

Record R8.45bn sustainability loan for Africa

RMB has arranged and structured Africa's first syndicated sustainability linked loan arranged by a bank in Africa. The R8.45bn sustainability loan for Mediclinic is also a record for the continent.



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The loan is enhanced by an incentive-based pricing mechanism which rewards Mediclinic with a reduced margin, premised on the hospital group meeting pre-agreed Environment and Social (E&S) performance targets.

The RMB Sustainable Finance and Loan Syndication teams acted as sole mandated lead arranger, debt co-ordinator and sustainability agent for the R8.45bn debt package.

By financially incentivising the achievement of these E&S targets, companies in Africa can now align their business goals with sustainability targets.

More financially competitive

Research suggests that firms that have robust management of environmental, labour and human rights issues are more financially competitive, more likely to anticipate related legal requirements and have lower credit risk.

RMB aligned the funding to Mediclinic's ambitious sustainability goals of carbon neutrality and zero waste to landfill by

2030.

Mediclinic Southern Africa currently operates 50 hospitals (three of which in Namibia), five sub-acute hospitals, two mental facilities, and 12-day case clinics (four of which operated by Intercare) with about 8,600 inpatient beds.

In line with the group sustainable development strategy, Mediclinic Southern Africa is eschewing a culture of consumption in favour of a culture of conservation and connection.

Across its operations, the company's efforts in responsibly managing and minimising its impacts on the natural and living environments, and on society at large, are interwoven into the way it does business.

Beyond business as usual

Going beyond business as usual in setting sustainability targets related to reduction in Scope 1 and 2 CO₂ emissions and waste diverted from landfill, targets also included a reduction in Mediclinic's use of water resources and improvement in patient experience.

Mediclinic's progress towards agreed E&S goals will be independently assessed and measured annually.

According to Jurgens Myburgh, Mediclinic International Group Chief Financial Officer: "The timely and successful refinance of our debt facilities in southern Africa is in line with our group financial strategy and approach to responsible leverage.

"We are appreciative of the ongoing support from our Southern African funding partners and their role in this syndicated sustainability-linked loan," he says.

"In our commitment to ensure that every day we improve sustainability by managing our resources responsibly and efficiently to the benefit of our stakeholders and the environment, this innovative mechanism allows us to align our group financial and sustainability goals," he adds.

"This pioneering development allows RMB to deploy its balance sheet in a way that drives environmental, social and governance outcomes within its broader business universe, delivering sustainable investment and growth in Africa while also making the continent relevant to a broader global investment universe," says Nigel Beck, head of sustainable finance & ESG advisory at RMB.

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