



# Sustainable Finance Job Profiles

## Summary of the exploratory phase

July 2020



# SOMMAIRE

<b>EDITORIAL</b>	4
<b>1 BACKGROUND AND OBJECTIVES OF THE STUDY</b>	6
1.1 INITIAL FINDINGS	6
1.2 THE STUDY OBJECTIVES	7
1.3 THE PROPOSED METHODOLOGICAL APPROACH	7
<b>2 MAIN LESSONS FROM THE EXPLORATORY PHASE</b>	8
2.1 THE ROLES AND MISSIONS OF EXPERTS IN SUSTAINABLE FINANCE	8
2.1.1 THEIR PLACE WITHIN ORGANIZATIONS	8
2.1.2 MORE OR LESS EXTENSIVE TRANSVERSAL MISSIONS	9
2.1.3 THE KEY FACTORS FOR THE SUCCESS OF THEIR MISSIONS	10
2.2 EVOLVING PROFESSIONS, BUT STILL POORLY IDENTIFIED	13
2.2.1 A FUZZY NOTION, NOT LISTED BY HRDS	13
2.2.2 NEW PROFESSIONS APPEARING	14
2.3 THE CHALLENGES IN TERMS OF HUMAN RESOURCES	15
2.3.1 PROFESSIONAL TRAINING FOR OPERATIONAL STAFF, A KEY ISSUE	15
2.3.2 THE INTEGRATION OF SENIOR EXPERTS TO SUPPORT THE TRANSITION	16
2.3.3 RECRUITMENT AND RETENTION OF YOUNG PROFESSIONALS	17
<b>3 CONCLUSIONS AND PERSPECTIVES</b>	18
3.1 IDENTIFICATION OF TRENDS IN THE LABOR MARKET	18
3.2 SOME LINES OF THOUGHT TO GO FURTHER	19
<b>4 MAPPING RESULTS OF SUSTAINABLE FINANCE PROFESSIONS</b>	20
<b>5 ANNEXES</b>	27
5.1 LIST OF INTERVIEWEES	27
5.2 QUESTIONNAIRE DISTRIBUTED TO PROFESSIONALS	28

# EDITORIAL

Sustainable finance must play a leading role to support the transformation of the real economy towards a low-carbon and inclusive model. To achieve this objective, the transformation of the activities and the model of the financial sector is also a necessary condition, and the actors are already developing new practices and new offers. In this context, is the unprecedented dynamic provided by sustainable finance sufficient to meet the urgency of the Sustainable Development Goals and the Paris Agreement? To enable this, it is necessary to develop concrete solutions to build tomorrow's finance and one of the key challenges is to ensure the adequacy of business expertise with knowledge of environmental and social issues.

**It is in order to better understand and support this dynamic that Finance for Tomorrow and Birdeo have joined forces to carry out this study on sustainable finance professions, concerning both new professions and those whose transformation is necessary to meet the challenges raised by sustainable finance.** What activities, knowledge and skills are associated with them? What are the obstacles to the development of these professions within the labor market in the financial sector? This study aims to identify the integration level of climate and sustainable development issues in the activities of the entire sector. It is based on discussions with experts in sustainable finance and human resources managers, who shared with us their vision and experience.

To provide solutions and promote their dissemination, the study highlights promising good practices. For example, the establishment of incentives linked to ESG objectives, collective training programs, the mobilization of members of Executive Committees or the creation of «transverse units» for transformation.

The main recommendation of this study is a call for the mobilization of human resources managers. To this date, they do not have a mandate to drive the sustainable transformation of finance professions and do not have access to the necessary information, because sustainable finance expertise is not indicated in the job description catalogue. This leads to a lack of consideration and training, disconnected from the environmental and social strategies of the institutions in the sector.

In addition, there is a growing need for senior profiles in sustainable finance but the demand is struggling to find trained and qualified candidates, who will be able to drive the large-scale transformation of companies, with the necessary legitimacy to assume the impact on the long-term strategies and jobs.

At the same time, commitment to sustainable finance has become an issue for attracting young talents, increasingly sensitive to environmental and social issues, and keen to work within organizations that respond to their values.

**Through this exploratory work, we aimed to assess the trends in the finance job market addressing the environmental and social issues, establish initial findings on sustainable finance professions and suggest ideas for reflection to go further, in order to support this essential dynamic for the necessary transformation of the entire financial sector. Above all, we want to send a message to the Human Resources managers: become the actors of this transformation within your organizations!**

*“Be the change you want to see in the world.”* This famous phrase from Gandhi should remind us that collective change is based on each person’s ability to bear their individual responsibility, using the relevant knowledge and tools within the framework of their professional activity. We hope that this unprecedented analysis carried out by Finance for Tomorrow and Birdeo will make it possible to lay the foundations to raise awareness, which will be essential now and in the long term, and that training offers in sustainable finance will multiply over the years to come !



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# 1

## BACKGROUND AND OBJECTIVES OF THE STUDY

The finance sector is faced with a dual challenge: supporting the economy towards an ecological, sustainable and inclusive transition, and better coping with the risks induced by climate change.

The sector as a whole is beginning to develop its offers, practices and businesses as part of the economy's transition to a low-carbon model, with the objectives of protecting asset portfolios and creating value. The image and attractiveness of the financial sector are at stake, especially among young talents, who are increasingly sensitive to environmental and social issues.

Beyond the gradual evolution of practices through the integration of environmental, social and governance considerations, stakeholders are mobilizing, initiatives are multiplying and new professions specialized in sustainable finance are emerging within organizations, because this transition cannot be done without using new skills and expertise.

It is in this context that Finance For Tomorrow and Birdeo have joined forces with the objective of producing an inventory of professions related to sustainable finance.

### 1.1 INITIAL FINDINGS

The impact of the integration of sustainable finance on the evolution of professions in the sector has been the subject of various studies in recent years.

Among them, the study «The mutations of jobs and professions in the banking, finance and insurance sectors in the green economy» by Ernst & Young carried out in 2011 for the French Ministry of Ecology, of the Sustainable Development of Transport and Housing (MEDDTL) was already analyzing at various times the skills and development needs of the finance professions within the framework of a green economy.

More recently, the study "Green growth, making our employees the key players in a responsible economy" carried out in 2018 by the BIPE for the French Banking Federation (FBF) indicated that all the trades and skills of the sector will have evolve over time. This study also highlights the limited number of experts in sustainable finance within organizations, but not qualifying or quantifying them in terms of jobs.

In 2019, BIRDEO's latest survey of Sustainable Development professionals focused on jobs with expertise in sustainable finance, in particular specifying their profile but without being able to extend the analysis to all the experts in office.

Therefore, there is no current inventory of jobs specializing in sustainable finance. These professions are also not listed in the two employment observatories produced by the FBF on the one hand, and the FFA on the other.

## 1.2 THE STUDY OBJECTIVES

The study aims to:

- Map the specialized jobs in the sector, if possible in connection with the existing job description catalogue for each branch;
- Identify the obstacles and levers to their development;
- Evaluate the workforce and the corresponding dynamics in terms of employment.

Ultimately, the results of this study should make it possible to assess the dynamism of sustainable finance in terms of job creation and transformation of professions in the financial sector, and to establish the attractiveness of the Paris financial center through its contribution to the real economy and the development of territories.

