ACCOUNTING FOR SUSTAINABILITY

IMPLEMENTING A SUSTAINABLE FINANCE FRAMEWORK

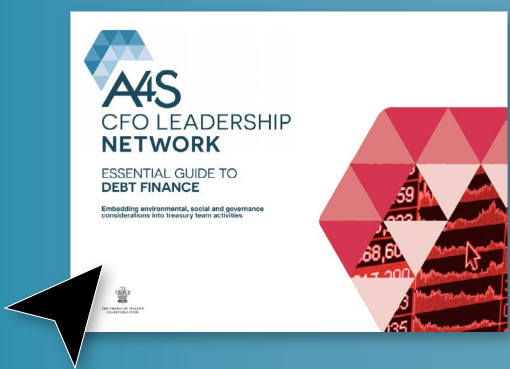
TOP TIPS FOR TREASURY TEAMS

THE PRINCE OF WALES'S CHARITABLE FUND

CONTENTS

These top tips have been developed in support of the A4S Essential Guide to Debt Finance.

Download the guide: www.accountingforsustainability.org/debt-finance



BACKGROUND

Companies, with their ability to transform capital from the financial markets into projects with tangible impact on the ground, are an essential part of the solution to delivering a sustainable economy. Pressure to respond to issues such as climate change is growing as a result of shifting social norms and a recognition of the financial implications resulting from a failure to act. At the same time, there are significant opportunities for the business community in relation to delivering the UN Sustainable Development Goals (SDGs) and the Paris Agreement on climate change.

Sustainable finance is the integration of environmental, social and governance (ESG) considerations into investment and lending decisions. This includes examples where debt is issued, used and repaid with specific environmental and societal impacts in mind, but it also covers steps to respond to material ESG issues and integrate into all 'mainstream' lending, financing and investment decisions.

The growth in sustainable finance presents some interesting opportunities for treasury teams. Lenders, regulators and investors are increasingly incorporating ESG factors into decision making. They see environmental and social, as well as economic, issues as integral to risk and returns, from both a financial and reputational perspective, as lenders' reputations are intrinsically linked to those of their borrowers and their use of proceeds. Lenders and debt investors are seeking to engage with borrowers on these issues and understand how they are responding. Finance providers are increasingly seeing the link between sustainability performance and credit risks in their portfolios.

From the borrower's perspective, benefits received by those developing sustainable business models include increased engagement and a better relationship with lenders, and many have reported lower cost of debt as a result. An increasing number of companies are using green bonds to fund projects that have positive environmental and/or climate benefits. Although smaller, there is also a growing market in social, sustainable and SDG bonds. Social bonds have seen a particularly strong growth in demand in response to the COVID-19 pandemic as organizations raise capital to finance their response, with research by Nordea[1] suggesting that recent issuances account for 20% of the total social, green and sustainable bond market, a trend that they expect to continue. Other types of debt that are tied to sustainability outcomes, eg sustainability/ESG-linked loans and revolving credit facilities, are also becoming more common. Treasurers are also having to consider the sustainability credentials of their advisors and banking partners in their selection process, seeking alignment with the sustainability objectives of their own company. Ultimately, treasury teams can play a strategic role in steering their company towards a more resilient, long-term business model, thus contributing towards a more sustainable economy.

The A4S Essential Guide to Debt Finance provides practical guidance to help treasury teams to embed sustainability across all activities that the treasury team undertakes. A key starting point is the development of a sustainable finance framework to support the financing and/or refinancing of assets and expenditures of a sustainable nature – the focus of this top tips booklet.

A sustainable finance framework sets out how a company incorporates ESG criteria into its financing decisions. To be credible, it should support the overall corporate strategy and be in line with international best practice guidelines. It should also be subject to external review and validation. Ultimately, a sustainable finance framework could be expanded to cover all financing activities undertaken by the company. However, these top tips are aimed at treasurers just starting to consider sustainable finance, and companies where sustainability is not yet fully embedded into the core business strategy. It recommends starting with a sustainable finance framework that supports the financing

1 https://insights.nordea.com/en/sustainable-finance/coronavirus-social-bonds/

of planned projects through the issuance of green, social or sustainable bonds and by adopting the use-of-proceeds approach, and gradually building from there.

