

# 2022 aircraft and airline sustainable finance transactions

## 2022\*: Nine green / sustainability-linked transactions involving airlines or aircraft

\*Year-to-date transactions (correct as of 20<sup>th</sup> December 2022) covering publicly-announced **airline** or **aircraft-related** sustainable financings. For 2018 to 2021, see page two.

- The first table in this data sheet highlights the main **framework eligibility** characteristics or sustainability performance targets (**SPTs**) of each transaction.
- A supplementary table has been added in page 1 to highlight notable details of 2022 sustainable finance deals.

Date	Transaction	Eligibility by non-aviation assets (eg buildings)	Low/Zero-emission aviation	Eligibility by best-in-class or fuel-efficient aircraft	Corporate ESG rating	Single emission intensity target	Multiple ESG KPIs	Multiple emission intensity targets	Fleet renewal targets	SAF use	Increased emission transparency	Main framework / Use of proceeds
Jan-22	SocGen / Air France A350 Sustainability-Linked Loan											SLLP – Airbus A350-900
Feb-22	JAL Transition Bond, 10 billion yen (\$87 million)											GBP & others (below) – ‘Clean Transport’ such as A350 or B787
Mar-22	CA-CIB / Air France A350 Sustainability-Linked JOLCO											SLLP – Airbus A350-900
Apr-22	Iberia Sustainability-Linked EETC*											SLLB - x2 Airbus A350-900 and x3 Airbus A320neo
May-22	Asset Brok'Air / Air France A350 Sustainability-Linked JOLCO											SLLP – Airbus A350-900
Jun-22	Volaris Sustainability Linked PDP financing											SLLP – PDP financing for Airbus A320neo and A321neo deliveries
Jul-22	CA-CIB / Cathay Pacific x1 A321neo Sustainability-Linked JOLCO											SLLP – Airbus A321neo
Nov-22	Viva Aerobus Sustainability-Linked Bond (VIVAACB 22L)											SLLP – General corporate purposes
Oct-22	Jet2 Sustainability-linked Revolving Credit Facility Agreement											SLLP – General corporate purposes from April 2023

Frameworks: Green Bond Principles (GBP), Green Loan Principles (GLP), Sustainability-Linked Bond Principles (SLBP), Sustainability-Linked Loan Principles (SLLP), Green Bond Guidelines 2017 (Japan's MOEJ)

\* SPTs not specified, private placement

Source: Ishka research

## 2022: Notable details

Date	Transaction	Notes	Date	Transaction	Notes
Jan-22	SocGen / Air France A350 Sustainability-Linked Loan	Ishka understands Air France's SAF and fleet renewal SPTs are based on publicly known targets. First sustainability-linked aircraft-secured term loan provided to an airline.	Jun-22	Volaris Sustainability Linked PDP financing	First sust-linked PDP. Ishka understands that Volaris commits to meeting annual CO2/RPK emission targets.
Feb-22	JAL Transition Bond, 10 billion yen (\$87 million)	Sustainalytics found it eligible for GBP category of "Clean Transportation - Upgrading to fuel-efficient aircraft coupled with shift to SAF use.	Jul-22	CA-CIB / Cathay Pacific x1 A321neo Sustainability-Linked JOLCO	First sustainability-linked aircraft financing in Asia-Pacific, according to Cathay.
Mar-22	CA-CIB / Air France A350 Sustainability-Linked JOLCO	First transaction to incorporate sustainability-linked features to JOLCO commercial debt. CA-CIB's first sust-linked aviation deal as arranger.	Nov-22	Viva Aerobus Sustainability-Linked Bond (VIVAACB 22L)	Target is to reduce grCO2/RPK by 33.4% by 2024 from a 2015 baseline. VivaAerobus will report annually on its SPT performance via its website.
Apr-22	Iberia Sustainability-Linked EETC*	The aircraft were delivered in Q1 2022; the financing was to be drawn down in Q2 2022 and covers the full cost (\$461 million) of the aircraft.	Oct-22	Jet2 Sustainability-linked Revolving Credit Facility Agreement	gCO2 per passenger km aircraft fuel burn. An assumption of SAF uptake and fleet renewal is included in the pre-agreed target numbers.
May-22	Asset Brok'Air / Air France A350 Sustainability-Linked JOLCO	Brok'Air's first incursion into sust. finance. For the first time in an aviation transaction it incorporates both sustainability-linked debt and equity.			