## 1.3 THE PROPOSED METHODOLOGICAL APPROACH

The study is based on a qualitative analysis as close as possible to the market actors. It relies on two postulates: first, human resources (HR) managers are the best placed within their organizations to analyze jobs from their information system; second, there are experts in sustainable finance who know the development dynamics of this field of activity.

Thus, **a first exploratory phase** consisted of conducting individual interviews with human resources managers in the sector and experts in sustainable finance. The objectives were to identify sustainable finance professions and the associated missions, but also to better understand the challenges in terms of recruitment and professional training, as well as the obstacles and levers to the development of these activities.

Then, on **a collaborative phase** based on exchanges and meetings with representatives of the federations and with members of Finance for Tomorrow, aimed at testing and enriching the typology of sustainable finance activities, as identified in the exploratory phase. This reflection tried to fit in with the "job description catalogue" approach commonly used by human resources managers.

Finally, **the outline of a quantitative phase** should allow, in the medium term, to better assess the volumes of trades related to sustainable finance in France and to build a coherent vision of the integration of sustainable finance issues in the professions of the sector as a whole.

Different means of investigation may serve this objective:

- Survey the market actors: identify sustainable finance activities and corresponding jobs, express knowledge and skills needs;
- HR survey: quantify employment volumes, thanks to information systems and job description catalogues integrating the sustainable finance expertise.

# 2

## MAIN LESSONS FROM THE EXPLORATORY PHASE

We conducted 12 interviews, mainly with experts in office, both in large groups in the banking or insurance sector, and in SMEs/mid-cap companies specializing in financing, investment and/or asset management activities. Human Resources Directors (HRDs) and "external" experts (particularly in the consulting and training sector) were also interviewed.

The list of people interviewed is given in Annex 1.

The notion of «experts» used in this document includes all positions specializing in Corporate Social Responsibility (CSR), Socially Responsible Investment (SRI) or on issues related to Environmental, Social and Governance criteria (ESG), whether functional (support functions) or operational.

### 2.1 THE ROLES AND MISSIONS OF EXPERTS IN SUSTAINABLE FINANCE

#### 2.1.1 THEIR PLACE WITHIN ORGANIZATIONS

Their positioning in the company as well as the terminologies of the positions are very diversified, reflecting the absence of a frame of reference and the plurality of missions.

- **In core-business, within small specialized teams**

Grouped together in small cells within the operating entities of financing, investment and asset management activities, they are ESG analysts and/or SRI asset managers. Some of them may be specialized on themes such as climate (e.g. Head of Climate Strategy) or on specific missions (e.g. Responsible for relations with signatories of the PRI). We note that they often use Anglo-Saxon job titles (e.g. Corporate and Investment Responsibility Analyst, ESG Officer, etc.).

- **At group level (Corporate)**

This is the most frequent case for CSR teams which may be attached to Executive Management or to a Secretary-General.

Thus, in large groups for which the activities are spread over several Business Units (e.g. asset management and market activities), we can find several specialized ESG teams and several CSR Directorates, including the Group CSR Directorate.

- **Specialized experts in functional departments**

This is the case in Research & Development, in Risk Management services (e.g. Risk Manager specializing in climate and ESG risks) or even in Marketing (e.g. Product Specialist). According to some of the experts interviewed, they are still too rare in these decisive functions in terms of policy offer.

- **Almost totally absent in commercial functions**

While there appear to be specialized commercial functions, these positions are, according to the experts interviewed, extremely rare or even absent, especially in retail banking networks.

- **Naturally integrated into specialized management companies**

In small management companies created based on to the principles of sustainable finance, this expertise does not appear in a differentiated way, with employees "naturally" integrating ESG processes into their profession. In this particular context, it is the very nature of the company's positioning which defines the level of ESG knowledge and skills needs of all employees.

## 2.1.2 MORE OR LESS EXTENSIVE TRANSVERSAL MISSIONS

Today, at least in large companies, there seems to be a distribution of roles between CSR departments and ESG/SRI experts.

The CSR experts are in charge of the Group CSR strategy (Corporate) and activities related to transparency (reporting). While they have a coordination role, it seems that they are little involved in the implementation of integration policies.

ESG/SRI experts in management companies have diverse roles, ranging from analysts who produce recommendation notes, to "strategist-integrator" sitting in the highest decision-making bodies and drawing on a network of correspondents that has most often been trained by him/herself.

Thus, among the experts interviewed, one of them has the responsibility within his entity, of:

- Integration of ESG strategy and policies, with the design and implementation of processes and tools
- Voting/commitments policies
- Climate risk assessment
- regulatory watch
- support for customers and internal business lines, in particular through the training of managers

In smaller structures, the CSR/ESG dichotomy is not necessarily appropriate.

This is the case of a CSR Director of a management company who performs both functions. Specifically recruited to structure, deploy the CSR approach and put in place the ESG integration processes, its roadmap is clearly to «make CSR go operational». Its team is involved in all stages of the investment and in all due diligence in a decisive manner.

*"A boss saying he doesn't care about CSR would lead to a NO GO decision."*

She also works in close collaboration with the functional entities (Risks, HR, etc.) as well as the investment teams to which ESG objectives have been assigned. These objectives are measured and systematically integrated into the decisions of the Remuneration Committee.

### 2.1.3 THE KEY FACTORS FOR THE SUCCESS OF THEIR MISSIONS

Several factors explain the speed at which sustainable finance is integrated into organizations. Some are specific to the profiles of the experts in place, others are intrinsic to the organization, governance and culture of the company. Finally, others are external to the company.

#### 1 – The profile and background of experts in sustainable finance

According to several manager-experts interviewed: the seniority, the dual competence "finance + ESG" as well as a "background in finance" (comprising the successive practice of different professions), constitute essential characteristics for performance in their missions. Indeed, seniority and knowledge of the professions give the expert legitimacy and a capacity for influence at the highest level, making it possible to drive change in depth. It is also necessary, according to one of the experts, to be "*able to address political issues such as the impact on employment and the economic performance of companies*".

However, one of the experts interviewed, a senior in CSR with a background specializing in the implementation of transformation plans, achieves very good results within an asset management company.

These senior profiles exist but they still are too rare. The corresponding positions have, at least for some, been created at the own initiative of the employee (bottom-up impulse). "*I was in charge of structuring financial products, some of which included ESG. Then, I became interested in the subject, trained myself, and convinced the management to create my current position*" testifies the manager of a team of 4 people within an Investments entity of a banking group.

#### 2 – Internal factors to the organization

##### ● The involvement of senior managers and governance structure

All the experts testify of the importance of the involvement of senior leaders and governance in the integration process. Like any change management, the project must indeed be carried by the highest level.

Some experts regret the manager boards' lack of availability – "It is extremely difficult to interact with them, they never have time!" - and the fact that they are not sufficiently relaying their proposals. Also questioned was the lack of sensitivity and culture on the subject. "It will take a new generation" said one of the experts interviewed. And Novethic indeed notes that it still rarely sees members of Comex in its executive coaching modules.

It is therefore difficult, in the absence of management mobilization, to negotiate resources (human and financial) or to set up quantified objectives intended for all operational teams and impacting at least a share of the variable portion of individual remunerations.

