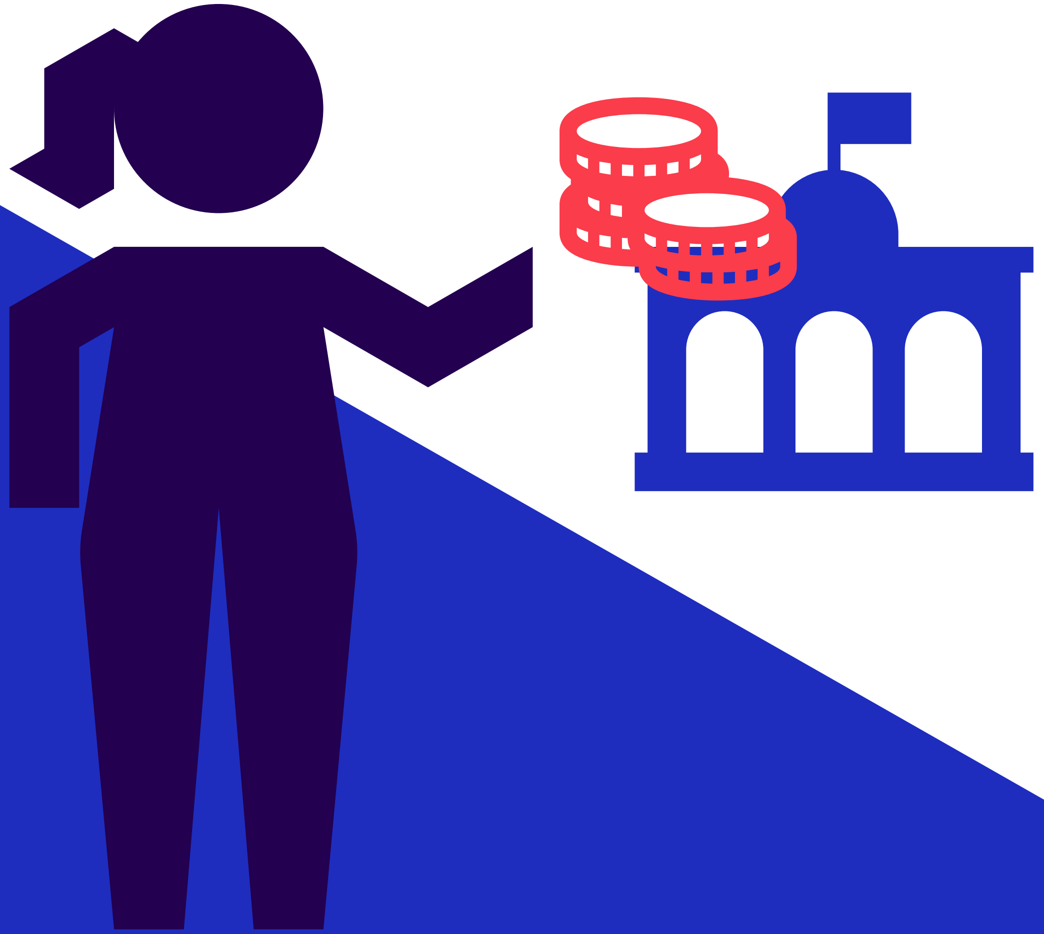
International Labour Organization

Module 7: Sustainable funding



Learning objectives

Understand sustainable:

- Grants and subsidies
- Loans
- Shares
- Bonds
- Investors

1. Grants and subsidies

GRANTS

=

ONE-OFF FINANCIAL GIFT

SUBSIDIES

=

ONGOING SUPPORT

Grants and subsidies

Advantages

- No repayment
- Flexibility
- Improved profile

Disadvantages

- Competition
- Time commitment

2. Sustainable loans

Sustainable loans

LOAN

=

DEBT-FINANCING WITH STANDARDIZED MONTHLY PAYMENTS

Examples:

- Sustainability-linked loans (SLLs)
- Public sector loans
- Public sector loan guarantees

Loans

Advantages

- Quick access
- Can be cost-competitive

Disadvantages

- Monthly payments may not suit all enterprises
- Default incurs costs

3. Sustainable finance: shares and bonds

What is sustainable finance?

SHARES

=

ENTERPRISE OWNERSHIP STAKES

BONDS

=

LOANS

Shares

Advantages

- No repayment
- Increased profile among investors

Disadvantages

- Ownership dilution
- Reduced control
- Reduced profits
- Costs and complexity

Examples of sustainable bonds

- Green bonds
- Blue bonds
- Social bonds
- Sustainability bonds
- Sustainability-linked bonds (SLBs)
- Transition bonds

