

# WORKING CAPITAL DIGITISATION ENABLING ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) TRANSFORMATION

## ESG targets are driving investment decisions

### PROBLEM – VENDORS DO NOT HAVE SUFFICIENT WORKING CAPITAL TO INVEST IN ESG INITIATIVES

ESG (Environmental, Social and Governance) requirements of investors requires considerable investment by corporates and their Vendors. Corporates can usually raise funds through bonds, but most vendors do not have similar access to capital markets in global supply chains, often do not have uniform access to banking lending to support ESG investment.

### IMPACT – ESG STRATEGY AND GOALS DIFFICULT TO IMPLEMENT WITH THE FINANCIAL CONSTRAINTS AT VENDORS

While the Vendors are spread around the globe, it becomes difficult for the corporate to provide a single solution. This lack of uniform access to working capital for Vendors in global supply chains jeopardises the delivery of ESG initiatives as Vendors struggle to fund the required investment.

The impact on the corporate is weak implementation. Vendors are chased to implement ESG projects but they often delay as they hide the real issue of a shortage of working capital to cover investment as they do not want to appear financially vulnerable to their corporate customer. Poor execution can subsequently result in a loss of investor confidence with fund managers, conscious of perceptions of greenwashing, resulting in them selling holdings and moving funds to corporates who can execute. The subsequent impact on the corporate in share price and brand value can be considerable.

### SOLUTION - ACCESS TO NEW SOURCES OF WORKING CAPITAL - CROSSFLOW, A SINGLE GLOBAL PLATFORM

Corporates typically owe their Vendors substantial amounts equating to a quarter of the corporates' purchases (90 days) due to payment terms. Releasing that cash to Vendors, can enable the supplier to invest in ESG, without impacting the corporates own working capital.

Crossflow's technology connects Vendors to a global pool of institutional working capital releasing that cash to Vendors and enabling them to make that ESG investment. Vendors can even extend the solution to their own Vendors ensuring there is a full cascade of ESG implementation in the supply chain.

Vendor rollouts are usually completed within 30 days and are managed by Crossflow. Vendors can register at a click, and the service is deployable globally as a result of Crossflows legal framework. This supports rapid implementation for the corporate and removes that key barrier to implementing ESG projects.



We want to invest in ESG, but we just do not have that spare working capital

Vendor



The risk to investor relations is significant as it directly hits our share price

Corporate CFO



Enabling Vendors to invest in ESG enabled us to meet our investors ESG goals.

Brand Director, UK Corporate

Learn how to implement the sustainability strategy in partnership with your Vendors.

Contact Us



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Connecting Funders to Corporate Supply Chains

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