2018 to 2021: 14 transactions involving airlines or aircraft

Date	Transaction	Eligibility by non-aviation assets (eg buildings)	Low/Zero-emission aviation	Eligibility by best-in-class or fuel-efficient aircraft	Corporate ESG rating	Single emission intensity target	Multiple ESG KPIs	Multiple emission intensity targets	Fleet renewal targets	SAF use	Increased emission transparency	Main framework / Use of proceeds
Sep-18	ANA Green Bonds, 10 billion yen (\$87 million)											GBP & MOEJ - Building an eco-friendly training centre
Nov-18	Slovenia SID Green Bond*, €75 million (\$85 million)											GBP – Electrified light passenger aircraft, among others
Dec-19	Avation/BRA/Deutsche Bank Green Loan for Five ATR 72-600											GLP – ‘Climate change mitigation and ‘pollution prevention’ via ATR 72-500 on lease from Avation to BRA
Feb-20	JetBlue Sustainability Linked Loan, \$550 million											SLLP – Not specified / general corporate purposes
Oct-20	Ethihad 2.394% 5yr Transition Sukuk, \$600 million											SLBP – ‘Energy efficiency’ projects incl. B787 & A350
Dec-20	British Airways £2-billion UKEF facility*											SLLB – General corporate purposes – Pandemic context
May-21	Aeroflot Sustainability Linked Loan, \$320 million											SLLP - Not specified / general corporate purposes
May-21	ANA Sustainability-Linked Bonds (5-year), 10 billion yen (\$87 million)											SLBP - Not specified / general corporate purposes
Jun-21	Korean Air Green Bonds, KRW 200 billion (\$167 million)											GBP – “Eco-friendly” B787 to “greatly reduce” GHG emissions
Jul-21	British Airways 2021-1 EETC, \$554 million											SLBP - x3 A320neos, x1 A350-1000, x3 B787-10 (JOLCOs)
Oct-21	Ethihad Sustainability-linked ESG loan											SLLP - Not specified / general corporate purposes
Oct-21	Volaris Sustainability Linked Bond, 1.5 billion pesos (\$30 million)											SLBP – To finance “the company’s sustainable growth”
Nov-21	Crianza’s Sustainability-Linked Operating Lease											Undisclosed – B787 and A350 on lease to MSC ESG-rated airline
Dec-21	British Airways £1-billion UKEF facility											SLLB – General corporate purposes – Pandemic context

Frameworks: Green Bond Principles (GBP), Green Loan Principles (GLP), Sustainability-Linked Bond Principles (SLBP), Sustainability-Linked Loan Principles (SLLP), Green Bond Guidelines 2017 (Japan’s MOEJ) \* Unspecified SPT, but November 2021 emission intensity-based facility was said to have “similar” sustainability features Source: Ishka research

The Ishka View

- Sustainable finance innovation continued in 2022 among airlines and aviation lenders, with multiple ‘firsts’ including sustainability-linked aircraft loans, JOLCO leases with margins affecting both debt and equity, one pre-delivery payment (PDP) facility, and one revolving credit facility. The market also saw its first instances of airlines (Air France and Volaris) issuing respectively third and second transactions under the same sust. finance frameworks, replicating sustainability performance targets (SPTs) used previously. This was one of the drivers behind some consolidation around SPT choices in 2022, with SAF use and fleet renewal becoming clear favourites.
- The nine transactions recorded by Ishka in 2022 to 20<sup>th</sup> December are one more than the eight recorded in 2021. Deals mainly involved private and bank lending, with capital market issuances declining amid rising interest rates. As a result, transparency also declined, with few of the deals disclosing the SPT’s precise targets. Some of the deals only came to light through regulatory filings or short press notes by secondary parties in the transaction. This further contributes to the impression that airlines are not prioritising sustainable finance in their public sustainability communication strategies.

Analysis by: Eduardo Mariz Feedback and questions: eduardo@ishkaglobal.com



A summary of recent ESG and sustainable finance developments for aircraft and airlines.

This fact sheet is for information purposes.

Please Note: The views expressed do not constitute investment advice. We accept no liability to recipients acting independently on its contents in respect of any losses, including, but not limited to profits, income, revenue or commercial opportunities.

Other ESG reports



See reports on the environmental side of aviation and ESG topics including SAF, the EU Taxonomy and green finance at: [www.ishkaglobal.com](http://www.ishkaglobal.com)

Tell us how we did: Questions and feedback are always welcome, please email: [eduardo@ishkaglobal.com](mailto:eduardo@ishkaglobal.com)