable investment funds and green bonds when sustainable finance was a niche sector. Those early steps have accelerated over the years, in particular since the Paris Climate Agreement in 2015, and we now partner with our clients on integrating ESG, sustainable finance and responsible investment principles into every facet of their business.

In Ireland, as part of our commitment to the European Green Deal, the Government developed its Sustainable Finance Roadmap which sets out targeted measures to support the goal of Ireland becoming a leading sustainable finance centre of excellence by 2025.

I am dedicated to leading the team at the Maples Group towards this goal in Ireland and as part of our wider global efforts. We are very conscious of the impact that ESG factors and responsible investment can have on the financial services sector, and the benefits that this sector can bring to bear on society.

Our dedicated Irish ESG Advisory Group is adept with working across a broad range of ESG issues and comprises multi-disciplinary experts from our Finance, Corporate, Funds & Investment Management, Litigation, Employment, Real Estate and Construction, Tax and Regulatory & Financial Services Advisory teams.

Working in collaboration with our colleagues across the Maples Group, we have worked on some of the largest and most innovative sustainable finance deals to date. We increasingly see interest across our clients and institutional investors for a partnership of private capital with public funds to accelerate the transition to a net carbon zero future and a more sustainable economy. We are honoured to partner with some of the most progressive global institutions in the sustainability space, to add our expertise and align with clients who share our values in this area.

I would also like to mention our active partnerships with key external stakeholders who share our interests and goals. These include industry associations, non-for profits and leading academic institutions.

The Maples Group is especially proud to have been a key sponsor of Climate Finance Week Ireland since its inception in 2018. This annual event brings together the key leaders, influencers, and policymakers in sustainable finance to discuss strategic ESG initiatives and to exchange ideas to address the climate crisis.

In 2023 we look forward to the continuing evolution of the International Sustainable Finance Centre of Excellence in Ireland and to supporting this centre as a key adviser.

With a team of almost 3000 professionals in 16 offices across the world we are uniquely placed to advise our clients on how to navigate the complex and evolving landscape of sustainable finance. I hope that this guide demonstrates how we can partner together and play our collective part in effecting the change required to secure our planet's future.

FUNDS & INVESTMENT MANAGEMENT

Our Funds & Investment Management Group (FIMG) is highly focused on the impact of the EU's Sustainable Finance Action Plan for the European asset management sector, in particular the Sustainable Finance Disclosures Regulation (SFDR). The SFDR seeks to establish a harmonised approach with respect to sustainability-related disclosures provided to European investors.

SFDR applies to asset managers (and investment advisors) domiciled or operating in the European Union, who are managing or distributing financial products to European investors. SFDR identifies two types of sustainability focused financial products:

1. an **Article 8 fund** - one that promotes environmental or social characteristics; and
2. an **Article 9 fund** – one that has a sustainable investment objective.

Asset managers managing or distributing Article 8 or Article 9 funds are subject to transparency and disclosure requirements and ongoing reporting obligations, at both the entity and the fund level.

Our FIMG team of ESG specialists have collaborated with leading global asset managers and institutional investors operating in the EU to develop end-to-end SFDR compliance solutions at both the operational level within the asset manager and at the underlying fund / financial product level. We can assist with SFDR financial product analysis, including undertaking a full review of all offering documents and marketing collateral to assist with the determination of SFDR product categorisations, as well as helping prepare Article 8 and Article 9 pre-contractual disclosures, website and periodic disclosures.

Our experienced team of ESG specialists are also driving thought leadership in the European sustainability space, best evidenced by the publication of the **Maples SFDR Impact Analysis**. This is a comprehensive deep dive on the significant impact that SFDR has had on product design, asset allocation and fund distribution, providing

global asset managers with a practically focused assessment on the current state of ESG integration in Europe as well as valuable peer analysis

The benefit of Maples Group's multi-jurisdictional capabilities also ensures our team has exposure to global ESG trends and sustainable finance developments. It also enables us to draw on the experiences and expertise of the entire Maples Group including our colleagues in funds and fiduciary services to develop a consistent approach to ESG initiatives for our global clients.



