

Green Quadrant: ESG & Sustainability Consulting 2022

JANUARY 2022

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This version of the report contains Verdantix's summary of EY's capabilities to help prospective customers evaluate whether the vendor is a good fit for their ESG and sustainability consulting requirements. It does not contain other vendor profiles.

Green Quadrant: ESG and Sustainability Consulting 2022

This report provides a detailed fact-based comparison of the most prominent ESG and sustainability consulting firms. Based on the proprietary Verdantix Green Quadrant methodology, the analysis encompassed two-hour live briefings, desktop research and vendor responses to a 97-point questionnaire covering 15 capability and seven market momentum categories. Verdantix also conducted interviews with more than 10 ESG and sustainability consulting customers and reviewed the data from the 2021 Verdantix Global Corporate Survey of 400 senior executives in ESG and sustainability governance (see [Verdantix Global Corporate Survey: ESG And Sustainability Governance, Strategies And Priorities](#)). Verdantix analysis finds that the ESG and sustainability consulting market has undergone a substantial transformation, with more than 18 sustainability consulting acquisitions occurring within the last two years. Among the consultancy firms featured in the Leaders' Quadrant, four firms — ERM, EY, PwC and WSP — demonstrate the most advanced all-round ESG and sustainability consulting capabilities. Additionally, this report highlights the breadth of the ESG and sustainability consulting market, with eight different firms demonstrating market-leading capabilities in at least one sub-sector.

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ORGANIZATIONS MENTIONED

Accenture, AECOM, Arabesque S-Ray, Arcadis, Arcus, Bain and Company, BCG Digital Ventures, Blackstone, Boston Consulting Group (BCG), Carbon Disclosure Project (CDP), Center for Social and Sustainable Products (CSSP), ClimeCo, Critical Resource, Datamaran, Deloitte, Designit, DuPont Sustainable Solutions, E4tech, EarthCon, Earthsoft, EcoVadis, Enablon, ERM, EY, FE fundinfo, Fidelity, Ford Motor Company, Global Affairs Associates, Global Reporting Initiative (GRI), Golder, Greenomy, IBM, Infosys, Intel, Intelix, Intergovernmental Panel on Climate Change (IPCC) , International Federation of Consulting Engineers (FIDIC), Jacobs, KKR, KKS Advisors, KPMG, Lodestone Partners, LT Environmental, M.J. Bradley and Associates, McKinsey and Company, Microsoft, Network Rail, PA Consulting, Persefoni, Planetrics, PwC, Renewables Consulting Group, Robertsbridge, SAP, Salesforce, Science Based Targets initiative (SBTi), Securities and Exchange Commission (SEC), Societer, Sofies Group, Sphera, Stonehaven, Stratos, SustainAbility, Sustainability Accounting Standards Board (SASB), Sustainable Development Committee of the International Federation of Consulting Engineers (FIDIC), Sustainalize, Task Force on Climate-related Financial Disclosures (TCFD), Teneo, UK Green Building Council (UKGBC), United Nations (UN), University of Minnesota, Utopus Insights, US Air Force, Vivid Economics, Wipro, Workiva, World Bank, World Business Council for Sustainable Development (WBCSD), World Green Building Council, World Economic Forum, World Wildlife Fund (WWF), WSP.

The State Of The Market For ESG And Sustainability Consulting

Myriad firms seek the services of ESG and sustainability consulting providers to help them develop and implement a broad range of sustainability initiatives, in order to appease stakeholders, reduce operational risks, improve productivity and, most importantly, identify opportunities. The demand for ESG and sustainability consulting has grown rapidly over the last two years, as firms grapple with increasing stakeholder demands and a greater understanding of the perils of lack of action on sustainability.

This report provides the individuals responsible for selecting, implementing and getting value from ESG and sustainability consulting services with a detailed benchmark to help them select the consultancy firm best suited to their needs. The research for this report answers specific consultancy firm selection questions, such as:

- What is the current state of the ESG and sustainability consulting market?
- Which ESG and sustainability consulting firms lead the market?
- Which firms have the strongest momentum in the ESG and sustainability consulting market?
- How can an ESG and sustainability consultant support our firm in its sustainability journey?
- Which consulting firm can best support our firm's sustainability journey?

To answer these questions, Verdantix analysed 15 ESG and sustainability consultancy firms, using a 97-point questionnaire, and conducted detailed briefings with participating service firms. We also leveraged insights from the 2021 Verdantix Global Corporate Survey of 400 senior executives in sustainability, which included specific questions on their sustainability consulting spending plans for 2022 (see [Verdantix Global Corporate Survey: ESG And Sustainability Governance, Strategies And Priorities](#)). The resulting analysis is based on the proprietary Verdantix Green Quadrant methodology, which is designed to provide an evidence-based, objective assessment of suppliers of comparable products or services.

ESG Is Becoming Firmly Established As A Major Priority For The C-Suite

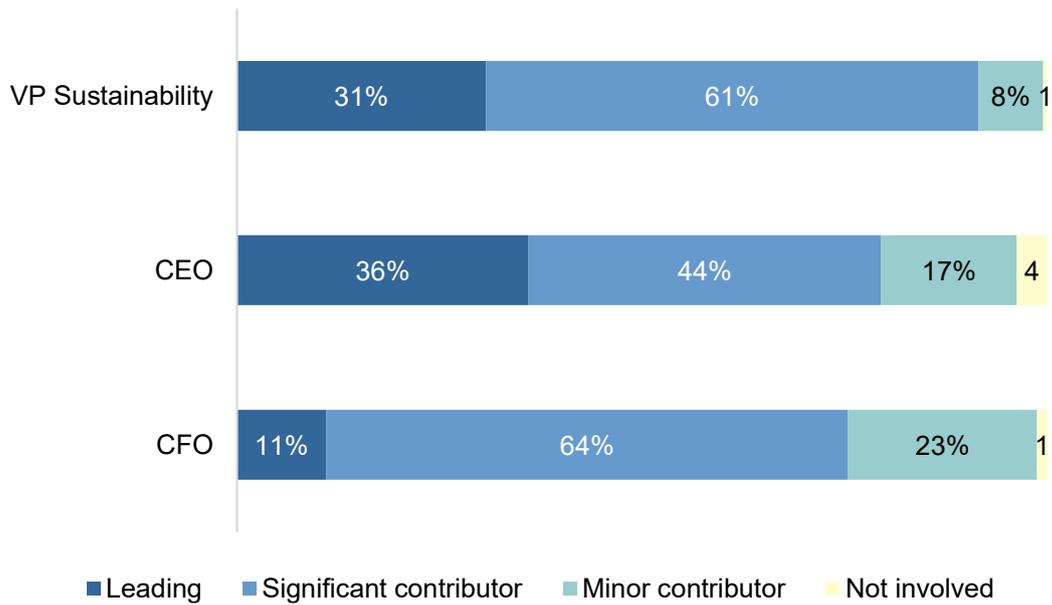
A decade ago, sustainability consulting was a niche field, with the market largely comprising small boutique firms. Consultancy projects were commissioned by Heads of Sustainability, often with constrained budgets that were unable to fund large projects. Fast forward to 2021, and budgets have grown, thanks to the widespread financial impact of sustainability issues and the support of the C-Suite. Rising demand has led to a variety of multinational firms, ranging from management consultants to professional services firms, vying to demonstrate a competitive offering in an ever-expanding ESG and sustainability consulting landscape. The extent to which ESG is increasing in prominence in the boardroom can be seen in the:

- **Tectonic shift in the personas responsible for driving ESG strategy implementation.**
The C-suite is increasingly collaborating with the Head of Sustainability to create the firm's sustainability strategy. In the Verdantix Global Corporate Survey, analysis found that 79.5% of the CEOs surveyed made a leading or significant contribution to their firm's sustainability strategy, closely followed by CFOs, at 75% (see **Figure 1**). Although Heads of Sustainability are still consistently the employees most actively involved in discussions (with 90% either leading or making a significant contribution, according to our survey), the C-Suite – and predominately the CEO – are emerging as a leading voice. As pressure from stakeholders on sustainability matters continues to evolve, the role of the C-Suite in sustainability will continue to grow – not least because ESG negligence results in perilous job security.