##### ● The knowledge of operational staff

According to all, the dissemination of this subject, which is also increasingly technical, is a major issue.

*"There is a real problem of acculturation of portfolio managers. The subject is now strategic and the teams must take over from the experts. But they are not prepared"*, testifies an expert from a management company who explains having good experiences but still notes the existence of "*totally hermetic people in back and middle office*".

The lack of knowledge is said to be particularly acute among sales people, in retail banks and investment banks. It leads, in fact, to a lack of information for customers (individuals and professionals) and the absence of demand for sustainable products.

Thus, there is then a real subject on the training of these audiences but also, according to one of the experts interviewed, "a question of individual responsibility".

### ● Synergies between CSR/ESG teams within large groups

Within large banking groups, the organization into Business Units, subsidiaries or Regional Banks, independent in the choice of policies, constitutes for some experts a barrier for greater systemic integration of ESG. Collaboration is rare between the different ESG teams and one of the managers thinks that *"we should step up these exchanges and partnership practices: this constitutes a lever for the development of ESG"*.

More synergies and greater cross-functionality between the different teams of ESG experts but also between CSR and ESG: this is also the opinion of an expert from a consulting firm who declares that he is sometimes called upon on the same subject by several teams from the same group.

## 3 – Factors external to the organization

### ● The type of activity, the tools and the nature of the products

In the ESG domain, maturity is different depending on the geography and the sector of activity. Thus, according to several experts interviewed, market activities (in particular those relating to the secondary market) are lagging behind financing and asset management activities. At issue are certain products (such as derivatives) which would be less suitable to the integration of the ESG dimension but also the "vehicles" and the scarcity of quality projects.

*"For investors who wish to finance projects with positive impact, the first obstacle is the scarcity of quality projects (in terms of profitability and measurability of impacts). We must then create high-performance investment vehicles (funds, securitization vehicles): more than a "funding gap", it seems that we are facing an "investment gap"! The funds are there, but the channels and products are missing to deploy them for the benefit of "truly" sustainable and reliable projects. The definition of scenarios, making it possible to highlight the performance of "sustainable" projects, remains a methodological challenge"*.

Still within the domain of market activities, it is also the quality/quantity ratio of extra-financial data that is at stake, and in particular the lack of transparency on ESG performance by the companies, the heterogeneity of the data communicated and methodologies for analyzing ESG rating agencies.

*"There would be a lot of work to do here, with the transparency of companies as a prerequisite for all extra-financial performance criteria. However, the EU taxonomy at this stage only proposes the identification of activities having a positive impact on the climate. We are only at the beginning..."*

### ● Customer demand

As a result of the sales teams' lack of mastery of these subjects, the culture and customer demand evolve in very diverse ways.

The increasing investors' demand, especially institutional investors, is underlined by most of the experts interviewed, in particular through funds run by management companies. Increasingly, beyond the climate, investors are looking for impact projects, with reference to the United Nations Sustainable Development Goals (SDGs).

But for other activities, particularly market activities, this trend is less tangible.

One of the experts interviewed declares: *"Among institutional investors, even if the majority are well aware of the empirical evidence of the contribution of ESG on the risk/return ratio of investment portfolios, some still remain skeptical and convinced that the loss in diversification of a portfolio always implies an increased risk. Some still think that financial performance is hardly compatible with ESG performance"*.

Certain economic sectors would also be more hermetic than others and in particular, among those mentioned: construction, the raw materials industry, distribution/logistics... yet with climate issues.

For professional clients, the lack of knowledge of Finance Departments and Treasury managers represents a major obstacle.

### ● Regulatory framework

According to one of the experts interviewed, the regulatory framework weighing on the products' marketing still constitutes an obstacle to the development of sustainable solutions today: "these constraints lead to offer the most standard solutions, those treated for many years".

Conversely, the European action plan for sustainable finance, which is part of the Union's carbon neutral trajectory by 2050, in particular with its 3 regulations adopted in December 2019 ("Taxonomy", "Disclosure" and "Benchmark"), should accelerate the process: "The profession has to face a regulatory tsunami. It is a question of including ESG in the risk analysis and so in all the processes, starting from product development: here the regulations help us!" indicates an expert.

Another expert interviewed also specifies that *"in 10 years, carbon accounting will become essential. All the finance professions will have to get started..."*.

## Evolution of European regulations

As part of its action plan on sustainable finance, the European Commission requested opinions from the Financial Supervisory Authorities (ESAs), concerning the revision of the MIFID, UCITS & AIFM Directives to integrate the Environmental, Social and Governance criteria, in the organization of the operations of investment fund management companies. Certain principles developed in their views could have a direct impact on the training needs of professionals in the financial sector, in particular:

- Integrate ESG issues into policies, general organizational processes and procedures, including compliance and internal audit functions;
- Make management responsible for taking ESG criteria into account;
- Dedicate enough resources to the integration of ESG risks, in particular by ensuring that employees have the necessary expertise.

### ● Competitive environment

Competitive pressure should play its role as an accelerator with strong growth in sustainable finance expected over the next 5 years.

*"Today, asset management faces a more difficult competitive environment, resulting in pressure on the margins and need to differentiate. More and more managers will have to adapt and train on alternative themes that are sources of growth such as ESG".*

## Identified good practices

- Setting quantitative objectives dedicated to the development of sustainable finance
- Steering objectives at Comex level and governance bodies
- The integration of these objectives to the variable portion of the remuneration of sales representatives and senior managers
- The establishment of a working group intended to define the modalities for a transfer of expertise from experts (ESG / RSE / SRI) to other business
- The implementation of compulsory group training programs on ESG / impact finance
- A "sustainable finance" module in the integration programme for new entrants
- The establishment of committees or cross-functional working groups led by an expert manager, in charge of defining the tools and processes to integrate sustainable finance into business practices
- In the absence of experts, the creation of trained correspondants networks in sustainable finance in each entity
- Wide and regular dissemination of information on solutions and trends in the ESG investment market

## 2.2 EVOLVING PROFESSIONS, BUT STILL POORLY IDENTIFIED

### 2.2.1 A FUZZY NOTION, NOT LISTED BY HRDS

Except in small structures, where the various teams work in close proximity, HRDs are not currently able to identify experts in sustainable finance. Moreover, the topic of upgrading skills in this domain is not the subject of specific monitoring.

According to an expert interviewed, *"The notion of ESG experts is vague, undefined, the information does not return back to HRDs [yet]"*

These professions, indeed, are not directly identifiable in the HR Information Systems, whose business structure is most often organized according to the employment standards established at the level of professional federations. However, these standards do not mention these jobs within a professional family or sub-family and no job description lists ESG/ sustainable finance among the skills required.

The number of ESG experts would nevertheless be an information that is collected from the expert managers themselves by the extra-financial rating agencies, etc... But here, the information would be unreliable according to one expert interviewed: *"I have seen financial analysts suddenly become extra-financial for reporting purposes!"*

However, HRDs have frequent relations with CSR teams for the purposes of social reporting (at least for the closing of accounts). Therefore, their CSR vision now focuses more on social policies than on the development of activity and professions in the medium term.