This booklet sets out five top tips for implementing a sustainable finance framework. It has been developed by members of the A4S CFO Leadership Network to provide practical guidance for treasurers. It shares insights from the experience that treasurers from these member companies have learnt as they have developed and implemented their own sustainable finance framework.

The booklet summarizes key benefits to the treasurer and its company, and then shares top tips broken down into the following five steps:

1. Get started
2. Test and refine
3. Implement
4. Build momentum
5. Enhance and expand

The guidance concludes with links to additional resources and examples of sustainable finance frameworks from a range of companies around the world.

Sustainable finance themes for investors and issuers

Sustainability is becoming a central pillar of capital markets investors' and issuers' approaches to financing. **94% of investors and 93% of issuers now regard environmental and social issues as important**. Only 6% of issuers expect to make no change in their allocation of capital towards positive environmental or social outcomes over the next five years, while 67% foresee making substantial or noticeable changes in this direction. 63% of investors expect either to start buying green/social/sustainable bonds seriously for the first time in the next two years, or to increase their buying of them.[1]

Global green, social and sustainability bond issuance

Green, social and sustainability bond issuance is expected to hit a combined record of US$400 billion in 2020, up 24% from the previous record of US$323 billion achieved in 2019. Continued growth and diversification of these markets will be accompanied by innovation in new labels and structures, particularly with respect to transition bonds and sustainability-linked bonds and loans. A heightened focus on climate action by governments and the financial sector will drive further growth and innovation.[2]

1 HSBC Sustainable Financing and Investing Survey 2019, HSBC https://www.gbm.hsbc.com/-/media/gbm/insights/attachments/global-report.pdf
2 Sustainable Finance – Global: Green, Social and Sustainability Bond Issuance, 3rd February 2020, Moody's Investors Service https://www.moodys.com/research/Moodys-Green-social-and-sustainability-bond-issuance-to-jump-24--PBC_1212910

"As a group of businesses which provide essential services to lives, businesses and the environment, Pennon is acutely aware of the importance of integrating sustainability into all aspects of strategic decision making. **As part of this we developed our Sustainable Financing Framework – a UK first of its kind** – which supports the financing of water, wastewater and waste management investments, resulting in activities that deliver environmentally and socially sustainable outcomes. **In today's world, businesses must not underestimate the importance, or the growing opportunities presented by sustainable finance and it is vital that finance teams adjust their mindsets and cultures accordingly, if they haven't already done so.**"

Susan Davy, Chief Financial Officer, Pennon Group

BENEFITS FOR TREASURERS

Treasurers can derive a number of benefits from the implementation of a sustainable finance framework, listed below.

Take advantage of market interest and sustainable finance opportunities

There is clear and growing market interest in ESG-linked financial instruments. Treasury teams that understand the latest trends can take advantage of the associated market opportunities. This might include access to new pools of finance, increased demand and differential pricing.

Make more informed financing decisions

Recent growth in the sustainable finance market signifies the increasing prominence of ESG criteria in business and investment decisions. Treasury teams that have integrated ESG factors into their strategic planning and financing activities can make more informed decisions on investment, capital raising, and treasury risk management.

Initiate dialogue with market participants

Market participants such as regulators, investors and lenders are increasing their focus on ESG factors. Treasury teams that have an established sustainable finance framework can initiate the dialogue on ESG and set the agenda with their debt providers and investors.

Contribute to a more sustainable economy

Leaders from each component of the financial system are focusing more on sustainable outcomes. Treasury teams that have ESG-linked financial instruments, and regularly report on their progress, are contributing towards a more sustainable economy.

Champion sustainability within the business

Treasurers can use lender and investor interest in sustainability-related activities to build engagement internally, including with the board. They can also build stronger relationships with different teams across the business, helping them to think about opportunities to embed ESG into capital expenditure and other activities where financing may be required. They can also use this knowledge to help steer their company towards a more sustainable business model.

WHAT IS A SUSTAINABLE FINANCE FRAMEWORK?

