

Etihad raises \$1.2bn in debut sustainability-linked ESG loan

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UAE's national airline Etihad Airways has raised \$1.2 billion sustainability-linked loan (SLL) tied to environmental, social and governance (ESG) targets in global aviation.

The airline said this was the first SLL in global aviation tied to ESG targets, which relate to reducing carbon emissions and improving corporate governance in addition to advancing female participation.

The transaction is the largest sustainable financing in the airline's history and follows two innovative aviation financing deals – a first-of-a-kind sustainability-linked transition sukuk in 2020 and a loan tied to the UN Sustainable Development Goals in 2019.

The Abu Dhabi carrier had selected HSBC and First Abu Dhabi Bank (FAB) as the strategic partners and financiers for this transaction. HSBC and FAB acted as joint ESG structuring banks, joint ESG co-ordinators, joint bookrunner and mandated lead arranger. FAB also acted as facility agent.

Last year, Etihad raised \$600 million in "transition" sukuk, or Islamic bonds, which are used by companies to switch to more environmentally sustainable operations.