



The Recruitment Market for Sustainability and Environment, Social & Governance (ESG) professionals in 2023

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INTRODUCTION

Welcome to the Allen & York Recruitment Market for Sustainability and Environment, Social & Governance (ESG) professionals in 2023 white paper.

Based on our 30 year history within Executive Search & Recruitment, within this paper we highlight our experience of Sustainability & ESG recruitment. With comment and analysis on the market, supply vs demand trends, the evolution of the sector right through to salaries and predictions for the 2023 and beyond, we hope this round-up provides insight into this fascinating hiring market and prepares you for the recruitment challenges ahead.

Lester Lockyer
Managing Director
Allen & York



MARKET OBSERVATIONS

Whilst 2021 showed a marked change in commercial interest in the sustainability and climate change agendas, 2022 will surely go down as the year that things really took off.

With increased global attention on climate change, COP's 26 and 27 under the belt, an energy crisis and global supply chains still recovering from COVID, there is much to concentrate the mind.

What is now very clear is that the positioning of Sustainability and ESG has changed significantly - and not before time!

With 30 years' experience, starting in a nascent Environmental market in 1993, Allen & York has grown around this developing agenda and observed the demand for specialist personnel evolve over that period. Myself and my longstanding colleagues are agreed that 2022 has seen both a demand growth and increase in nuance like no other year in that 30-year period.

This bodes well for the furtherment of the sustainability agenda, offering the hope of making significant progress in the coming years. What this increased demand has done is create some new challenges and dilemmas for our clients and candidates.

A magnifying glass with a black handle and frame is positioned in the upper left quadrant of the image. The lens is focused on a document with a grid pattern. Below the magnifying glass, several small, light-colored wooden blocks are scattered across a green surface. Each block has a black silhouette of a person with arms and legs, representing a human figure. The background is a soft, out-of-focus green, suggesting a desk or workspace.

“ Job searches for green skills are seeing double digit growth.

“ Sustainability professionals increasingly influence business model decisions.



THE INCREASING ESG AGENDA

Compliance, data management, advocacy, change management, strategy, implementation, cost benefit analysis, communications, investment impact assessment...

Environment, Energy, Social, Governance, carbon, climate change, supply chain & procurement, energy management & procurement, waste, packaging regs, labelling, LCA, scope 1,2 & 3, ISO's...

Reporting: SBTI's, TFCF, TFND, CDP, UNPRI, SASB, IR, GRI, SDG's, DJSI, SECR, GRESB...

No two roles sit in the same configuration of ESG considerations or have the same weighting of each element, with weightings being particular to a range of factors.

Whilst there are similarities that occur on a sector-by-sector basis: Finance & Investment, Product Manufacturing, Professional Services, Retail etc, other factors such as the skills of the wider sustainability team, the size of the organisation, immediate sustainability priorities pursuant to the stage of development the organisation is at, are all very organisationally individual.

Within reporting, there is a bewildering array of mandatory and non-mandatory reporting frameworks, with more in the pipeline. Knowing what reporting frameworks are required and which offer the most appropriate route for your organisation is a complex task.

Consequently, the array of roles available in the sustainability and ESG market requires a level of detailing which then must be matched against a finite talent pool, thus creating challenges for the recruiting decision makers.

Furthermore, matching the role to the career ambitions and needs of the candidate is equally as complex and as any recruiter knows, both sides of the equation need to be met for successful hiring.

SUPPLY vs DEMAND

Within the corporate setting, many firms are hiring in sustainability for the first time into new roles as they establish a new sustainability function, or as part of an increased headcount to manage the growing ESG agenda.

The finance sector has responded too and whilst sustainable finance is not new to the market, investors are now seeking greater ESG control and stewardship across their investments, whilst mandatory reporting means engagement with the portfolio and requirement for robust data means new hiring needs in ESG in financial services organisations.

This creation of a range of roles with a greater focus on reporting and data has entered the equation and brings with it persons with a different skill set to the traditional science based entry point.

Advisory firms are widely reported to be focussing their business plans around ESG and Sustainability with eye watering headcount targets for the next few years.