A sustainable finance framework sets out how a company incorporates ESG criteria into its financing decisions. Over time, the framework should be expanded to cover all financing activities that the company undertakes. It is likely that this progress will be in line with actions to establish a single, sustainable business strategy rather than having separate business and sustainability strategies. For most businesses, a good starting point is to develop a sustainable finance framework that supports the financing of planned projects which deliver tangible sustainability benefits through the issuance of green, social or sustainable bonds and by adopting the "use-of-proceeds" approach, described below. Referencing international best practice guidelines, the framework should include:

1. **Use of proceeds**
   The categories of projects for which your company will use the proceeds, and the measurable environmental/social benefits expected

2. **Process for project evaluation and selection**
   The process for determining whether the projects fit within the categories you have identified above

3. **Management of proceeds**
   How the proceeds will be managed, including tracking of disbursements and allocation of funds

4. **Reporting**
   The type and frequency of reporting you will carry out, eg annual allocation and impact reporting

5. **External review**
   The level of independent external review you will obtain in order to assess your framework and the issuances made under the framework

Gradually, the framework can be developed such that it drives all the corporate finance activities of your company and supports the integration of ESG factors into the overall corporate strategy.

BENEFITS TO YOUR COMPANY

The potential benefits to your company as a result of implementing a sustainable finance framework include the following.

Better risk management

Improved understanding of risks through more accurate valuation of environmental and social impacts and dependencies

More thorough evaluation of the risks associated with investment and lending decisions

Higher credit rating and fewer reputational risk concerns

Greater access to capital

Increased lender and investor confidence in your company's approach to risk and opportunity

Stronger position for maintaining access to capital and realizing a lower cost of capital

Greater access to lenders and investors who have specific ESG investment criteria

Enhanced ESG credentials

Better internal understanding and endorsement of the company's ESG credentials

Improved dialogue with debt providers, investors and ESG research and rating agencies

Enhanced credibility of your company's approach to ESG through having a transparent sustainable finance framework

"**We want to respond to investor demand and participate in developing the financial markets. With our framework, we can make our ambition visible**. We were one of the first industrial companies in the Nordics to issue a green bond. Green bonds fit in perfectly with our strategy as sustainability is already integrated into everything we do within the company. Our sustainability agenda covers the social, environmental and economic aspects of our operations throughout the value chain, turning sustainability into a competitive advantage."

Pasi Kyckling, Senior Vice President and Group Treasurer, Stora Enso

"Royal DSM is deeply committed to providing products and solutions that help to combat climate change. We worked with a syndicate of 15 long-term banking partners to develop a €1 billion revolving credit facility, which links the interest rate to greenhouse gas emission reduction. The facility has a maturity of five years, which may be extended by a further two years. **This innovative financing arrangement underscores the importance of sustainability in everything we do and that includes corporate finance.**"

Geraldine Matchett, Chief Financial Officer and member of the Royal DSM Managing Board

FIVE TOP TIPS FOR IMPLEMENTING A SUSTAINABLE FINANCE FRAMEWORK

Members of our CFO Leadership Network have been developing and implementing sustainable finance frameworks. These five tips reflect their experiences.

1. GET STARTED

Understand your current position and map out what you want to achieve

2. TEST AND REFINE

Get buy in from internal parties and recognize the expectations of market participants

3. IMPLEMENT

Start with projects that address your company's environmental or social priorities and report on their impact

4. BUILD MOMENTUM

Engage more widely with stakeholders to establish your framework and treasury's role in driving change

5. ENHANCE AND EXPAND

Take advantage of market developments and enhance and expand your framework to drive all your corporate finance activities

1. GET STARTED

When developing a sustainable finance framework, a useful first step is to understand your starting position and map out what you want to achieve. This involves reviewing internal processes and international guidelines, identifying gaps and then drawing up a plan to address them.

Understand the current position

You can start by engaging with your sustainability team and other relevant departments to understand your company's current approach to sustainability. By knowing what the strategic objectives, key targets and initiatives are, you can then better align treasury's activities to them.

Review risks and assess processes

Next, review the ESG risks and opportunities relevant to your company, and understand their impacts and dependencies. You can then assess whether they are sufficiently accounted for in treasury's planning and operational processes. For example, when you identify the need for finance, do you consider the sustainability credentials of the parties you can potentially work with?

Use best practice guidelines

There are international best practice guidelines available to help you decide what you want to achieve through sustainable finance. These include the Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, Green Loan Principles and Sustainability Linked Loan Principles. You can use these to start shaping an approach that supports your corporate strategy and sustainability objectives.

