

Principles for Responsible Investment and European Leveraged Finance Association launch second set of ESG Fact Sheets

- **Five new sector-specific guides for chemicals, industrials, retail, software and communications infrastructure**
- **ESG Fact Sheets aim to bring consistency to ESG metrics for borrowers and investors**

[London, 18 March 2021] The Principles for Responsible Investment (PRI) and the European Leveraged Finance Association (ELFA) have today launched the second set of sector-specific guidance on environmental, social and governance (ESG) disclosures for sub-investment grade corporate borrowers. 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 topics. The ESG Fact Sheets can be downloaded from [ELFA's website](#).

The ESG Fact Sheets outline key topics under the three pillars along with the related policies, processes, controls and associated metrics that could be relevant to an investment decision. These best practice guides are intended to be used as a standard set of industry disclosures to bring greater consistency to this area. They have been compiled with input from credit analysts, portfolio managers and ESG specialists following industry-wide engagement on ESG topics.

Following the publication of the draft General ESG Fact Sheet in June 2020 and after engagement with both investors and the wider leveraged finance community during ESG workshops, it was clear that a sector-level approach was needed to support the diverse European leveraged finance market.

The latest ESG Fact Sheets outline the most important areas of ESG disclosure for each sector, including:

- **Chemicals:** climate change policy, disclosure on occupational health and safety metrics
- **Industrials:** details on relationships with local communities, monitoring of product safety including information on product recalls
- **Retail:** policies and processes in place to monitor labour standards across the supply chain, and any circular economy / recycling initiatives
- **Software:** privacy and data security including processes for dealing with cyber threats
- **Communications infrastructure:** equipment safety and maintenance of sites, and financial policy in relation to acquisitions and leverage

The first three sector specific ESG Fact Sheets were published in January 2021 and focused on debt collectors, paper and packaging, and telecoms companies.

The PRI and the ELFA believe the ESG Fact Sheets can help align market expectations and streamline the disclosure process. They 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 customized investor ESG due diligence.

Carmen Nuzzo, Head of Fixed Income at the PRI, commented: "The ESG Fact Sheets are not only about data disclosure. They are also a tool to facilitate a dialogue between credit analysts and borrowers. Investors are calling for more data, but there is little exchange of information and engagement, which the ESG Fact Sheets provide a base for."

Sabrina Fox, Chief Executive Officer, European Leveraged Finance Association, commented: “Following the successful launch of the first three ESG Fact Sheets and the accompanying guide for company advisers to deploying them in leveraged finance transactions, we quickly got to work on producing guidance for new sectors which we are delighted to be publishing today. With the deadline for compliance to the Level 1 Sustainable Finance Disclosure Regulation now behind us, and the Level 2 requirements coming up fast, supporting companies and their advisers in making ESG disclosure in line with these new rules remains a top priority for us, as this stands to benefit our members and the wider market.”

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About the ELFA

The ELFA is a trade association comprised of European leveraged finance investors from over 35 institutional fixed income managers, including investment advisors, insurance companies, and pension funds. The 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 the ELFA website: www.elfainvestors.com.

About the PRI

The PRI is the world’s leading proponent of responsible investment. It works: to understand the investment implications of environmental, social and governance (ESG) factors; to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. The PRI now has over 3,300 signatories who collectively manage US\$100 trillion in AUM. www.unpri.org