

Sustainability increases creditworthiness

Vienna (OTS) - Around 2,000 companies in Austria will be obliged to prepare a "Sustainable Reporting" by 2025 at the latest. However, the sustainability performance of companies is already having an impact on bank lending.

"All companies that are reliant on external financing should take a close look at ESG criteria now at the latest," emphasizes Julia Leeb, partner and expert in corporate finance at BDO.

Sustainable customers, better ratings for banks

"Banks already check whether companies meet certain ESG criteria when granting loans. This means that issues relating to social awareness and corporate governance are already having an impact on banks' current ratings alongside environmental criteria. It is clearly in the banks' interests to give preference to sustainable companies as customers, as the rating of their borrowers also influences their own rating," says Julia Leeb, explaining the foreseeable chain reaction. So if you have customers who meet ESG criteria, you will be rated better yourself.

Worse conditions for borrowers who do not act sustainably

It is not yet possible to make any concrete statements about the impact on lending conditions. What is certain, however, is that companies that do not meet ESG criteria will find it more difficult to obtain loans in the future: They will receive the loan at worse conditions or, in the worst case, will no longer receive a loan at all. The list of questions on ESG criteria and their assessment varies from bank to bank. "A uniform regulation or coordination would be a great relief and would contribute to transparency," says Julia Leeb. At present, however, the focus is more on the structure and measurability of the respective criteria catalogs at the banks in order to be able to create an ESG rating on this basis in addition to the conventional rating in the future. The ESG suitability of a company is assessed against the background of the respective industry. "At the end of the day, the topic of sustainability reporting will become relevant for all companies in Austria. No one can avoid it," emphasizes banking expert Julia Leeb.

Queries & contact:

BDO Austria GmbH
Carina Fuchs
Managerin Corporate Communications
carina.fuchs@bdo.at
bdo.at