

Olam's Sustainability-Linked Loan

Critical transitions:



Innovation:

Sustainability-linked debt

Geographic focus:

Asia

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\$1.3 billion (size of three loans received until mid-2020)



Land leveling at the Dabaka village in Narmada district in Gujarat, India. Atul Loke for Panos Pictures/Community Forestry Management, Narmada, Gujarat.

Olam is an agri-business operating throughout the agricultural value chain –including the production, processing and trading of food products– across 66 countries. In May 2018, Olam secured Asia’s first three-year sustainability-linked revolving credit facility (RCF), amounting to \$500 million.

Olam’s sustainability-linked credit facility is provided by a consortium of 15 banks with loans conditional on the achievement of sustainability targets. Olam has agreed to meet 50 different environmental, social and governance criteria, which will be assessed by Sustainalytics. On a yearly basis, the agreed standards will be assessed against three overarching KPIs (prosperous farmers and food systems, thriving communities, regeneration of the living world), and if achieved, the interest rates of the loan will be reduced based on their performance.⁵⁹ Other key stakeholders for the facility include ING Bank as the sustainability coordinator and BNP Paribas as the agent.¹⁶⁴

A second sustainability-linked loan was taken out by Olam in 2019, amounting to \$525 million. Similar to the first one, the facility has three tranches, including a one-year \$315 million RCF, a two-year \$105 million RCF and a three-year \$105 million RCF.¹⁶⁵

A third sustainability-linked loan amounting to \$250 million was agreed in September 2020.¹⁶⁶

Stakeholders:

Sustainalytics; ING Bank; BNP Paribas; Rabobank; ANZ; DBS; Standard Chartered Bank

Status:

● Operational