

VALENTINE THOMAS

— & PARTNERS —

ESG | Talent Overview

June 2021



ESG for Asset Managers

Society continues to demand change as it relates to tackling the climate crisis and action is being taking far and wide. Asset Managers have a significant voice at the table and are increasingly using it on this topic.

The value of assets managed in funds that adopt environmental, social and governance (ESG) considerations is set for exponential growth.

The value of global assets applying ESG data to drive investment decisions has almost doubled over four years, and more than tripled over eight years, to more than £30 trillion in 2020, according to research firm, Opimas. Momentum is growing as shareholders demand action, and as the consequences grow for companies that fail to adapt.

The number of ESG-themed strategies has also rocketed over recent years. There were almost 400 ESG strategies launched in the Morningstar investment universe in 2019, and even more in 2020. There are now dedicated 'ESG specialists' such as Impax and Generation Investment Management which have grown not only in size but relevance in the recent years.

ESG factors – from climate change to the quality of management – pose potential risks and opportunities, which have the potential to have a material impact on the performance of investments going forwards.

ESG means many things to many people – not least regulators, who are now viewing them as core to the duty of pension scheme trustees, and central banks, who have a focus on climate change as a source of systemic risk.

Furthermore, following changes to pension scheme investment regulations, pension trustees must now update their scheme's Statement of Investment Principles (SIP) to set out their policies on ESG, climate change and stewardship activities. UK pension funds now have an explicit responsibility to integrate ESG issues into their investment approach.

Does ESG integration lead to improved returns? For many this has been an open question, there are two main ways in which ESG considerations can enhance returns:

- To identify and mitigate additional sources of risk
- As a potential source of financial outperformance

Many funds have recognised that responsible investment approaches, which integrate ESG considerations, can indeed help mitigate risks and have the potential to lead to better, long-term financial and social outcomes.

Human Resources Director

‘Hiring talent that is able to help us shape and develop our ESG strategy is now in the top 2 priorities at the C-Suite of our firm, alongside diversity and inclusion. It shows not only the importance of the issue but how quickly we are adapting’

ESG Talent Trends

ESG no longer lives in a silo. Increasingly, ESG is being integrated into the day to day investment processes of asset managers. Because of this, the demand for experienced ESG professionals at all levels is significant across the sector.

ESG investing is a specialised area that requires several different skills and experiences, including – investment expertise, strong policy/stewardship experience, quantitative analysis skills and deep strategic analysis. Given the relative infancy of ESG in many firms, the ability to communicate and bring stakeholders on the journey is a core skill-set.

Asset managers and Pension funds are investing heavily in ESG talent as their members and clients demand ‘inclusive capitalism’ as well as investment performance.

We observe some individuals rising through the ranks incredibly quickly to senior positions in this field due to lack of talent.

As ESG becomes more mainstream, firms are aware that they do not have the required capabilities and expertise across the full range of investment and research activities, as well as in key functions such as communications, investor relations, and public affairs.

A new breed of professional is needed to accelerate ESG capabilities, including experts in major ESG challenges, and investors who understand the intersection between financial markets and sustainability issues. However, the pool of talent today is not large enough to meet the current huge demand.

Culture and mind-set are two of the biggest challenges that prevent firms from gaining better traction on ESG related issues.

In many cases, asset managers and pension funds will need to hire new talent alongside ‘growing their own’. Hiring managers will need to increase their efforts to attract new experts, including those capable of developing innovative ESG scoring methodologies, investment strategies, and products.

At the same time, leaders within the organisation must build an effective change management effort to shift attitudes and norms towards viewing ESG as a central driver of value creation (rather than a simple exclusion approach which may detract from returns).

We note a shift in preference for individuals who have a ‘risk based’ rather than a ‘values based’ approach to investing (often phrased as ‘Value vs Values’) or the ability to “create value with values”. It is hard to separate the two at times, but a focus on the long-term impact on portfolios is crucial in all hires we make.

Compensation has been rising steadily for talent that will genuinely make a difference.

Global CIO – ‘ESG is in the DNA of everything we do. We do not hire ‘ESG specialists’ as such, rather we grow and train our own and put the collective responsibility of this issue with them to deliver in this area’

Hiring Checklist

From our recent work with pension funds and asset management clients hiring ESG specialists, we have highlighted 6 key themes we believe will help clients have greater success in hiring and retaining ESG talent.

Move fast – many individuals we speak with in this space have competing offers, such is the demand in the sector. Firms in hiring mode must make sure they move quickly through a process and be prepared to make a swift and decisive decision, or they will lose talent.

Show flexibility – you may not get all the skills/experience you are looking for in an individual given the relatively immature market for profiles. Be open to looking outside of sector or consider step-up candidates.

Clarity – ‘open the books’ to show where you have been on your ESG journey and where this person will play a part. Individuals do not want to sit in a corner and feed into the broader investment strategy. Instead, they want to have a voice at the table where they have genuine input to decisions being made.

Inclusion – our experience would tell us, not everyone will be pulling in the same direction when it comes to making hires in this sector. Be clear with communication and timelines to stand the best chance of helping a new ESG hire, especially if they are the first in the seat.