FIGURE 1

Personas Responsible For Defining Sustainability Strategy

“What is the involvement of the following decision-makers in defining your firm’s sustainability strategy?”



Note: Data labels are rounded to zero decimal places, percentages less than 7% have been written as numbers.

Source: Verdantix Global ESG and Sustainability Governance, Budgets and Priorities Survey 2021

N=400

- **Signals for a further increase in sustainability initiative spending in 2022.**

Firms’ spending on sustainability initiatives looks set to continue expanding at rapid rates for both ESG software and consultancy services. In the Verdantix Global Corporate Survey, 57% of firms expected sustainability initiative spending in 2022 to exhibit double-digit growth compared with 2021, with 28% anticipating an increase greater than 25% (see **Figure 2**). This expectation of spending increase is mirrored in the actions of ESG and sustainability consulting participants. Firms are publicly seeking to establish offerings in the market, with McKinsey and Company, for instance, launching a specialized sustainability practice in April 2021.

- **Broad range of professional services projects set to exhibit spending growth in 2022.**

As firms seek to develop and implement adequate sustainability strategies across the full spectrum of sustainability touchpoints, budget-holders are looking to professional services firms for solutions. In our Global Corporate Survey, growth is anticipated in all seven types of sustainability projects cited in 2022, with over 50% of participants expecting four project types to display double-digit growth (see **Figure 3**).

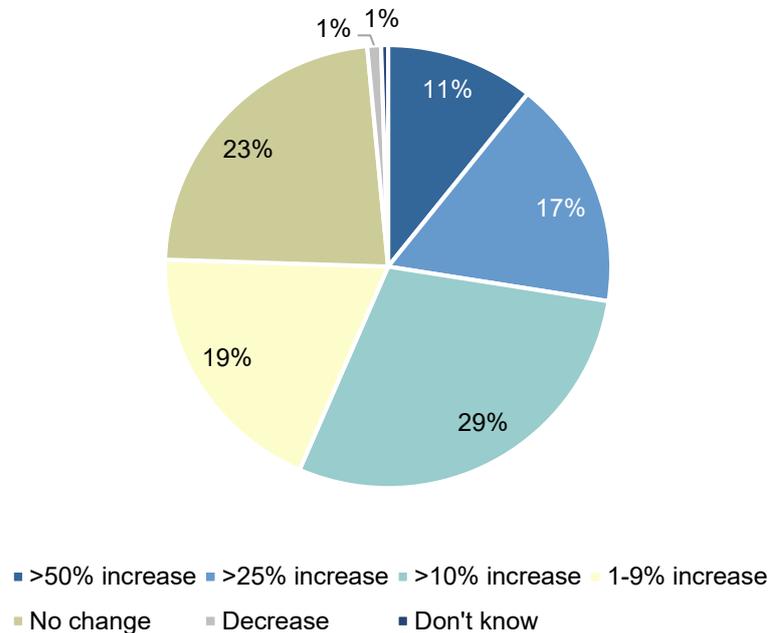
Heterogenous ESG Market Drivers Fuel Demand For A Broad ESG Consultancy Offering

As the touchpoints of ESG across a firm’s operations increase, there is a requirement for multiple business functions to play a role in the response to ESG market drivers. In the 2021 Verdantix survey, over 70% of respondents found that five business functions played a significant role in implementing their firm’s sustainability strategy, with only human resources (HR), IT and legal and sales departments lacking a significant role (see **Figure 4**). A diverse range of market drivers has been the root cause of the varied business functions

FIGURE 2

Projected ESG And Sustainability Investment Increase In 2022

“Across all your firm’s business functions, by how much do you estimate spending on sustainability initiatives will change in 2022 compared with 2021?”



Source: Verdantix Global ESG and Sustainability Governance, Budgets and Priorities Survey 2021

N=400

interacting with ESG and seeking specialized consulting services. These ESG and sustainability consultancy market drivers include:

- **Expanding disclosure requests.**

The proliferation of voluntary and mandatory disclosure standards has created a challenge for firms, who need to have access to data that are both granular and accurate to meet burgeoning data requests. Firms are preparing for mandatory climate and ESG regulations in multiple jurisdictions, while voluntary reporting continues in parallel. Significant incoming mandatory regulations include the Securities and Exchange Commission (SEC) climate and ESG disclosure rules, which are expected to be announced in 2022 for anticipated mandatory disclosures in the 2023 financial year. As firms grapple with preparations for imminent mandatory disclosure requests, further data requests continue to flood in, ranging from supply chain assurance and confidential disclosures to secure sustainable finance agreements. ESG consultancy services provide capabilities to collate disparate data through partnerships with software firms, while in-house industry experts track regulatory changes to ensure that a firm maintains compliance. In the future, we also expect disclosure regulations to drive demand for audit and assurance for ESG disclosures.

