

SCIB finances Acciona's first ESG rating-linked loan in Chile

Santander positions itself as the driver of sustainable financing in Chile. With this method, the price will be linked to the debtor's behaviour in relation to the environmental, social and corporate governance variables.

27/05/2019 Santander Corporate & Investment Banking (SCIB) is leading and innovating in the local industry again, this time by financing the first ESG rating-linked loan (Environmental, Social and Governance) in the Chilean market. This multi-currency corporate credit line worth USD 30 million is structured in two sections: dollars and Chilean pesos, in favour of Acciona S.A., through its subsidiary Acciona Financiación Filiales Chile SpA (AFiFi), for corporate uses.

ESG financing solutions are emerging in the international market, in which loans are linked to the behaviour of the company in relation to ESG. These loans usually associate the price of financing with the debtor's ESG rating, which is established in an annual measurement. This new financing solution has an impact on the sustainable development of communities and generates incentives in companies to move on to more responsible behaviours.

The ESG Linked Loan is the first financing operation closed internationally, in which the price of the credit line will be linked to the debtor's behaviour in relation to environmental, social and corporate governance variables. Each year, RobecoSAM, acting as the Sustainable Agency of the financing operation, shall assess the ESG criteria of Acciona S.A., assigning a score or rating, which will determine the final price that must be paid by the debtor.

Fred Meller, Head of SCIB in Chile, stressed that "this operation is a true milestone not only for Santander, but also for the local market, since it is driving a product that is very popular in Europe and the US. We hope Chile follows these trends, because this will mean that incentives will be created for companies to become more responsible in areas that will drive the sustainable development of the country's communities".

Actually, over 60 operations of this type have been closed in Europe and the US, for a total volume of USD 90,000 million between 2017 and 2019, of which Banco Santander is the European leader. Jesús Salinas, Energy Finance Manager of Acciona in Chile stated that "with this operation, Acciona consolidates its leadership in Chile to drive sustainable development in the region. We have taken a step further in our sustainability policy by associating our financial performance with compliance with the strictest social, environmental and corporate governance standards".

With this operation, Acciona is replicating this form of sustainable funding in Latin America after the successful ESG Linked Loan closed in Europe and worth EUR 675 million in February 2019. RobecoSAM also acted as a Sustainable Agency and Banco Santander as a Bookrunner-MLA (Mandated Lead Arranger), Structuring agent and Sustainable Agent during the financing operation.