

Technology helps realise alternative and ESG-focused investments

Investors want to understand the returns they are promised and how they get their money back. On exchange traded securities and debt instruments, investors' scrutiny is supported by Capital Markets regulations and credit ratings. For Private Market transactions or financings involving ESG (Environmental, Social and Governance) principles, on the other hand, there is far less support available to stakeholders. Investors and lenders nevertheless require as much information, thorough due diligence, intensive communication as well as negotiations to get to a financial close.

Investors, lenders, sponsors, and borrowers are typically heterogenous groups with different views to many aspects of transactions. Commercial and non-commercial interests, for example, need to be aligned on ESG-transactions. How can stakeholders in this asset class be supported during their analysis and decision process. Equally relevant, how can the number of ESG related financing transactions be increased? Though data provider Morningstar reports a 53% increase for assets in ESG funds in 2021¹, there is a need for improvements.

Blended Finance structures

Blended Finance can be helpful on ESG related projects as it compounds private sector funding with development funding. Development funding is based on concessional terms provided by multilateral development banks (such as the World Bank, the Asian Development Bank, etc.), public entities or philanthropic sources. As concessional financing offers de-risking and credit enhancement, these structures are potentially attractive to private sector investors.

Well defined and managed ESG criteria

Clearly defined ESG metrics ensure stakeholders understand them and can communicate adequately within their organizations. After closing, a rigorous management and reporting becomes key for a continued success. Monitoring and reporting on ESG KPIs catch a lot of attention. Misleading reports can become a serious problem – green-washing accusations or public investigations of ESG reporting have recently generated a lot of scrutiny.

Transparency

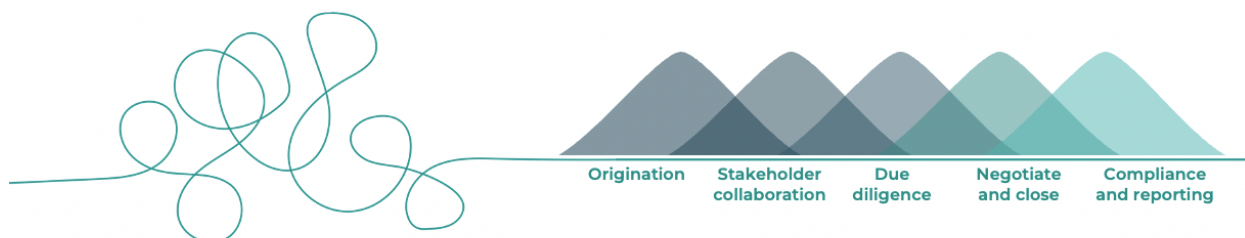
A comprehensive description of the transaction, its background, objectives, benefits, and risks will benefit parties to be involved and create trust and goodwill. When all parties develop a common understanding of a project's merits, even heterogeneous groups will come to a similar conclusion of risks and rewards, hence to credit approvals or positive investment decisions.

Intensive communication as well as well-prepared and structured meetings help parties to compromise. Transparent roadmaps to closing inspire parties to work together. Real-time information and easy access of documentation help alleviate arduous negotiations and generate trust in complex situations.

Technology can help involved parties on all above-mentioned elements. The added value exceeds the cost to be involved by far.

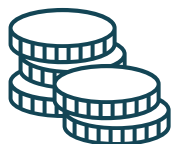
A digital workflow makes the difference

Capcade provides a digital workflow for managing the above-described process end-to-end. The platform provides for secure, reliable, seamless communication and collaboration between transaction parties.



On Capcade, a user can:

- Showcase and distribute a project or transaction
- Develop comprehensive offering documents – link it to background data
- Gather interest from counterparties
- Share information, communicate, and collaborate on documents – manage project tasks based on dedicated permissions
- Negotiate and agree T&C's – keeping track of changes
- Integrate analytics and reporting functions, ensure post-closing administration



Access to new sources of capital

Attract funding for investment projects by showcasing opportunities to a global network of investors using connected marketplaces



Simplification of stakeholder management

Easily orchestrate internal and external stakeholders in a single place with advanced permission rights



Time-saving cost reduction

Unlock valuable man-hours with simple and intuitive data rooms and project management tools

For further information, visit: www.capcade.com