

COFCO Sustainability-Linked Loan

Critical transitions:



Innovation: Sustainability-linked debt

Geographic focus: China

\$: \$2.1 billion (size of loan)



In 2019, COFCO International, the trading division of China’s largest agriculture firm managing 100 million tonnes of commodities, signed a \$2.1 billion sustainability-linked loan as its core financing facility, from a consortium of 20 banks. To date, it is the largest credit package to be given to a commodity trader. Furthermore, it is the first loan to be linked to sustainability performances in mainland China.¹⁵⁷ It demonstrates COFCO’s commitment to sustainable commodity supply chains and transparency.

COFCO’s loan offers lower interest rates dependent on year-on-year improvements of ESG performance.¹⁵⁸ The overall loan has three tranches, with a one-year revolving credit facility and a three-year term loan. Interest rates are tied to COFCO’s ESG rating from Sustainalytics and specific KPIs -such as around the traceability of soft commodities- with a focus on soy from Brazil. BBVA, ING and Rabobank are acting as the lead sustainability coordinators.

COFCO estimates that it will save \$1 million a year due to a lower interest rate and plans to use those savings to further fund its sustainability agenda.¹⁵⁹

Stakeholders:

BBVA; ING; Rabobank; Sustainalytics

Status:

● Operational