

ESG Rising Star – Leah Dean, Sequoia

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Leah Dean – ESG associate and sustainability manager at Sequoia Investment Management Company – was chosen by the independent panel of judges to win the rising star trophy at the IJGlobal ESG Awards 2024.

One of the judges said of Leah that she is “clearly having a transformational impact” while another added that it was “great to see initiatives and work, focused on the environmental space”.

Another judge added: “I am really impressed with Leah having worked closely with her over the last 12 months. She is a driver, makes things happen and wants to keep progressing ESG within her organisation and through the outreach with their investments.

“We need more individuals like Leah to drive advocacy, be role models for women and people with similar backgrounds, but also to keep pushing the boundaries. Fantastic also for Sequoia to give Leah this platform to outperform.”

Leah’s interest in social issues grew at university from attending a 70% male college and being one of only about 20 pupils on “free school meals” accepted each year into Cambridge. Since entering finance, she noted similar barriers around gender diversity and social mobility.

In her previous role at AKO Capital – one of Europe’s leading hedge funds – she volunteered and raised £116,000 for Feeding Britain, a charity providing free meals for disadvantaged children during school holidays.

She became the firm’s Water Champion stemming from her passion for water conservation. When AKO created the new position of ESG Analyst, Leah was identified for the role in recognition of her passion and ability to drive ESG in a small team of 2.

Leah joined SIMCo in February 2023 as their sole, dedicated ESG specialist.

SIMCo lends to private companies across a diverse mix of infrastructure sectors from utilities, renewable power and transport to digitalisation, healthcare and service providers. It offers different strategies, including their SEQI fund, a FTSE 250 company and the largest debt fund listed on the London Stock Exchange.

According to the submission: “Leah undertakes her role with great energy and enthusiasm and has been a champion for all sustainability-linked matters. In her role, she regularly and effectively communicates with all internal and external stakeholders, as ESG factors into every area of the business.”

Leah is heavily involved in the ESG integration throughout the investment process, applying negative and positive screening and assessing the ESG profile of potential borrowers during the early stages of origination.

She scores every asset according to SIMCo’s proprietary methodology, working closely with the credit analysts and PM team to integrate ESG into SIMCo’s risk analyses and ongoing monitoring. She presents to and is involved in every

investment decision at the investment committee.

Leah has developed SIMCo's in-house analytical framework for ESG scoring, which has won widespread acceptance with investors and other stakeholders – in fact it now drives the pricing on the SEQI fund's sustainability-linked credit facility and some of its FX hedging facilities.

She also manages the independent assurance of the ESG scores by KPMG, which Leah extended this year to cover SIMCo's negative and positive screening activities. KPMG has commended Leah's work improving SIMCo's internal processes and robustness.

As to borrower engagement, Leah leads SIMCo's stewardship strategy and engagement activities. This is a demanding task, requiring her to understand the nature of borrowers' businesses, the constraints they operate under and the opportunities they present.

Before investment, Leah seeks to insert ESG-related covenants into loans, an approach that has been described as market leading and an important lever for driving real change.

Leah is currently developing a standardised, robust process to forming and inserting ESG terms into loan docs. She is in the process of creating a guide for credit analysts to create relevant, material and impactful provisions that incentivise positive behavioural changes at borrowers through margin ratchets or additional flexibility built into the agreement.

Once loans are made, she collaborates with borrowers to improve their sustainability credentials through regular, ongoing engagement and monitoring of KPIs. She devises action plans for every company SIMCo lends to that lay out how they can improve their ESG credentials, which fuels future engagement. This work enabled SEQI to continue to increase its average ESG score – a quantitative measure of the portfolio's sustainability and a goal for the fund.

Upon joining, Leah reworked the annual ESG questionnaire, which she sends to all portfolio companies annually. She received another record response rate this year (93%), indicative of the strong relationship she has built with borrowers, especially given the vast majority of these complete it voluntarily.

Leah has made significant impacts at many of the companies SIMCo lends to through her engagement.

A notable success was her work with a student accommodation provider to embed ESG-related covenants into their loan, requiring them to adopt better governance practices given historic problems in this area.

As a result, the sponsor developed an effective whistleblower policy and started to conduct annual tenant satisfaction surveys and internal audits.

She has maintained a continuous dialogue with the borrower to track their progress and monitor behaviours such as any complaints received and the company's response as well as the proactive efforts they are making like sending out monthly newsletters to tenants.

Alongside this, she encouraged the borrower to enhance the environmental sustainability of their buildings. This has included sourcing and then improving the buildings' energy certifications by installing solar panels as well as solar boilers.

As to shareholder relations, Leah deals with ESG-related investor communications, reporting and answering clients' questions. An example of this is the annual and half-year Sustainability Reports that Leah produces for SEQI, which details the progress she has led along the fund's various ESG goals and all of the other developments and initiatives during the year.

Just 3 months into joining, Leah presented at SEQI's capital markets day, explaining to investors her firm's approach to ESG and discussing opportunities in the energy transition.

As to regulation and global initiatives, Leah manages the funds' and firm's ESG regulatory compliance.

For instance, 2 of SIMCo's funds are Article 8 under SFDR and one is in scope for TCFD reporting, so she makes all of

these disclosures. She keeps on top of all emerging ESG regulation and presents updates on this to the SEQLI board every quarter.

SIMCo is a signatory to the UN PRI so Leah reports for the firm under that initiative. Now 3 out of 4 score are above the median, with much of SIMCo's score increase attributable to Leah's efforts.

Leah spearheaded SIMCo's signing of the UN PRI's Statement on ESG in Credit Risk and Ratings and acceptance as a member of the TNFD Forum this year.

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