Define ESG disclosures

Find out what ESG data your company is already collecting and reporting on, and what disclosures are requested by investors, regulators and lenders. With the help of relevant colleagues, you can define the ESG disclosures for your sustainable finance framework. These may include both qualitative and quantitative performance indicators that can be used to evaluate progress or impact over time. Your defined ESG disclosures may influence the pricing and covenant criteria of certain debt instruments.

Draft your framework

After taking the above steps, you are well placed to draft a sustainable finance framework for your company. You may choose to start with a framework that primarily focuses on the issuance of green/social bonds to raise funds for planned projects that support your company's environmental/social objectives. Over time, you can enhance your framework such that it covers a variety of financial instruments, eg revolving credit facilities, bank loans, bonds, private placements and finance leases, to finance eligible projects, assets and expenditure.

2. TEST AND REFINE

To implement your framework effectively, it is critical to get the buy in and support from internal parties, as well as understand the influence and interest of market participants upfront. You may also need to provide training to equip the treasury team to lead the implementation work.

Set up a multidisciplinary working group

To support the development and implementation of your framework, you can set up an internal working group involving relevant departments, eg finance, sustainability, strategy, risk, operations, legal, communications and procurement. This can also help align the teams to drive and monitor ESG performance in line with market practice and lender requirements.

Consult experts and advisors

Technical experts and practitioners, such as arranger banks, offer sustainable finance products and services. ESG consultants, research providers and rating agencies offer sustainable finance advisory services. By reaching out to these parties at this stage, you can be better prepared for the implementation of your framework.

Get buy in from the board and executive management

As far as possible, engage key members of the board and executive management to get their buy in for your framework. You can explain the market trends to them, and how sustainable finance aligns with the corporate strategy and brings benefit to the company.

Recognize the expectations of market participants

Investors, regulators and lenders have influence and interest in the development of the sustainable finance market. By recognizing their expectations for transparency, disclosure and reporting, you can better gauge their support for your framework and how they determine risk and return.

Upskill the treasury team

Up to now, you may have identified skills and knowledge gaps in sustainable finance within the treasury team. To address this, you can arrange training on sustainable finance concepts and principles, ESG trends for financial markets, and the role of different market participants. You can also upskill the team on how to initiate change, influence others and manage projects effectively. Similarly, other departments, eg sustainability and communications, may require training on treasury and finance topics. This will help lay the groundwork for implementing your framework effectively.

Finalize your framework

After taking the above steps, you can finalize your framework and seek endorsement from the internal working group. Work out a timeframe for implementing your framework with key milestones and deliverables, and the parties responsible.

3. IMPLEMENT

There are several core components to implementing a sustainable finance framework, as listed below. Start with projects that address your company's environmental or social priorities. This will prepare you to tackle more challenging areas over time.

Use of proceeds

To begin with, identify projects that are eligible for financing based on the environmental/social objectives you have set under your framework. An eligible project should address specific environmental/social issues and lead to measurable environmental/social outcomes. For example, these may fall under the following categories: climate change adaptation, energy efficiency, biodiversity conservation, pollution prevention and control, or socioeconomic advancement. You can define and expand the types of projects within these categories over time.

Process for project evaluation and selection

Next, the identified projects should be evaluated and selected for financing or refinancing based on the process you have established under your framework. Leverage your company's existing governance and management processes. Members of your executive management team may be involved at this stage to appraise the business value of the projects, with a focus on the environmental/social impacts. The value should be quantifiable, and the underlying methodology and assumptions agreed and documented.

Management of proceeds

Once the projects are selected, you should ensure that funds are properly allocated, used and tracked. Where possible, ringfence the funds before they are used. You can make use of the internal controls within your company and seek the support of internal audit to verify the tracking methodology and the allocation of funds. This will help maintain the transparency and integrity of your framework and instruments.

Reporting

During the course of fund allocation, you should report on the use of net proceeds and the (expected) impact of the projects on a regular basis. Any key performance indicators used should be verifiable and any standards or certifications to which your company is seeking to conform should be disclosed.