The established consultancies that specialise in Sustainability are reporting workbooks bulging at the seams and will need to grow to accommodate the demand for their services.

Collectively, these account for unprecedented demand for specialist skills.



HIRING PROCESS

It has always been the case that environmental professionals are motivated by purpose and effect above all else. Whilst remuneration is a factor, it is not enough to gain the interest of a typical sustainability professional.

To this end, the purpose of the role, its positioning in the business, to whom it reports and who on the board is championing the agenda, are all key factors to name a few.

The recruitment process should be shaped to best illustrate the positive points & engage the candidate throughout, as this will have a direct bearing on the success, or otherwise, of an eventual offer.

A recent scenario occurred at 2nd interview where the candidate pulled out of process due to a lack of clarity from the interviewers and a reliance on a standard corporate interview structure (including non-relevant HR questions) that did not seek to further the dialogue, understanding of the role or dynamic between the parties.

Counteroffers are rife. Not just in this sector, but it is our observation that sustainability candidates in work are currently counter offered hard by their existing employer. Again, the level of engagement throughout the hiring process, clarity of message and organisational commitment to the role are key to successful hiring in this competitive space.

THE EVOLUTION OF THE ROLE OF SUSTAINABILITY MANAGER/DIRECTOR

Back to the Corporate setting for ESG; a recurring theme in 2022 has been the need to find an ever increasing and often conflicting set of skills. Where the typical internal role had previously combined a complex technical understanding with a pic 'n' mix from: internal stakeholder engagement, regulatory reporting, direct management of team, navigating a matrix of indirect relationships, marketing nous, external advocacy and representation, project management and implementation and more, many of the new roles to market in 2022 were positioned at a higher level within the organisation, reflecting the growing importance of the subject and increased drivers to Net Zero.

With this comes a need for high level stakeholder engagement, SLT & C-suite exposure, requiring an operating manner in line with such engagements. Where significant business change is anticipated, experience of managing change management programmes is often also sought.

There are indeed sustainability leaders with all these skills, able to operate at a deep technical level and display the traits of someone operating at senior management or board level and able to undertake complex change programmes. However, as the sustainability agenda has risen rapidly over the past few years, those positions have typically sat somewhere below where they are now. For many sustainability professionals displaying the traits they have so far been prevented from attaining is unrealistic, whilst being a frustration for those seeking to hire at that level.

This has led to several interesting discussions where the recruiting organisation, unaware of the dynamic above, has run through a process seeking out the 'unicorns' whilst losing precious time. On occasion, passing over talent when it is available (and often at their price point) only to find months down the line that the unicorn still evades them. The position of Chief Sustainability Officer (CSO) will grow in number in the next few years, bringing a seat at the top table for sustainability the first time in many organisations.

