FIRST AIRLINE TO RAISE FUNDS TIED TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

News / Airlines, Finance

The first airline to secure funding for a project based on its compatibility with the Sustainable Development Goals of the United Nations is Etihad Airways! Through a partnership with First Abu Dhabi Bank and Abu Dhabi Global Market, the airline will borrow 100 million Euros (AED 404.2 million) to support expansion of the Etihad Eco-Residence, a sustainable apartment complex for the airline's cabin crew.

Adam Boukadida, Senior Vice President Treasury, Tax & Finance, Etihad Aviation Group, said the process to secure the loan hinged on a detailed international verification of the airline's sustainability credentials. "We are proud to be the first airline globally, and one of the first companies in the UAE, to obtain commercial funding based on our commitment to the Sustainable Development Goals of the United Nations. This assessment will enable us to fund long-term leases of the new Eco-Residence complex, located in Abu Dhabi's Masdar City innovation precinct, and will serve as the foundation for Etihad to fund future sustainable initiatives. It will also highlight the growing specialisation of Abu Dhabi as a centre of excellence for financing sustainable projects, at a time of increasing global demand for ethics-based development."

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To support this financing, Etihad established a Sustainable Development Financing Framework, which specifies a range of projects for which funding can be provided.Financing of these projects must be linked to one or more of the Sustainable Development Goals. Etihad has identified seven priority categories – Green Buildings, Investment in Women, Biofuels, Reduction of Carbon Footprint, Waste Management and Recycling, Humanitarian Efforts, and Wildlife Protection.

The Etihad Eco-Residence, a LEED Platinum rated building, met the requirements for two of the UN's 17 Sustainable Development Goals – Goal 7, Affordable and Clean Energy, and Goal 9, Industry, Innovation and Infrastructure.

In addition, Etihad Aviation Group engaged Sustainalytics, a global leader in ESG research, ratings and analytics, to review the Etihad Sustainable Development Financing Framework, and confirm alignment with the Sustainability Bond Principles of the International Capital Markets Association. Sustainalytics issued a Second Party Opinion verifying Etihad's sustainability credentials, a key condition to raising capital.

"Our decision to seek an independent review of our credentials demonstrates our commitment not only to sustainable development, but also to ensuring that we exercise global best practice." said Mr Boukadida.

"The funding we have secured for this major project through our partnership with First Abu Dhabi Bank and Abu Dhabi Global Market is not only the first in global aviation, but also one of the first in the Middle East region," he said. "It highlights our commitment to innovation, and Abu Dhabi's capability to deliver it."

Andy Cairns, Head of Global Corporate Finance at First Abu Dhabi Bank, said, "We are honoured to have led this inaugural SDG loan for Etihad Airways which evidences the company's commitment not only to its sustainability goals but also to innovative financing techniques. FAB congratulates Etihad on this achievement and on its leadership of the UAE's Green Agenda."

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Richard Teng, CEO of the Financial Services Regulatory Authority at ADGM, commented, “ADGM welcomes this initiative, and congratulates Etihad and FAB, both signatories to the Abu Dhabi Sustainable Finance Declaration, which was initiated during ADGM’s Abu Dhabi Sustainable Finance Forum (ADSFF) in January 2019. It is a positive demonstration of signatories working together to support positive economic, social and environmental impacts through sustainable finance.

“As we recently announced, ADGM is working closely with other UAE Authorities on developing the Sustainable Finance Guidelines, to further advance the UAE’s economic diversification agenda and encourage new investment opportunities that enhance the quality and depth of sustainable investments in the country. ADGM remains committed to developing a vibrant and thriving sustainable finance hub and ecosystem that supports capital formation, raising and deployment as well as the creation and issuance of innovative products to achieve positive economic, social and environmental objectives.”

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