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Our experienced team of ESG specialists are driving thought leadership in the European sustainability space, best evidenced by the publication of the Maples SFDR Impact Analysis.

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SUSTAINABLE FINANCE

Our Finance team acts for lenders, sponsors and investors on a wide range of financing transactions and has advised on a number of green and sustainability-linked loans, as well as green securitisation and ESG-aligned structured products.

The environmental impact of investing is at the forefront of global financial institutions' and investors' minds and the integration of ESG considerations is key to the investment decision-making process and procedures in all specialisations of the finance sector. Working in tandem with our ESG specialists enables us to recognise and anticipate the impact of the rapidly evolving ESG and sustainable finance legislative landscape for our clients.

We have acted on both lender and borrower sides of financing projects involving ESG metrics as well as acting for corporate borrowers emerging as net zero transition leaders.

On the structured finance side, we act for a large number of CLO issuers in helping to agree SFDR compliance or alignment, as well as general disclosures and frameworks such as own-scoring models. We have acted on a number of green, blue and sustainability-linked bonds globally, as well as both nascent green asset and social / sustainable securitisation. We anticipate that the EU Green Bond Standard (EU GBS) should act as an impetus to increase issuance volume on both the bond and the securitisation side. We have worked closely with all stakeholders in agreeing the EU GBS and are now working towards its implementation. As part of this, we monitor market developments, such as the LMA's recent guide to Sustainability-Linked Loans, which we wrote about [here](#).



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CORPORATE ESG & GOOD GOVERNANCE

Our Corporate team provides expert legal advice on all corporate and commercial transactions with ESG components and ESG-related governance regimes.

We advise on many complex domestic and international transactions with ESG-related aspects including equity investments and M&A. Our Corporate team works in tandem with our ESG Advisory Group and where necessary, draws upon the expertise of our specialist lawyers including finance, anti-trust, employment, financial services, intellectual property, real estate, technology, regulatory, trusts and tax. Our work with innovation-driven enterprises and their investors puts us at the forefront of climate-focused technology solutions.

We advise shareholders and companies on ESG-related matters, across the entire range of corporate and shareholder transactions. In particular, our ESG specialists can assist in the assessment of companies to ascertain if they maintain appropriate ESG-focused policies and procedures in line with international best practise (e.g. OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights).

We can assist boards and senior management teams in developing suitable ESG-focused policies, procedures and good governance frameworks, to ensure compliance with the constantly evolving ESG legislative space.



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REAL ESTATE & CONSTRUCTION

Our Real Estate and Construction team provides market leading expert legal advice on all property and development transactions that involve ESG-related elements.

We act for some of Ireland's largest real estate owners and developers across their extensive property portfolios ensuring their respective portfolios fully comply with the latest ESG- focused policies and procedures in line with best practice.

One of the biggest challenges in real estate development is bringing ESG from concept to delivery. While understanding legislative requirements is the first step, stakeholders must then implement ESG strategies and obligations downstream. This implementation brings its own obstacles. Our Real Estate and Construction team is passionate about working on innovative construction projects designed for a sustainable future.

We understand that the ESG landscape effects all stakeholders differently over the life-cycle of a project and that each stakeholder is impacted by different market pressures.

We advise our clients on topics such as:

- Managing ESG requirements in contractual documentation such as building contracts, loan agreements and leases;
- Understanding mandatory and optional building certifications and standards across all the construction sectors including office, residential, industrial, retail and health;
- Implementing modern methods of construction and use of other construction technologies; and
- Keeping track of the ever-evolving legislative framework and best-in-class market approach.

We have been at the forefront of the implementation of green leases in Ireland, in order to ensure our client's real estate portfolios are future proofed against changes to ESG-focused legislative requirements and volatile energy and development costs. Such measures also ensure our client's real estate assets will continue to achieve greater energy efficiency, resulting in lower greenhouse gas emissions, lower energy bills and compliance with ESG sustainability commitments.



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FINANCIAL SERVICES REGULATORY

Our Financial Services Regulatory (FSR) team works in tandem with our FIMG team advising clients on the impact of the EU's Sustainable Finance Action Plan for the European asset management sector, in particular the implementation of the SFDR and the Taxonomy Regulation.

