An ESG linked loan, bond or Schuldschein is a financing instrument that incentivizes the borrower to achieve agreed sustainability performance objectives, such as an improved Environmental Social and Governance (ESG) rating. The ESG-linked financing goes beyond the traditional concept of “green”, as it is specifically related to the ESG score. This means social and governance elements are just as important as the environmental aspect. ESG-linked financings provide one of the most direct ways of incentivizing borrowers to improve their sustainability performance and to demonstrate that commitment to stakeholders.

Typically, the margin is tied to a borrower’s ESG ratings from a credible third party like ISS ESG, Sustainalytics, or Vigeo Eiris. Financings tied to ESG ratings often impact borrowers’ overall cost of financing; if the company’s ESG rating improves, the margin may improve and vice versa.

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RBI is here for you!

RBI has a strong stance for sustainability and advises and supports its customers in respect of ESG ratings and ESG linked financing products.

RBI offers a variety of financial products that can be aligned with ESG Ratings such as loans, export finance, Schuldcheine and Eurobonds. The **ESG Linked Finance Products** are characterized by the use of an external ESG Rating.

The ESG Linked Finance Product may rely either on Sustainability Linked Bond Principles or the LMA Sustainability Loan Principles, which aim to promote the development and integrity of the green loan product.

**Key benefits**

Customers financed by ESG Linked Financing Products benefit from a flexible financing structure without being tied to a specific financing target and impact.

Being a promoter of such financing, you demonstrate that your activities are future orientated and that you are contributing to the ambitious EU climate strategy goals. Furthermore, RBI is ready to provide in-depth insight on the current and future state of ESG disclosure requirements.

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**Who is eligible?**

- All corporates
- Public companies
- Federal- or regional governments and municipalities

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**Good to know:**

- It takes up to 8 weeks to be rated by an ESG agency and to receive the necessary ESG score (applicable for a company without an ESG rating)
- The borrower has to pay for the “use of rights” of the ESG score or rating
- The borrower of a sustainability linked debt products – in this case ESG linked – should clearly communicate to its lenders its overall sustainability objectives and strategy

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**Which information do we need for a first ESG-“check”?**

- Name and seat of the borrower
- Required financing, volume, tenor, currency
- Is there an existing ESG rating, and if yes which rating company and which rating level

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**Contact us for more details!**

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To learn more about Sustainable Finance please contact our Sustainable Finance Expert Team (Email: markus.ecker@rbinternational.com).

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