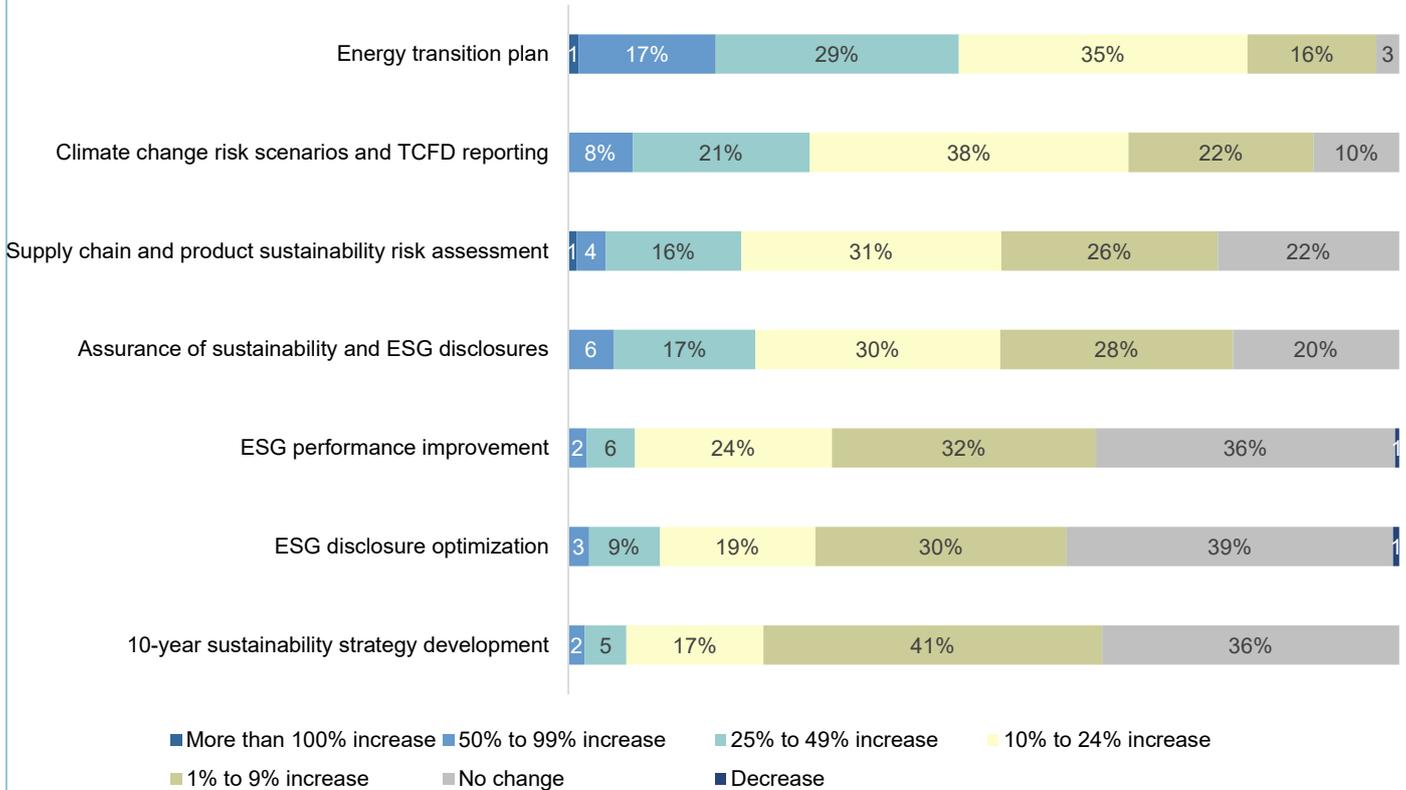
- **Push to a net zero economy.**

Since the origination of the net zero GHG emissions target concept at the UN’s 2015 Paris Agreement, a plethora of countries and firms have outlined commitments to achieving this goal. Firms continue to come under pressure from stakeholders to develop strategies for decarbonizing their operations, providing both a communicated target and a roadmap to achieve this. To demonstrate a verifiable target, firms seek certification from the Science Based Targets initiative (SBTi) – a not-for-profit organization guiding firms in science-based target-setting. As of July 2021, Verdantix analysis found that 71% of FTSE

FIGURE 3

Projected Spend Change On Professional Services Projects In 2022

“How do you expect your firm's spend to change on the following professional services projects in 2022 compared with 2021?”



Note: Data labels are rounded to zero decimal places, percentages less than 7% have been written as numbers. Data is ranked by '10% to 24% increase' or over.

Source: Verdantix Global ESG and Sustainability Governance, Budgets and Priorities Survey 2021

N=400

100 firms have set a net zero emissions goal for between 2025 and 2050, but that only 35% of these targets have been ratified by the SBTi (see [Verdantix FTSE 100 Net Zero Emissions Targets Reveal Critical Success Factors](#)). Consultancy services are sought in both the development and implementation of a net zero strategy.

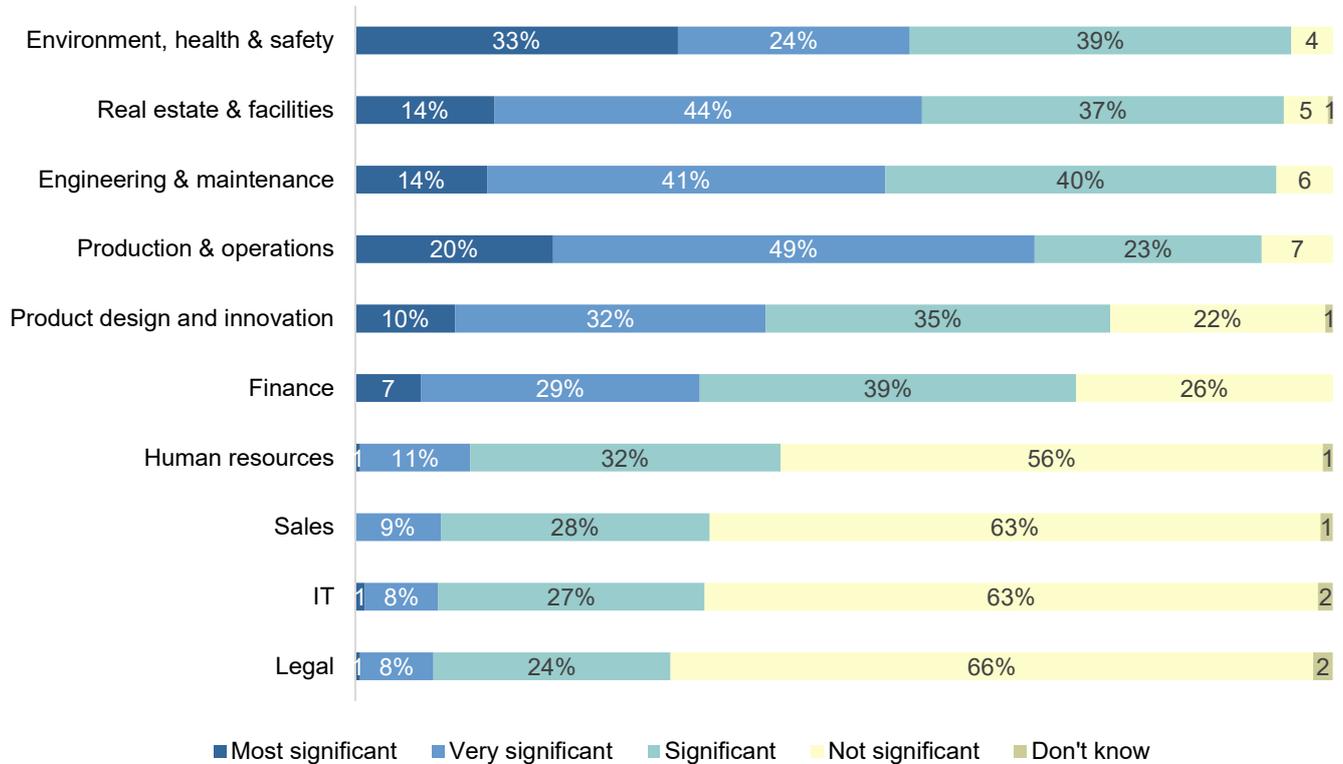
- **Need to integrate ESG in investment analytics.**

Since the start of the COVID-19 pandemic in 2019, large sections of the investment community have been transitioning towards accepting the financial materiality aspect of ESG. Fund managers are taking particular notice of the downside risks associated with securities and portfolios that are excessively exposed to ESG risks. In November 2020 Fidelity, a financial services organization with 58,000 employees, published a report analysing the total return of 2,660 firms between January 1, 2020 and September 30, 2020; the equities with the lowest ESG ratings fell by 23%, while those with top ratings saw a positive return of 0.4%. Challenges surrounding the full integration of ESG into the investment decision-making process persist, with a lack of investor-grade ESG data on a firm level and a continuing search for appropriate strategies to fully integrate ESG across a portfolio. ESG consultancy services provide techniques to integrate ESG into investment decision-making processes, while developing potential

FIGURE 4

Business Functions Responsible For Implementing ESG Strategies

“How significant is the role of the following business functions with regard to implementing your firm's sustainability strategy?”



