



### Relationship to borrower's sustainability strategy

- An SLL is a type of financing to complement and enhance a borrower's existing sustainability strategy
- Metrics in existing sustainability strategies can be applied in SLLs provided they are meaningful and core to the overall business
- SLLs are intended to reflect or support the borrowers existing sustainability strategy, rather than form part of it

### Documentation

- Currently there is no template documentation due to the varied nature of the market
- Source, level and measurement of targets should be clearly identified in the facility agreement
- Important to consider sources of information relied upon, such as internally prepared compliance certificates, independent verification, publicly available data, etc.
- Parties may need to consider targets over the long term and whether documentation includes conditions when the borrower may be able to update targets



### Reporting

- To date there is no globally accepted methodology for reporting on targets
- Borrowers should report on their targets at least once per annum and encouraged to provide details of any underlying methodology



### Target Setting

- The obligation to determine that chosen metrics are meaningful requires significant borrower input since it will have the best understanding of its own business
- It is critical that lenders play a role and question chosen metrics to ensure they are meaningful and ambitious
- Borrowers can use industry initiatives and standards to help shape their targets



### Parties

- One or more lenders may act as the sustainability coordinator to assist with the negotiating of targets with the borrower, engage with external reviewers where relevant, and answering ESG related questions from lenders
- Though a bank may be the sustainability coordinator it does not assume fiduciary duties to the rest of the syndicate by confirming documentation meets the principles on behalf of the other lenders

