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**Becoming Sustainable:
A Treasurers Journey**



Introductions



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Why is ESG an Important Topic Today?

The transition to net zero carbon emissions presents a clear opportunity for financial institutions, organizations and businesses to set the global economy on a more sustainable, resilient and inclusive path.

More than one-third (702) of world's largest publicly traded companies now have net zero targets, up from one-fifth (417) in December 2020.

Where do you start in terms of developing and implementing an Environment, Social, Governance (ESG) strategy?

Panelist Questions

- How did you determine what your ESG goals were and who in your organization drove the initiative?
- What considerations did you need to take into account in determining your approach?

Starting your ESG Journey...and Moving it Towards Success

- **The Materiality Assessment is moving towards the concept of “Double Materiality”**
- **Scope Three can no longer be a “future concern” but often needs to be the first thing you tackle**
- **ESG and climate can’t be the job of one small function but has to be embedded across an organization at all levels – top down and bottom up action. And the E (Environmental) and S (Social) have to be in equal balance of priority, with the G (Governance) driving transformation.**
- **Seek tools to help drive your strategy that are credible, broadly applicable and speak the language of all your key stakeholders:**
 - CDP & the Science Based Targets Initiative
 - NYU Stern’s School of Sustainable Business ROSI methodology (Return on Sustainability Investment) helps sustainability, procurement and finance to speak the same language and examine potential initiatives together
 - BSR’s Transform to Net Zero Group publishes transformation guides for companies at all stages of ESG strategy

Aim to be in the 2%

- **According to a Bain & Company study, 98% of Sustainability Programs Fail**
- **Advice from Jaison John, a top ESG Advisor, says reasons include:**
 1. Absence of a robust business case
 2. Misalignment in leadership values and corporate vision
 3. Failure to prioritize sustainability goals and make public commitments
 4. Lack of incentives for employees and business partners
 5. Weak business processes and systematic controls

All of the above would benefit from the partnership and inclusion of internal finance leaders and external partners like banks.

Integrating ESG programs into a treasury strategy can facilitate brand recognition, operational cost savings and ultimately help businesses to grow.

Panelist Questions

- How are you measuring quantitative and/or qualitative progress to achieving your company's overall ESG goals?
- What were the key hurdles and/or roadblocks you have encountered along the way?

While companies have established ESG goals, treasury groups are often left with questions on how to translate expectations into tangible results.

Panelist Questions

- How do you identify key stakeholders of your ESG strategy and how did you bring them to the table/convince?**
- Which stakeholders were the most challenging and how did you work with them?**

REGULATION & PUBLIC POLICY

The Biden Administration joins the EU and others in increasing regulation and attention to ESG, with actions by the SEC and OCC.
Also the recently passed Inflation Reduction Act adds much in the way of incentives in the energy transition.

INVESTORS

In 2020, asset managers, notably BlackRock and State Street, made focused on the importance of climate change as an investment risk and asked for increased related disclosure. This year, BlackRock has further increased its focus and ask that all companies disclose the alignment of the business' strategy with a net zero economy by 2050.

DRIVERS of CHANGE

CUSTOMERS

Sustainability-marketed products grew 7.1x faster than products not marketed as sustainable. Sustainability-marketed branded products enjoy a significant price premium of 39.5%** vs. their conventionally-marketed branded counterparts

- NYU Stern Center for Sustainable Business
Sustainable Market Share Index™ 2021

FINANCE

Globally, 97% of issuers expect to redeploy capital in response to environmental and social challenges and opportunities over the next five years. Over 50% are already issuing sustainable bonds, including green and social, or may look to do so in the near future.

- HSBC Sustainable Finance & Investing Survey, 2020

The ESG Road Ahead

Treasurers should look to their banks and financial partners to help:

- build their strategies**
- Provide financing**
- Unlock investments**

For some, that will require changes they will need to plan for in order to meet a new system of sustainable goals. For others it may be a short, single change in the way they do business.

Discussion

QUESTIONS?