Compensation – ESG is the hottest game in town in today’s hiring landscape. Salaries and bonus levels continue to rise in a market where demand exceeds supply. Be prepared to offer a rewarding package that offers good upside (potentially aligning a portion of compensation to ESG performance).

Progression – where possible, show candidates where this role can be in 5+ years. Whilst you never want to promise ‘the moon on a stick’, make sure you show that this role has real value with room for growth in the organisation. This will allow you to retain and grow talent in this sector.

Senior ESG Analyst – “The volume of calls I have had about new roles in the past year is unbelievable, ranging from corporate pension funds and local authorities through to global asset managers. The industry finally seems to have woken up to this issue”

About Us

- We are a partner owned business. We lead every search and adopt a partnership approach to each engagement.
- Founded in 2004, we are dedicated to asset and wealth management.
- We are a leading boutique in the asset management market, with an outstanding network and a database of over 47,000 people.
- We have no shareholders to service – our clients come first.
- Given our size, we can offer our clients flexibility for each engagement.
- We have a small off-limits list compared to larger firms, allowing us greater access to the talent market.
- Reputation for Diversity appointments.

Team of 6
dedicated to
investment &
Wealth
Management

6



Over 500 searches
conducted

500



Search completion
92%

92%



Placements in
13 countries

13



The Team

Richard Valentine

Chairman

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Richard Valentine became Chairman of Valentine Thomas & Partners in 2021, having co-founded the firm in 2004 with Basil Reid Thomas. Richard is a well-known figure in the asset and wealth markets and has advised many firms on board and leadership appointments. Richard initially trained as a lawyer before spending twelve years in the futures market, latterly as Sales & Marketing Director of a derivatives fund management company, before working in corporate finance with Singer & Friedlander.

He moved into executive search in 1993, joining Tyzack & Partners. Following the merger of Tyzack with The Whitney Group in 1999, he led the firms combined European Asset Management practice group. Richard specialises across asset management, private banking and alternative investments.

Basil Reid Thomas

Partner, Investment Management & Co-Head of ESG

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Basil co-founded Valentine Thomas & Partners in 2004 with Richard Valentine. Prior to this he spent six years with The Whitney Group, building their European fund management operations. He started his career with Standard Life in Edinburgh.

Basil specialises in senior level leadership, investment and distribution searches for many of the leading Global and European asset managers, asset owners and alternative investment firms. In recent years, his focus has broadened to incorporate specialist ESG and sustainable hiring and advisory services for clients.

Basil holds an M.A. from Glasgow University.

David Harms

Partner, Investment Management & Co-Head of ESG

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David joined Valentine Thomas in 2019 as a Partner specialising in senior searches for investment management firms across the globe, with a focus on the markets in London, Europe and the US. He has extensive experience searching for individuals and teams and executing cross-jurisdictional mandates that include CEO, CSO, COO, CIO & CTO.

David now co-leads the growing ESG practice at Valentine Thomas where his works includes hiring talent in the areas of sustainability, impact and SRI.

Before joining Valentine Thomas, David spent 9 years at Heidrick & Struggles in their financial services practice, most recently as a Consultant, where he advised a number of leading investment managers, Fintech firms and private equity backed businesses on their human capital needs. He began his career with a search boutique based in London.

David holds a BA Hons in Business Management from the University of Bristol, West of England.

Alex Diffey

Partner,
Head of Wealth Management

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Alex Diffey joined Valentine Thomas in 2019. He has over 18 years' experience within Executive Search specialising in both the domestic and international Private Banking and Investment Management industries.

Alex has run search practices across the globe, notably in London, Geneva and Singapore. With a market leading track record of placing sought after professionals from Senior Relationship Managers to Heads of Private Banking, as well as Investment Managers and Family Office CEO's, Alex has earned a reputation as one of London's top search professionals within his field. During his career, Alex has overseen and completed numerous team moves and C-Level placements as well as being mandated on various bespoke consulting projects on behalf of his clients.

Alex holds a BA degree in Marketing and French and completed a portion of his higher education at the University of Lyon, France. Alex speaks conversational French and conversational German.

Celia Cortijo

Consultant,
Investment Management

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Celia Cortijo joined Valentine Thomas & Partners in April 2021 as a Consultant specialising in asset management roles primarily within the UK, Continental Europe and the Middle East. Celia has over a decade of experience in executive search, almost exclusively across leadership roles within the investment management industry. Celia is also leads the diversity & inclusion effort for the business.

Before joining Valentine Thomas & Partners, Celia worked as a freelance executive search consultant, focusing on Distribution and Investment roles across asset classes. Prior to that, she worked for The Buy Side Club, an executive search firm specialising in asset management, where she completed senior assignments within Distribution, Investments, Operations.

Celia has a Bachelor's degree in Law from the University of Seville, Spain. Celia is a native Spanish speaker and fluent in English.

Georgia Hill

Asset Management Analyst

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Georgia Hill joined us in July 2020 as a Research Analyst on her industrial placement year.

Georgia is a crucial part of our research effort where she is responsible for capturing and analysing market news and maintaining our information database.

She is studying for a BA (Hons) Accounting and Finance at Bournemouth University. After her year with us, Georgia will go back to Bournemouth to complete her third year studies and graduate in 2022.

VALENTINE THOMAS

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Valentine Thomas & Partners is a leading investment and wealth management executive search firm covering the EMEA markets.