



ESG at C2FO

As the world's largest platform for working capital, C2FO's Environmental, Social and Governance (ESG) approach is to develop innovative working capital solutions that enhance our customers' corporate ESG initiatives and empower their supply chains.



We believe that a fair and inclusive financial world will influence positive change on the most pressing economic, environmental and social challenges.

That's why we're committed to creating ethically, environmentally and socially responsible solutions that provide businesses with access to cost-effective capital, as well as other resources that can help fuel their growth and conform to ESG standards and achieve their goals.

In recent years, measuring business practices based on ESG factors has become a focal point for companies and their stakeholders. Industry leaders recognize that a commitment to companies in their supply chain and sustainable business standards is imperative for long-term success.

Together with C2FO, you can enhance the success of these efforts by providing your suppliers, including diverse or small and medium-sized businesses (SMBs), with convenient access to cost-effective working capital as an incentive for them to adopt sustainable practices.

The challenges and opportunities of ESG

There are many benefits to embracing sustainable business practices. Research from McKinsey & Co. found that a robust ESG proposition correlates with higher equity returns, increased productivity, top-line growth, cost reductions and a decrease in risk.

A strong commitment to ESG practices is linked to higher value creation, and organizations that have invested in sustainability are seeing a clear ROI.

Companies that implemented sustainable supply chain practices¹

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%

¹ 2021 World Economic Forum Report

Although commitment to sustainable practices has increased by 81% over the past three years, most companies today are still managing programs from a compliance standpoint — a trap that leads to limited engagement and lacks incentives to drive performance and long-term improvements, according to sustainability rating firm EcoVadis and the NYU Stern Center for Business Sustainability.

However, the recent movement to incentivize suppliers to adopt ESG initiatives rather than audit them has prompted a renewed focus among corporations to reevaluate how they contribute to the communities they operate in and serve.

In the past year, regulatory bodies, investors, employees and customers, among others, have pressured companies for more detailed reporting on sustainability and diversity, largely in response to a boom in demand for climate change activism and ESG-specific funding.



Most companies' supply chains create far greater social and environmental costs than their own operations, accounting for more than 80% of ESG impacts that include pollution, geopolitical considerations and labor issues, according to McKinsey & Co.

Because the bulk of a company's ESG risk lies in its upstream and downstream partners, the key to a

Collaborative Relationships

"How do we move beyond auditing and build more collaborative relationships with suppliers? You have to throw away your old habits when you realize the approach doesn't produce change. We do not need sustainability policing. We need sustainability doctors."



Marco Baren, head of operational excellence, supplier development and sustainability at Philips

successful ESG strategy is ensuring that the entire supply chain adopts sustainable practices. C2FO can support you on your journey to move beyond simply auditing suppliers and, instead, provide real and measurable value to them.

Enhance your corporate ESG initiatives and empower your supply chain

As the largest global platform for working capital, C2FO is in a unique position to partner in every company's pursuit of sustainable business success.

Since C2FO's inception, we have demonstrated our commitment to providing businesses of all sizes with the liquidity and working capital needed to grow. C2FO was built to solve big problems, which include providing an alternative for SMBs and diverse suppliers to help free up cash.

As ESG-related regulations become increasingly important, C2FO has created a framework that allows the wider supply chain to take part in this transition to sustainability and provides the right incentives to suppliers. With help from C2FO, companies can encourage and incentivize suppliers to adopt sustainable practices through affordable working capital solutions that act as a positive lever for change.

Companies may face substantial costs to meet evolving environmental factors 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 by 2025. If these increases are passed on, corporate buyers could face a cost hike of \$120 billion. Idle companies will become less competitive and less resilient. It's crucial that companies and their trading partners actively engage in ESG practices to maintain a healthy supply chain.

Additionally, a C2FO worldwide survey of more than 6,700 SMBs found that about one-third of suppliers already incur substantial costs to implement new sustainable processes and comply with various requirements from clients and customers.

C2FO's platform is a tangible solution to meet your corporate ESG goals and alleviate the burden many underserved and underfunded suppliers face when



adopting ESG practices. By providing easy access to cost-effective working capital, you'll enhance your corporate ESG initiatives and empower your supply chain.

As a partner in your pursuit of sustainable business success, C2FO offers different ESG Marketplaces to match your ESG initiatives, including Equity and Inclusion, and Sustainability Marketplaces.

Our three-pronged initiative to integrate ESG performance criteria into working capital finance programs allows global buyers to provide tangible benefits to suppliers.

ESG at C2FO consists of three pillars:



C2FO Certified: Utilizes existing data points to streamline your process of identifying women-, minority-, veteran-, disabled-, LGBTQIA-owned, sustainable and small and medium-sized businesses.



The ESG Marketplace™: An early payment marketplace with preferential rates that will help alleviate the challenges many businesses face, and incentivize and reward suppliers focused on sustainability.



