



SIF IRELAND
SUSTAINABLE & RESPONSIBLE
INVESTMENT FORUM

**IRELAND AS A CENTRE
OF EXCELLENCE**

**A GUIDE TO SUSTAINABLE
INVESTMENT FUNDS**

BRIEFING NOTE PROVIDED BY



**MAPLES
GROUP**

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IRELAND AS A CENTRE OF EXCELLENCE

A GUIDE TO SUSTAINABLE INVESTMENT FUNDS

The Maples Group are proud supporters of Sustainable Nation and SIF Ireland. We are honoured to co-author this Guide for launch during Climate Finance Week 2019.

Our Funds & Investment Management Group is the largest in Ireland and is consistently ranked number one in the areas of expertise, market share and legal innovation. We represent some of the world’s leading managers, institutions, financial services firms and their advisers when considering Irish and European Union (“**EU**”) opportunities for sustainable investment funds.

With strong support from the Irish Government, the Central Bank of Ireland and local industry, we believe that Ireland will build on its highly successful funds and investment management sector and become a global centre of excellence for sustainable investment funds.

We further believe that many global managers and their investors are at the forefront and actively pushing the agenda on sustainable and responsible investment. They will be looking for financial centres to offer the required legal, regulatory, technology and operating frameworks to meet their requirements.

We hope that this Guide will provide managers with information on how to raise private capital in Ireland in order to fund the challenges posed by climate change and to further promote environmental, social and governance (“**ESG**”) aims.



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SUSTAINABLE FINANCE IN THE CONTEXT OF FUNDS AND INVESTMENT MANAGEMENT

There are many terms used to describe global trends in green finance, sustainable finance, responsible investment, impact investing and the many facets of ESG labelling.

This Guide addresses many of these concepts but its focus is on sustainable investment fund strategies and the activity of their managers taking ESG factors into account.

In particular, we concentrate on the existing legal, regulatory and tax regimes in Ireland while taking account of some notable changes on the horizon, principally the EU Commission's [Action Plan: Financing Sustainable Growth](#) ("**Action Plan**").

THE CLIMATE EMERGENCY AND DEMAND FOR PRIVATE CAPITAL

"WHILE PUBLIC FUNDING WILL BE VITAL FOR THE GREEN TRANSITION, IT CANNOT PAY THE MASSIVE INVESTMENT BILL ALONE. WE ALSO HAVE TO TAP PRIVATE CAPITAL, AND GREATLY SCALE UP GREEN INVESTMENT SO THAT IT CAN HELP ADDRESS THE CLIMATE EMERGENCY."

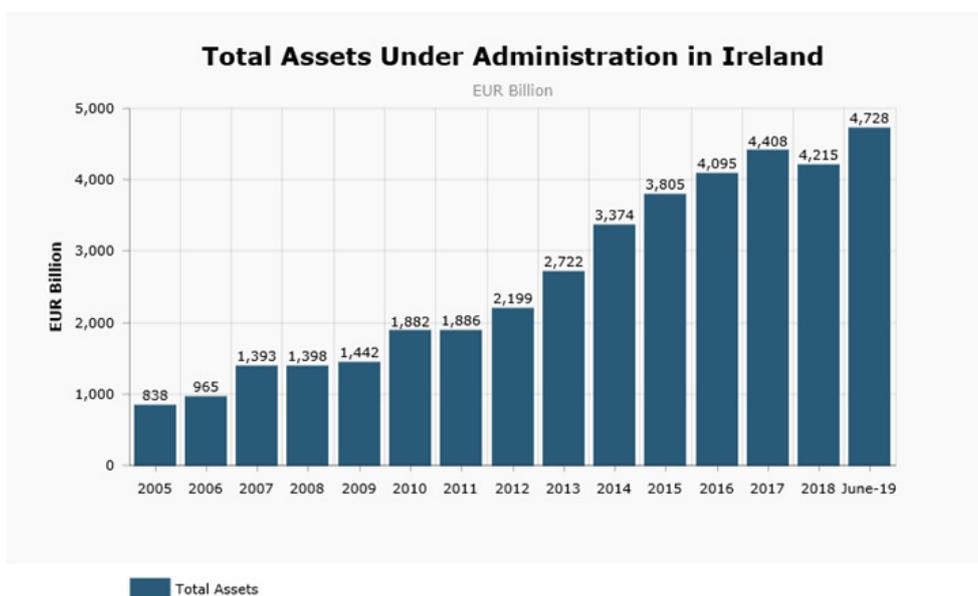
VALDIS DOMBROVSKIS, Vice-President for the Euro and Social Dialogue, also in charge of Financial Stability, Financial Services and Capital Markets Union, at the [launch](#) of the International Platform on Sustainable Finance (IPSF) on 18 October 2019.

