

PRIVATE DEBT



Private Debt focuses on direct non-investment grade primary and secondary credit investments in North America and Europe. It has the ability to commit to large positions and different portions of the debt capital structure in both loan and bond form.

As a lender, PSP Investments' ability to influence company ESG practices becomes more limited once a debt investment is made. Through our private debt investment due diligence review process, we aim to ensure that companies have implemented adequate procedures to manage and mitigate material ESG risks.

"Our Private Debt group must respond quickly to investment opportunities. We need to be agile. The Responsible Investment group provides the fast turnaround we need in terms of tools and advice to assess the ESG risks associated with potential capital deployment."

— David J. Scudellari, Senior Vice President, Head of Principal Debt and Credit Investments

Responsible investment in action

Industrial cleaning company

In 2016, PSP Investments reviewed a private debt investment opportunity for a US-based industrial cleaning company. Environmental, health and safety (EH&S) factors presented potential material risks to the company's operations. With assistance from an expert advisor, we conducted a due diligence process that included an in-depth assessment of the company's EH&S practices.

The Responsible Investment group conducted management interviews, reviewed documentation and an expert advisor made onsite visits to confirm the company had robust systems to address key EH&S risks relating to waste water, air emissions and chemical storage. We noted that a dedicated team oversees these systems and has responsibility for policies, procedures, employee training, auditing, and compliance and performance monitoring. Our review concluded that the company has the capacity to manage key risks and to improve EH&S performance over time.