

PRESS RELEASE

European Leveraged Finance Association provides updated ESG Fact Sheets to ensure continued improvements to ESG disclosure and close alignment with new SFDR regulations

Food and Beverages ESG Fact Sheet now added to the sectors covered

London, 3rd April 2023: The European Leveraged Finance Association (ELFA) has today launched updates to all of its ESG Fact Sheets to provide sector-specific guidance on environmental, social and governance (ESG) disclosures for sub-investment grade corporate borrowers. The latest ESG Fact Sheets further align them to the Sustainable Finance Disclosure Regulation (SFDR) and incorporate the Food and Beverages sector.

ELFA's ESG Committee has now developed 15 sector-specific ESG Fact Sheets and a General ESG Fact Sheet as part of its ESG Disclosure Initiative that began in June 2019. Since its launch, the committee has held workshops, published Insights reports and Best Practice Guides and launched the ESG Fact Sheets with the aim to increase and improve ESG disclosure. These efforts have led to the ESG Fact sheets being widely adopted by all market participants in leveraged finance, including loan borrowers, many of whom are using the ESG Fact Sheets in new deal processes.

The updates are designed to make the ESG Fact Sheets as borrower-friendly as possible so that adoption continues to increase. The updates include additional Principal Adverse Impacts ('PAIs') (including four voluntary PAIs) to ensure alignment with SFDR.

SFDR requires managers to assess and disclose how sustainability risks are considered in their investment processes, and how they consider investment decisions that might result in negative effects on sustainability factors via PAIs. The underlying disclosure requirements have only increased investors' ESG data needs.

The ESG Fact Sheets are designed to support borrowers when preparing ESG disclosure, and to facilitate engagement between investors and the companies to which they lend on important ESG factors. These best practice guides outline key topics under the three ESG pillars, along with the related policies, processes, controls, and associated metrics that could be relevant to an investment decision.

ELFA created the ESG Fact Sheets to help align market expectations and streamline the disclosure process. The ESG Fact Sheets are intended to serve as a starting point for ESG discussions between issuers, the buy-side, the sell-side and third-party service providers, but are not intended to be the definitive industry ESG disclosure standard nor replace customised investor ESG due diligence.

Sabrina Fox, Chief Executive Officer of the European Leveraged Finance Association, commented: "With this important update to the ESG Fact Sheets, we continue to promote consistency and best practice in ESG disclosure across the European leveraged finance market. The updates are designed to make the ESG Fact Sheets as user-friendly as possible for borrowers and align with new EU regulations. ESG factors have become a critical part of credit analysis in European leveraged finance and ELFA will continue to facilitate engagement between investors and companies on these important ESG topics to create a more transparent and efficient market."

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About ELFA

ELFA is a trade association comprised of European leveraged finance investors from over 60 institutional fixed income managers, including investment advisers, insurance companies, and pension funds. ELFA seeks to support the growth and resilience of the leveraged finance market while acting as the voice of its investor community by promoting transparency and facilitating engagement among European leveraged finance market participants. For more information, please visit ELFA's website: www.elfainvestors.com.