Our FSR and ESG specialists audit policies and procedures to identify those affected by the SFDR and the Taxonomy Regulation. We can then best advise how those policies can be enhanced to integrate the consideration of sustainability risks into the investment decision-making process and overall risk framework, as well as consideration of adverse sustainability impacts.

We can advise directors and issuers of financial products of their duties and responsibilities with respect to sustainability-related disclosures, in particular the obligation not to overstate or misrepresent the environmental or ESG credentials of the financial product. We can assist clients by developing robust policies and procedures to avoid investor disputes and mitigate greenwashing risk.

In tandem with our Employment group, we advise regulated firms on preparation for the implementation of the Individual Accountability Framework (IAF) including the new Conduct Rules, Fitness and Probity and the Senior Executive Accountability Regime (SEAR).



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GREENWASHING LITIGATION & ADVISORY

Our Litigation team, working in tandem with our ESG specialists, can provide legal advice on managing and mitigating against greenwashing risk and regulatory sanction.

International regulators have recently increased their focus on the marketing of investment funds, bonds and other financial products as being environmentally sustainable or ESG friendly investments. This is to ensure that investors are not being mis-sold these products on the basis of overstated ESG credentials ("greenwashing").

Both the issuers of such financial products and the board of directors (in case of investment funds) must understand their duties and responsibilities with respect to sustainability-related disclosures, in particular the obligation not to overstate or misrepresent the environmental or ESG credentials.

In addition, issuers and directors must be aware of the commercial risks and reputational damage which may arise from investor actions for misrepresentation, mis-selling or regulatory sanctions for non-adherence to ESG and sustainability-related disclosures.

We can assist you in the design of your governance structures and operational frameworks, as well as the development of robust policies and procedures, to mitigate against greenwashing risk and the risk of regulatory sanction.

Given our global presence and multi-jurisdictional investment funds capabilities, we are recognised leaders in the field of investment funds disputes. Our litigation and investment funds lawyers work hand-in-hand

to best represent clients subjected to investor action for greenwashing or ESG mis-selling. Our lawyers have a proven track record of success and extensive expertise in complex commercial litigation cases.

We focus as much on strategies designed to avoid disputes and mitigate risk as we do on active dispute resolution procedures.

In addition, we have unrivalled experience in assisting clients with regulatory sanctions or enforcement matters. We appreciate the need to protect your commercial reputation and how such matters must be handled competently, efficiently and sensitively.



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EMPLOYMENT

Our Employment team provides legal advice on managing ESG commitments in an employment context and advise on navigating ESG risks and compliance issues in order to assist clients to compete and scale their businesses in a rapidly evolving legal landscape.

While employment matters are typically considered to fall within the social aspect of ESG, there are some issues which span both the social and governance aspects. These include measuring diversity and inclusion, reporting on gender pay gap, preparing for pay transparency regulation, driving a healthy organisational culture, promoting responsible and appropriate behaviours and decision making, ensuring a safe and healthy workplace and driving a culture of anti-retaliation protection, transparency and remediation where issues of concern are reported using whistleblowing or other workplace policies.

In recent years, the diversity and inclusion practices of businesses have garnered widespread media attention and such policies play a key role in not only attracting skilled candidates but retaining existing talent within a business. An inclusive culture should be central to the strategy of any business striving to achieve or maintain well-rounded ESG credentials. Any business seeking to advance an effective ESG programme must focus on its people and policies around recruitment, retention, reward, performance and conduct.

Our team has extensive experience advising clients on HR and employee policies to ensure best practice and compliance with their ESG strategies, as well as incorporating ESG commitments into clients' organisational frameworks (such as supply chain and procurement) and codes of conduct. We regularly advise on preparation for the implementation of the Individual Accountability Framework including the new Conduct Rules, Fitness and Probity and SEAR for regulated firms, as well as pay transparency obligations, remote and flexible working, whistleblowing and anti-discrimination and harassment matters.

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Our team has extensive experience advising clients on HR and employee policies to ensure best practice and compliance with their ESG strategies

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ESG TAXATION ADVISORY

Our global Tax Group provides expert tax advice on ESG matters to sophisticated international investment banks, investment firms and funds and multinational corporate groups on all areas of Irish and Luxembourg tax law.

