

THE GLOBAL SUSTAINABILITY CONSULTING MARKET IN 2023

How did the sustainability market perform in 2022 and early 2023?

Overall, we are seeing some positive momentum in the sustainability market. Clients face various regulatory deadlines approaching over the next 12 to 18 months. We're having more detailed conversations about a broader range of client situations and specific challenges. Other reasons for this positive momentum are that external shocks such as the pandemic are by and large solved. In the past few years, clients have had to focus on keeping businesses afloat, which caused a delay in ESG work.

“ *In the past few years, clients have had to focus on keeping businesses afloat, which caused a delay in ESG work.* ”

Now, with more regulatory requirements kicking in, increasing stakeholder expectations, and the heightened awareness for business opportunities in the context of sustainability, clients are eager not to fall behind their peers.

Regarding the securing of talent, do clients do this via upskilling current employees or bringing in new talent?

It's a mixture of both. It's quite difficult to find senior, i.e., more experienced people, in the market for sustainability. This is a situation that both clients and consulting firms face.

“ *The talent pool for ESG is tight.* ”

What is Capco doing to find or develop that talent?

We have internal training programmes for our existing staff. We are upskilling our employees who might already be risk or data experts, for instance, and giving them an extra layer of ESG know-how. We also offer our employees the opportunity to take part in external training programmes, such as the CFA programme on ESG investing or the GARP programme on climate risk management. Additionally, we are sharing our experience and know-how via our global ESG practice, which allows us to enhance our global delivery capability. At the same time, we are trying to recruit additional talent, though it is hard to find experienced staff in the market. We have also made good experience in recruiting graduates with specific skills in sustainability, regulation, or green finance.

Are you seeing an increase in work on the 'S' and the 'G' of ESG?

The focus is still on environment, but social and governance are picking up pace quickly. In Germany, for example, companies with more than 3,000 employees already have to ensure certain human rights standards across their value chain according to the Supply Chain Act. This means that they have to control their entire supply chain, even down to whom their vendor's vendor is working with, to ensure compliance with human rights standards, fair wages and to avoid exploitation. A similar directive has just passed the European Parliament and is now being handled in trialogue discussions between EU Parliament, the European Council and the European Commission.

What else is important in the sustainability market?

“ *It's not only regulation driving sustainability work, but also public expectation of stakeholders.* ”

Regulatory requirements do drive demand, but stakeholders no longer accept simply meeting the bare minimum requirements. Expectations are rising, and stakeholders want to see banks and corporates taking this topic seriously. Enhanced transparency due to increased disclosure requirements will put greater pressure and scrutiny on banks.

Source: Source Information Services Ltd 2023 | Market Trends Programme - The Sustainability Consulting Market in 2023

CONTACT:

Olaf Clemens, Global ESG Practice Lead

T +49 172 746 7502 E olaf.clemens@capco.com

WWW.CAPCO.COM



CAPCO
a wipro company