

Snapshot: Doing well by doing good – banking and finance in an ESG world

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"Doing well by doing bad" is no longer an acceptable business model and now the future focus is very much on "doing well by doing good".

The Paris Agreement on climate change has focused the geo-political consensus on what is required to tackle the effects of climate change. With the inauguration of the Biden administration in the United States, although playing catch up, this sends a clear signal to the world of the climate commitment being made by the world's second largest emitter of greenhouse gases.

Industry, in parallel, is emerging through the economic Covid-19 recovery in unity with a shared vision and commitment to halve global emissions by 2030 and the more ambitious race to net-zero global emissions by 2050. Heavy regulation, political drivers and a sharp industry focus on all aspects of economic, social and governance (ESG) have steered the financial services sector to drive capital towards more sustainable and green economic activities.

It's sensible to assume that businesses committing to net-zero targets will be seeking leverage with financiers who can help them meet those commitments. This is true along the whole financial supply chain. For example, in October 2020, Tesco announced that it was establishing a £2.5 billion revolving credit facility linked to ambitious sustainable and environmental targets. This will surely be the tip of the iceberg, and not just for big business / FTSE 100 companies, but for small retail, pension funds, asset managers, property developers and others.

ESG will be a standing board agenda item for all in the coming decades. Finance has a real opportunity to be dynamic and entrepreneurial in assisting the whole breadth of the financial supply chain. Whether it's ESG strategy, or granular loan documentation legal compliance (eg hardwiring green frameworks and reporting requirements), Ogier's global banking and finance capabilities and unique ESG and Impact Services team are here to assist clients in achieving their ESG goals.

For more information on how we can support you in this area, please get in touch with a member of our team.

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