External review

Over time, you may obtain independent external review of your framework and instruments. The company auditor or external verifiers can provide the relevant service. The extent to which you report on the external review will depend on how confidential and commercially sensitive the information is. There are broadly four levels of review:

1. Second party opinion – to assess the alignment of your framework against international best practice guidelines and the administration of the financial instruments.
2. Verification – to evaluate the environmental/social features of underlying assets; to assure the internal tracking methodology for use of proceeds, allocation of funds, and reporting.
3. Certification – to certify the financial instrument against a recognized external standard or label.
4. Rating – to assess the framework and associated instruments against a scoring/rating methodology established by specialized ESG research providers or rating agencies.

4. BUILD MOMENTUM

Once your framework is implemented, you can engage more widely with both internal and external stakeholders to build momentum, pool knowledge, and drive further discussions on sustainable finance. This will help to establish your framework and treasury's role in driving change.

Keep track of investor appetite

Through your framework and instruments, the investor community will become more aware of your company's approach to ESG and take an interest in future investment opportunities. You should engage with lenders and investors and keep track of their appetite for sustainable finance.

Engage across the business

To identify new projects that may be eligible for sustainable finance, you should continue to promote the framework across the business. Engage with relevant departments to develop further the use of proceeds approach and reporting practices. You may need to revisit or expand on definitions and assumptions made under the framework.

Stay abreast of market developments

There are policymakers, regulators and financial institutions that are actively involved in mainstreaming ESG risks and opportunities into market practices. You should stay abreast of developments in the following areas:

1. Guidance for sustainable finance instruments, eg in the form of regulations, guidelines or listing requirements
2. New market infrastructure, eg specific segments, indices or benchmarks
3. Market discipline, eg disclosure requirements

Connect with your peers

Connect with treasurers from different sectors to share knowledge and experience of implementing sustainable finance. This will help you to establish treasury's strategic role in your company. You will also be more confident that you are maximizing the potential for your framework to support sustainable business decision making.

5. ENHANCE AND EXPAND

ESG issues are moving higher up the agenda at board meetings and global policy conferences. More sustainable finance products and services are becoming available. Take advantage of these developments to enhance your framework and be ready to capture emerging opportunities.

Maintain focus on material ESG risks

While being aware of the development of ESG issues globally, regionally and locally, maintain focus on the ESG risks that are material to your company. You may need to update your framework so that it remains adequate for addressing these risks and for reporting on the corresponding impact.

Enhance internal processes and reporting

Through the external review of your framework, you may identify areas for improvement in internal processes for monitoring proceeds and in reporting impact. Invest in enhancing these areas so that you can expand further your sustainable finance portfolio. You will also be better prepared to meet the disclosure requirements of new instruments.

Build track record

Over time, the investor community will have a better understanding of the impact of your projects through your regular reporting and engagement. You will start to build a strong track record and reputation for your company in the sustainable finance market. Continue to interact with the market on the potential environmental and social projects for investment. This will also demonstrate your company's long-term commitment to sustainability.

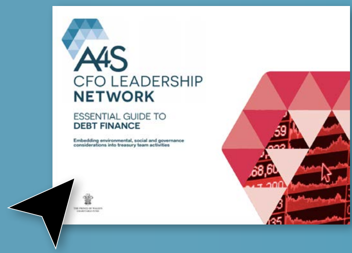
Enhance your framework

As suggested in the first step, you may have started with the issuance of green, social or sustainable bonds to finance projects with measurable environmental or social benefits. At this point, you can enhance and expand your framework to enable the use of a variety of financial instruments to support your company's sustainability objectives. This may involve financing and refinancing a broad range of corporate activities, including new products and services, and not limited to those that are managed as a separate project. Over time, your framework should drive all your corporate finance activities that support the transition to a sustainable business.

RESOURCES

These top tips have been developed in support of the A4S Essential Guide to Debt Finance.

