

Klöckner Pentaplast and SVPGlobal Announce Successful Refinancing Completion Including First ESG-Ratchet Linked Term Loan to U.S. Market

London, UK – 15 February 2021 - Klöckner Pentaplast (“kp” or the “Company”), a leading global manufacturer of high barrier protective packaging solutions with industry-leading use of recycled content, and its majority shareholder Strategic Value Partners, LLC and its affiliates (“SVPGlobal”), a global alternative investment firm, today announced the successful completion of kp’s entire capital structure refinancing, launched in January 2021. The refinancing includes €1.2 billion (equivalent) senior secured term loans denominated in euro and U.S. dollars (the “Term Loan”), €400 million of senior secured notes and €300 million of senior unsecured notes, and is the first of its kind to incorporate an ESG-Ratchet Linked Term Loan marketed to U.S. investors, integrating performance on key ESG issues with set targets for 2025.

kp, with the support of SVPGlobal, has successfully positioned itself as a global sector leader, focusing on its core market segments of Pharma, Health & Protection and Proteins. Together with SVPGlobal, kp is committed to a comprehensive ESG and sustainability strategy with targets driven by its three key objectives: close the loop, work smarter, act responsibly.

The ESG-Ratchet Linked Term Loan seeks to further enhance this commitment by linking performance to the following three Key Performance Indicators (KPIs):

- Use of post-consumer recycled materials: kp already outperforms the sector by using 22% of post-consumer recycled raw material input (the “PCR Target”) and has made the necessary investments to achieve 30% by 2025.
- Greenhouse gas emissions: Efforts to tackle climate change through a 50% reduction in Scope 1&2 Greenhouse Gas emissions (the “GHG Target”) from a 2019 baseline by 2025.
- Diversity and inclusion: Increasing diversity and inclusion by driving gender balance and bringing female representation in company management (the “Diversity Target”) to 30% by 2025.

Each KPI will be tested annually and where it is required will be appropriately audited by a third party. If any of the (i) PCR Target (ii) GHG Target and/or (iii) Diversity Target (each of (i) to (iii) being, an “ESG Trigger”) meets the Company’s pre-defined 2023 targets, a 2.5bps discount is applied to the Term Loan B for each ESG Trigger that meets the 2023 targets. If the Company underperforms a certain pre-agreed lower buffer in relation to any ESG Trigger, a 2.5bps premium is applied to the Term Loan B for each ESG Trigger, which underperforms the lower buffers.

Scott Tracey, Chief Executive Officer of Klöckner Pentaplast, commented: “Today’s announcement and the successful completion of our refinancing reflects the Company’s robust performance and leading market position. I am particularly proud of the introduction of the ESG-Ratchet Linked Term Loan to the U.S. market, which has been well-received by our investors and the lender community.

“The inclusion of the ESG Ratchet in our new financing arrangements provides the Company with an opportunity to continue to prove our commitment to sustainability and strong governance, which has already been recognised by markets, and deliver on our ambition to be the most sustainable company in the plastic packaging industry. Based on the Company’s historical performance, kp is well-positioned to achieve the three KPIs established as part of the ESG Ratchet.”

Victor Khosla, founder and Chief Investment Officer of SVPGlobal, commented: “The successful completion of the refinancing validates the transformation journey undertaken by kp and SVPGlobal over the last three years. The ESG-Ratchet Linked Term Loan reflects the ever-increasing importance SVPGlobal places on ESG at advancement at our portfolio companies.”

In connection with the refinancing, J.P. Morgan was Sole Physical Bookrunner, J.P. Morgan and Credit Suisse were Global Coordinators and Joint Bookrunners, Deutsche Bank and Goldman Sachs Bank

Europe SE were Senior Bookrunners and BofA Securities and Rabobank were Joint Bookrunners. In addition, in connection with the Term Loan, J.P. Morgan and Rabobank served as Sustainability Coordinators and Wells Fargo also acted as Joint Bookrunner. kp and SVPGlobal were advised by Kirkland & Ellis International LLP and the arrangers, underwriters and initial purchasers were advised by Latham & Watkins LLP.

Ends

About Klöckner Pentaplast

Focused on delivering its vision: The Sustainable Protection of Everyday Needs, kp is a global leader recycled content products and high barrier protective packaging, serving the pharmaceutical, medical device, food, beverage and various durable material applications markets, amongst others. With a broad and innovative portfolio of packaging and product films and services, kp plays an integral role in the customer value chain by safeguarding product integrity, assuring safety and consumer health, improving sustainability and protecting brand reputation. Founded in 1965 kp has 31 plants in 18 countries and employs over 5,800 people committed to serving customers worldwide in over 60 countries. For more information visit www.kpfilms.com.

About SVPGlobal

SVPGlobal is a global investment firm with approximately \$11 billion in assets under management. The firm, established by Victor Khosla in 2001, has 127 employees, including 49 investment professionals, across its main offices in Greenwich (CT), London and Tokyo. Learn more at www.svpglobal.com.

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Media Contacts:

Klöckner Pentaplast
Dawn Trail
Group Director, Corporate Communications
Dawn.trail@kpfilms.com

SVPGlobal
Greenbrook Communications
James Madsen, Mikaela Murekian, Fanni Bodri
svp@greenbrookpr.com