

FUND FINANCE FRIDAY

Structuring and Drafting SLLs to Achieve ESG-Related Objectives

July 28, 2023

Cadwalader partner Sukhvir Basran and special counsel Katie McShane hosted a Strafford CLE video webinar last week on ESG in fund finance, with a specific focus on how to structure and draft Sustainability-Linked Loans (“SLLs”) in order to help achieve ESG-related objectives. The webinar was extremely well attended, with over 80 locations tuning in.

Sukhvir and Katie outlined the impact of the wider ESG landscape on fund finance, including a deep dive on the main drivers for ESG integration in fund finance and key challenges and opportunities for market participants. Attendees were provided with an overview of green loans and social loans (commonly referred to as “use-of proceeds” loans) and an analysis of the extent to which these loans are suited to different fund finance structures. The session included an analysis of the recently launched SLL model provisions, a deep dive into SLL terms, how market participants can ensure KPIs and SPTs adhere to the criteria in the sustainability-linked loan principles and how to address greenwashing risk.

SLLs have weathered the storm in 2022, with issuance holding steady despite challenging macro-economic conditions. For example, Bloomberg reported that the volume of SLL issuance held during this period, and was estimated at \$341.3bn, an increase of 175% since 2020. Sukhvir, along with Cadwalader fund finance partners Wes Misson and Samantha Hutchinson, are part of the LSTA and LMA fund finance working groups, and Sukhvir has drafted the LMA’s draft model provisions for sustainability-linked loans.

Please contact [Radhika Radia](#) for the Cadwalader SLL Toolkit or please reach out to the CWT team if you have any further questions or require advice on how to structure SLLs.