Download the guide:
www.accountingforsustainability.org/debt-finance



Principles and standards

Issued by Climate Bonds Initiative (CBI):

- Climate Bonds Standard and Certification Scheme

Issued by International Capital Market Association (ICMA):

- Green Bond Principles
- Social Bond Principles
- Sustainability Bond Guidelines

Issued by Loan Market Association (LMA):

- Green Loan Principles
- Sustainability Linked Loan Principles

Examples of sustainable finance frameworks

Anglian Water
Water services (UK)

Green bond framework

Instruments:
green bonds

Use of proceeds:
sustainable water and wastewater management

Arla Foods
Food products (Denmark)

Sustainable financing framework

Instruments:
bonds, loans, revolving credit facilities, commercial papers

Use of proceeds:
energy, circular economy, water and environmental management, green buildings, socioeconomic advancement

Bank of China
Banking (China)

Sustainability series bonds management statement

Instruments:
social bonds, green bonds, sustainability bonds

Use of proceeds:
energy, pollution control, water and environmental management, clean transportation, green building, access to essential services, affordable housing, employment generation

Click logos for links

BMO Financial Group
Financial services (Canada)

Sustainable financing framework

Instruments: social bonds, green bonds, sustainability bonds

Use of proceeds:
energy,
green buildings,
clean transportation,
pollution control, water and environmental management, business and community lending, affordable housing

City of Vancouver
Local authorities (Canada)

Green bond framework

Instruments:
green bonds

Use of proceeds:
energy, green buildings, clean transportation, pollution control, water and environmental management

Danone
Food products (France)

Social bond framework

Instruments:
social bonds

Use of proceeds:
nutrition, social inclusiveness, responsible farming, entrepreneurship financing, healthcare

Deutsche Kreditbank AG
Banking (Germany)

Social bond framework

Instruments:
social bonds

Use of proceeds:
social housing, public supply, health and care, education and research, inclusion

EnBW
Power and gas utility (Germany)

Green financing framework

Instruments:
green bonds, green loans, green project finance

Use of proceeds:
energy, clean transportation

Groupe BPCE
Banking (France)

Sustainable development bond framework

Instruments:
green and social bonds

Use of proceeds:
energy, water and waste management, healthcare, education, social and housing development, employment, affordable infrastructure

Intesa Sanpaolo
Banking (Italy)

Sustainability bond framework

Instruments:
green, social, sustainability bonds

Use of proceeds:
circular economy, energy, environmental management, biodiversity, social infrastructure, natural disaster and SMEs related financing

Japan Railway Construction Transport and Technology Agency
Transport (Japan)

Sustainability finance framework*

Instruments:
sustainability bonds, bank loans

Use of proceeds:
sustainable tourism, infrastructure, transport systems, climate change, marine life

LG Chem
Chemicals (South Korea)

Green financing framework

Instruments:
green bonds/loans

Use of proceeds:
low carbon transportation, energy, water and wastewater management, green buildings

Majid Al Futtaim
Shopping malls and hotels (United Arab Emirates)

Green finance framework

Instruments:
green bonds or green sukuk

Use of proceeds:
green buildings, energy, sustainable water management

Manulife
Insurance and financial services (Canada)

Green bond framework

Instruments:
green bonds

Use of proceeds:
energy, green buildings, water and environmental management, clean transportation, pollution control

National Australia Bank
Banking (Australia)

SDG green bond framework

Instruments:
use of proceeds bonds, securitized bonds, project bonds, loans or other instruments

Use of proceeds:
energy, clean transportation, low carbon buildings, nature based assets

*Only the statement by third-party assessment organization is available in English

National Grid
Electric and gas utility (UK and US)

Green financing framework

Instruments:
green bonds, loans or other financial instruments

Use of proceeds:
energy, green buildings, clean transportation, pollution control, environmental management

Pennon Group
Water and sewerage services (UK)

Sustainable financing framework

Instruments:
committed bank facilities, green, social and sustainable bonds, private placements, long funding finance leases

Use of proceeds:
pollution control, water and wastewater management, climate change adaptation

Philips
Health technology (The Netherlands)

Green and sustainability innovation bond framework

Instruments:
green innovation, sustainability innovation bonds

Use of proceeds:
green innovation in research and development, circular products and solutions, sustainable operations, access to healthcare

Prologis
Logistics real estate (US)

Green bond framework

Instruments:
green bonds

Use of proceeds:
green buildings, energy

QBE
Insurance and financial services (Australia)

Gender equality bond framework

Instruments:
gender equality bonds

Use of proceeds:
gender equality, fair work, health and safety, education, women empowerment, advocacy and reporting

Shriram Transport Finance Co Ltd
Commerical vehicle financing (India)

Social finance framework

Instruments:
social bonds, loans, private placements and any other debt financing instruments