It is conservatively estimated that in order to reach the targets set by the [Paris Agreement](#) in 2015, trillions of euro will need to be invested in sustainable infrastructure over the next decades. For the EU alone, additional financing in the range of €175 and €290 billion per year is estimated.

THE IRISH INVESTMENT FUND SECTOR

Ireland is internationally recognised as one of the world's leading investment fund and management company domiciles.

Assets under management in Irish domiciled funds reached an all-time high of €2.71 trillion as at June 2019. This figure is augmented by over €2 trillion of assets in non-Irish funds, bringing the total value of funds administered out of Ireland to over €4.7 trillion.



These figures evidence the attractiveness of Ireland as a much needed source of private capital to finance sustainable infrastructure and investment.

IRELAND AS A CENTRE OF EXCELLENCE

There are a range of factors that make Ireland a compelling prospect for sustainable investment funds and their managers.

A NATIONAL FOCUS ON SUSTAINABLE FINANCE

- ▶ [The Fossil Fuel Divestment Act 2018](#) resulted in Ireland becoming one of the first countries in the world to withdraw public money from investment in fossil fuels.
- ▶ A growing green bond sector (Ireland issued its first sovereign green bond for €3 billion which was heavily oversubscribed) and listing of a number of private green bonds on the Irish Stock Exchange.
- ▶ The Irish Government's [Ireland for Finance](#) strategy puts sustainable finance at the heart of a five-year plan which will run until 2025.
- ▶ Introduction of increased carbon taxes in our National Budget released in October 2019.
- ▶ Ireland plays a leading role internationally for thought leadership and is the European base for the United Nations' Financial Centres for Sustainability (FC4S) initiative.

KEY INVESTMENT FUND METRICS ¹

- ▶ Ireland employs over 16,000 direct full-time employees in the funds sector.
- ▶ Over 950 managers from 50+ countries have assets administered in Ireland.
- ▶ 17 of the top 20 global asset managers have Irish domiciled funds.
- ▶ Ireland is the largest hedge fund administration centre in the world servicing over 40% of global hedge fund assets.
- ▶ Ireland is home to many of the world's leading legal, regulatory, tax, consultancy, depository, listing and related financial service providers.
- ▶ Ireland is one of the world's largest largest Undertakings for Collective Investment in Transferable Securities ("UCITS") and Alternative Investment Fund ("AIF") domiciles and the largest ETF domicile in the EU.

LEGAL AND REGULATORY FRAMEWORK

- ▶ EU Member State, Eurozone, OECD and FATF Member Country.
- ▶ Common law system.
- ▶ The Central Bank of Ireland ("CBI") is a globally recognised regulator of funds and investment managers and is often at the forefront of regulatory thought leadership in this area. The CBI has established a dedicated team to lead on sustainable finance and ESG policy.

TAX

- ▶ Irish funds are tax efficient and comply with leading international tax standards. Investors account for relevant taxes in their home jurisdictions but are not penalised by additional layers of tax in Ireland where regulated funds are exempt from Irish income, capital gains, subscription and related taxes.
- ▶ A corporation tax rate of 12.5% for trading companies, one of the lowest corporation tax rates in the EU.
- ▶ An EU-approved stable tax regime, with access to extensive treaty network and EU Directives.
- ▶ Attractive holding company regime, including participation exemption from capital gains tax on disposals of shares in subsidiaries.
- ▶ Specific measures to incentivise the relocation of internationally mobile employees.

