

## Finance

# Neuberger Berman First U.S. Asset Manager to Ink ESG-Linked Loan

by [Paula Seligson](#)  
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- ▶ Loan ties pricing to engagement with companies, diversity
- ▶ Sustainability-linked loans have only recently come to U.S.

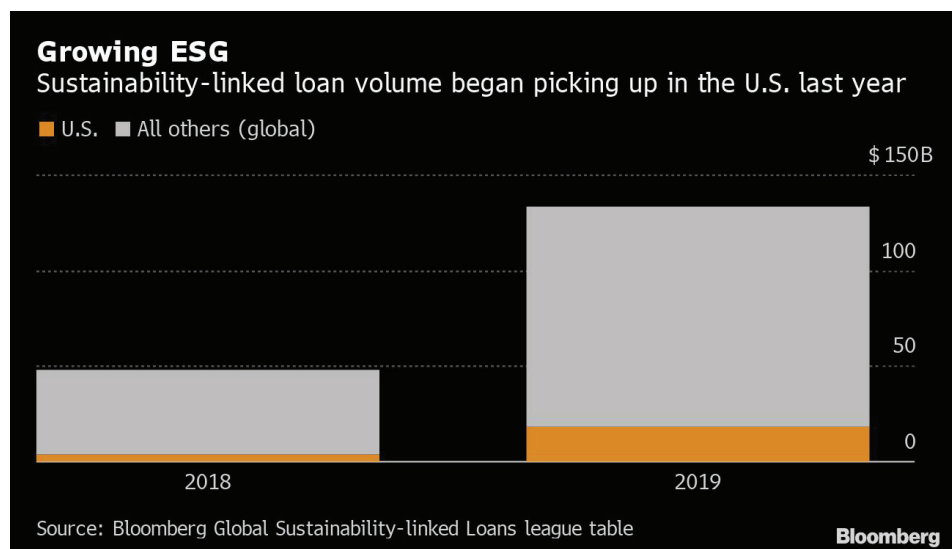
Neuberger Berman Group LLC is walking the walk. The asset manager signed a loan this week that links its own costs to environmental, social and governance factors.

That makes Neuberger Berman the first U.S. asset manager to ink a sustainability-linked loan, according to data compiled by Bloomberg.

“When we engage with the companies that we invest in on behalf of clients, we’re encouraging them to provide disclosures on those material ESG issues,” Jonathan Bailey, head of ESG investing at Neuberger Berman, said in an interview. “As a private employer and firm, this was a way for us to use our own financing mechanism to demonstrate that we hold ourselves to those same expectations.”

Sustainability-linked loans only recently came to the U.S. after growing into an established asset class in Europe. U.S. volume grew to about \$18.3 billion in 2019, up from just over \$4 billion in 2018, according to Bloomberg league table data. Globally, volume skyrocketed to about \$133.4 billion in 2019, up 178% from \$48.1 billion the year before.

Neuberger Berman, which oversees \$356 billion, has tied a \$175 million credit facility to a group of ESG factors. Pricing on the loan can fall or drop by as many as four basis points on the drawn margin depending on whether the asset manager meets those goals, according to a person familiar with the matter, who asked not to be named discussing a private transaction. MUFG led the deal, which closed Tuesday, and the loan matures in 2025, according to a docu-



ment seen by Bloomberg.

One of those metrics concerns Neuberger Berman’s level of engagement with companies it invests in regarding ESG issues. Other measures include maintaining A or higher ratings as scored by the United Nations-backed Principles for Responsible Investment (PRI), remaining a private company, expanding employee ownership and increasing diversity at the vice president role and above.

Last year, the asset manager completed a comprehensive review of its portfolio and found that developed markets aren’t ready for

climate change, which could impact the firm’s investment strategy.

This marks the third sustainability-linked loan in the U.S. so far this year. WSP Global Inc. amended a \$1.2 billion revolving credit facility to include targets such as reducing greenhouse emissions and increasing the percentage of women in management positions. International Seaways Inc., a high yield-rated company, signed \$390 million of credit facilities linked to reducing carbon emissions.

– With assistance by [Jacqueline Poh](#)

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