

IMN's ESG in Structured Finance Conference 2022

SEPTEMBER 8, 2022

Winston & Strawn was a proud sponsor of IMN's Annual Conference on ESG in Structured Finance which took place on September 8, 2022, in New York. Given the rapid expansion and focus on ESG in the capital markets, the conference aimed to connect a wide range of structured finance and fixed income professionals across the asset class spectrum to advance the conversation on navigating and progressing the world of ESG.

Winston & Strawn Partners Francisco Flores and Pete Morgan spoke during the conference. Following are key takeaways from their respective panels.

Commercial PACE Spotlight (Pete Morgan):

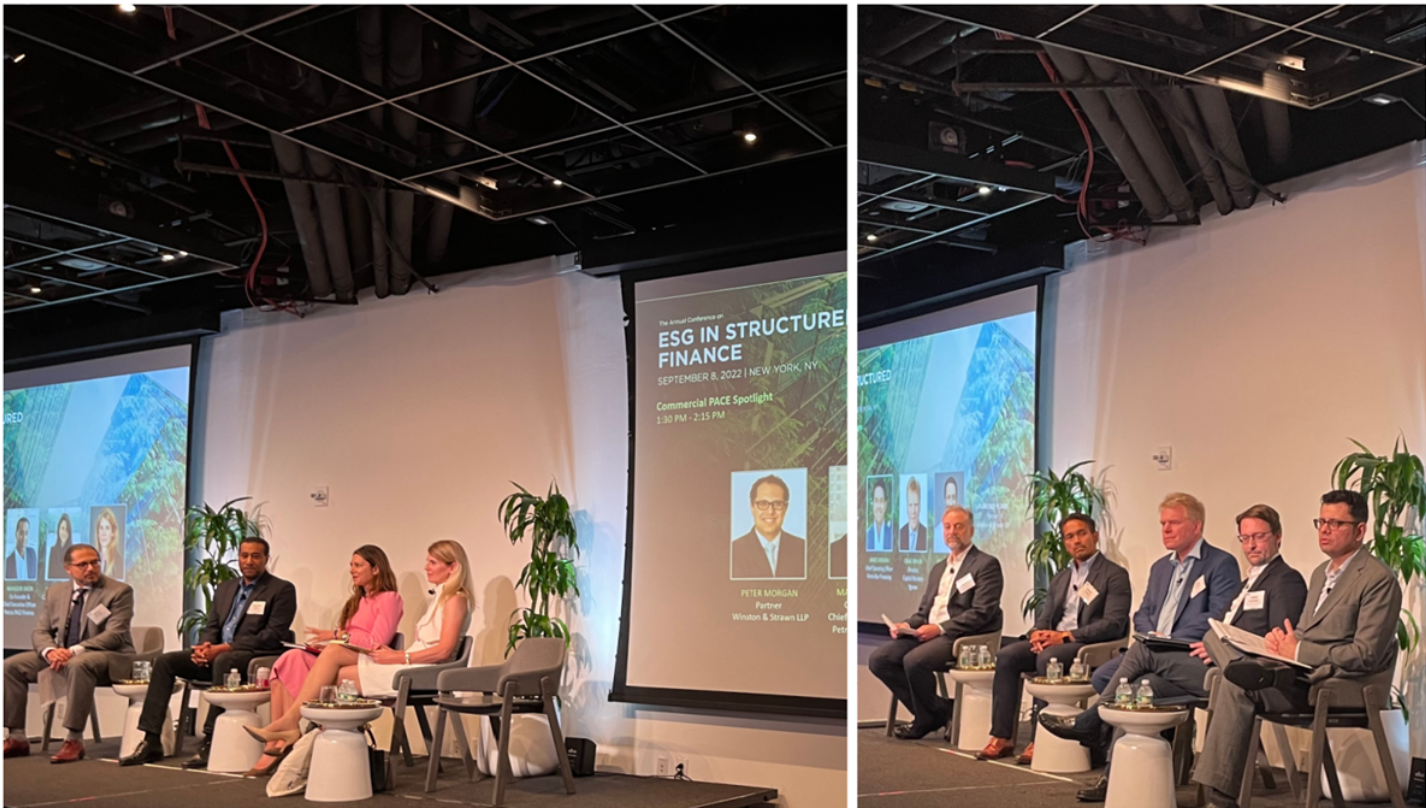
- PACE helps real estate owners (both existing and new construction) obtain permanent financing for energy-efficient and renewable energy improvements. The program is expected to provide billions this year, particularly as the demand for investment rises.
- While PACE has been around for more than a decade, during the last year PACE has reached parity with other financing options.
- More states continue to implement programs (as of now approximately 30 states have active PACE programs).

Asset Applications: Consumer ABS (Francisco Flores):

- There is an increased demand from investors to obtain data and information to allow them to evaluate the ESG attributes of prospective investments.
- ESG components factor differently among the various asset classes that comprise Consumer ABS, which requires a holistic approach in evaluating the ESG attributes of specific asset classes.
- Market participants, as well as industry groups and professional associations, are working diligently to develop consistent disclosure and evaluation methodologies that can provide a standardized framework to evaluate investments through an ESG lens while being flexible to accommodate the attributes and particular aspects of the different asset classes that constitute Consumer ABS.

Residential PACE Spotlight (Francisco Flores):

- Given the policy goal underpinning Residential PACE legislation and programs to help homeowners finance the large up-front costs of energy efficiency improvements, Residential PACE Bonds fit nicely within the Environmental portion of an investor’s ESG portfolio.
- In addition to the environmental aspect of the product, the high lien priority and low LTV ratio make Residential PACE Bonds an attractive investment.
- The projected growing needs for clean energy and additional electricity supply create an opportunity to utilize PACE financing to help communities achieve these worthwhile goals.



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Francisco Flores



Peter S. Morgan