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## PAG Announces New Sustainability-Linked Subscription Line Credit Facility

### Largest facility of its kind for a private credit fund in Asia-Pacific enables both enhanced investor returns and positive ESG impact

JULY 3, 2023 – PAG, a leading Asia-Pacific-based investment firm, has established a sustainability-linked subscription line credit facility for funds managed by its Private Debt strategy. The facility links the interest rate margin to the sustainability performance of the fund and marks an important milestone for the private credit industry. While terms of the facility were not disclosed, it is believed to be the largest of its kind for a private credit fund in Asia-Pacific and the first to feature a sustainability-linked framework with multiple targets[1].

This facility represents the latest example of PAG's commitment to using sustainable investment principles to create measurable positive impact on returns for its investors.

Five Joint Sustainability Coordinators (JSCs) supported PAG in the development of this landmark sustainability-linked facility:

- Australia and New Zealand Banking Group (ANZ)
- Mitsubishi UFJ Financial Group (MUFG)
- National Australia Bank (NAB)
- Societe Generale Group (SocGen)
- United Overseas Bank (UOB)

ISS Corporate Solutions issued a Second Party Opinion for the facility verifying its alignment with the Sustainability-Linked Loan Principles, a widely accepted set of global standards published by the Asia-Pacific Loan Market Association[2].

The sustainability-linked facility interest rate margin is linked to performance against four ESG-related key performance indicators (KPIs):

- Achievement of climate-related milestones by borrowers during their loan terms
- ESG-focused training for PAG investment teams
- ESG-focused training for borrowers
- Measurable improvements in borrowers' environmental, social, and governance (ESG) management and performance during their loan terms

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[1] Based on industry research and publicly available information.

[2] APLMA, LMA and LSTA (2023) Sustainability-Linked Loan Principles. February 2023. Available online at: https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/.

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Achievement or non-achievement of targets associated with each of these four KPIs results in a commensurate decrease or increase (respectively) of the facility interest rate margin. Consistent fulfilment of these targets annually will see a reduction in the total interest paid by the fund over the facility term.

“Positive ESG impact drives long-term value for our investors and is an integral part of our culture and investment process,” said Anshumann Woodhull, PAG Partner and Co-Head of Private Debt. “This landmark sustainability-linked facility is the latest example of how our focus on ESG directly translates into enhanced returns for our investors.”

ANZ Head of Financial Sponsors - Asia, Niamh Targett, said: “ANZ is thrilled to support PAG on this milestone sustainability-linked facility. This transaction’s unique structure enables PAG to deeply engage their borrowers to achieve improved sustainability outcomes, and aligns well with our own sustainable solution strategy. Going forward, we see significant appetite in the market for innovative solutions that deliver successful investment outcomes to investors, while making a positive impact on the broader community. We look forward to continued partnerships with market leaders such as PAG.”

Mr Colin Chen, MUFG Bank’s Head of ESG Finance for Asia Pacific, said: “MUFG has been establishing itself as a leading player in the region’s ESG finance market. Our partnership with PAG on this facility reaffirms our ability to tailor sustainable finance solutions across different sectors to effect meaningful transformation. We are pleased to partner with PAG in taking their sustainability commitment to the next level as well as setting a new benchmark for the financial services community.”

NAB Global Head of Sustainable Finance, David Jenkins, said that NAB was thrilled to support PAG in the development of this sustainability-linked facility. The new facility showcases PAG’s commitment to driving ESG improvements and creating measurable positive impacts for its investors and customers.

Ms Florence Coeroli, Managing Director and Asia-Pacific Head of Asset Backed Products at Societe Generale, said: “Societe Generale is pleased to have worked with PAG on their inaugural private credit fund sustainability-linked facility following our collaboration with them on their inaugural private equity fund sustainability-linked facility in 2022. Given the significance of environmental impacts in the real estate sector, this transaction and PAG’s action plan have real potential to convey the importance of ESG to its borrowers in the real estate sector.”

Ms Lim Lay Wah, UOB Group Head of Sector Solutions Group and Global Financial Institutions Group, said: “We are pleased to provide PAG a sustainability-linked subscription line that

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demonstrates their pursuit of sustainable investing and creating long-term value for their business stakeholders as well as our communities and future generations. UOB is committed to supporting our clients in their ESG endeavours by leveraging our network, solutions and industry expertise."

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**About PAG**
PAG is a leading alternative investment firm focused on APAC with three core businesses: Credit & Markets, Private Equity, and Real Assets. With a proven approach to investing in APAC, PAG manages more than USD50 billion in assets for nearly 300 global institutional fund investors. For more information, please visit www.pag.com.

**About ANZ**
With a banking heritage of more than 180 years, ANZ is one of the four major Banks in Australia. ANZ Institutional provides world-class finance solutions to customers looking to move trade and capital across Asia, Europe, the US, Middle East and into its home markets of Australia and New Zealand. ANZ is committed to supporting the global transition to net zero with its '$100 billion by 2030 sustainable solutions' target to support customers lowering their carbon emissions and achieving improved sustainability outcomes. ANZ is the #1 bank for market- and lead-bank penetration in Australia and New Zealand (Peter Lee Associates). In Asia, ANZ has ranked #1 for relationship quality for the past 6 years (Greenwich Associates).

**About MUFG**
Mitsubishi UFJ Financial Group (MUFG) is one of the world's leading financial groups. Headquartered in Tokyo and with over 360 years of history, MUFG has a global network with approximately 2,100 locations in more than 50 markets. The Group has about 160,000 employees and offers services including commercial banking, trust banking, securities, credit cards, consumer finance, asset management, and leasing. The Group aims to "be the world's most trusted financial group" through close collaboration among our operating companies, and to flexibly respond to all of the financial needs of our customers, serving society, and fostering shared and sustainable growth for a better world. MUFG's shares trade on the Tokyo, Nagoya, and New York stock exchanges.

**About NAB**
National Australia Bank (NAB) is a financial services institution. We're here to serve customers well and help our communities prosper. Today, we have more than 35,000 colleagues supporting more than ten million customers. As Australia's largest business bank, our business experts work with small, medium and large businesses to help them grow.

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**About SocGen**

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth. Committed to the positive transformations of the world's societies and economies, Societe Generale and its teams seek to build, day after day, together with its clients, a better and sustainable future through responsible and innovative financial solutions. For more information, you can follow Societe Generale on Twitter (@societegenerale) or visit the Societe Generale website www.societegenerale.com.

**About UOB**

United Overseas Bank (UOB) is a leading bank in Asia. Operating through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and Vietnam, UOB has a global network of around 500 offices in 19 countries and territories in Asia Pacific, Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. Today, UOB is rated among the world's top banks: Aa1 by Moody's Investors Service and AA- by both S&P Global Ratings and Fitch Ratings. For more information, please visit UOB's website www.uobgroup.com.

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