

# The C2FO Sustainability Programme

As the world's largest platform for working capital, C2FO supports the sustainability goals of our customers and a better future.



## C2FO Certified

A seamless certification system that helps you streamline your process of identifying sustainable suppliers.



## The Sustainability Marketplace

An early payment marketplace with preferential rates to incentivise and reward suppliers that are focused on sustainability.



## Sustainable Supplier Community

A community where certified suppliers can interact and share resources and best practices on sustainability.

At C2FO, our mission is to deliver a future where every company around the world has the capital needed to grow. We believe we can create a fair and inclusive financial world while effecting positive change on the most pressing economic, environmental and social challenges.

In recent years, measuring business practices based on environmental, social and governance (ESG) factors has become a focal point for companies and their stakeholders. As a leader in your industry, you understand that a commitment to sustainable business standards is imperative for your company's success.

One of our greatest opportunities for impact is through the C2FO Sustainability Marketplace<sup>SM</sup>, an early payment programme that includes preferential rates to help our customers integrate ESG considerations across their supply chains. Prioritising access to low-cost working capital for responsible and forward-thinking businesses ensures you can create a cascade of sustainable practices that flows smoothly throughout your supply chain.

## The Costs, Profits and Benefits of Sustainability

As you know, there are myriad benefits to embracing sustainable business practices. The costs of maintaining an inefficient status quo, however, could be detrimental not only to the planet, but to businesses of all sizes.

Companies face substantial costs due to environmental risks in supply chains, which are expected to increase as the planet, society and economy change. According to research from CDP, an environmental reporting platform, suppliers estimated financial impacts of \$1.26 trillion from environmental risks in the next five years. If these cost increases are passed on, corporate buyers could face a cost hike of \$120 billion.<sup>1</sup>



A C2FO worldwide survey of more than 6,700 small to mid-sized enterprises (SMEs) found that about one-third of suppliers already incur substantial costs to implement new sustainable processes and to comply with a variety of different requirements from clients and customers.<sup>2</sup>

Moreover, the many forms and surveys required to meet these practices cost SMEs immeasurable time and money.

However, there is no doubt as to the wide-ranging benefits of sustainability. A recent report from the World Economic Forum found that companies that implemented sustainable supply chain practices:

Increased their  
revenue by  
**5%-20%**

Reduced  
supply chain  
costs by  
**9%-16%**

Increased their  
brand value by  
**15%-30%**

Reduced  
their carbon  
footprint by  
**13%-22%**

Companies that embed sustainability into all aspects of their operations simultaneously drive business growth and long-term sustainable value for shareholders and stakeholders. In a meta-study by the University of Oxford and London-based investment research firm Arabesque Partners of more than 190 academic sources on sustainability, 90% showed that diligent ESG practices lowered the cost of capital.<sup>3</sup>

<sup>1</sup> CDP's Global Supply Chain Report 2020

<sup>2</sup> C2FO's 2021 Working Capital Survey

<sup>3</sup> Analysis from the University of Oxford and London-based investment research firm Arabesque Partners

## A Partner for Sustainability Efforts

More companies around the world are recognising the importance of ESG-related activities as a criterion for investment decisions, as the prospect of lower borrowing costs and sustainability-linked loans creates new incentives to support and disclose these efforts. In 2020, companies and governments issued a record \$732.1 billion in sustainable debt, including bonds and loans — a 29% increase from 2019, according to BloombergNEF.<sup>4</sup>

Failure to take action will result in a higher cost of capital for you and your ecosystem.

Based on the economic impact alone, it is in the best interest of all companies to develop innovative working capital solutions to enhance corporate initiatives and empower supply chains. The positive impact sustainable practices have on diverse, underserved and small to mid-sized enterprises is also evident.

As a partner in your pursuit of sustainable business success, C2FO offers the Sustainability Marketplace<sup>SM</sup>, which is part of a three-pronged initiative to integrate ESG performance criteria into working capital finance programmes, allowing global buyers to provide tangible benefits to sustainable suppliers.