*"In general, HRDs in the financial sector do not yet necessarily have a good understanding of the evolution of professions related to sustainable finance. The function is not always the subject of regular monitoring, even though the needs are rapidly changing, both in the field of training and the integration of new profiles"*

## 2.2.2 NEW PROFESSIONS APPEARING

Three trends seem to emerge from the interviews carried out and are likely to reveal new missions or even professions related to sustainable finance and to boost the job market.

### 1 – Experts specialized on a thematic

In response to the evolution of European regulations, the requirements of rating agencies but also at the request of investors who wish to support activities having a "positive impact" on the environment or society (most of them referring to the United Nations Sustainable Development Goals), organizations must equip themselves with thematic experts: the climate of course, but also, depending on the investor's profile or the project, biodiversity, social issues, water...

*"We are moving from the generalist ESG analyst to the climate expert, for example. The demand for impact investing is increasingly sharp, which may relate to a specific theme"*

"Impact finance" is gradually taking over from "ESG risk" management. This development requires extensive sector expertise on the side of professionals, as it is necessary to demonstrate the intention to solve a problem in the economy and society, to prove additional results and to project them over time.

### 2 – More "technical" experts

At the same time, the level of skills required in quantitative data analysis is increasing. The profession of some experts now resembles the *"portfolio construction, close to the profession of portfolio engineer"* calling to an increased know-how in the field of complexity management.

*"The CSR/ESG expertise curve has reached a point of maturity. The sector needs increasingly specialized experts in professions which are becoming more technical".*

This is particularly the case for investment activities in financial markets. One of the experts interviewed recently created his position in the Financial Markets Department of a large banking group. Its mission is to develop new "packaged" ESG products and solutions for investors who wish to reconcile the financial performance of their investments with the achievement of ESG objectives. This requires the creation of ESG indices and, beyond that, the integration of ESG criteria into as many investment and hedging products as possible.

*"A new profession, non-existent until now for Market activities, unlike financing, analysis or management activities, in which ESG has been integrated for more than 10 years, or even 30 years for some organizations"*

### 3 – More transversal experts in charge of integration

Between the missions of the CSR teams, mainly focused on strategy and reporting, and those of ESG experts with an "analyst" profile, there is a place for more cross-functional experts whose main mission is the integration of sustainable finance in all professions and processes."

*"From experts specializing in ESG we are moving to functional managers in charge of horizontal integration projects. Those currently in post are rare and, for the most part, self-trained"*

While this integration mission can be carried out by the ESG or CSR teams in office as long as there are sufficiently senior experts, it can, otherwise, be the subject of a job creation. Their role will then be to steer the integration process by setting up a network of operational correspondents and, for example, by leading working groups able to make proposals and enforce decisions.

## 2.3 THE CHALLENGES IN TERMS OF HUMAN RESOURCES

### 2.3.1 PROFESSIONAL TRAINING FOR OPERATIONAL STAFF, A KEY ISSUE

With regard to regulatory changes, all the experts questioned indicated the need to train operational teams on a massive scale.

*"Today we need real training for investment teams, the challenge is also to make them understand that it is about real expertise"*

However, with some exceptions, the HRDs interviewed were not asked to implement collective training plans on the subject. It does not seem that the theme has been identified as a structuring dimension of "forward-looking management of jobs and skills" (GPEC) policies, the purpose of which is precisely to adapt the "work force" to the challenges of tomorrow, the subject of compulsory collective bargaining since 2005 in France.

Training requests still seem mostly individual, at the request of employees or managers, in line with each person's sensitivity on the subject. Novethic, a pioneer in SRI training, confirms that 60% of requests for inter-company training are made by the employees themselves: experts aiming to improve their skills or non-specialists in the search of professional transition.

Nonetheless the vocational training offer is not very structured for the moment and most of the initiatives are led by internal teams of experts, in particular for the training of their liaison officers.

*"It is up to the hubs of experts to train the business lines, especially 'technical'. Sometimes we rely on outside firms. For high management, we may have to work with leading firms"*

Things are moving on: in some leading and/or most advanced companies, extensive training programs, co-constructed between experts and training firms, are in preparation and aim to transfer skills to the operational teams. One expert interviewed mentioned a deadline of 12 to 18 months for his organization.

Calls for tenders are underway, corresponding to large intra-company programs and in which HRDs are increasingly involved. These are large or medium-sized companies wishing to structure or deploy an approach, mainly targeting asset managers. Furthermore, the commercial function is starting to evolve, including the insurance sector following the application of the DDA (Insurance Distribution Directive), but also thanks to the PACTE Law which calls for the distribution of sustainable labeled products (ISR, TEEC & Finansol).

## Focus: professional training in sustainable finance

- **Novethic:** confirms an acceleration in the demand for training since the end of 2017. The "Green Finance" and "Impact Finance" courses are the most requested, the one on Biodiversity is only in early stages. The workshop dedicated to the distribution of SRI funds, initially designed for salespeople, is starting to emerge. Finally, the training of members of Executive Committees is yielding very concrete results but is not yet widespread. While 60% of inter-company training requests are made by the employees themselves, collective training modules are developing and constitute a market segment with high impact and potential.
- **French Society of Financial Analysts (SFAF):** developed the CESGA (Certified ESG Analyst) certificate with the federation at a European level (EFFAS), to meet the challenge of ESG integration by providing the necessary training for an effective assessment, for the measurement and integration of ESG issues into the financial analysis. The program is based on 70 to 100 hours of training and is particularly suitable for financial analysts and portfolio managers who want to integrate ESG criteria into their capital allocation processes, but also, in general, all investment professionals who already had to deal with ESG issues.
- **The Financial Markets Authority (AMF) certificate:** in the near future, the reinforcement of questions on sustainable finance for this certificate, the most widespread in the financial sector, would ensure a base for definitions and common knowledge on the French market.

### 2.3.2 THE INTEGRATION OF SENIOR EXPERTS TO SUPPORT THE TRANSITION

Senior profiles with finance & SRI (or change management/CSR) backgrounds and skills are necessary to implement sustainable finance internally.

*"We are going to need more and more experienced senior profiles mastering SRI finance, competent and credible with a strong capacity for conviction and influence"*

*"We need more seniors with at least 7-10 years of professional experience, a diverse background in finance and ESG skills, but recruitment is complicated, these are rare profiles"*

There are therefore two possibilities for organizations: recruiting externally (but such profiles today correspond to understaffed positions, having developed from individual initiatives) or, more likely, to define internal career paths in order to develop certain managers.

These career paths could be built within the framework of the GPEC ("forward-looking management of jobs and skills"). However, it would also be a matter of including ESG skills in the talent management and career paths of executives identified as "High potential", thus making it possible to integrate sustainable finance more quickly into the highest decision-making bodies.

### 2.3.3 RECRUITMENT AND RETENTION OF YOUNG PROFESSIONALS

Even if the provision of vocational training seems to be lagging behind, that of initial training has developed well in recent years.

An expert from a large bank who has recruited plenty of juniors over the past 2 years testifies: *"The offer in initial training is exploding ... Schools have developed their courses and young graduates are arriving with the dual skills of finance + ESG/CSR"*

The HRDs interviewed also indicated that young candidates for recruitment (whatever the position sought) are very demanding and anxious to join an organization mobilized on the subject. Expectations are high and disappointment is sometimes present. The challenge is to be able to attract and retain young talent.

