

Fund Finance Friday



PitchBook on ESG Developments in the Private Markets

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“ESG is really about risks,” *PitchBook* analysts write in *PitchBook Analyst Note: ESG and the Private Markets* published in April. More specifically, the authors explain that ESG factors measure and address risks that have not historically been captured in financial statements – risks that could harm a company that fails to take such risks into consideration. In the private markets, LPs are increasingly including ESG criteria into their due diligence and investment processes. The *PitchBook* article is available [here](#) (subject to registration).

From our vantage, we see the ESG mark on fund finance expand almost daily through funds raised with an ESG mandate, facilities structured to incorporate ESG toggles, new announcements of banks forming ESG-dedicated groups and an acceleration in ESG-focused hiring activity. We’re not alone in concluding that ESG is rapidly gaining prominence: *FactSet* recently reported that one in four S&P 500 companies referenced ESG on earnings calls for Q4 2020.

Fund Finance Friday readers will undoubtedly already be aware that we’re intent on increasing the resources available to lenders in this area. Here’s a quick summary:

Top 10 Items to Consider When Structuring Your ESG Facility. Wes Misson addresses the credit facility terms that are most relevant in the ESG facility context.

ESG Loans – The Next Big Wave in Fund Finance. Katie McShane and Wes Misson review what, why and how questions related to sustainability-linked loans.

‘Fund Finance Friday: Industry Conversations’ – EQT Discuss Their ESG Capital Call Facilities. Nathan Parker hosts a discussion on the ESG-linked capital call facilities put in place by EQT in the second half of last year.

Cadwalader Advises Bank of America on \$4.1 billion ESG-Linked Credit Facility Tied to Board Diversity. We highlight transaction specifics on the largest ESG-linked fund finance facility closed to date.

As always, we’re eager to answer questions in this area and to hear what future resources will be most helpful.