Use of proceeds:
employment generation including through micro, small and medium enterprise financing and microfinance

SSE
Electric utility (UK)

Green bond framework

Instruments:
green bonds

Use of proceeds:
renewable energy production and transmission

Stora Enso
Renewable materials (Finland)

Green bond framework

Instruments:
green bonds

Use of proceeds:
sustainable forest management, renewable, low-carbon and eco-efficient products, energy, water and waste management, pollution control

Swire Properties
Property developer (Hong Kong)

Green bond framework

Instruments:
green bonds

Use of proceeds:
energy, water and wastewater management, climate change adaptation, green buildings

Westpac
Banking (New Zealand)

Green bond framework

Instruments:
green bonds

Use of proceeds:
green buildings, energy, pollution control, clean transportation, water and wastewater management, climate change adaptation

Woolworths Group
Retail (Australia and New Zealand)

Green bond framework

Instruments:
green bonds

Use of proceeds:
energy, pollution control, water and environmental management, biodiversity, clean transportation, climate change adaptation, circular economy, green buildings

Yorkshire Water
Water and sewerage services (UK)

Sustainable finance framework

Instruments:
committed bank facilities, green, social and sustainable bonds, private placements, long funding finance leases

Use of proceeds:
energy, pollution control, water and environmental management, biodiversity, clean transportation, climate change adaptation, circular economy, access to essential services, socioeconomic advancement

References and further resources

Explore

BSI

- Framework for embedding the principles of sustainable finance in financial services organizations

HSBC

- HSBC Sustainable Financing and Investing Survey 2019

Moody's Investors Service

- Sustainable Finance – Global: Green, Social and Sustainability Bond Issuance 2020

United Nations Global Compact

- Corporate Finance: A Roadmap to Mainstream SDG Investments
- SDG Bonds – Leveraging Capital Markets for the SDGs

Read

The Association of Corporate Treasurers (ACT), The Treasurer magazine

- What can treasurers do to fight climate change?

Watch

A4S/IIRC Webinar

- Debt Finance

Listen

ACT podcast

- Green Finance

ABOUT A4S

Our vision is a future where sustainable business is business as usual.

HRH The Prince of Wales established A4S in 2004 to work with the finance and accounting community to:

- **Inspire finance leaders** to adopt sustainable and resilient business models
- **Transform financial decision making** to reflect the opportunities and risks posed by the climate crisis and other environmental and social issues
- **Scale up action** to transition to a sustainable economy

A4S has three global networks:

- **Chief Financial Officers (CFO) Leadership Network** – CFOs from leading organizations seeking to transform finance and accounting.
- **Accounting Bodies Network (ABN)** – members comprise approximately two-thirds of the world's accountants.
- **Asset Owners Network** – Pension Fund Chairs who integrate sustainability into investment decision making.

Further guidance from A4S

LEAD THE WAY

Developing a strategic response to macro sustainability trends

- Managing Future Uncertainty
- Engaging the Board and Executive Management*
- Finance Culture
- Incentivizing Action*

TRANSFORM YOUR DECISIONS

Integrating material sustainability factors into decision making

- Strategic Planning, Budgeting and Forecasting
- Management Information
- Capex

MEASURE WHAT MATTERS

Developing measurement and valuation tools

- Natural and Social Capital Accounting
- Social and Human Capital Accounting

ACCESS FINANCE

Engaging with finance providers on the drivers of sustainable value

- Enhancing Investor Engagement
- Debt Finance
- Implementing the TCFD Recommendations
- Implementing a Sustainable Finance Framework

*coming soon

Download the guides from www.accountingforsustainability.org/guides

ACKNOWLEDGEMENTS AND CONTRIBUTORS

Chris Tregenna, Head of Treasury, Pennon Group
Pasi Kyckling, Senior Vice President and Group Treasurer, Stora Enso
Alex Rutherford, Treasury Manager, Yorkshire Water
The Association of Corporate Treasurers
United Nations Global Compact

A4S
Jessica Fries
Helen Slinger
Jamie Stewart
Elizabeth To

Get in touch and find out more

Sign up to our newsletter list:
www.accountingforsustainability.org/newsletter

@PrincesA4S

The Prince's Accounting for Sustainability Project (A4S)

info@a4s.org

www.accountingforsustainability.org