*"A worrying phenomenon among junior experts, especially the brightest: the ability to suddenly become demotivated, following for example a decision not in line with their expectations which leads them to resign. The new generation is not afraid to leave. If the organization wants to retain these talents, it must take strong positions, demonstrate its commitment"*

# 3

## CONCLUSIONS AND PERSPECTIVES

### 3.1 IDENTIFICATION OF TRENDS IN THE LABOR MARKET

In the medium term (within 2 to 3 years), it is likely that the rise in skills will accelerate. Speed will largely depend on the involvement of senior managers and governance, because it is under their leadership that HR will be able to implement a policy for adapting the workforce to the challenges of sustainable finance, like the digital transition policies they have supported.

It might be difficult to capture this development with a follow-up of the net increase in sustainable expert employment.

This dynamic should translate into:

- **The implementation of vast collective training plans for the acquisition of basic skills**

These training courses would be intended primarily for sales force jobs (account managers, advisers in assets and financial products, market operators, portfolio managers, etc.) but also in all areas of risk analysis and management, product design and marketing. This involves organizing, over time, the convergence of visions and processes in terms of financial and extra-financial performance.

- **The integration of new technical skills**

Those relating to a specific theme (e.g. climate, energy, biodiversity, social, etc.) and the deployment of impact finance. Depending on the organization, this could be done through internal training or recruitment, in particular for juniors or experts on social or environmental topics and not coming from finance.

- **An enhanced role for existing experts**

It is up to them, particularly the most senior, to drive and support the transformation in the short and medium term. Their missions are now diverse (from 100% technical to 100% functional, dedicated to supporting change) and more or less extensive depending on the level of maturity of the organization. It appears as if these professions are also in the process of segmentation: some will evolve towards thematic specialization, others will remain generalists.

Consequently, several questions can be posed:

- What will be the place for experts within organizations?
- How will their roles evolve as the skills of other professions increase? Will these experts be recognized? And will they benefit from a career that matches their skills?
- Some companies have created Innovation/Digital Transformation Departments to accelerate the digital transition. Will they proceed in the same way to integrate sustainable finance?
- What is the complementarity and synergies between ESG experts and the co-existing CSR Departments?

## 3.2 SOME LINES OF THOUGHT TO GO FURTHER

According to interviews conducted with HRD, especially those operating in large companies in the sector, it appears that there is no tool in place allowing to precisely measure the volume of the population of sustainable finance professionals. Indeed, this information is not directly accessible to HR because it does not appear in the job description catalogue and therefore does not figure in their information systems.

However, it seems essential to us to immediately start to follow the evolution of professions and skills linked to the rise of sustainable finance.

In doing so, several pathways are possible, which can be carried out jointly:

### ● The necessary monitoring of skills development

The rise in skills will mainly pass through training and, for the new generations, through recruitment. HRD could introduce the theme of sustainable finance/ESG/impact finance as part of their training follow-up and identify the dual finance/ESG skills in recruiting.

Training monitoring is based on classic indicators for HRD teams:

- Number of hours, number of trainees and % of total employees, number of hours/trainee
- By profession
- By theme (climate, impact, etc.)
- By level: basic skills and expert level

The topic deserves to be raised to the level of professional federations to acquire a prospective vision of the professions. Indeed, while all the professions in the sector are or will be impacted by the integration of sustainable finance, prospective work could be carried out, similar to what has been done on digital, allowing HR to take ownership of the subject and define appropriate policies, particularly in terms of recruitment, training and career paths.

### ● Develop a better knowledge of sustainable finance integration in the professions

With a "bottom-up" approach, it would be possible to directly consult sustainable finance professionals (in particular members of the Finance for Tomorrow network) to promote a better understanding of the professionals' competences and nurture a forward-looking vision of the professions of sustainable finance.

The objective would be particularly to gather from each employee, regardless of their profession, the proportion of their activity dedicated to sustainable finance / ESG, obtaining as a result an analysis allowing to constitute a typology of the levels of integration by job.

This analysis was conducted by Finance for Tomorrow after the exploratory phase. At this stage, this first version constitutes a "proof of concept" seeking to better understand the professions, activities and training challenges of sustainable finance professionals in France.

The questionnaire is given in Annex 2.

# 4

## PROFILE OF SUSTAINABLE FINANCE PROFESSIONS

To overcome the difficulty of identifying sector experts in information systems, Finance for Tomorrow studied the profile of sustainable finance professions using a questionnaire (Annex 2) sent directly to professionals in its network.

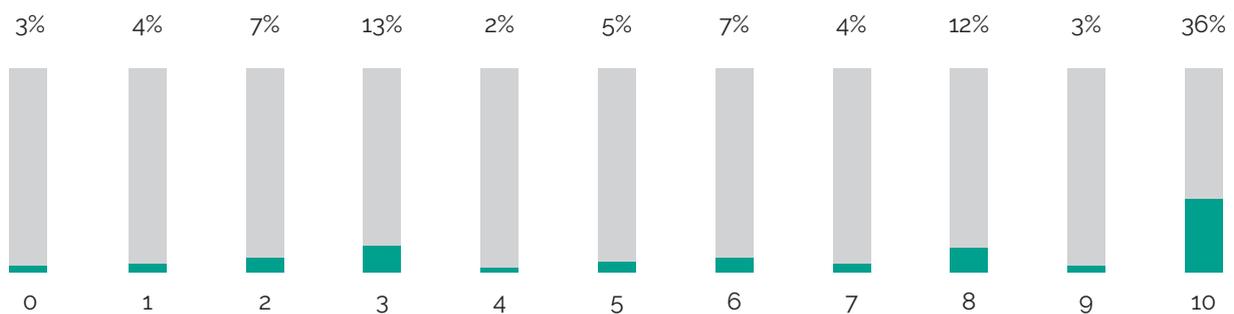
The objectives of this mapping are to identify the activities of sustainable finance and the corresponding jobs, to express to the training actors the needs for knowledge and skills, and to build a coherent vision for the integration of the sustainable finance challenges in businesses across the financial sector.

The questionnaire received 123 responses. We warmly thank the people who responded, as well as the institutions and professional federations that have distributed it to their networks.