Note: Data labels are rounded to zero decimal places, percentages less than 7% have been written as numbers.

Source: Verdantix Global ESG and Sustainability Governance, Budgets and Priorities Survey 2021

N=400

solutions for incomplete ESG data.

- **Ever-increasing climate risks for physical assets.**

The UN’s Intergovernmental Panel on Climate Change (IPCC) reported that temperature increase since the pre-industrial period is expected to exceed 1.5 Celsius by 2030, even with significant action. Climate change has exacerbated natural disasters, as extreme weather conditions lead to an increased severity and frequency of disasters such as flash floods, storm surges, wildfires, heatwaves, tornadoes and infrastructure failures. There has been a tenfold increase in the number of natural disasters in the last 50 years. Clients are seeking ESG and sustainability consulting services to assess the financial threat of climate change to their firms’ assets.

Significant Acquisition Activity Reflects Competitive Dynamics In ESG And Sustainability Services

Since 2019 Verdantix has witnessed over 18 sustainability consulting acquisitions, with these ramping up over the last 12 months (see **Figure 5**). ESG and sustainability consulting acquisition activity over the past years has been led by:

FIGURE 5

ESG and Sustainability Consulting Acquisitions Summary For 2019-2021

Date	Transaction Type	Target	Lead Investor
January 2019	Acquisition	SustainAbility	ERM
February 2020	Acquisition	Lodestone Partners	DuPont Sustainable Solutions
February 2020	Acquisition	Critical Resource	ERM
February 2020	Investment	EcoVadis	Bain and Company
March 2020	Acquisition	M.J. Bradley and Associates	ERM
January 2021	Acquisition	Arcus	ERM
January 2021	Acquisition	CSSP	FE fundinfo
March 2021	Acquisition	Vivid Economics	McKinsey and Company
April 2021	Acquisition	Sustainalize	ERM
May 2021	Buy-Out	ERM	KKR
June 2021	Acquisition	KKS Advisors	DuPont Sustainable Solutions
June 2021	Acquisition	E4tech	ERM
July 2021	Acquisition	Renewables Consulting Group	ERM
October 2021	Acquisition	Sofies Group	DuPont Sustainable Solutions
October 2021	Acquisition	Robertsbridge	Stonehaven
October 2021	Acquisition	Societer	Teneo
November 2021	Acquisition	Global Affairs Associates	ClimeCo
November 2021	Acquisition	Stratos	ERM

Source: Verdantix analysis

- **Large consultants acquiring specialists.**

Sustainability boutique consultancy firms are being acquired by large consultants, as a mechanism for the latter to bolster their in-house sustainability expertise and further enhance their credibility. ERM, for example, has been active in the sustainability consulting acquisition market, with its acquisitions following the general market trend of increasing over the last 12 months. In 2021 ERM acquired five sustainability consulting firms, including Sustainalize, a sustainability consulting firm with 30 employees headquartered in Utrecht, Netherlands, and Stratos, a Canadian sustainability management consultancy firm, also with 30 employees. Similarly, McKinsey and Company's acquisition of Vivid Economics, a London-based economics consultancy with broad sustainability capabilities, has provided the former with an opportunity to expand its ESG and sustainability consulting offering.

- **Consultancy firms acquiring access to innovative digital technology.**

The depth and breadth of the demands made on ESG and sustainability consulting services have led

consultancy firms to turn to partnerships for access to sustainability-focused digital technology. Consulting projects increasingly require granular sustainability data and sophisticated software to amalgamate these data for strategic monitoring – with consultancy firms often in need of third-party expertise to create a suitable offering. For example, EY utilized technology developed by Enablon, an EHS and sustainability software provider headquartered in France, to create a centralized repository for EY clients to track ESG data and strategies. In a similar vein, Bain and Company’s minority investment and collaboration with EcoVadis, provider of sustainability ratings for supply chains with over 800 employees, delivers reputable supply chain data to add depth to consulting projects.

- **Investment firms seeking exposure in the ESG and sustainability consulting market.**

Private equity firms have been actively acquiring ESG-focused firms, as they seek to participate in and reap the rewards of this rapidly expanding market – as demonstrated by Blackstone paying \$1.4 billion for Sphera, an EHS and product stewardship software supplier with over 1,000 employees. This trend is reflected in the ESG and sustainability consulting market, with KKR, a private equity firm with over 1,700 employees, acquiring ERM for \$1.7 billion in May 2021.

Green Quadrant For ESG And Sustainability Consulting

Clients of ESG and sustainability consulting services across multiple industries and geographies seek a service that combines digital and subject-matter expertise with proven experience. Clients engage with consulting firms to transition their operations with a sustainability focus and to align with stakeholder expectations. For the purposes of this report, Verdantix defines ESG and sustainability consulting services as:

“Engagements to provide firms with solutions to meet regulatory requirements and develop strategies to integrate sustainability into business models, digital architecture and operational resource management.”

This definition does not cover boutique consultancy firms, law firms, non-profits or audit, assurance, certification and verification providers. It also excludes firms whose breadth of expertise in ESG and sustainability is insufficient to meet the requirements of complex, large matrix organizations in multiple industries and regions.

Green Quadrant Methodology

The Verdantix Green Quadrant methodology provides buyers of specific products or services with a structured assessment of comparable offerings at a certain point in time. The methodology supports investment decisions by identifying potential consultancy firms, structuring relevant purchase criteria through discussions with buyers and providing an evidence-based assessment of the products or services in the market. To ensure objectivity of the study results, the research process is guided by:

- **Transparent inclusion criteria.**

We analyse all providers that would qualify for inclusion in this research. For those providers that decline our invitation or fail to respond, we work to include them based on publicly available information that would provide an impression of those firms’ market positioning, if such information were deemed accurate.

- **Analysis from the buyer’s perspective.**

For this survey, we integrated findings from our Global Corporate Survey of 400 senior decision-makers, many of whom have engaged with ESG and sustainability consulting firms such as those analysed in this

Green Quadrant. Our data-driven survey findings inform how we define the relevant consulting categories and sub-categories that propel the Green Quadrant graphic output.

- **Reliance on professional integrity.**

As it is not feasible to check all data and claims made by vendors, we emphasize the need for professional integrity. Assertions made by consulting firms are put in the public domain via the Verdantix report and can be checked by competitors and existing customers.

- **Scores based on evidence.**

To assess the expertise, resources, business results and strategies of individual providers, we collected evidence from public sources and conducted interviews with multiple representatives of the actively participating ESG and sustainability consultants, as well as with industry experts. Where providers claimed to be 'best in class', we collated relevant evidence.

- **Comparison based on relative capabilities.**

We construct performance measurement scales ranging from 'worst in class' to 'best in class' at a certain point in time. A provider's position in the market can change over time, depending on how its offering and success evolves relative to its competitors. As a result, a vendor's Quadrant positioning may not necessarily improve — even if it adds new capabilities, makes a strategic acquisition or receives investment — if its competitors also enhance their offerings. The Green Quadrant analysis is typically repeated every one-and-a-half to two years.

