

## ESG DRIVEN FINANCING

### How Crossflow is facilitating and partnering with a large Multinational Corporate to achieve its Sustainable Vision

#### INTRODUCTION

- Managing ESG issues throughout the supply chain offers benefits.
- Along with the company's reputation, the risk of supply chain disruption due to ESG issues is reduced.
- Better working conditions, for instance, can increase productivity and improve quality.
- Compliance and regulatory risk is reduced by taking a proactive stance on management of ESG risks. Having a sustainable supply chain may also uncover potential for innovation and market differentiation.
- ESG criteria serve as a guideline for environmentally friendly, socially acceptable, and ethically righteous supply chain activities; especially in procurement, sourcing and supplier relationship management-related actions.



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

Vendor

#### MULTINATIONAL CORPORATION (MNC) – SUSTAINABILITY VISION 2030

A large MNC, with a focus on achieving its sustainability goals, and investor driven ESG targets, is directing its resources on a cross functional basis to ensure its on the right path to achieve these targets.

However, one of the key challenges that it faced, was to have its stakeholders, especially its suppliers come on-board with their ESG vision. Suppliers, usually small to mid-sized companies, scattered across different geographies, do not really have an ESG vision. Their key focus is to manufacture/supply and get paid on time. For them, ESG goals are often notional and low priority.

For this MNC, the procurement function had a strong handle on what takes place among Tier 1 suppliers (possibly also Tier 2). However, for more distributed suppliers such as contractors, ESG and supply chain standards can be more difficult to enforce.



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

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## GLOBAL SUPPLIERS & CHALLENGES

As previously described, having a myriad mix of global suppliers, comprising of small to mid-sized companies and subcontractors, can be a significant compliance challenge.

Suppliers having well maintained production units, good working conditions, HR policies, practices like waste management, water management etc are some of the key aspects that require standards and monitoring. Geographical distances, different payment terms, product qualities etc can add to these challenges.

## ENABLING ESG- CROSSFLOW DRIVEN SOLUTION

The key to a common solution across this myriad range of global suppliers is cross industry standards aligned to ESG criteria. This requires investment by suppliers' cash/working capital to enable delivery. This is a tough call on suppliers who have exhausted their working capital through Covid.

With this MNC, Crossflow is helping ESG delivery by providing to ESG finance through:

- Crossflow providing a global ESG working capital platform integrated to the published standards and scorecard of the MNC.
- Crossflow managing the rollout of the platform to the MNC's suppliers.
- Providing a lower cost of finance linked to suppliers' delivery of ESG objectives.
- Enabling suppliers to drawdown all outstanding amounts owed to that supplier supporting a significant working capital injection for ESG projects at the supplier.

## TOP 3 BENEFITS – COUNTING & MORE

The MNC has over 1000 global suppliers (combination of Tier 1 and Tier 2)

1. The 1<sup>st</sup> phase of the program, led to onboarding 60% of suppliers on the platform.
2. Immediate drawdown of \$200m enabling ESG investment by suppliers
3. All suppliers now have access to working capital to meet the ESG criteria/goals of the MNC



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

Brand Director, UK Corporate

For further information

Contact Us



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