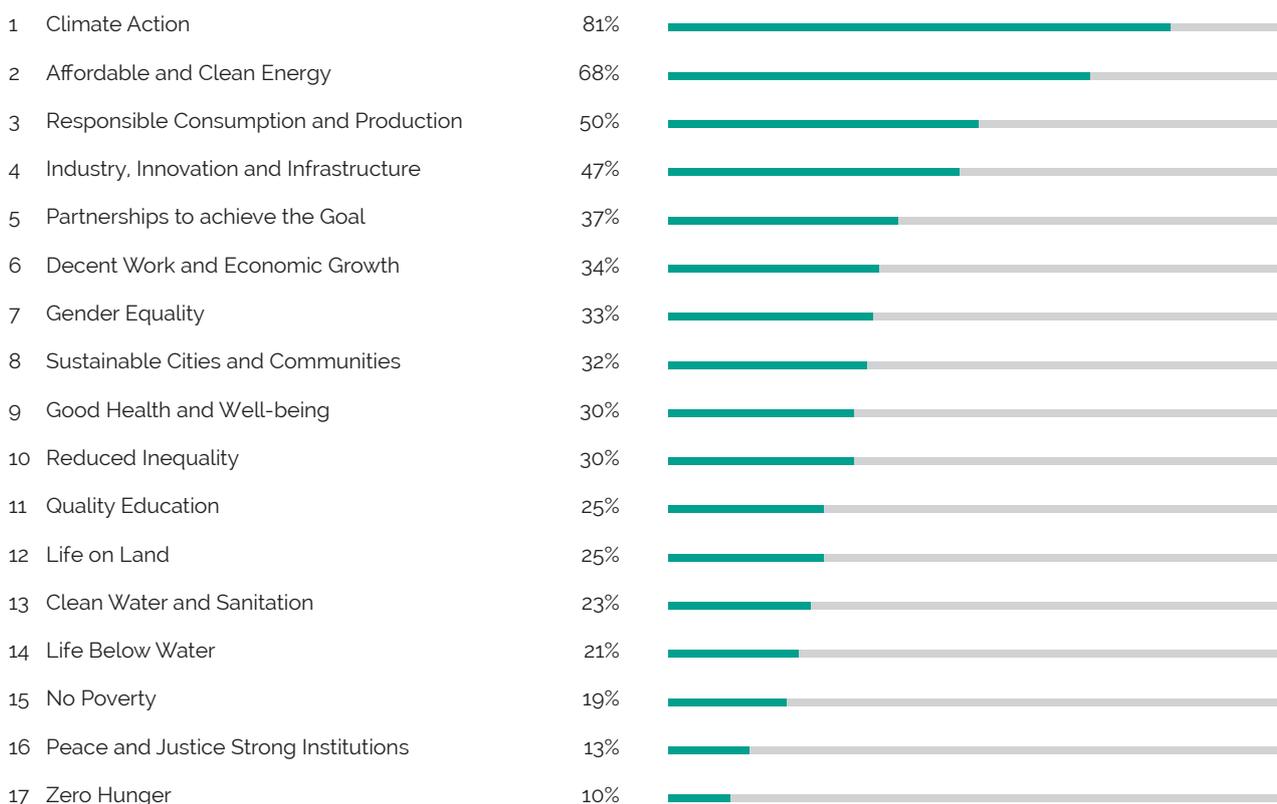
### A. OVERVIEW: SDG SCORE, INTERACTIONS AND ACTIVITIES

**IN YOUR OPINION, WHAT PART OF YOUR ACTIVITY IS DEDICATED TO DIRECT FINANCIAL TOWARDS SUSTAINABLE DEVELOPMENT OBJECTIVES AND THE PARIS AGREEMENT?**