In relation to governance, our Tax Group has a particular focus on EU and international tax law, including advising on all aspects of the EU Anti-Tax Avoidance Directives, EU DAC6 (Mandatory Disclosure), GloBE Pillar 2 and wider OECD BEPS initiatives. We have advised on tax compliance statements, responsibility statements and tax risks for investors and entities seeking to comply with tax governance requirements. The additional support provided by our MaplesFS Tax Compliance team in this regard makes the Maples Group a one-stop-shop for all ESG tax governance matters.

Our Tax Group also advise on the tax aspects of Ireland's green bond and green financing offerings. The Group has a specific focus on investment funds providing ongoing advice to ESG compliant funds establishing and investing in Ireland on all aspects of the tax regime. The Group's corporate tax advice also includes work on ESG matters such as accelerated capital allowances for expenditure on energy efficient equipment, VAT treatment of energy efficient goods and services such as solar panels and benefit-in-kind reliefs for the provision of electric vehicles to staff.

The Tax Group is involved in consultations with the Irish Department of Finance in examining how the tax system can be used to help meet Ireland's ambitious climate change goals. In Budget 2024, the Department announced plans for a new infrastructure fund known as the Infrastructure, Climate and Nature Fund. This is being established with a view to supporting Ireland's green transition, to allow for sustained levels of investment in infrastructure and to support climate and nature-related projects in the event of any future economic downturns. It is hoped that the establishment of the fund will lead to increased investment in wind energy and similar projects.

From a European perspective, initiatives such as the Carbon Border Adjustment Mechanism (CBAM) and the proposed Energy Taxation Directive highlight the intention of the EU to leverage the tax system to change behaviours in the ESG space. Our Tax Group, with expertise in both Irish and Luxembourg tax law, is ideally placed to advise on such matters.



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ESG FUND SERVICES

Through our fund and fiduciary services business lines, we offer an extensive suite of ESG services and solutions, demonstrating our commitment to delivering world class services to our global clients.

Our expert ESG team and innovative technology and product solutions create value and enhance effective management for our alternative investment fund and institutional investor clients.

ESG DATA SOLUTIONS

ESG compliance has become interwoven with the field of fund management. As investors demand green and carbon-neutral investment products, asset managers need solutions that can enhance transparency and manage risk.

The Maples Group fund services team in the US received the "Best Innovation in ESG" at the 2023 HFM US Services Awards. This award recognises innovation and special achievement across the fund services industry and is a testament to the strength of our extensive suite of ESG services.

Data is at the heart of ESG. To complement our full suite of custom reporting solutions, we have implemented a leading ESG data and reporting system from Trucost, part of S&P Global. This combination of proprietary and best-of-breed systems enables us to deliver tailored solutions that provide comprehensive company analytics and in-depth reporting to create transparency for stakeholders and help manage risk.

THE MAPLES GROUP'S ESG PLATFORM

Supplementing ESG data and reporting solutions, we have established the Maples ESG Platform, specifically structured to host ESG and sustainability-focused funds (the "ESG Platform"). This offers a turnkey solution for clients looking to launch a segregated SFDR-compliant Article 8 or Article 9 sub-fund, allowing them to take advantage of the high demand for ESG focused funds in Europe. EU and non-EU clients looking for a flexible solution for SFDR compliance and European distribution can take advantage of an established fund platform with regulatory approval and legal agreements already in place.



The ESG Platform affords clients access to industry-leading ESG practices and service providers for ESG advisory, fund management, fund distribution, operational and reporting solutions. This includes exclusive access to a first-of-its-kind solution for independent certification of a fund's and manager's ESG strategies. Developed in partnership with leading compliance and risk management firm, Integrity 2 ESG, the ESG Platform is able to deliver a detailed review of qualitative and quantitative metrics to verify that a fund and manager is compliant with ESG best practices and is aligned with applicable regulations. As investor expectations and regulatory requirements continue to evolve, this solution helps to mitigate certain risks of greenwashing and puts managers a step ahead in validating and quantifying their ESG initiatives while delivering unmatched value for investors.



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