### The Sustainability Programme consists of three pillars:

#### C2FO Certified

A seamless certification system that helps you streamline your process of identifying sustainable suppliers.

#### Sustainability Marketplace<sup>SM</sup>

An early payment marketplace with preferential rates to incentivise and reward suppliers that are focused on sustainability.

#### Sustainable Supplier Community

A community where certified suppliers can interact and share resources and best practices on sustainability.



<sup>4</sup> BloombergNEF



## C2FO Certified

As a C2FO customer, you can utilise C2FO Certified, which combines data from the worldwide network of companies that use our platform with third-party data to provide a comprehensive and accurate certification and segmentation of your supply chain. You'll be able to quickly identify suppliers that have robust sustainability ratings and provide them preferred funding.

To use this programme, simply provide C2FO with visibility to your internal ESG or sustainability scoring methods. Then, we'll help simplify and strengthen the process of identifying and rewarding your suppliers with access to low-cost working capital.

Sustainability scores are generated by third-party disclosure platforms that evaluate a company's ESG initiatives. Organisations that are transparent about their strategy and quantify their impact generally receive higher ESG scores just by disclosing progress, risks and opportunities.

C2FO Certified provides a unique opportunity to drive more sustainable performance among suppliers throughout your supply chain.



## The Sustainability Marketplace<sup>SM</sup>

We believe the creation of the Sustainability Marketplace<sup>SM</sup>, early payment programmes that offer economic incentives for qualifying vendors, will help alleviate the financial challenges many businesses face.

These specialised marketplaces offer prioritised rates and access to funds for your suppliers based on their sustainability compliance ratings. Suppliers often need liquidity to fund their own green initiatives. With C2FO, you can help suppliers of all sizes access low-cost liquidity solutions while linking financial incentives to their impact on sustainability.

As a global technology company, we provide measurable data to track and link your sustainability goals by connecting your Enterprise Resource Planning (ERP) software with suppliers' ESG scorecards. C2FO can also seamlessly integrate third-party data from ESG disclosure agencies to help simplify and strengthen the process of identifying businesses with concrete sustainability targets and report this information to improve your own ESG ratings.

Additionally, to further enhance C2FO's ability to support the Sustainability Marketplace<sup>SM</sup>, C2FO's Capital Finance team has established a network of bank and non-bank funding partners to provide liquidity at reduced rates for additional access to ESG funding.

The Sustainability Marketplace<sup>SM</sup> can have a positive impact across your global supply chain as well as communities and business operations, helping you to achieve your corporate sustainability goals.



## With C2FO, you can:

- Provide prioritised, low-cost and green working capital solutions to suppliers and their customers, influencing your entire supply chain.
- Reward and incentivise sustainable behavior among your suppliers.
- Link financing to sustainability goals, while enhancing compliance and reporting with third-party ESG disclosure agencies.
- Standardise, define and document supplier compliance classification with C2FO's designation solution.
- Deliver seamless access to multiple sources of green funding using our network of banking partners, who are committed to supporting C2FO and our customers' ESG initiatives.





## The C2FO Sustainable Supplier Community

The third component of the Sustainability Programme is a community we are building within the C2FO network where companies can connect on sustainability best practices, green initiatives and more.

Supply chain health isn't a zero-sum game. At C2FO, we see it as a benefit for everyone: for you, your customers and your suppliers. We know that when working capital is optimised for all participants, everyone succeeds.

This community will enhance your suppliers' access to new relationships and business opportunities, as well as your visibility to sustainable suppliers. You and your suppliers will connect and engage in productive discussions, develop potential partnerships and create innovative solutions centered around sustainability.



## In Conclusion

To achieve your sustainability goals, we are making a significant investment in our future every day through thoughtful and bold business practices backed by integrity.

We're committed to pushing beyond what's been done to discover what's better. C2FO will continue to update our approach and progress as we build out our programme further.

To support your strategic priorities, let's strengthen your corporate sustainability strategy — together.



Working Capital. Working for Everyone.

### Put advocacy into action.

Partner with C2FO to build a better, more sustainable future for all.

To learn more contact us at [info@c2fo.com](mailto:info@c2fo.com)