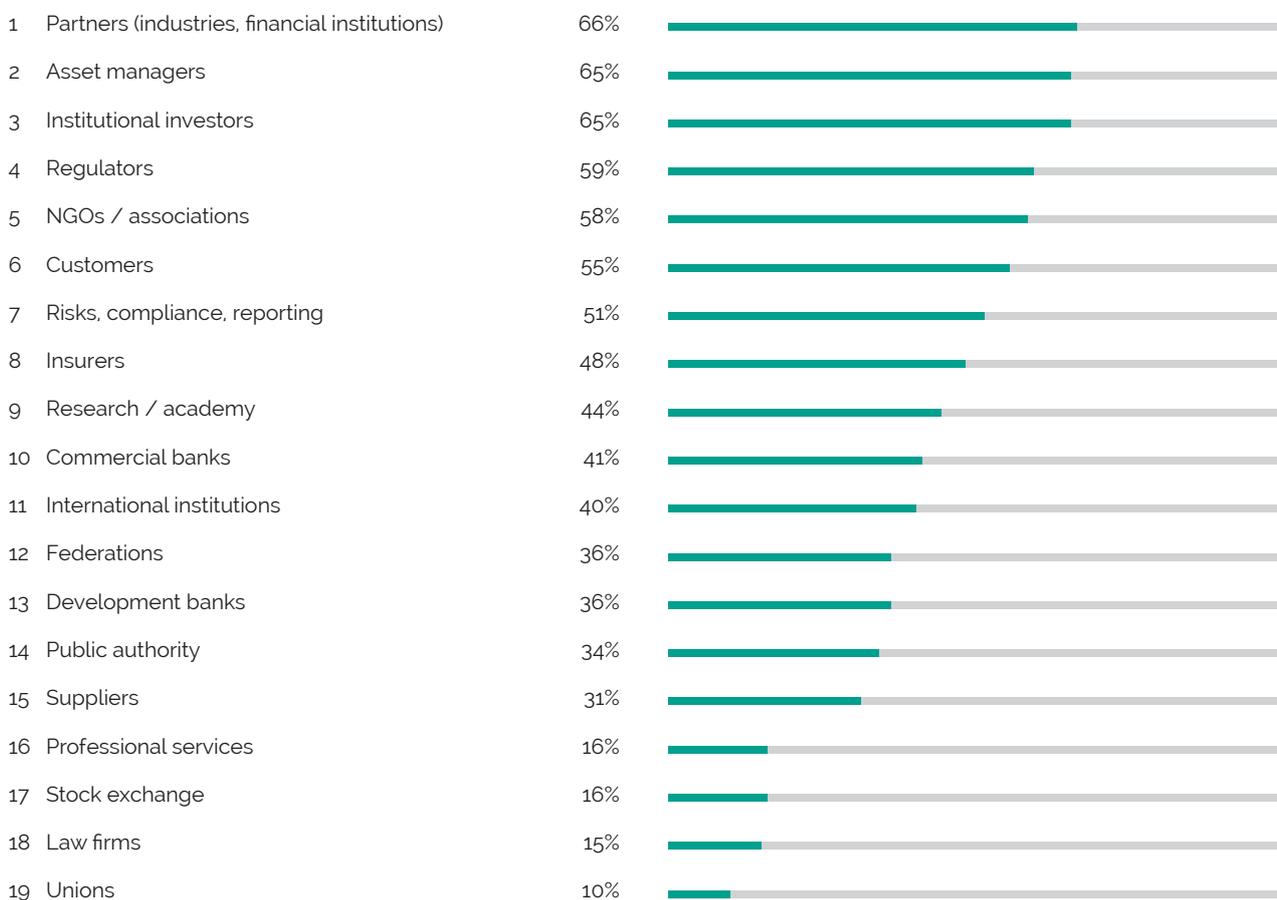
AVERAGE RESULT: 6,7



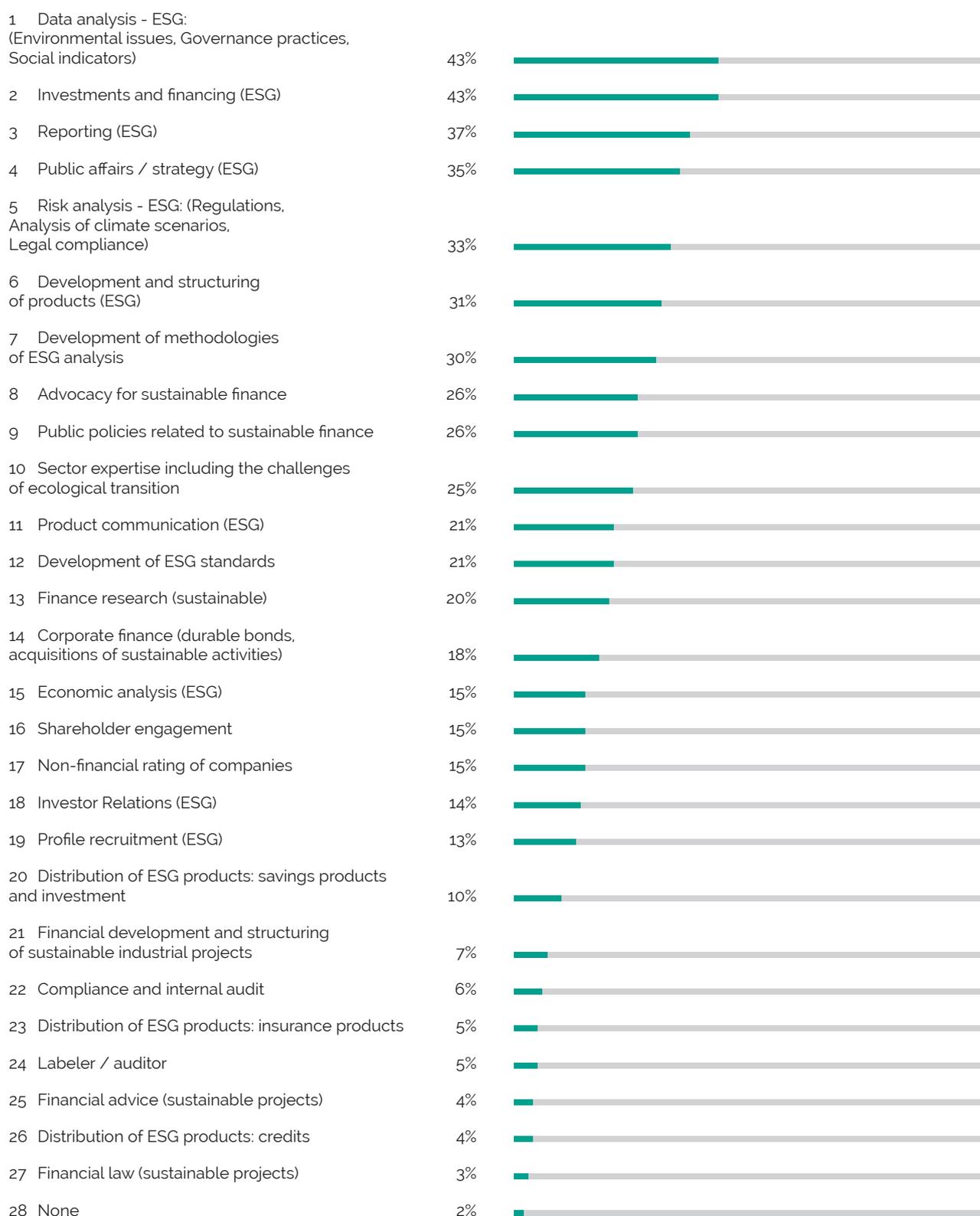
## WHICH SUSTAINABLE DEVELOPMENTS GOALS (SDGS) YOUR ACTIVITIES LEAD YOU TO WORK ON?



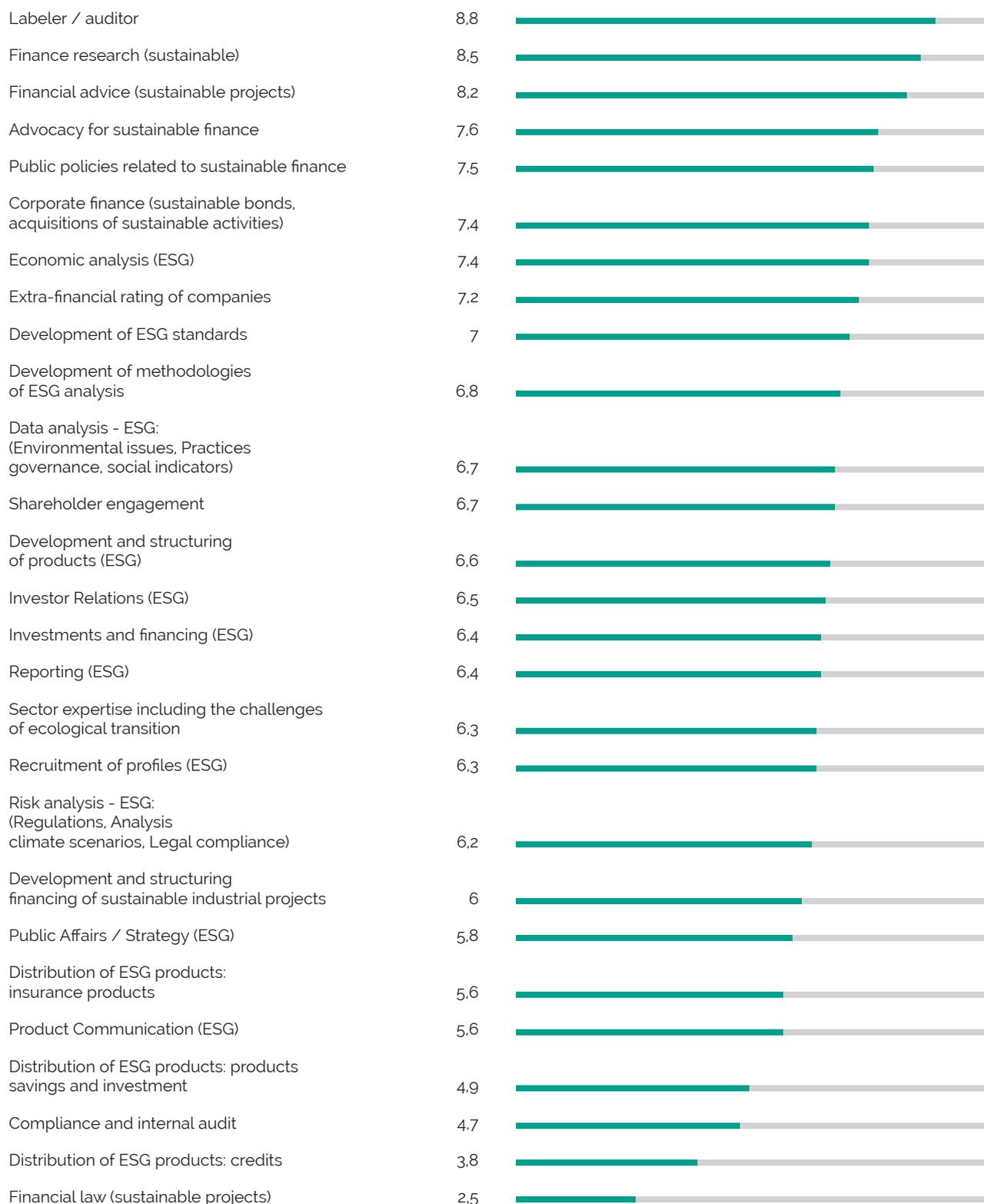
## WHO ARE THE ACTORS WITH WHOM YOU INTERACT ON YOUR MISSIONS RELATED TO SUSTAINABLE FINANCE, INSIDE AND OUTSIDE YOUR COMPANY?



