The Role of Finance and Treasury in ESG:
Opportunity for Value Creation in a Rapidly Changing World

In a climate of global disruption, which the world has not seen in decades – many companies around the globe are re-evaluating their business models and strategic priorities.

For forward-thinking companies, adopting sustainable practices is proving attractive because they are generally more resilient to shocks, more financially robust, and exhibit greater long-term growth potential. Environmental, social and governance (ESG) agendas are fast becoming a way of demonstrating a company's value and potential.

During this period of rapid change, finance and treasury organizations should embrace the opportunity to play a more strategic role in pursuing initiatives related to ESG. An acceleration of digitization initiatives, along with the post COVID-19 implications for supply chains, workforce and corporate culture, is creating an environment where ESG will become an even more important consideration.

Making the case for ESG: Impacting overall financial performance

For many companies, ESG programs have been proving their worth by delivering measurable financial impact. A few examples include:

- In the telecom sector, ESG initiatives have been instrumental in attracting more B2B and B2C customers. A recent study projected that $3.5 trillion in new revenue streams will be generated by 2030 in ESG-related areas, such as education, health and financial inclusion.¹

- In the consumer goods industry, ESG programs have effectively lowered the use of energy, limited spending on packaging, and improved employees training on safety standards - all of which have shown a direct impact on improving margin premiums and reducing costs. In fact, a BCG study found the average margin premium improved by 12.4% due to the impact of ESG-friendly products and packaging.²

- For a leading ride hailing company, positioning itself as socially responsible resulted in an increase in market share of 15%.³

³ https://www.measurabl.com/what-are-the-business-implications-of-esg/
A holistic ESG framework for treasury

Treasury’s core ESG focus has been on responsible finance and investments and ecosystem sustainability, however a more holistic approach encompassing topics such as operational resilience, risk management and regulatory compliance is needed. Below is a potential framework to consider to help empower treasury to become an ESG champion.

Treasury steps into the spotlight: Delivering responsible finance and investments

Whilst treasury’s core responsibilities typically remain centered on liquidity, funding and risk management, as business models and the competitive landscape have changed, treasury’s role has increasingly evolved into an advisory and collaborative one intersecting with functions such as sales, procurement and technology.

Financing products that link to sustainability performance are becoming more prevalent. For example, a borrower’s interest rate may rise or fall depending on whether the company meets sustainability targets that have been agreed upon with the lender. In this way, loans can help companies link their financing terms to their ability to generate positive outcomes.

A tool for fostering responsible investing is the development of a sustainability scoring mechanism provided by Money Market Fund (MMF) providers might analyze underlying securities against social considerations, such as activities for supply chains, such as evaluation metrics with ESG components. For instance, Money Market Fund providers might analyze underlying securities against social considerations, such as activities for supply chains, such as evaluation metrics with ESG components. For instance, Money Market Fund providers might analyze underlying securities against social considerations, such as activities for supply chains, such as evaluation metrics with ESG components. For instance, Money Market Fund providers might analyze underlying securities against social considerations, such as activities for supply chains, such as evaluation metrics with ESG components. For instance, Money Market Fund providers might analyze underlying securities against social considerations, such as activities for supply chains, such as evaluation metrics with ESG components. For instance, Money Market Fund providers might analyze underlying securities against social considerations, such as activities for supply chains, such as evaluation metrics with ESG components. For instance, Money Market Fund providers might analyze underlying securities against social considerations, such as activities for supply chains, such as evaluation metrics with ESG components. For instance, Money Market Fund providers might analyze underlying securities against social considerations, such as activities for supply chains, such as evaluation metrics with ESG components. For instance, Money Market Fund providers might analyze underlying securities against social considerations, such as activities for supply chains, such as evaluation metrics with ESG components. For instance, Money Market Fund providers might analyze underlying securities against social considerations, such as activities for supply chains, such as evaluation metrics with ESG components. For instance, Money Market Fund providers might analyze underlying securities against social considerations, such as activities for supply chains, such as evaluation metrics with ESG components. For instance, Money Market Fund providers might analyze underlying securities against social considerations, such as activities for supply chains, such as evaluation metrics with ESG components. For instance, Money Market Fund providers might analyze underlying securities against social considerations, such as activities for supply chains, such as evaluation...
Another example is Citi Commercial Cards which has teamed up with Mastercard to become the first global issuer to promote the Mastercard Priceless Planet Coalition. This coalition allows corporates to achieve positive climate action through reforestation and it is has pledged to plant 100 million trees over five years. Corporates who use commercial cards for business purposes, including travel and B2B purchases, can earn a rebate based on spend levels. Under this program, they have the option to invest a percentage of their rebate in reforestation projects through World Resources Institute and Conservation International.

Citi has a long-standing history of embracing corporate social responsibility standards and practices in promoting business and progress worldwide.

Citi TTS is committed to becoming “the” financial platform for global commerce, underpinned by responsible finance and digital solutions that support the ESG goals of corporates. The bank is dedicated to meeting the needs of an expanding number of companies who are embracing the opportunity to focus on sustainability as a means of transforming their businesses as the divide between “doing well” and “doing good” rapidly narrows.