

# DEBT FINANCE

## Consideration of sustainability in treasury team activity and business strategy

How integrated is sustainability throughout your business? Do you understand how to communicate and engage with your debt providers on sustainability factors? How do you integrate sustainability into Treasury team activities?

The maturity map is designed to enable you to assess what you are currently doing and how you can advance to a leading position. It has been developed as a way to capture the different dimensions of debt finance

Treasury team activities	Limited consideration of sustainability in treasury team activity and business strategy	Moderate consideration of sustainability in treasury team activity and business strategy	Full consideration of sustainability in treasury team activity and business strategy
Identifying the need for finance, type of finance and the parties to work with	<ul style="list-style-type: none"> <li>Sustainability factors are not considered when identifying finance and lenders.</li> <li>Green, sustainability, social, sustainability-linked and transition financial instruments are not considered as viable financing options.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability factors are sometimes considered when identifying finance and lenders eg for specific projects, or if an issue is brought to light.</li> <li>Green, sustainability, social, sustainability-linked and transition financial instruments are used as viable financing options</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability factors are regularly considered when identifying finance in all mainstream decisions. Lenders' sustainability credentials are analysed regularly.</li> <li>Sustainability credentials and covenants are integrated into all debt agreements.</li> <li>Green, sustainability, social, sustainability-linked and transition financial instruments are considered in the first instance when looking at financing options.</li> </ul>
Determining pricing, covenant and term sheet criteria	<ul style="list-style-type: none"> <li>Treasury do not consider the organization's sustainability performance when planning funding.</li> <li>The organization would find it challenging to add sustainability factors into ongoing or future covenants or term sheets.</li> </ul>	<ul style="list-style-type: none"> <li>Treasury understands the benefit of strong sustainability performance, and liaises with those responsible for that performance.</li> <li>Sustainability factors could be considered in ongoing or future covenants or term sheets, but processes and documentation would need to change.</li> </ul>	<ul style="list-style-type: none"> <li>Treasury supports improvement of sustainability performance and transparency, metrics used are aligned with standardized approaches.</li> <li>Treasury works with relevant teams to plan funding of activities, to improve performance, and monitor compliance.</li> <li>Sustainability factors are considered in all ongoing or future covenants or term sheets</li> </ul>
Maintaining relationships and continuous engagement	<ul style="list-style-type: none"> <li>There is no or very limited engagement with debt providers on sustainability issues.</li> <li>Treasury have little sustainability knowledge.</li> <li>There is no dialogue between treasury and sustainability teams.</li> </ul>	<ul style="list-style-type: none"> <li>There is some engagement with debt providers on sustainability issues.</li> <li>Treasury have some knowledge of relevant sustainability factors.</li> <li>There is occasional dialogue between treasury and sustainability teams.</li> </ul>	<ul style="list-style-type: none"> <li>There are high levels of engagement with debt providers on sustainability issues. Treasury actively build an open dialogue to help build trust and lower perceived risk.</li> <li>Sustainability training is provided for treasurers and they encourage professional education bodies to make this available more broadly.</li> <li>There is regular dialogue and collaboration between treasury and sustainability teams.</li> </ul>
Managing cash, monitoring debt and reporting to debt providers	<ul style="list-style-type: none"> <li>The organization uses only a few sustainability indicators.</li> <li>Monitoring and reporting on sustainability are based on qualitative information.</li> <li>Some sustainability reporting is published.</li> <li>Time horizon is at most three years.</li> </ul>	<ul style="list-style-type: none"> <li>The organization uses a broad set of indicators commonly used in its industry, focused on material impacts and dependencies.</li> <li>Monitoring and reporting on sustainability are based on quantitative and qualitative information.</li> <li>Sustainability reports are published highlighting performance on material issues.</li> <li>Time horizon is up to 10 years.</li> </ul>	<ul style="list-style-type: none"> <li>Commonly agreed industry KPIs are used, focused on material impacts and dependencies. These include management of financial risks such as climate change.</li> <li>Monitoring and reporting on sustainability is based on robustly controlled quantitative information and considers financial impact.</li> <li>Performance on material sustainability issues is reported in an annual integrated report and independently assured.</li> <li>Time horizon extends to beyond 10 years.</li> </ul>
	Beginner	Intermediate	Leader