

## Green bonds to finance green mobility

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**On 28 June 2022, ALD successfully launched the issuance of a new EUR 500 million Green and Positive Impact Bonds, with the large oversubscription confirming investor interest in our sustainable development strategy. The “Green Bonds”, whose proceeds are used exclusively to fund “green assets”, will in our case enable us to finance Battery Electric Vehicles (BEVs), as part of our commitment to electrification and alternative mobility. Stéphane Rénie (Head of CSR) and Didier Harnois (Group Treasurer) explain the reason behind the issuance of this Green Bond, its objective and what it means for our customers and investors.**

### **From green to dark green**

This Green Bond issuance follows our industry-first Positive Impact Bond issued in 2018. Stéphane however explains what differentiates this bond from its 2018 predecessor: the update of our Green and Positive Impact Bond Framework mid-June, limiting the portfolio of eligible assets to solely Battery Electric Vehicles (BEVs), has placed this new bond as an even greater proof of our commitment to sustainable and electric mobility.

The decision to update our green bond framework stemmed from the growing demand for EVs within our industry, but also the increasing interest from market investors for green debt products, rising significantly in the past 5 years. As Didier mentions, the Green Bond is part of an overall strategy by ALD Automotive to diversify its sources of funding. With market conditions for funding having deteriorated in the past few years, and EVs necessitating higher funds than ICE vehicles, an existing portfolio of BEVs worth EUR 500 million was identified, and our second green bond issued to enable us to fund and refund these vehicles.

Didier explains that in this uncertain market environment, characterized by rising interest rates, high volatility and low liquidity, the decision to launch a green bond proved to be relevant to attract a strong and diversified investor demand. "Not only was the issuance highly oversubscribed – with a demand amounting EUR 1.1 billion for only EUR 500 million issued – but the quality of investors was also remarkable, with 76% of the issuance being allocated to **dark green** investors (who direct their funds solely to green alternatives)." As well as attracting a diverse investor base, the Green Bond enabled us to benefit from what Stéphane refers to as a "greenium", a premium which applies solely to green bonds.

Collaborative work with Société Générale was also crucial in ensuring we successfully issue this ambitious bond in such a volatile market. It was essential to monitor the market daily in order to identify the best market conditions for the issuance.

According to Stéphane, this bond and the context around which it was issued are proof of a convergence between Environmental, Social and Governance (ESG) and finance: "Corporate social responsibility (CSR) is no longer a side factor anymore but is at the very heart of what makes a company effective: the capacity to fund itself."

### **"Walking the talk" of electrification**

As well as its financial implications, the Green Bond is tangible proof of our commitment to electric and sustainable mobility. Stéphane explains that: "This represents a promise to our customers, to our investors, that we are **walking the talk** in terms of electrification. Issuing this bond shows that the electric transition impacts our end-to-end business model, and that we have adopted a holistic approach to sustainability as a result."

Our customers expect mobility providers who have the necessary financial surface wherein funding is not a limitation to the growth of its electrification activity. The issuance and oversubscription of the bond proved that we indeed have the capacity, the backing and the financial support to supply what we are promising, to guide our clients on their transition to EVs.

As Stéphane states, the Green Bond allows us to "power the engine" of electrification, to fund a growing number of BEVs and consequentially to continuously align with our electrification and sustainable mobility strategy. "We are proud of this project which has built a framework in line with the best market standards, for the present and the near future. We have placed ourselves as a champion of sustainability, as well as a driver of the alternative mobility transition."

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