LOCATION

- ▶ Favourable time zone for US and EU headquartered firms.
- ▶ Infrastructure including: human resources, residential and commercial property availability, and flights and access.
- ▶ Leading global centre for technology and financial services.

¹ Statistics from Irish Funds and the Central Bank of Ireland

REGULATORY REGIME

This section examines the main categories for regulated investment funds in Ireland.

UCITS

Undertakings for collective investment in transferable securities (“**UCITS**”) are open-ended collective investment schemes established and authorised pursuant to EU law.

Ireland was one of the first EU jurisdictions to implement the UCITS Directive ² into its domestic laws and the first UCITS were established in 1989. Over the past 30 years, the UCITS product has become increasingly popular as a liquid, transparent, diversified and robustly regulated investment product with Ireland at the forefront of UCITS investment fund product development. For these reasons and many others it is extremely popular with managers launching ESG funds.

KEY FEATURES OF UCITS FUNDS

<p>LIQUIDITY</p>	<p>A UCITS must be able to offer redemptions at least twice a month. A 10% fund level gate is permitted. Redemption proceeds must be received within 14 calendar days/10 business days of the redemption deadline.</p>
<p>ASSET ELIGIBILITY</p>	<p>At least 90% of assets must be in liquid (UCITS eligible) instruments such as listed equities, fixed income, money market instruments, regulated funds and derivatives on eligible assets or financial indices. No direct short-selling is permitted. Direct exposure to restricted asset classes including real estate and commodities is not permitted.</p>
<p>ASSET DIVERSIFICATION</p>	<p>Generally no single asset can represent more than 10% of the fund’s assets; holdings of more than 5% cannot in aggregate exceed 40% of the fund’s assets. This is known as the “5/10/40” rule. There are certain exceptions for government issued securities and for index tracking funds.</p>
<p>BORROWING AND LEVERAGE LIMITS</p>	<p>Temporary borrowing is limited to 10% and not permitted for investment purposes. A general leverage limit of 100% is applied, although use of Value-at-Risk (“VaR”) to measure global exposure for more complex strategies gives appropriate flexibility for strategies producing notionally higher levels of leverage.</p>

² Council Directive [2009/65/EC](#) (UCITS Directive)

DISTRIBUTION	May be sold across the the European Economic Area (“ EEA ”) on the basis of the UCITS marketing passport and received special recognition in non-EEA centres owing to regulatory status. As a result, a UCITS has global distribution capability.
SERVICE PROVIDERS	Irish based, regulated depositaries, administrators and auditors provide independence in key support and oversight functions.
INVESTOR REQUIREMENTS	No minimum subscription or investment level is applied under UCITS regulation (although funds may fix levels themselves); no investor eligibility criteria is applied.
STRUCTURING	UCITS can operate as a standalone fund or as an umbrella fund, with multiple sub-funds with segregation of liability at sub-fund level.
GOVERNANCE	Detailed operating rules are applied covering, for example, valuations, board oversight and monitoring, set out in greater detail in Central Bank guidance.
ESG CONSIDERATIONS	The current UCITS framework does not contain provisions mandating the incorporation of ESG criteria. Instead UCITS managers have focused on constructing portfolios of ESG compliant transferable securities and other UCITS eligible assets and branding their strategies accordingly. Certain proposals in the Action Plan seek to introduce compulsory requirements in the areas of disclosure, classification of investments and benchmarking.

For further information on UCITS please see Maples [UCITS – A Guide for Asset Managers](#).

ALTERNATIVE INVESTMENT FUNDS

Ireland was an early adopter of the Alternative Investment Fund Managers Directive (“**AIFMD**”)³, and implemented it into domestic law in 2013 along with detailed regulatory guidance, including the CBI’s [AIF Rulebook](#).

AIFMD focuses on the regulation of alternative investment fund managers (“**AIFMs**”) and, subject to limited exceptions, is indirectly applied to the AIFs they manage, including all non-UCITS funds. EU AIFMs are required to implement operating, operational, transparency, leverage, private equity and marketing requirements. Non-EU AIFMs may avail of exemptions from these requirements depending on where the AIFs they manage are located and whether or not they market to EEA investors.

