

Chile's Peso SLB issuance

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On 20 Jul 2023 Chile issued a Sustainability-Linked Bond (SLB) denominated in Chilean Peso (ISIN CL0002862937). This was its fourth SLB in a month.

The bond uses the same KPIs as its EUR and USD issuance from June - absolute emissions and increasing female board representation.

Our analysis of those SLBs[1] found the structures offer enhanced materiality, setting a positive precedent. The targets however are relatively achievable, so the option price was worth 1.2-3.7% of issuance spread. We note the USD bonds have already been tapped, with total issued increasing from $2.25bn to $3.14bn.

This moves Chile up to the silver medal position of total SLB issuance (see Table 1), just behind energy company, Enel.[2]

This new issuance helps widen the available bonds for local currency investors. Away from G7 currencies, investors in Chinese Yuan, Swedish Krona, Mexican Peso, Australian Dollar and now Chilean Peso now have over $2bn equivalent of SLBs to choose from.

Table 1. SLB issuance by issuer. Source: Bloomberg, accessed 24 Jul 2023.

Issuer	Count of SLBs	Total SLB Issued ($ bn)
ENEL FINANCE INTL NV	30	31.1
REPUBLIC OF CHILE	5	8.1
TEVA PHARM FNC NL II	8	7.5
ENBRIDGE INC	5	5.1
ENI SPA	3	4.2
ASTM SPA	3	3.4
FORVIA	3	3.2
CARREFOUR SA	4	3.0
JBS USA/FOOD/FINANCE	3	3.0

[1] "Offi-Chile the largest sovereign SLB issuer", AFII, 29 Jun 2023.

[2] In our earlier paper we reported Chile as the third largest issuer, because TEVA has issued SLBs from two entities which were listed separately. In this analysis we combined those to move TEVA into third place, and Chile into second, ahead of the combined issuer.

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