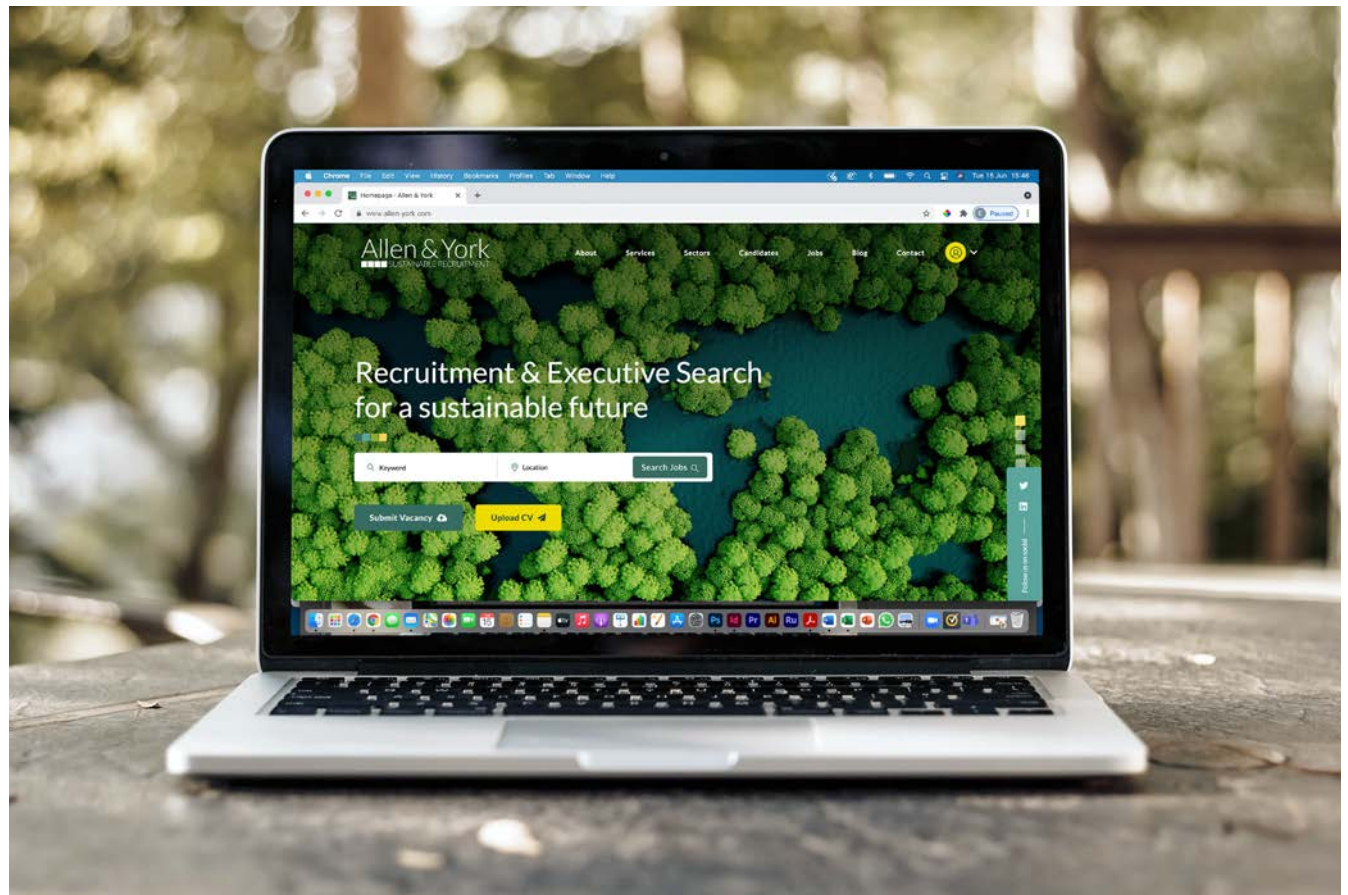
Naturally, this demand has changed the dynamic for the experienced candidate pool and for those organisations looking to hire from within it. Set against a backdrop of lowest recorded unemployment levels (in the UK) and decreased mobility post COVID, such an increase in demand makes for interesting times.

OPPORTUNITIES FOR SUSTAINABILITY PROFESSIONALS

For the Candidate, this represents both a challenge and an opportunity. Certainly, now is the time that many have spent their careers building up to, opportunities exist in greater number than ever before and at a higher level with greater influence than has been previously afforded.

It is recommended to gain exposure to senior management meetings, observe the interactions and work on delivery and presentation style to better engage with senior leadership. Think practically and strategically, be pragmatic and yet remain the voice for positive change.

The increasing importance and breadth of ESG subject has brought professionals from many directions into the candidate pool; legal, finance, marketing, HR, procurement, policy and more. This added diversity brings great minds to the collective pool of professionals and offers more to the prospective employer, whilst asking more questions as to what the role requires in order to choose the right candidate background.



SALARIES

Of course, in a supply short market, costs rise. Unquestionably, salaries for ESG and Sustainability professionals have risen sharply across 2021 & 2022 and are reported in studies as being in the top 5 roles with the highest percentage increase.

Whilst demand is a significant factor in these increases, this is not only due to supply issues. It is also bound up in the overarching CoL increases we are seeing more generally. Perhaps more of a factor is the reflection of the higher status many of the positions now hold, with associated salary increases across the board.