Evaluated Firms And Selection Criteria

Verdantix defines vendor inclusion criteria to ensure that the Green Quadrant analysis only compares firms providing similar services. We believe that all of the firms in this report offer significant value in the ESG and sustainability consulting services market. The 15 providers included in this study were selected because they have:

- **Minimum coverage of over half the Green Quadrant solution categories.**

We focused the study on vendors with the human, financial and technological resources to meet the needs of diverse customers for the foreseeable future. To qualify for this benchmark study, participants needed to deliver consulting services across at least three of the following consulting sub-segments: 1) business model transformation; 2) ESG and sustainability programme strategy; 3) ESG reporting and target-setting; 4) digital infrastructure transformation; and 5) operational resource and impact transformation.

- **Partners in over two continents and over 50 dedicated full-time ESG and sustainability staff.**

To qualify for this benchmark study, at a minimum, we required a firm to have dedicated partners over two continents and over 50 full-time specialist ESG and sustainability employees. This was to ensure that a firm has sufficient global presence and personnel expertise dedicated to ESG and sustainability consulting solutions.

- **In excess of 1,000 employees.**

We established this hurdle in order to screen out small boutique consulting firms. Although smaller firms may offer capabilities similar to those of their larger counterparts, inclusion of this subset would have invalidated the direct peer-to-peer comparison. For this reason, the final inclusion criterion requires firms to be at least 1,000-employees strong, which all participants easily passed.

Based on the inclusion criteria above, this report evaluated 15 ESG and sustainability consulting firms: Accenture, AECOM, Arcadis, Bain and Company, Boston Consulting Group (BCG), Deloitte, ERM, EY, Infosys, Jacobs, KPMG, McKinsey and Company, PwC, Wipro and WSP.

The firms who fully participated by completing the briefings and questionnaire include Accenture, AECOM, Arcadis, ERM, EY, Jacobs, PwC, Wipro and WSP.

Evaluation Criteria For ESG And Sustainability Consulting Providers

Verdantix defined the evaluation criteria for the Green Quadrant ESG and sustainability consulting study using a combination of interviews with corporate managers, desk research, discussions with multiple customers and staff expertise. In full, this year's Green Quadrant analysis compares offerings from 15 consulting firms using a 97-point questionnaire, covering 15 categories of capabilities and seven categories of market momentum. Individual metrics were classified as follows:

- **Capabilities metrics.**

The Capabilities dimension, plotted on the vertical axis of the Green Quadrant graphic, was used to measure each consulting firm's ESG and sustainability based on the breadth and depth of that firm's service approach, its differentiators against other providers, and its proven experience in each area. Verdantix assessed capabilities across two categories. In the first category – types of consulting engagement deliverables provided for clients – we assessed providers across five capabilities. In the second category – ESG and sustainability solutions and service lines provided for clients – we assessed providers across ten capabilities. In total, we assessed the providers across 60 criteria.

- **Momentum metrics.**

The Momentum dimension of the analysis, captured on the horizontal axis of the Green Quadrant graphic, was used to measure each consulting firm based on its brand perception, ESG and sustainability revenue size, customer base and in-house ESG and sustainability performance. Evidence was provided either by consulting firms or through desktop research and was assessed using a quantitative model that started with the sub-criteria scores. Each sub-criterion was equally weighted to generate the overall score for each capability area. To assess performance along this dimension, Verdantix collected data on 36 criteria in seven areas: 1) vision and strategy; 2) total revenue size (2020/2021); 3) ESG and sustainability revenue size (2020/2021); 4) ESG and sustainability revenue size (2019/2020); 5) current customer base; 6) consulting practice organization; and 7) consulting vendor in-house ESG and sustainability performance.

All sub-criteria were scored between the values of zero ('no capability') and three ('best in class'). The combination of high-level criteria scores in the Capabilities and Momentum sections generate the Green Quadrant graphic and rankings. **Figure 6, Figure 7 and Figure 8** provide details of the study criteria; **Figure 9 and Figure 10** provide the scoring for all participants against the criteria. The figures also present the weighting of each primary criterion, shown inside the parentheses. **Figure 11** provides the Green Quadrant graphic summarizing the positioning of all consulting firms in this benchmark study.

FIGURE 6

Capabilities Criteria For Types Of ESG And Sustainability Consulting Engagements

Capabilities	Questions
ESG and Sustainability Programme Strategy (7%)	What are your capabilities for delivering ESG and sustainability strategy engagements for clients? How does your firm differentiate its approach to ESG and sustainability strategy? How many of your firm’s projects are considered ESG and sustainability programme strategy consulting?
Transformation (Business Model) (7%)	What are your capabilities for delivering business model transformation engagements for clients? How does your firm differentiate its approach to business model transformation? How many of your firm’s projects are considered business model transformation consulting?
Transformation (Operational Resource and Impact) (7%)	What are your capabilities for delivering operational resource and impact transformation engagements for clients? How does your firm differentiate its approach to operational resource and impact transformation engagements? How many of your firm’s projects are considered operational resource and impact transformation engagements consulting?
Transformation (Digital Infrastructure) (7%)	What are your capabilities for delivering digital infrastructure transformation engagements for clients? How does your firm differentiate its approach to digital infrastructure transformation? How many of your firm’s projects are considered digital infrastructure transformation consulting?
ESG Reporting and Target- Setting (7%)	What are your capabilities and best practice approach for delivering reporting and target setting engagements for clients? How does your firm differentiate its approach to reporting and target setting? How many of your firm’s projects are considered reporting and target setting consulting?

Figures in brackets represent the weighting given to each criterion in the flexible multi-criteria model that generates the Green Quadrant graphical analysis.

Source: Verdantix analysis

FIGURE 7-1

Capabilities Criteria For ESG And Sustainability Service Lines

Capabilities	Questions
Climate Change Strategy and Risk (7%)	What are your capabilities for delivering climate change strategy and risk engagements for clients? How does your firm differentiate its approach to climate change strategy and risk? How many of your firm's projects are considered climate change strategy and risk consulting?
GHG Emissions and Carbon Management (7%)	What are your capabilities for delivering GHG emissions and carbon management engagements for clients? How does your firm differentiate its approach to GHG emissions and carbon management? How many of your firm's projects are considered GHG emissions and carbon management consulting?
Environment and Resource Management (7%)	What are your capabilities for delivering environment and resource management engagements for clients? How does your firm differentiate its approach to environment and resource management? How many of your firm's projects are considered environment and resource management consulting?
Social Performance Management (7%)	What are your capabilities for delivering social performance management engagements for clients? How does your firm differentiate its approach to social performance management? How many of your firm's projects are considered social performance management consulting?
Governance Performance Management (7%)	What are your capabilities for delivering governance performance management engagements for clients? How does your firm differentiate its approach to Governance Performance Management? How many of your firm's projects are considered Governance Performance Management consulting?
ESG and Sustainability Programme Management (7%)	What are your capabilities for delivering ESG and sustainability programme management engagements for clients? How does your firm differentiate its approach to ESG and sustainability programme management? How many of your firm's projects are considered ESG and sustainability programme management consulting?
Product Stewardship and Circular Economy (7%)	What are your capabilities for delivering product stewardship and circular economy engagements for clients? How does your firm differentiate its approach to product stewardship and circular economy? How many of your firm's projects are product stewardship and circular economy consulting?