Bonds

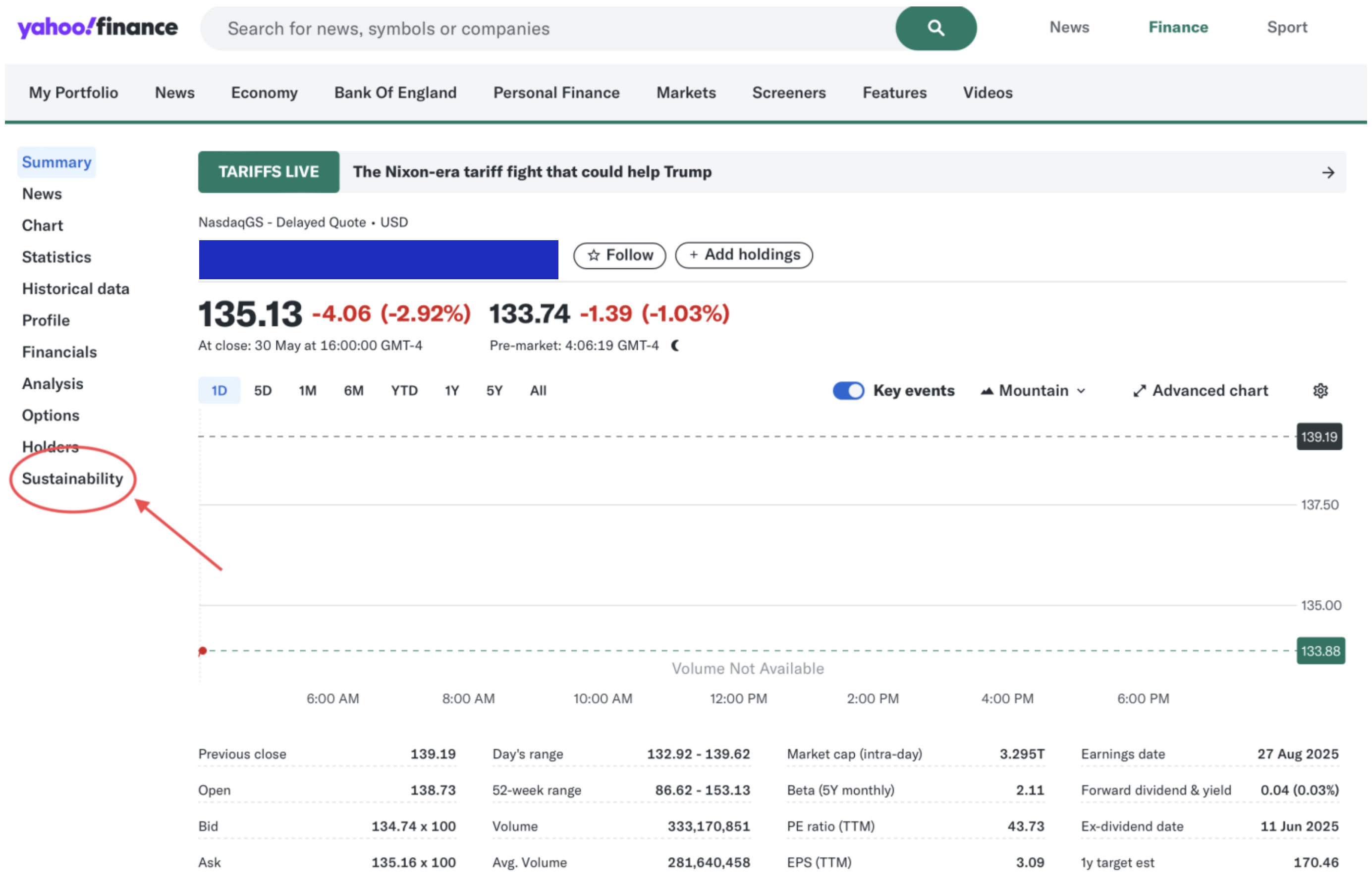
Advantages

- Tax benefits
- Avoids capital dilution
- Pay back at end of term

Disadvantages

- Complexity
- Costs

ESG enterprise performance is widely accessible to investors



NasdaqGS - Delayed Quote • USD

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142.83 -1.12 (-0.78%) **141.60** -1.23 (-0.86%)

At close: June 11 at 4:00:00 PM EDT | Pre-Market: 4:42:57 AM EDT

Environment, Social and Governance (ESG) Risk Ratings

Total ESG Risk Score	Environmental Risk Score
12.5 Negligible	2.7
Social Risk Score	**Governance Risk Score**
4.1	5.7

ESG Risk Score for Peers

Name	Total ESG Risk score	E	S	G
STMEF STMicroelectronics N.V.	13	6	4	3
LRCX Lam Research Corporation	12	4	4	4
NVDA NVIDIA Corporation	12	3	4	6
AMAT Applied Materials, Inc.	11	4	3	5
ASMXF ASM International N.V.	10	4	4	3

Controversy Level ⓘ

ESG data provided by Sustainalytics, Inc. Last Updated on 6/2025

NVDA | Category Average

2 | Moderate Controversy Level

Product Involvement Areas ⓘ

Products and Activities	Significant Involvement
Alcoholic Beverages	No
Adult Entertainment	No
Gambling	No
Tobacco Products	No
Animal Testing	No
Fur and Specialty Leather	No
Controversial Weapons	No
Small Arms	No
Catholic Values	No
GMO	No
Military Contracting	No
Pesticides	No
Thermal Coal	No
Palm Oil	No

Types of sustainable investors

- Impact investors
- Socially responsible investors
- ESG investors

INVESTORS INCREASINGLY LOOK FOR SUSTAINABILITY

Real-life example: Making the most of sustainable funding

Consider including a short case study on a relevant enterprise that has successfully accessed and used sustainable funding