Markets are moving at a pace that is difficult to keep up with, such that salary norms have moved

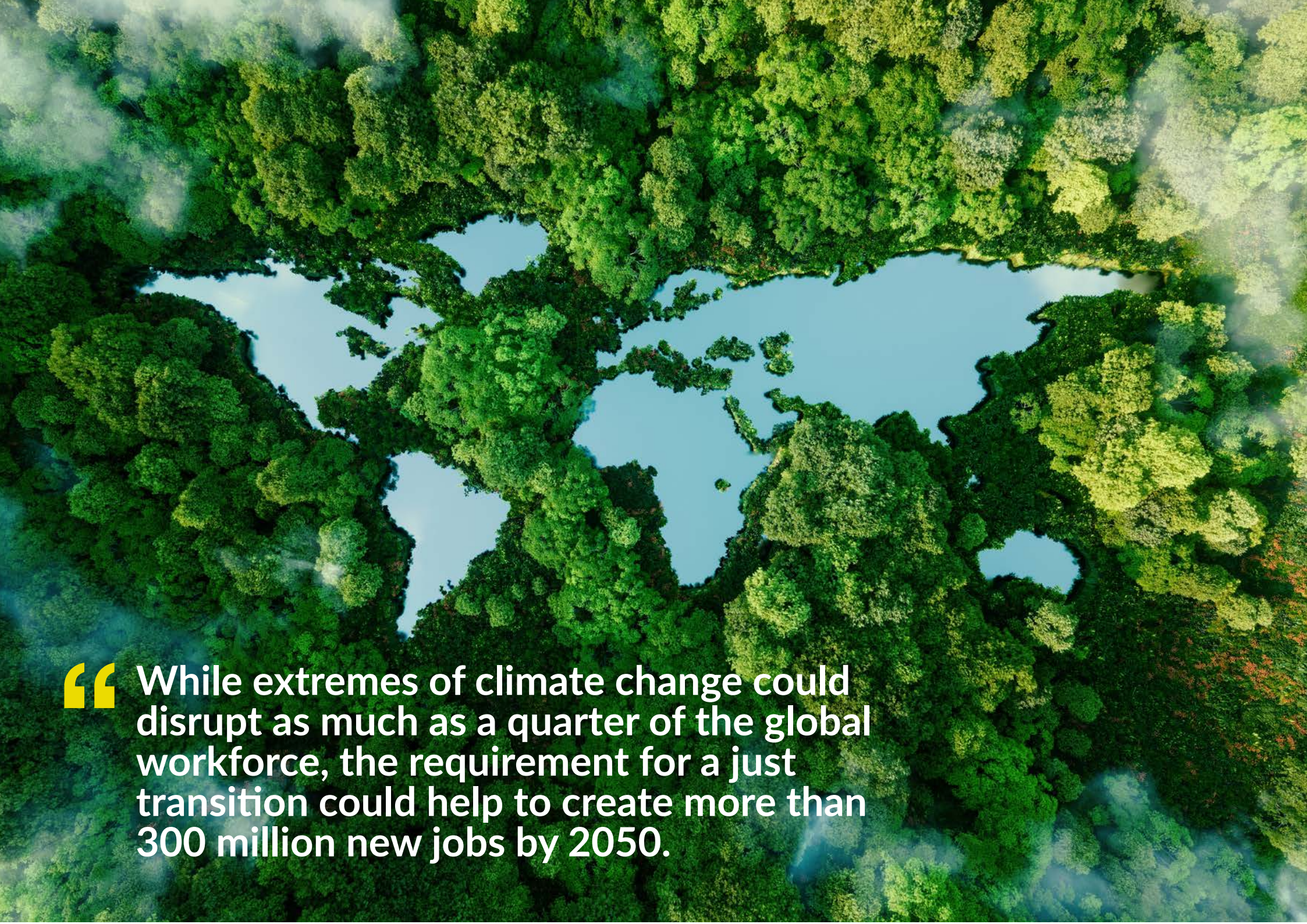
on within a short time frame. To add to the difficulty in pinpointing salaries, the specifics of what sort of professional a particular role calls for, where it sits and what size or complexity of sector it sits in, all have a bearing on what the average salary requirements will be for those candidates deemed suitable.

