

Celebrating a Sustainable Future

Treasury4Good Awards 2020

Despite the global pandemic, sustainability and diversity and inclusion (D&I) have remained key areas of engagement for corporate treasurers and their relationship banks. Here, we celebrate those organisations putting environmental, social and governance (ESG) issues at the heart of the corporate treasury function.

By Eleanor Hill, Editor

Now in their second year, TMI's Treasury4Good Awards recognise the vital role that corporate treasury professionals, together with the providers of treasury services, have to play in supporting ESG and D&I initiatives. Together with driving bottom-line improvements, global corporates and banks are now expected to be responsible role models – addressing local and international challenges by using their financial reach to improve lives, society, business, and the environment.

All of these aspirations were certainly demonstrated by our **Top Corporate Treasury Team for CSR/ESG** in

2020 – **Tideway**. Sustainability is a treasury priority at the company and all aspects of treasury are continually assessed and challenged in terms of its ESG credentials and performance. In addition to financing, this includes cash management and investments, the choice of counterparties for treasury products, systems and suppliers in general.

Focusing in on recent achievements, in November 2019 Tideway moved 10 bonds that had been issued prior to the approval of its green bond strategy in 2017 to the green segment of the London Stock Exchange. Tideway now has 17 green bonds, totalling £1.5bn. And in January 2020, the company's Green Bond Framework was expanded into a Sustainable Finance Framework to encompass a wider array of funding instruments.

In terms of innovation, Tideway has piloted a new ESG evaluation product with S&P Global Ratings. Treasury also expanded its work on the UN Sustainable Development Goals (SDGs) initiative

in collaboration with sustainability colleagues within Tideway and took part in educating the wider community about sustainable finance.

Overall, the TMI judges were impressed by Tideway treasury's successful cross-company collaboration around ESG, which motivates the team and aligns financing with the company's mission while improving risk management and creating new opportunities. Great work!

The Best Corporate Social Finance Project was judged to be the issuance in May 2020 by **Pearson** of its first social bond, to be invested in vocational education and education for underserved learners. The company held a virtual roadshow whose quality of presentation and clarity around the social nature of the bond was appreciated by investors. The issue was oversubscribed almost tenfold and received the largest sterling order book of 2020 in a challenging market.

The social designation of this bond was core to the fundraising and involved months of effort in designing a framework. The wording of the framework was agreed with advisers and tested with investors; Vigeo Eiris, a provider of ESG research services, gave a second-party opinion and Pearson's Responsible Business Council was appointed to review it. The TMI judges applauded all of the effort by Pearson's treasury team and are delighted to see the 'S' of ESG receiving attention.

Meanwhile, **Siemens Gamesa** was the winner of the **Top Corporate Sustainable Finance Project**. The company is a leading supplier of wind power solutions to customers globally and is an innovative pioneer in the renewable energy sector. Its winning project, announced in May 2020, involved a syndicated guarantee of up to €600m, led by BNP Paribas. This covers the construction of components

for Hornsea 2, the world's largest offshore windfarm to date, which is located in the North Sea and is linked to fulfilment of ESG criteria. The established premium on the deal will be used to finance a cancer research project being carried out at the Hospital La Paz Institute for Health Research in Madrid to identify sources of metastasis in breast cancer. The deal is a continuation of Siemens Gamesa's focus on sustainability in finance and supports both renewable energy and medical research. An excellent endeavour all round.

Partner projects

In the bank and vendor section of the Awards, **Diane S. Reyes** was named Outstanding **Treasury4Good Leader of the Year**. Diane is HSBC's Group General Manager, Global Head of Liquidity and Cash Management. She has more than 20 years' financial services experience across a number of institutions and in her current role she represents HSBC as the Chair of the BAFT Global Transaction Banking Leaders Forum. Diane is also a senior sponsor of one of the diversity programmes within the Global Banking and Markets business within HSBC as well as being the Executive Sponsor for the HBUS Nurture Employee Resource Group, which is focused on providing support for employee caregivers. Diane has also chaired several councils on women's career development and continues to be a role model within the industry.

The Award for **Global Bank of the Year for CSR/ESG** went to **Deutsche Bank**, whose commitment to ESG was in no way derailed by the fierce impact of Covid-19 on the financial sector. Since January 2020 the bank has placed ESG bonds with an underwriting volume of nearly €3.5bn. These included green

bonds, social bonds, sustainable bonds and bonds linked to sustainability criteria. Deutsche Bank has undertaken that by 2025 its total volume of sustainable financing and investments will grow to at least €200bn and its operations will be powered entirely by renewable energy. A long-term commitment to fighting climate change was reiterated in July 2020 by Christian Sewing, Deutsche Bank CEO, who said Covid-19 had accelerated the bank's efforts in this direction as the pandemic had underlined the benefits of cleaner air, keeping nature intact and a co-ordinated response to major disasters. In the same month the bank signed up to the Equator Principles, a set of ESG rules for project financing due diligence, and launched dbSustainability. The latter is a new offering for clients, carrying research reports designed to help them identify sustainable investment opportunities and pinpoint the financial implications of broad ESG themes on the economy, industries and individual companies.