Ireland has two main categories of regulated AIFs: (a) qualifying investor alternative investment funds (QIAIFs); and (b) retail investor alternative investment funds (RIAIFs).

	QIAIF	RIAIF
REGULATORY REGIME	Regulated by the Central Bank of Ireland pursuant to AIF Rulebook and related domestic laws, rules and guidance.	Regulated by the Central Bank of Ireland pursuant to AIF Rulebook and related domestic laws, rules and guidance.
AVAILABLE STRUCTURES	QIAIFs can be structured as single funds or as umbrella funds with segregated sub-funds. They can also be established as part of global master-feeders, co-investment or joint-venture structures.	RIAIFs can be structured as single funds or as umbrella funds with segregated sub-funds. They can also be established as part of global master-feeders, co-investment or joint-venture structures but have greater diversification and underlying fund eligibility restrictions in comparison to QIAIFs.
SHARE CAPITAL / UNITS	QIAIFs can issue multiple classes of shares/units with differing features and characteristics (e.g. fees, currency denomination etc.). QIAIFs may in limited circumstances allocate assets to share classes.	RIAIFs can issue multiple classes of shares/units with differing features and characteristics (e.g. fees, currency denomination etc.).

³ Council Directive [2011/61/EU](#)

	QIAIF	RIAIF
ELIGIBLE INVESTORS	Qualifying Investors including “professional investors” under AIFMD and other categories of sophisticated investors permitted by the Central Bank.	Retail investors.
MINIMUM INITIAL INVESTMENT	€100,000 or foreign currency equivalent (subject to certain exemptions for investments by the AIFM or connected persons).	None.
PERMITTED STRATEGIES	All major alternative investment fund strategies used by hedge funds, private equity, real estate funds, credit funds, funds of funds, managed accounts, master-feeders and hybrid structures are permitted.	The liquidity, investment and borrowing restrictions make the RIAIF best suited to liquid alternative strategies.
INVESTMENT AND BORROWING RESTRICTIONS	The Central Bank does not impose any material investment or borrowing restrictions on QIAIFs. However, there are some sector specific restrictions in the areas of loan origination, master-feeder funds and significant holdings.	The Central Bank of Ireland imposes investment, borrowing and asset eligibility requirements for all RIAIFs. In general RIAIFs are subject to less investment and eligible asset restrictions than UCITS.
LIQUIDITY	At least quarterly if open-ended. Unrestricted for QIAIFs structured as limited liquidity or closed-ended.	At least monthly.
TIMELINE	The Central Bank will approve new QIAIFs within 24 hours of receiving a completed application pack. Post-authorisation matters (e.g. addition of new sub-funds, new share classes, documentation updates) also fall within this fast-track regime.	The Central Bank will approve new QIAIFs within 24 hours of receiving a completed application pack. Post-authorisation matters (e.g. addition of new sub-funds, new share classes, documentation updates) also fall within this fast-track regime.

	QIAIF	RIAIF
DISTRIBUTION	<p>May be registered for sale to MiFID II Directive 2014/65/EU (MiFID) professional investors in any EU member state under AIFMD passport regime. Can be sold in major non-EEA jurisdictions subject to compliance with local securities laws.</p>	<p>May be registered for sale to professional investors in any EU member state under AIFMD passport regime. In addition, a RIAIF may be marketed to retail investors within the EU, although this is on an EU member state by EU member state basis, rather than via a marketing passport, and subject to local conditions in each EU member state.</p>
ESG CONSIDERATIONS	<p>Owing to the flexibility on investment restrictions, borrowing and related features as well as the speed-to-market, the QIAIF is among the most popular regulatory categories for ESG funds.</p> <p>Similar to UCITS, the QIAIF regime does not contain provisions mandating the incorporation of ESG criteria. Instead AIFMs have taken full advantage of the flexibility provided by QIAIFs to invest in sustainable asset classes as varied as land-based salmon farms, wind and solar power plants.</p> <p>Certain proposals in the EU Commission’s Action Plan on Sustainable Finance seek to introduce compulsory requirements in the areas of disclosure, classification of investments and benchmarking.</p>	<p>RIAIFs are ideally suited to liquid alternative ESG strategies which seek greater flexibility than UCITS, e.g. borrowing.</p> <p>Certain proposals in the EU Commission’s Action Plan on Sustainable Finance seek to introduce compulsory requirements in the areas of disclosure, classification of investments and benchmarking.</p>