What we have noticed is a tendency to under-price &/or over-spec at outset. Getting a clear view of what you are looking for and guidance on average salaries to that specification at that point in time can save a lot of time through the search and selection processes and help build a more accurate and suitable pricing structure to your offers.



“ ESG presents huge
business and career
opportunities in 2023.



An aerial photograph of a dense, vibrant green forest. A winding river or stream flows through the center of the forest, reflecting the sky. The trees are in various shades of green, and there are wisps of white mist or fog rising from the forest floor in several places, particularly near the riverbanks and in the lower corners of the frame.

“ While extremes of climate change could disrupt as much as a quarter of the global workforce, the requirement for a just transition could help to create more than 300 million new jobs by 2050.

ESG IN 2023 AND BEYOND

2023 is certain to see further developments and increase in the pace of developments in ESG, Sustainability and the Responsible Business arena. Corporate ESG strategies are being formed and seek additional resources and new skills to add to the established frameworks.

The increased focus on ESG has brought the sustainability agenda into the boardroom, onto the balance sheet, into HR, Marketing and Procurement and Supply Chain. Almost no part of the traditional business structure goes untouched. Requiring some work to establish where the pieces of the jigsaw sit and how to arrange them.

As investors and board members increasingly see the correlation between ESG factors and company performance and strategy for the short term and the long-term viability of their investment, there is an increasing willingness to bring these considerations into strategic decision making. This may take the form of the CSO position or an elevation of the role of ESG Director and its reporting lines.

“ **The next decade will see an emerging green workforce that understands how sustainability creates value.** ”

Responding to the upcoming increase in disclosure, mandatory reporting and investor interest the corporate sustainability/finance department lines are blurring, new non-financial reporting ESG roles are being developed within the corporate structure that blend standard finance and accounting backgrounds with non-financial reporting ESG data sets.

Beyond CNZ, where organisations are concerned greatly with the S&G aspects of ESG we are set to see a significant growth in Corporate Responsible Business transformation programmes and the creation of roles leading and supporting these initiatives. Employee scrutiny, especially from the Gen Z contingent, consumer decision making and wider public interest all building momentum. Experienced talent in these sectors is finite and so the battle for personnel is set to continue, however with a widening agenda so we are seeing a widening interest and exposure for skilled professionals from outside the established science based contingent, bringing a range of personnel into the ESG conversation and along with them a wider mix of skills and knowledge.

Navigating the ESG recruitment space is complex; defining the role in the short term whilst planning for future needs, benchmarking internally whilst sourcing from a disparate and unfamiliar talent pool in a constrained market offers a high degree of complexity and presents many recruitment challenges on top of those inherent in any recruiting exercise.

ROLE TYPE & HISTORY

First coined by the United Nations Principles for Responsible Investing (PRI) report in 2005, Environmental, Social and Governance (ESG) is still heavily associated with responsible investing and the investment markets. Breaking down the factors under E, S & G into their separate categories can help demystify some of the complexity in what is becoming an increasingly nuanced space to operate - particularly within talent acquisition.

Different sectors, business groups and stakeholders have their own balance of concerns and therefore jobs and responsibilities vary widely, from role to role, and company to company.

At Allen & York it's our job to help understand the nuances of our clients' roles, the specific areas of most need and to match these with the right candidates.



LOOKING TO HIRE IN 2023?

Allen & York have been matching purposeful people with purpose-led organisations for 30 years. We partner with our clients and candidates on roles that combat and build an understanding of climate change, and create inclusive and responsible organisations, working towards a sustainable world for us all.

We would welcome the opportunity to share our skills, experience and network with your organisation, and discuss a recruitment partnership approach with you further.

If you would like more information on our services, please visit: www.allen-york.com/Services

To book a free 30 minute consultation, please don't hesitate to contact:

Lester Lockyer
Managing Director
llockyer@allen-york.com
+44(0)1202 888986

www.allen-york.com