Citi was voted **Global Bank of the Year for Diversity & Inclusion**. Commitment to diversity is a core value at the bank and over the past year there has been strong momentum to increase diversity at Citi, and to create a transparent and inclusive workspace. Its most recent Talent and Diversity Annual Report showed that more than 50% of employees globally were

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DIANE S. REYES

Group General Manager,
Global Head of Liquidity and
Cash Management, HSBC



CHRISTIAN SEWING

CEO, Deutsche Bank

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female and 45% of the US workforce were minorities. To ensure the bank's diversity and inclusiveness, Citi is focused on three areas: targeted recruitment, development and retention, and promotion paths and processes. All the bank's leaders are directly involved in, and held accountable for, its collective progress in advancing diversity and inclusion right across the board, and Citi is strongly committed to advancing LGBT equality. In January 2020 it was ranked as the most inclusive financial services employer in the UK by the LGBT charity Stonewall. Racial equality is equally valued and the bank focuses on the challenges faced by communities of colour in its dedication to becoming an anti-racist organisation.

Meanwhile, the **Best Community Engagement Project** Award was made to **Bank of America**. A \$1bn, four-year commitment to provide additional help to local communities to address economic and racial inequality accelerated by the global pandemic was announced by the bank in June 2020. This builds on economic mobility and workforce programmes which it already supports in local markets and will sharpen their focus, accelerate the resources and add a particular emphasis on health services during the pandemic. Its main areas of focus are health, jobs/training/reskilling/upskilling, support for small businesses and housing. In September 2020 Bank of America announced the issuance of a \$2bn Equality Progress Sustainability Bond designed to advance racial equality, economic opportunity and environmental sustainability, the first offering of its kind in the financial services industry. It also represents the first sustainability bond issued by a US bank holding company where the social portion of the use of proceeds will be dedicated to financial empowerment of Black and Hispanic-Latino communities. This is the bank's eighth ESG-themed corporate bond, bringing its aggregate total of issuance to \$9.85bn.

ICD, a leading independent portal provider for the trading, reporting and analysis of institutional money market funds and other short-term investments, was the winner of TMI's accolade for **Best CSR/ESG/D&I Thought Leadership Campaign**. The company began noting interest in ESG funds from investors in 2018 and worked with its fund partners to investigate this

new demand; over the course of 18 months ICD had added 15 new ESG products to ICD Portal. A client survey in January 2020 showed that 32% were planning investment in ESG funds during the year, and the firm set out to bring leading fund companies, ESG standard-setting organisations and interested investors together in a four-part webinar series addressing the topic. This engaged more than 350 institutional investors looking for answers to ESG questions, with the percentage ranking their knowledge 'above average' nearly doubling over the course of the series. Additionally, an average of 41% of viewers said they foresaw their organisation investing in ESG products in the next 12 months.

The **Best Provider of Green Cash and Liquidity Solutions** Award was won by **HSBC**. While the bank is a leading provider of sustainable finance solutions, what caught the judges' eyes was HSBC's new Green Deposits programme, which presents customers with an opportunity to fulfil their sustainability goals by investing their surplus cash balances into environmentally beneficial projects and initiatives. Deposited funds are used to finance eligible business and projects that promote a low-carbon and climate resilient economy, and provide clear environmental benefits while mitigating environmental and/or social risks. This product is playing a key role in assisting treasurers to place ESG at the heart of the function.

Last but by no means least, **BNP Paribas** was chosen as **Global Bank of the Year for Sustainable Finance**. Important to note here is that sustainable finance encompasses more than just green finance. BNP Paribas is becoming increasingly influential in this space, delivering a range of solutions to help corporate treasurers to support their organisations' sustainability goals. These solutions include an EMEA Sustainable Deposit Scheme, the first of its kind in the region, which was launched in November 2020. Unilever has already signed up as a depositor. In addition to this innovative product, the TMI judges were impressed by BNP Paribas' commitment to supporting social bond transactions, as well as helping clients to access revolving credit facilities linked to ESG criteria. Sustainable finance is a growing area and BNP Paribas is at the leading edge. ■