LEGAL STRUCTURES

The following legal structures are the main categories available for regulated ESG funds in Ireland:

LEGAL STRUCTURE	UCITS	AIF	OVERVIEW
ICAVS	YES	YES	Ireland's flagship corporate fund vehicle created by bespoke investment fund legislation (Irish Collective Asset-management Vehicles ("ICAV") Act 2015, No. 2 of 2015) and suitable for use across a wide range of strategies including mutual funds, liquid alternatives, hedge funds, fund of funds and other open-ended, limited liquidity or closed-ended structures. For further details see Maples ICAV – A Guide for Asset Managers .
INVESTMENT COMPANIES (PLCS)	YES	YES	Investment company established under Part 24 of Ireland's Companies Act 2014 No. 2 of 2014 . The Act allows for the establishment of fixed and variable capital PLCs.
UNIT TRUSTS	YES	YES	Leading common law unit trust structure. The structure is established by way of a contractual trust deed between a manager and trustee. Used globally but historically has been most popular for Asian based investors and managers, including in Japan.
COMMON CONTRACTUAL FUNDS (CCFS)	YES	YES	A regulated asset pooling and tax transparent structure which enables institutional investors to pool assets into a single fund vehicle. A CCF is an unincorporated body established under a deed and investors are "co-owners" of underlying assets which are held pro rata with their investment.
INVESTMENT LIMITED PARTNERSHIPS	NO	YES	Ireland's flagship common-law, regulated partnership structure. It adapts key investment fund requirements for uses in partnerships. It is established by an Irish general partner and one or more limited partners who have limited liability. Particularly popular for private equity, real estate, infrastructure and real asset strategies. A Government Bill proposing significant reform has been published. For further details please see Maples - The Investment Limited Partnership .

In addition to these main categories of regulated fund vehicles, Ireland offers a limited partnership regime and also a comprehensive trading company and SPV regime.

We have published a comprehensive guide showing how these main legal structures are being used by managers in Ireland and related trends. For further details please see [Maples Irish Funds, Product and Distribution Trends 2013-2018](#).

IRISH MANAGEMENT COMPANY OPTIONS

In addition to a Tier 1 funds framework, Ireland offers a very attractive regime for the establishment of fund management companies and fully operational investment firms.

These entities may be established under core funds legislation of UCITS and AIFMD referred to above and also under MiFID and related laws and guidance. Further, owing to increasing overlap and harmonisation at EU level between UCITS Directive, AIFMD and MiFID it is possible to establish a wide variety of “hybrid entities” depending on the requirements of the manager and the ESG products they want to cover. These stem from single management companies under one regulatory category to dual-authorized “Super ManCos” with MiFID top-up permissions.