Figures in brackets represent the weighting given to each criterion in the flexible multi-criteria model that generates the Green Quadrant graphical analysis.

Source: Verdantix analysis

FIGURE 7-2

Capabilities Criteria For ESG And Sustainability Service Lines

Capabilities	Questions
Supply Chain Risk and Traceability Management (7%)	What are your capabilities for delivering supply chain risk and traceability management engagements for clients? How does your firm differentiate its approach to supply chain risk and traceability management? How many of your firm’s projects are considered supply chain risk and traceability management consulting?
Mergers and Acquisitions ESG Due Diligence (7%)	What are your capabilities for delivering mergers and acquisitions ESG due diligence engagements for clients? How does your firm differentiate its approach to mergers and acquisitions ESG due diligence? How many of your firm’s projects are considered mergers and acquisitions ESG due diligence consulting?
Investment Portfolio ESG Integration and Impact Assessment (7%)	What are your capabilities for delivering investment portfolio ESG integration and impact assessment engagements for clients? How does your firm differentiate its approach to investment portfolio ESG integration and impact assessment? How many of your firm’s projects are considered investment portfolio ESG integration and impact assessment consulting?

Figures in brackets represent the weighting given to each criterion in the flexible multi-criteria model that generates the Green Quadrant graphical analysis.

Source: Verdantix analysis

FIGURE 8

Momentum Criteria For ESG And Sustainability Consulting Firms

Capabilities	Questions
Customer Reference and Brand Perception (20%)	How strong is the brand awareness for the firm's ESG and sustainability consulting offering? What is the brand perception for the firm's ESG and sustainability consulting offering?
Total Revenue Size (2020/2021) (10%)	How many consulting engagements have you delivered within the last 12 months or most recent reporting period? How many consulting clients have you delivered engagements for within the last 12 months or most recent reporting period? How much revenue have you generated from consulting engagements within the last 12 months or most recent reporting period? What is the average cost per consulting engagement signed or delivered during the last 12 months or most recent reporting period?
ESG and Sustainability Revenue Size (2020/2021) (20%)	How many ESG and sustainability consulting engagements have you delivered within the last 12 months? How many ESG and sustainability consulting clients have you delivered engagements for within the last 12 months? How much revenue have you generated from ESG and sustainability consulting engagements within the last 12 months? What is the average cost per ESG and Sustainability consulting engagement signed or delivered during the last 12 months?
ESG and Sustainability Revenue Size (2019/2020) (10%)	How many ESG and sustainability consulting engagements have you delivered during the last 12 to 24 months? How many ESG and Sustainability consulting clients have you delivered engagements for during the last 12 to 24 months? How much revenue have you generated from ESG and sustainability consulting engagements during the last 12 to 24 months? What is the average cost per ESG and Sustainability consulting engagement signed or delivered during the last 12 to 24 months?
Current Customer Base (15%)	What percentage of your customers spend <\$100k, \$100k-\$500k, \$500k-\$1m, and >\$1m on ESG and Sustainability consulting services? What percentage of your ESG and Sustainability consulting engagements are completed within <3 months, 3-6 months, 6-12 months, >1 year from client kick off?
Consulting Practice Organization (15%)	How many partners and managing directors are focused full-time on ESG and sustainability consulting engagements? How many employees are focused full-time on ESG and sustainability consulting engagements? When did you first successfully engage heads of ESG/Sustainability on consulting projects? Who do you have established partnerships with for ESG and sustainability? What firms have you acquired within the past two years to enhance your ESG and sustainability consulting capabilities?
Consulting Vendor In-House ESG and Sustainability Performance (10%)	How big is your in-house ESG and Sustainability team and when was it established? What are your ESG and sustainability objectives, targets and KPIs? How have you performed against your ESG and sustainability objectives, targets and KPIs to date? Do you publish a sustainability or integrated report and when was it first published?

Figures in brackets represent the weighting given to each criterion in the flexible multi-criteria model that generates the Green Quadrant graphical analysis.

Source: Verdantix analysis

FIGURE 9-1

ESG And Sustainability Consulting Firms Capabilities Scores

Capabilities Scoring For ESG and Sustainability Service Lines	Accenture	AECOM	Arcadis	Bain and Company	Boston Consulting Group	Deloitte	ERM	EY
ESG and Sustainability Programme Strategy	1.0	1.0	0.8	1.5	2.5	2.0	2.4	2.6
Transformation (Business Model)	1.1	1.1	1.0	2.0	2.3	1.5	1.4	2.4
Transformation (Operational Resource and Impact)	1.4	2.3	2.6	1.5	1.5	2.0	2.8	1.8
Transformation (Digital Infrastructure)	2.6	1.0	1.5	0.5	0.5	2.0	1.5	1.8
ESG Reporting and Target-Setting	0.6	1.5	1.4	0.5	1.0	2.5	1.9	2.6

Capabilities Scoring For ESG and Sustainability Service Lines	Accenture	AECOM	Arcadis	Bain and Company	Boston Consulting Group	Deloitte	ERM	EY
Climate Change Strategy and Risk	1.4	2.0	1.1	1.5	2.0	1.7	2.0	2.6
GHG Emissions and Carbon Management	2.4	1.5	2.0	1.5	1.5	1.5	1.8	2.3
Environment and Resource Management	1.1	2.4	2.6	1.5	1.0	1.0	2.5	1.4
Social Performance Management	2.1	1.0	1.1	1.0	1.5	0.0	1.5	2.3
Governance Performance Management	0.5	0.4	2.3	0.0	0.0	2.3	1.4	2.4
ESG and Sustainability Programme Management	1.1	1.5	1.3	2.0	2.5	2.0	2.6	2.3
Product Stewardship and Circular Economy	1.6	1.4	2.8	1.8	2.3	1.0	2.4	1.3
Supply Chain Risk and Traceability Management	2.1	1.0	1.0	1.3	1.7	0.5	1.3	1.6
Mergers and Acquisitions ESG Due Diligence	0.5	2.0	2.0	1.0	1.0	1.5	2.7	2.6
Investment Portfolio ESG Integration and Impact Assessment	1.4	0.0	1.1	1.5	0.5	1.0	1.4	2.0

Scoring Framework

3	Vendor provides evidence of market-leading capabilities, supported by a broad set of references to customer examples
2	Vendor provides evidence of strong capabilities supported by a broad set of references to customer examples
1	Vendor provides evidence of moderate capabilities, with limited references to customer examples
0	No response provided or lack of publicly available information demonstrating capabilities

Source: Verdantix analysis

FIGURE 9-2

ESG And Sustainability Consulting Firms Capabilities Scores

Capabilities Scoring For Types Of ESG and Sustainability Consulting Engagements	Infosys	Jacobs	KPMG	McKinsey and Company	PwC	Wipro	WSP
ESG and Sustainability Programme Strategy	1.0	0.9	2.0	2.5	2.1	1.0	2.1
Transformation (Business Model)	1.0	1.0	1.5	2.5	1.5	1.3	0.8
Transformation (Operational Resource and Impact)	1.0	1.1	0.5	1.5	1.4	0.9	2.6
Transformation (Digital Infrastructure)	2.0	1.3	0.5	0.5	1.4	2.0	0.8
ESG Reporting and Target-Setting	1.0	1.1	2.3	0.5	2.8	1.3	2.0

