



# Press release

Brussels, 16 February 2022 – 8 a.m. CET

## **KBC to act as sole sustainability coordinator to transform DEME's long-term loan portfolio into sustainability-linked loans**

**KBC is proud to have been exclusively selected by DEME to coordinate the transformation of DEME's long-term loan portfolio into sustainability-linked loans worth a total of 579 million euros. KBC was appointed to assist DEME in selecting the sustainability indicators and targets and to coordinate the process with a wider group of DEME's banking relations<sup>1</sup>. The transaction, which was realised on 7 February 2022, is an important milestone for KBC and DEME, underlining the importance of sustainability for them by embedding ambitious sustainability goals in DEME's key financing contracts.**

The financing was structured according to the 'Sustainability Linked Loan Principles' drawn up by the Loan Market Association. As a result – going forward – the terms for DEME's long-term loan portfolio will be linked to the company's performance regarding sustainability in two specific areas: work safety and low-carbon fuel. DEME's lenders have agreed to lower the interest rate on the loan portfolio involved when the company meets two sustainability KPIs. Failure to achieve the targets will result in a slightly higher rate of interest being charged.

**Commenting on the transaction, Wim Eraly, Senior General Manager of Corporate Banking & Facility Management at KBC Bank NV, had this to say:** *'KBC is proud to have been selected by DEME as sustainability coordinator to assist them in incorporating sustainability features into their long-term bank financing arrangements. We will build on our existing knowledge and experience to structure and coordinate this sustainability-linked financing, guiding DEME in the selection of sustainability key performance indicators and target setting, ensuring that DEME has significant and challenging targets. The transaction clearly illustrates our expertise in advising our customers on sustainable finance solutions to support their transition to a greener future.'*

For KBC, the transaction chimes with its ambition to play a key role in supporting the transition towards a more sustainable future. KBC's role is to support its customers and act as a partner in their transition journey by holding sustainability dialogues with them to understand sustainability risks and the opportunities impacting their business. Building further on the strong and longstanding partnership between DEME and KBC, KBC is proud to have been appointed as sole sustainability coordinator by DEME, one of the champions of the Belgian economy.

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<sup>1</sup> The lenders comprise ABN Amro Bank NV, Banco Bilbao Vizcaya Argentaria SA (Belgian branch), Belfius Bank NV, BNP Paribas Fortis SA/NV, Crédit Agricole Corporate and Investment Bank (Belgium branch), Commerzbank AG (Luxembourg branch), DBS Bank Ltd (London branch), ING Belgium NV/SA, KBC Bank NV and Coöperatieve Rabobank U.A.

**Geert Wouters, Head of Structured Finance & Treasury at DEME**, adds: *'We have a longstanding partnership with KBC and are delighted to work closely with them to ensure the success of this transition to sustainable financing, a process which involves 10 banks worldwide. We are proud to be the first in our industry to introduce these important sustainability targets into all of our long-term financing agreements. This strong signal to our stakeholders demonstrates that we are taking due consideration of sustainability goals throughout our business and supporting this position with concrete action. It is a bold step and one that shows we are willing to accept the related financial consequences.'*

## **The global market for sustainable loan financing in 2021 has more than tripled on its 2020 level.**

A record setting 682 billion USD in sustainable loan volume was completed in 2021, more than three times the volume of 2020. The US and Europe have been the key drivers of this growth, with the US rapidly catching up on the Western European sustainable loan finance market, which was at the forefront of these innovating financing instruments. (Source: Refinitiv LPC).

The largest share (approximately 88%) of sustainable loan financing is made up of sustainability-linked loans. Green loans, where the proceeds can be used solely to finance green or sustainable projects, are less common. The fact that sustainability-linked loans structured in accordance with the sustainability-linked loan principles of the Loan Market Association do not include a use-of proceeds limitation in combination with its broad application across many industries, is one of the key drivers of its success.

*Disclaimer: KBC explicitly points out that the use of terminology such as 'green' and 'sustainable' throughout this document in no way suggests that what is described is already (fully) aligned to the EU Taxonomy.*

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