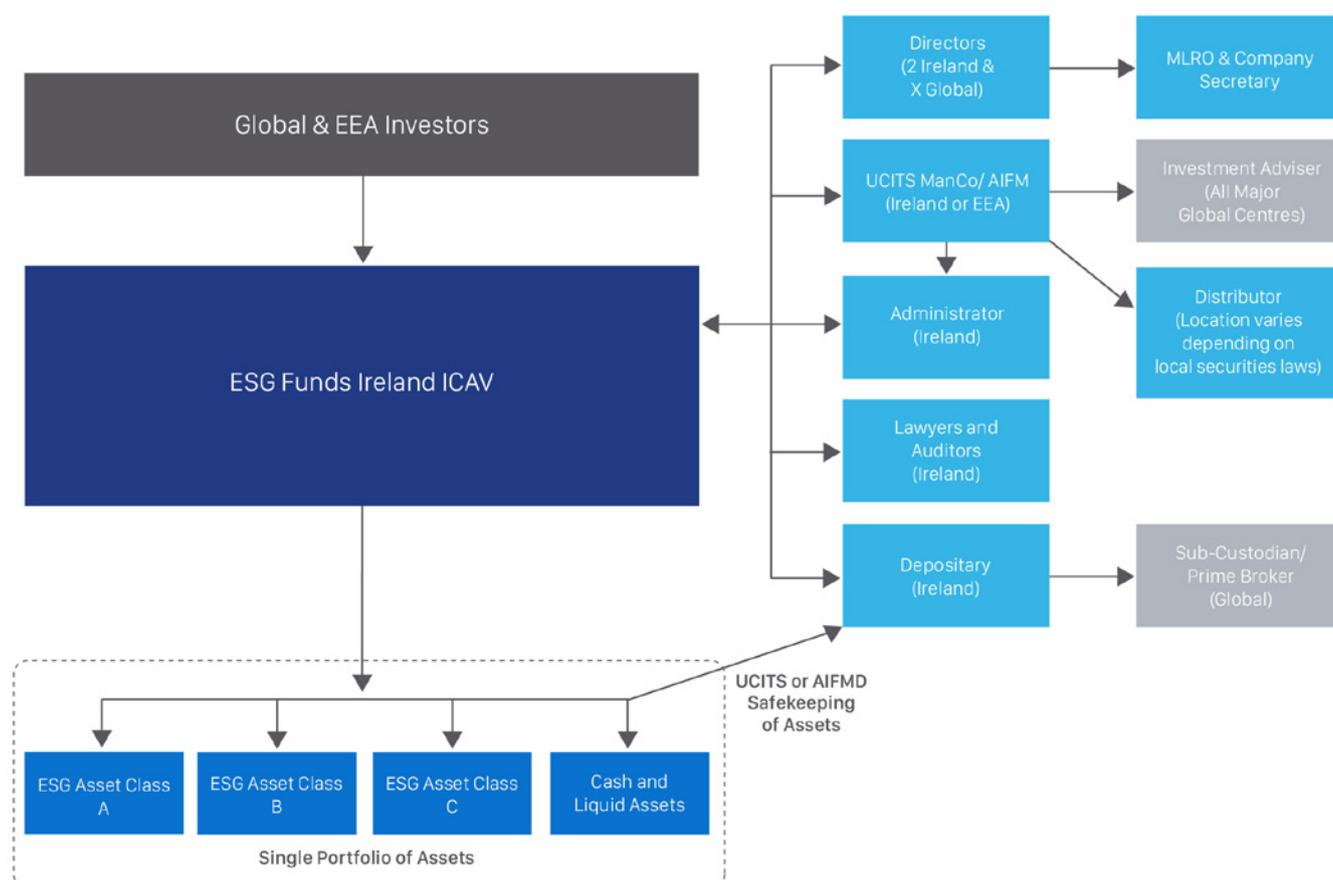
The table below summarises some of the key issues for any ESG project depending on each category:

	SELF-MANAGED	SINGLE MANCO	DUAL MANCO	DUAL MANCO + MIFID “TOP-UPS”	MIFID FIRM
TIMEFRAMES	3-4 MONTHS	4-6 MONTHS	-6 MONTHS	6-9 MONTHS	6-9 MONTHS
LEGISLATIVE FRAMEWORK	UCITS OR AIFMD	UCITS OR AIFMD	UCITS + AIFMD	UCITS + AIFMD + MIFID	MIFID
REGULATORY FRAMEWORK	CP86	CP86	CP86	CP86 + MIFID GUIDELINES	MIFID GUIDELINES
SUBSTANCE REQUIREMENTS*	2 IRISH DIRECTORS + DESIGNATED PERSONS (“DPs”)	2 IRISH DIRECTORS + DPs	2 IRISH DIRECTORS + DPs	2 IRISH DIRECTORS + DPs + MIFID STAFFING	VARIABLE
PRODUCT COVER AND REG. GAPS	PRODUCT COVER AND REG. GAPS	MULTIPLE UCITS OR AIFS	MULTIPLE UCITS + AIFS	MULTIPLE UCITS + AIFS + <u>LIMITED MIFID</u> **	FULL SCOPE MIFID SERVICES
REGULATORY CAPITAL	OWN FUNDS	UCITS OR AIFMD REQUIREMENTS	UCITS + AIFMD REQUIREMENTS	UCITS + AIFMD + MIFID REQUIREMENTS	MIFID REQUIREMENTS