The C2FO Community: A community where you and your peers can interact and share ESG resources and best practices.

Easy Program Maintenance

"The program is pretty hands-off. Once we've decided that we want to go in the direction of adding a new marketplace for SMBs, from that point forward, we don't get involved in terms of the operations aspect. C2FO takes care of all of that."



Antoine Hamelin, director of capital markets at Intel



C2FO Certified

As a C2FO customer, you can utilize 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 identification and segmentation of your supply chain.

You'll be able to quickly identify which companies are SMBs, owned and operated by women, veterans and members of socially and economically underrepresented groups. Additionally, you'll be able to find and source suppliers with robust sustainability ratings and provide them preferred funding.

To use this program, 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 cost-effective working capital.

C2FO Certified provides a unique opportunity to provide liquidity to businesses that need it most while driving more sustainable performance among suppliers throughout your supply chain.



The ESG Marketplace™

A recent analysis of more than \$25 billion in funding through C2FO's platform shows tens of thousands of minority- and women-owned businesses participate in our early payment programs at a rate of nearly 4.1 times the participation level of other businesses.

Specifically, women-owned businesses actively participate at a rate of 2.6 times that of other businesses. Small to mid-sized businesses utilize C2FO at a rate of 2.6 times higher than non-SMB-owned businesses, and minority-owned businesses use programs at a rate of 5.5 times that of businesses that are not minority-owned.

Organizations that offer an ESG Marketplace, which is an early payment program that offers preferential rates for qualifying vendors, will help alleviate the financial challenges many businesses face.

Additionally, these specialized marketplaces offer prioritized 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.

Equitable and Transparent Solutions

"Building on our existing early payment programs, this new option launches with the goal of making access to working capital affordable, transparent and more equitable by offering qualified diverse or minority-owned suppliers faster payments from us at our lowest rates. The simple interface, provided by technology platform C2FO, enables suppliers to hand-select the invoices they would like to request early payments on."



Scott McCall, Chief Merchandising Officer, Walmart U.S., and
Megan Crozier, Chief Merchandising Officer, Sam's Club

As a global technology company, we provide measurable data to track your sustainability goals by ensuring that access to affordable finance can be linked to your suppliers' ESG ratings.

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 ESG Marketplace, C2FO's Capital Markets 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 ESG Marketplace can positively impact your global supply chain, communities and business operations, helping you achieve your corporate ESG goals.

Our team can assist you in determining what kind of program is the right fit for you and the diverse companies in your supply chain.



The C2FO Community

At C2FO, we also deliver a community that fosters open dialogue on ESG best practices and develops enduring solutions. You and your industry peers can connect and engage in productive discussions, develop partnerships and create innovative solutions centered around ESG.

C2FO can facilitate conversations between like-minded companies across our global network of more than one million businesses achieving capital goals together.

In conclusion

C2FO recognizes the critical social and environmental changes that need to be made.

As a global technology company, we have the unique opportunity to support our business partners in their efforts to encourage sustainable, equitable and inclusive practices within their supply chain. By leveraging C2FO's solutions, you have the opportunity to encourage and promote responsible business practices through advantageous working capital incentives for your customers and suppliers.

Global Supplier Support

"We chose to work with C2FO because it has a very strong global track record and ambitious targets to reach small and medium-sized companies all around the world. This is important for Arcelik because we've always preferred supporting our suppliers through alternative ways of financing. Hopefully, within this program, some tailor-made financing for sustainability-related projects will be realized."



Çiğdem Sarıyerli Darcan, Senior Specialist
for Arcelik Group Cash Management





Put advocacy into action.

With C2FO, you can:

- ✓ Provide prioritized, cost-effective and green working capital solutions to suppliers of all sizes, including women-, minority- and LGBTQ-owned businesses, influencing your entire supply chain.
- ✓ Reward and incentivize sustainable behavior among your suppliers.
- ✓ Link financing to sustainability goals, while enhancing compliance and reporting with third-party ESG disclosure agencies.
- ✓ Standardize, define and document supplier compliance classification with C2FO's designation solution.
- ✓ Deliver seamless access to multiple sources of green funding using our network of funding partners, who are committed to supporting C2FO and our customers' ESG initiatives.

C2FO takes diversity and inclusion practices, as well as our own environmental impact, very seriously. This belief is reflected in our dedication to financing business opportunities with positive environmental and social impacts, reducing our operational footprint, and setting similar sustainability expectations for our suppliers.

C2FO is currently building our corporate charter to solidify our goals and make our ESG aspirations a reality. We're committed to pushing beyond what's been done to discover what's better, and we will continue to update our approach and progress as we build out our program further.

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

To learn more contact us at info@c2fo.com



Working Capital. Working for Everyone.