



Outlook from offshore: how ESG is changing the narrative

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The offshore industry is thriving but ESG is adding new priorities both to transactions and to the way firms are being run, according to a new report by Reports Legal featuring Ogier's global managing partner Edward Mackereth.

With record deal activity across service lines this year, Ogier has been busier than ever in the past 12 months.

"Corporate has had a stellar year with all the M&A transactions and SPACs," said Edward.

Report Legal quotes data showing the total value of pending and completed M&A deals in 2021 as reaching US\$3.6 trillion, while the total value of private equity deals more than doubled to reach a record US\$840 billion. New set-ups, M&As, IPOs, funds, new product launches and capital raising have all been features of a busy year offshore.

"There's no shortage of capital being invested," says Edward. "We're acting for many alternative lenders: private credit funds, hedge funds, which are actively lending, in addition to our traditional bank clients."

Restructuring and litigation work has also been busy – and looks to become busier.

Edward said: "Restructuring will grow as inflation and interest rates rise now that government bailout schemes have ended. We're already seeing a lot of restructuring in the retail, casual dining, transportation and commercial real estate sectors. We've advised household names such as Pizza Express and Virgin Atlantic."

Alternative lenders are likely to be more active participants in future restructurings, he suggests. "Whereas banks have traditionally been quite reluctant to enforce security or trigger insolvency proceedings due to reputational risks, you may find that alternative lenders are less reluctant to do so. They have a greater risk appetite and less overt concern on reputational risk. The

restructuring and insolvency process is used as just another part of the commercial equation."

SPACs and de-SPACs are another current and future trend, he says.

"There seems to be a wider global appetite for SPACs," says Edward. "We advised Disruptive Capital on a SPAC which was listed on Euronext Amsterdam, out of Guernsey: an example of what's happening in SPACs, less US, more diffused globally. Hong Kong is about to open up for further SPAC listings. We expect that to be a very hot market potentially. There's still a vast amount of capital looking for targets to acquire and take public via a merger. A lot of SPACs have been primed. This will trigger transactional activity as you get SPAC marriages happening. The increased regulation was absolutely the right thing to happen; likewise, that the US market cooled. With adequate regulation, and in particular, the expertise on boards, it still is, potentially, a very good way for an up-and-coming company to get access to capital very quickly. With more experience in the markets, there will be a long future for SPACs, just as there's been a reasonably long past for them."

Client demand and sustained investment pressure has led to a need to respond to ESG - environmental, social and governance issues covering a range of objectives, standards and commitments - as a priority in 2021.

"There's a long way to go across the world in several areas – in the regularisation of standards as to what ESG is, and what standards it should be held to," says Edward.

"There's a lot of maturing in the market as to how to approach ESG," he says. "There's been a trend before: to feel that you need to invest in specific ESG projects, a wind farm, or whatever. Whereas now, the market is maturing and investors understand that a business in whatever sector may/could be an ESG investment if it has sufficient ESG built into it as a part of its business model. We've set up our ESG Advisory Centre in Hong Kong, because we think the market for that is going to be very big. It's perhaps taking a bit longer to gain traction but the regulator and legislative changes are being made there, and we've put out money where our mouth is."

Edward identifies a distinct change among some of the private equity firms. "There is a move away from discrete, segregated, impact products, towards a deeper incorporating of ESG factors into firms' portfolio playbooks. If you want to invest in ESG you're not necessarily going to invest in a wind farm, but you may invest in a pharma company that incorporates ESG into everything it does in the entire supply chain."

Focusing on the S in ESG, sustainability, is Ogier's top priority says Edward, "it's incredibly important that we all put our shoulder to that wheel," he tells Reports Legal. We've committed to reduce our greenhouse gas emissions by 50% by 2030. We're the first offshore law firm to make a public commitment to the science-based target initiative (SBTi). There are many challenges involved in operating a firm based in international finance centres, and doing that

both effectively and in a way which is sustainable. It's not just about the travel. Many of our jurisdictions are reliant on very polluting power generation for example. When you look at the footprint of some of our offices, we face serious challenges in getting that carbon footprint down."

Where the impact of Covid 19 has been limited in relation to transactions, when it comes to the wellbeing of employees there has been a visible effect and that's where Ogier's leadership team has placed additional focus this year.

Edward tells Reports Legal: "Our primary focus has been making sure that people's wellbeing is as safeguarded as it can be. When you have for example lawyers in Hong Kong who haven't been able to see family in New Zealand, that has been challenging. We've put our people first: that continues to be how we run the business because if you don't have happy people then you're not going to have a business."

Read the full Reports Legal offshore edition [here](#).

About Ogier

Ogier is a professional services firm with the knowledge and expertise to handle the most demanding and complex transactions and provide expert, efficient and cost-effective services to all our clients. We regularly win awards for the quality of our client service, our work and our people.

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