* Varies according to nature, scale and complexity. CBI does not issue any hard numbers on minimum number of Directors or FTEs (other than in the area of time commitments)

** UCITS and AIFMD also differ on the available top-ups, e.g. in the area of receipt and transmission of orders (RTO).

TYPICAL STRUCTURE FOR AN IRISH ESG FUND



THE EU COMMISSION'S SUSTAINABLE ACTION PLAN

The EU is strongly supporting the transition to a low-carbon, more resource-efficient and sustainable economy. It has been at the forefront of efforts to build a financial system that supports sustainable growth. Following the Paris Agreement in 2015, the EU Commission developed its Action Plan with input of leading experts and technical know-how. The Action Plan aims to promote sustainable finance worldwide and many hope that:

- (a) EU measures will, in time, be considered as a global template considering the comparatively advanced stage versus the US and other major economic centres; and
- (b) Elements of the Action Plan, in particular the taxonomy and green labels (discussed below), can develop beyond the EU and become a global standard.

<p>MAIN OBJECTIVES OF THE ACTION PLAN</p>	<p>Create an environment to raise the estimated €175 and €290 billion per year of private capital needed to finance a sustainable infrastructure and related investment. A significant percentage of this will come from investment funds.</p> <p>Foster transparency and “long-termism” in financial and economic activities.</p> <p>Manage financial risks from climate change, resource depletion and environmental degradation.</p> <p>Factor ESG objectives into the above measures.</p>
<p>STRATEGIC PILLARS OF THE ACTION PLAN</p>	<p>Establish long-term orientated corporate governance.</p> <p>Create consistent standards and labels for “green” financial products, including a new EU “Green Bond” framework.</p> <p>Mandate better disclosure on the integration of ESG factors into investment decisions and advice taken by investors, asset managers and financial advisors (the impact in UCITS, AIFMD and MiFID will be a key element for investment funds).</p> <p>Introduce requirements to incorporate sustainability into financial advice.</p> <p>Create a unified system for the classification (a “taxonomy”) of sustainable economic activities.</p> <p>Incorporate climate change and ESG factors into prudential requirements for banks and insurance companies. This will indirectly impact on investment funds as these entities are major sources of finance and large investment.</p> <p>Create low-carbon and positive-carbon impact benchmarks.</p> <p>Integrate sustainability in credit ratings and market research.</p> <p>Foster better integration of sustainability and non-financial disclosures in public reporting by late companies.</p>

MAIN LEGISLATIVE PROPOSALS

The laws and regulations which will have the greatest impact on sustainable investment funds and their managers are summarised below.

Some of these measures are expected to be published in the EU’s Official Journal in Q4 2019 (e.g. the Disclosure and Benchmark Regulations), while others are still seeking final political agreement on draft legal texts (e.g. Taxonomy Regulation).

TAXONOMY REGULATION

<p>KEY FEATURES</p>	<p>Requires an activity to meet certain criteria in order to be considered environmentally sustainable.</p> <p>Firstly, it must contribute substantially to at least one of the following 6 environmental objectives:</p> <ul style="list-style-type: none"> ▶ Climate change mitigation; ▶ Climate change adaption; ▶ Sustainable use and protection of water and marine resources; ▶ Transition to a circular economy, waste production and recycling; ▶ Pollution prevention and control; and ▶ Protection of health ecosystem. <p>There are a number of additional protections including (a) an activity contributing to one objective will fail the test if it causes significant harm to any of the other 5 environmental objectives; (b) the activity must be carried out in compliance with minimum ESG safeguards, e.g. labour rights; and (c) it must comply with specific qualitative and quantitative technical screening criteria.</p> <p>These measures will seek to prevent “greenwashing”, i.e. where a financial product is claimed to be “green” while not sufficiently contributing to environmental objectives.</p> <p>Much of the detail in these safeguards including (c) above is being fleshed out in reports issued by the technical expert group.</p>
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DISCLOSURE AND TRANSPARENCY MEASURES

