

Financing is about more than money



The starting point for the roadmap is the classical finance theory. The investment decision precedes the financing decision. Therefore, the starting point is the business case. The business case clearly describes the (ESG) strategy or objectives of your company and how the intended investment decision supports this strategy.

The (financial) analysis from this step answers questions such as:

- Does a company know its (ESG) opportunities and threats, and do they have an adequate response?
- How realistic are they in their considerations?
- Is enough cash being generated to meet all obligations?

Before contacting potential financiers, it is good to have an understanding of the changing ESG risk profile of your company and whether the intended investment is appropriate. Ilfa has several tools to help you objectively assess your own risk profile and report on it.

In this step, you translate the risk profile into an appropriate structure for your financing by making a statement about:

- The desired mix of equity and debt;
- The desired composition, maturity, and diversification of the debt.

Sustainable financing in 8 steps



Financing can take many different forms. Using a decision tree designed by Ilfa, you can concretise the question to the capital market. Non-bank financing or alternative forms of interest payments are extensively discussed in this step.

By now, you have a clear answer to the questions: what, who, when, and why? You also have a clear understanding of which sources and forms of financing are most suitable. It is now important to condense the amount of information into a manageable and appropriate format. Realise that this document is your business card.

There comes a moment when you have successfully tapped into one or more sources of financing. The challenge then is to make the offers comparable and to assess them against the strategy formulated earlier in the process. The right financing decision is crucial for the economic independence of your company in the medium term.

After choosing one or more financiers, you enter the phase where you need to fulfil the agreements with your financiers. This requires a reorientation of financial management and the treasury function because, under pressure from ESG legislation, financiers will request broader reporting.

Do you want to download the complete roadmap? Go to
www.ilfa.nl/the-roadmap-for-sustainable-finance