Capabilities Scoring For ESG and Sustainability Service Lines	Infosys	Jacobs	KPMG	McKinsey and Company	PwC	Wipro	WSP
Climate Change Strategy and Risk	0.5	1.6	2.3	2.8	2.5	0.5	2.3
GHG Emissions and Carbon Management	2.3	1.8	1.3	1.0	1.6	1.6	2.4
Environment and Resource Management	1.5	2.3	0.0	0.5	0.5	0.8	2.8
Social Performance Management	0.0	1.0	1.0	0.0	1.9	0.8	0.9
Governance Performance Management	0.0	1.0	0.5	0.0	1.8	0.8	0.6
ESG and Sustainability Programme Management	0.5	0.8	1.0	2.3	1.9	0.9	2.1
Product Stewardship and Circular Economy	2.5	1.5	2.3	1.0	1.5	1.8	1.6
Supply Chain Risk and Traceability Management	1.6	1.0	2.0	0.5	1.5	1.6	1.0
Mergers and Acquisitions ESG Due Diligence	0.0	1.0	2.5	1.0	2.1	0.5	1.4
Investment Portfolio ESG Integration and Impact Assessment	1.0	0.8	2.0	2.8	2.6	0.5	0.9

Scoring Framework

- 3 Vendor provides evidence of market-leading capabilities, supported by a broad set of references to customer examples
- 2 Vendor provides evidence of strong capabilities supported by a broad set of references to customer examples
- 1 Vendor provides evidence of moderate capabilities, with limited references to customer examples
- 0 No response provided or lack of publicly available information demonstrating capabilities

Source: Verdantix analysis

FIGURE 10

ESG And Sustainability Consulting Firms Momentum Scores

Momentum Scoring	Accenture	AECOM	Arcadis	Bain and Company	Boston Consulting Group	Deloitte	ERM	EY
Customer Reference and Brand Perception	1.5	1.5	1.0	1.5	3.0	3.0	2.3	3.0
Total Revenue Size (2020/2021)	1.3	1.5	1.5	2.0	1.5	2.0	0.9	2.4
ESG and Sustainability Revenue Size (2020/2021)	0.5	0.9	1.3	1.0	1.0	2.0	2.0	2.3
ESG and Sustainability Revenue Size (2019/2020)	1.0	0.9	1.4	1.5	1.0	2.0	2.0	1.5
Current Customer Base	1.8	1.5	1.5	1.5	1.5	1.5	1.5	2.0
Consulting Practice Organization	1.3	0.9	1.0	1.5	2.0	1.5	2.1	1.6
Consulting Vendor In-House ESG and Sustainability Performance	1.0	1.5	2.4	1.5	2.0	1.5	1.6	1.4

Momentum Scoring	Infosys	Jacobs	KPMG	McKinsey and Company	PwC	Wipro	WSP
Customer Reference and Brand Perception	1.0	1.5	3.0	3.0	3.0	1.0	2.0
Total Revenue Size (2020/2021)	1.5	1.5	1.8	2.0	2.1	1.3	1.8
ESG and Sustainability Revenue Size (2020/2021)	1.0	0.8	1.5	1.5	1.6	1.8	2.4
ESG and Sustainability Revenue Size (2019/2020)	0.5	0.8	1.5	1.5	1.5	1.8	1.9
Current Customer Base	0.5	0.5	1.5	1.5	2.3	2.3	1.0
Consulting Practice Organization	1.0	1.0	1.5	1.5	2.0	1.4	2.2
Consulting Vendor In-House ESG and Sustainability Performance	2.5	2.0	1.5	2.0	1.4	1.8	1.9

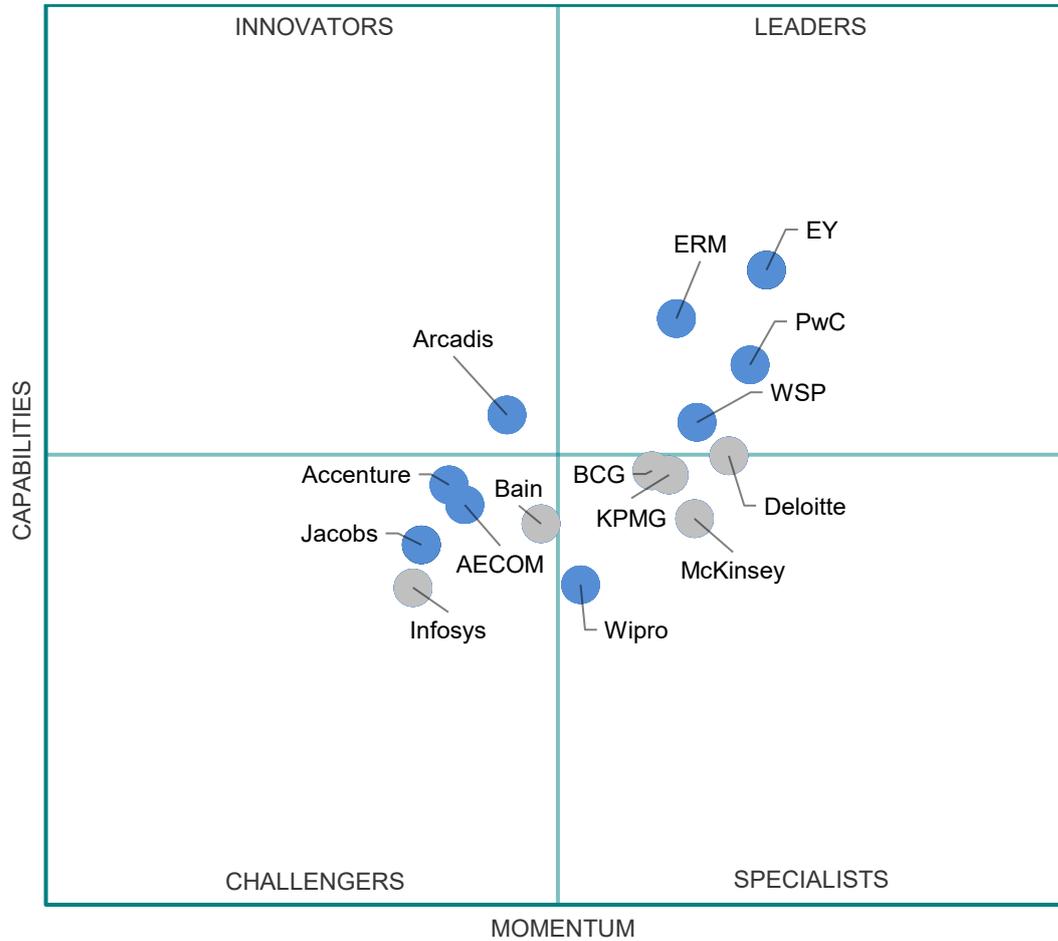
Scoring Framework

3	Vendor provides evidence of market-leading positioning, supported by a broad set of references to customer examples
2	Vendor provides evidence of strong positioning supported by a broad set of references to customer examples
1	Vendor provides evidence of moderate positioning, with limited references to customer examples
0	No response provided or lack of publicly available information

Source: Verdantix analysis

FIGURE 11

Green Quadrant For ESG And Sustainability Consulting 2022



Capabilities This dimension assesses capabilities for the following: ESG and sustainability programme strategy; transformation (business model); transformation (operational resource and impact); transformation (digital infrastructure); ESG reporting and target-setting; climate change strategy and risk; GHG emissions and carbon management; environment and resource management; social performance management; governance performance management; ESG and sustainability programme management; product stewardship and circular economy; supply chain risk and traceability management; mergers and acquisitions ESG due diligence; investment portfolio ESG integration and impact assessment.