<p>KEY FEATURES</p>	<p>New disclosure and transparency rules will be applied to AIFMs, UCITS ManCos, MiFID Firms, Insurance Undertakings and Credit Institutions performing portfolio management.</p> <p>These entities will be required to integrate sustainability risks and, where relevant, other sustainability factors in the areas of (a) organisational requirements; (b) operating conditions; (c) risk management; and (d) identifying investors’ profile and preferences.</p> <p>The current proposals will have extra-territorial effect. For example, AIFMs falling within scope include EU managers and non-EU managers where they provide disclosures to EU investors on their websites.</p>
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<p>FOR ALL FINANCIAL PRODUCTS</p>	<p>A minimum level of integration of sustainability risks is proposed.</p> <p>This will cover websites (sustainability risk policies), pre-contractual information and marketing communications.</p>
<p>FOR FINANCIAL PRODUCTS WHICH HAVE SUSTAINABLE OBJECTIVES</p>	<p>The disclosure and transparency requirements are increased.</p> <p>Greater information is required on website, pre-contractual and marketing communications. Obligations for periodical reports are increased.</p>

BENCHMARK REGULATIONS

<p>KEY FEATURES</p>	<p>Numerous low-carbon and sustainable investment benchmarks exist, however, they are used on a sporadic basis by investors and managers and do not have a uniform methodology or set of rules.</p> <p>The Commission proposes 2 new benchmarks:</p> <ul style="list-style-type: none"> ▶ A low carbon benchmark based on a standard “decarbonising” benchmark; and ▶ The positive-carbon benchmark covering a portfolio of investment assets which needs to demonstrate measurable carbon reduction to be aligned with the Paris Climate Agreement global warming limits. <p>Benchmark administrators will need to disclose whether their benchmarks pursue ESG objectives.</p> <p>The Commission proposals will introduce minimum standards for these benchmarks and seek to improve existing methodologies.</p>
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OTHER MEASURES

A huge body of work is being carried out at EU level to determine how the new regulations will impact existing EU legislation.

Consideration has been given to amending existing requirements under the UCITS Directive, AIFMD, MiFID, the Solvency II Directive [2009/138/EC](#) and the Insurance Distribution Directive [2016/97](#). As an alternative, new delegated acts could be introduced under the same Directives.

The Commission has received advice from ESMA and other EU bodies in this context.

ESMA ADVICE

<p>IMPACT ON MANAGERS AUTHORISED UNDER UCITS OR AIFMS</p>	<p>Senior management to be responsible for the integration of sustainability risks and integration into their products.</p> <p>Managers to consider sustainability risks in the context of overall governance and controls.</p> <p>Managers to have necessary resources (including employees) and expertise for the effective integration of sustainability risks.</p> <p>Managers must consider conflicts arising in the context of the integration of sustainability risks (including “greenwashing” or misrepresentation of investment strategies).</p> <p>Managers to develop engagement strategies / exercise of voting rights to seek to reduce the principal adverse impact of investee companies on sustainability factors.</p> <p>Risk management policies must reference sustainability risks.</p>
<p>IMPACT ON MIFID FIRMS</p>	<p>There is a considerable degree of overlap in the recommendations including:</p> <ul style="list-style-type: none"> ▶ Where ESG considerations are relevant they should be taken into account in compliance with MiFID organisational requirements. ▶ The risk management policy of a MiFID firm should take account of sustainability risk. ▶ Key management figures and internal audit of a MiFID firm should consider aspects related to sustainability risks in their respective duties. ▶ Identification of conflicts should extend to those that arise from the distribution of sustainable investments. ▶ When making target market assessment for particular products, consideration should be given to clients’ ESG preferences.

Ireland has consistently been an early adopter of EU legislation in the investment funds sector.

By implementing EU measures and adopting its own domestic regime, the Irish industry is well placed to build on a solid base and further position itself as a global hub for sustainable finance.