Momentum This dimension assesses the following strategic success metrics: customer reference and brand perception; total revenue size; ESG and sustainability revenue size; current customer base; consulting practice organization; consulting vendor in-house ESG and sustainability performance.

Note: A grey plot indicates a non-participating ESG And sustainability consulting firm

Source: Verdantix analysis

EY Offers Market-Leading Capability For ESG And Sustainability Consulting Services

Headquartered in London, UK, EY is a multinational professional services firm, providing assurance, consulting, tax and transaction services to more than 19,000 clients globally. Established in 1989, EY employs more than 300,000 employees with over 700 office locations across 150 countries. EY's ESG and sustainability consulting clients are predominately situated in the Asia-Pacific (APAC) region, with almost 50% of the practice group's revenue derived from this region. With longstanding experience in the sustainability space over the last 25 years, EY has actively contributed to and engaged with global standard-setters, including, but not limited to, the Task Force on Climate-related Financial Disclosures (TCFD) and the World Business Council for Sustainable Development (WBCSD). EY has utilized strategic partnerships to plug gaps in its ESG and sustainability consulting arsenal – including partnering with Enablon to produce an ESG reporting solution and with IBM for technological expertise in creating innovative ideation for carbon neutrality.

Strengths And Differentiators

Based on the Green Quadrant analysis, Verdantix finds that EY has strengths in:

- **ESG and sustainability programme strategy.**

EY ranks the highest of all participating firms for ESG and sustainability programme strategy, with a score of 2.6/3.0. The firm has a demonstrated history of engagements with the C-Suite on ESG and sustainability initiatives, illustrating clear capabilities to offer strategic advice across a broad range of areas. EY's ESG Maturity Model enables an initial detailed assessment of the current state of a firm's financial and non-financial ESG performance. Additionally, a materiality assessment tool demonstrates the materiality of certain ESG factors to a firm's operations, configuring these to be visible and customizable by the client through the digital end-to-end solution. These tools provide EY with a benchmark to develop a suitable ESG programme strategy for each firm, drawing on its experience and capabilities spanning a wide range of industries.

- **Climate change strategy and risk.**

EY received a score of 2.6/3.0 for its climate change strategy and risk offering, ranking in the top three for this category. EY Predict is a scenario modelling tool to assess a firm's exposure to climate-related physical risks and to assess the financial consequences of the impacts. EY combines this tool with qualitative and quantitative climate risk assessments, to provide an holistic picture of the exposure of a firm's physical assets to climate risks. EY's climate governance maturity assessment enables high climate risk areas with both low governance and risk management to be identified; the firm then uses sustainability and industry experts to develop recommendations. Additionally, for firms launching decarbonization operations, EY's decarbonization navigator assesses the state of strategy maturity, to prioritize areas for improvement.

- **Governance performance management.**

With a score of 2.4/3.0, EY leads the governance performance management category. The firm has the capability to build tailor-made evaluation frameworks that can measure financial and non-financial governance metrics, to identify areas for improvement in governance structures and processes. Through its governance and privacy services teams, EY can operationalize policies and identify appropriate technologies to improve a firm's governance performance metrics. These technologies include data classification tools to analyse both structured and unstructured data sources; such tools can identify areas that require additional protection, reducing the risk of a data leakage/hacking event.

Improvement Opportunities

Based on the Green Quadrant analysis, Verdantix finds that EY could improve on:

- **Product stewardship and circular economy.**

EY achieved a score of 1.3/3.0 for product stewardship and circular economy, which is below average for this category. While EY has strong expertise in circular economy and packaging through its Centre of Excellence based in Belgium, it should look to develop its chemical expertise to the level observed in market-leading firms. Additionally, there is scope to further enhance the firm's portfolio of digital innovation in this sector, introducing, for example, software to assess the risks of material substitution.

- **Environment and resource management.**

EY's score of 1.4/3.0 for environment and resource management is below average for this category. Although the firm has the proven capability to provide strategies for environment and resource management improvement, there is a lack of in-house capabilities for solutions that can collect and calculate performance on a granular level. EY's partnerships, including with Enablon and SAP, have reduced this capability vacancy, but for significant improvement in this area, the firm must match market leaders in this category.

Selection Advice For Buyers

Considering all the consultancy firms' offerings assessed in the Green Quadrant analysis, we believe that EY should be shortlisted by:

- **Corporates seeking a consultancy firm to manage multiple types of ESG and sustainability engagements.**

EY offers a well-rounded, integrated ESG and sustainability consulting offering, with demonstrable core competencies across a variety of categories, such as business model transformation, digital infrastructure transformations and ESG strategy. EY's cross-service line suite of sustainability services and solutions allows for consulting engagements across an entire organization by unified project teams. The capabilities of its multidisciplinary teams are enhanced by a plethora of digital applications conducive to cross-service line projects, ensuring a single data platform for teams to work across. For example, thanks to EY and SAP's strategic alliance, enterprise-grade tools for ESG sustainability performance monitoring are available for projects.

- **Multinational firms wishing to develop and meet ESG targets.**

EY leverages its well-established expertise to deliver a specialized ESG and sustainability services for both reporting and strategy services. The firm supports clients in developing methodologies and data management solutions for calculating non-financial performance, assisting with the integration of this into annual reports and other communications, such as voluntary disclosures and stakeholder engagements. Additionally, EY works with firms to develop science-based targets and other ESG performance metrics, enabling its strategy team to work with clients to construct actionable ESG strategies to ensure that targets are successfully achieved.



VERDANTIX CAPABILITIES

RESEARCH, ADVISORY, INSIGHTS and EVENTS

Through our research activities and independent brand positioning we provide clients with:

- Research relationships based on an annual research subscription
- Confidential advisory services such as commercial due diligence
- Thought leadership studies for brand building and lead generation
- Executive summits, roundtables and webinars
- Advisory workshops to rapidly increase your sector knowledge
- Multi-country and complex customer survey projects
- Marketing campaign support with analysts and content

VERDANTIX MARKET COVERAGE

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Focuses on the software and services markets that enable corporations to improve their performance across environment, health and safety including compliance, risk and performance.

Operational Excellence

Focuses on helping managers in operations, asset reliability, process safety and maintenance roles to leverage technologies which enhance production reliability, asset health and operational safety.

Smart Building Technologies

Focuses on software, intelligent building technologies and consulting services that enable real estate and facilities executives to optimize the value and performance of their building portfolios.

ESG and Sustainability

Focuses on the decisions of investors, tech providers, financial services firms and corporate leaders. Conducting in-depth research on the full range of services and technologies required to succeed with ESG and sustainability strategies.

WHY VERDANTIX?

Verdantix is an independent research and advisory firm with expertise in digital strategies for **Environment, Health and Safety, ESG and Sustainability, Operational Excellence** and **Smart Buildings**. Our mission is to anticipate the insights and data that our clients need so you can succeed with growth strategies, invest wisely and optimize performance.

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