## DO YOU EXERCISE SUSTAINABLE FINANCE ACTIVITIES? IF SO WHICH ONES ?



## “SDG SCORE”: SHARE OF AN ACTIVITY DEDICATED TO SDGS



## B. DIVERSITY OF PROFESSIONS AND PROFESSIONAL TITLES

The main visible characteristic when analyzing professional titles is the great diversity and lack of homogeneity.

Almost half of the titles contain a reference to sustainable finance. It is possible to interpret it in a positive way, because it allows the experts to be identified, but, conversely, it expresses the "niche" positioning of sustainable finance professionals.

In addition, the positive side of this visibility given to expertise is undermined by the wide variety of words used to refer to sustainable finance, which does not appear as a coherent item:

### References to sustainable finance in job titles:

Climate	13
CSR	9
Sustainable (in French)	8
ESG	6
Sustainable (in English)	6
SRI	5
Impact	6
Sustainable Development	4
Social	2
Responsible Finance	1
<b>Total</b>	<b>56</b>

It is actually the hierarchy between "generalist" positions in sustainable finance that appears in a marked and organized manner.

Generalists	Directors	Experts	Heads/Managers	Analysts
<b>Volume</b>	40	12	20	15
<b>Average seniority</b>	14 years	7 years	7 years	4 years
<b>Average SDG score</b>	6.7	7.2	7.7	7.9
<b>Titles</b>	CEO, Chair, Member of the Management Board, Partner, Impact (solutions, finance, investing), CSR, climate (project, mission)	Finance (sustainable, responsible, climate), engineer, accountant, auditor	Business development, climate strategy, CSR, Finance (green, sustainable, climate), team / business line, ESG Performance, Innovation, Sustainability	Analyst (SRI, CSR, ESG), Data, sustainable finance, climate risks
<b>Key activities</b>	<ul style="list-style-type: none"> <li>- Public affairs, advocacy and public policies</li> <li>- Product development and structuring</li> <li>- Investments and financing</li> <li>- ESG data analysis</li> </ul>	<ul style="list-style-type: none"> <li>- Data analysis</li> <li>- Risk analysis</li> <li>- Investment and financing</li> </ul>	<ul style="list-style-type: none"> <li>- Public affairs, advocacy and public policies</li> <li>- Data analysis</li> <li>- Risk analysis</li> <li>- Product development and structuring</li> <li>- Reporting</li> </ul>	<ul style="list-style-type: none"> <li>- Public affairs and advocacy and public policies</li> <li>- Economic analysis, data analysis, risk analysis</li> <li>- Research</li> <li>- Product development / financing and investments</li> <li>- Reporting</li> </ul>

Among the important points, we can note:

- The importance of analyzing ESG data at the highest hierarchical levels;
- The role of experts as close as possible to projects;
- The “head” positions take a role of “strategists” and “managers” with titles often written in English; they are also responsible for reporting, perhaps based on their overall team vision;
- The diversity of tasks and the enthusiasm of project managers and analysts, who are interested in advocacy.

**This vision of generalist professions can be contrasted with more “concrete” or “specialized” professional titles:**

Specialists	Asset managers	Investor Relations	Lawyers	Communication & Marketing	Recruitment / HR
<b>Volume</b>	4	2	4	2	2
<b>Seniority</b>	1 - 3 - 8 - 30 years	6.5 years	15 years	N/A	1
<b>Average SDG score</b>	4	4.5	4	7	6,5
<b>Titles</b>	Portfolio Manager	Investment Services, Investor Relations, Business Development & Investor Relations	Jurist, Head of Legal	CSR, Communication & Marketing	Sustainable finance recruitment consultant, human resources
<b>Key activities</b>	<ul style="list-style-type: none"> <li>- Product development and structuring (ESG)</li> <li>- Investments and financing</li> <li>- Data analysis (ESG)</li> <li>- Distribution of ESG products: savings and investment products</li> <li>- Development of ESG analysis methodologies</li> </ul>	<ul style="list-style-type: none"> <li>- Shareholder engagement</li> <li>- Investor relations</li> <li>- Communication on ESG products</li> <li>- Product development and structuring (ESG)</li> <li>- Reporting</li> </ul>	<ul style="list-style-type: none"> <li>- Financial law</li> <li>- Research in sustainable finance</li> <li>- Risk analysis</li> <li>- Public affairs and strategy (ESG)</li> <li>- Product development and structuring (ESG)</li> </ul>	<ul style="list-style-type: none"> <li>- Communication on ESG products</li> <li>- Communication &amp; Marketing</li> <li>- Product development and structuring (ESG)</li> </ul>	<ul style="list-style-type: none"> <li>- Recruitment of ESG profiles</li> <li>- Shareholder engagement</li> </ul>

While their role in sustainable finance is not made clear from their title, these professionals operate activities that are essential to the development of the sector, such as product development or shareholder engagement. The lack of connection between their professions and the world of sustainable finance can be seen in the volume of responses to the questionnaire but also in the SDG scores of respondents (around 4/10).

**Finally, some particular titles spark the attention:**

- **ESG Data Analyst:** Even though data analysis is the most performed activity by sustainable finance professionals, even at the highest hierarchical levels, only one person uses the term “data” in its title.
- **Climate strategy coordinator/pilot:** with two answers, we can see the role of the head of transformation towards sustainable finance, which could become more important in the months and years to come.

These two respondents focus their activity on public affairs and ESG strategy, and indicated SDG scores of 8 and 10/10.

## C. THE MOST COMMITTED PROFESSIONALS: WHO ARE THEY?

The global vision of the "SDG Scores", which correspond to the respondents' personal vision concerning the portion of their activity devoted to the Sustainable Development Goals, makes it possible to identify that a significant proportion of sustainable finance professionals (36%) choose the maximum level (10/10). One can assume that they feel truly invested with a mission within the framework of their professional activity.

The quantitative and qualitative analysis of the responses does not identify any correlation between this score and a level of seniority, a sector or an activity. This could mean that they express a personal commitment, applied to their professional activity.

These professionals carry out a wide variety of activities, in line with the general results of the mapping. These include public affairs, research, data and risk analysis, but also product development and reporting.

However, it is the activities that these "engaged" professionals do not perform that appear very clearly, such as: compliance and internal audit; structuring of sustainable industrial projects; product distribution; financial law.

These activities, in particular the structuring of projects and the distribution of products, are identified by the actors in the sector as obstacles to the development of sustainable finance. This absence is therefore revealing and underlines the need for training and skills so that professionals exercising these activities get to consider themselves as well as actors in sustainable finance.

## D. PERSPECTIVES ON PROFESSIONAL TRAINING

Out of more than 100 respondents, less than 30 indicate having received training (initial or executive) in sustainable finance. The Masters mentioned are generally in Sustainable Development, which means that these students feel trained to face the challenges of sustainable finance while the other respondents, who have surely followed courses in finance, consider that they have not been enough prepared on environmental and social issues to cite their training.

The expressions "on the job", "self-training" and "over the years" show up regularly. One important piece of information that comes up is the role of peer learning, for example: "internally trained by top experts", "participation in ESG forums", "professional relations". This illustrates the strong capacity of the sector to self-organize the transmission of knowledge.

However, many recommendations relate to the lack of training and express the need for professionalization. For example:

— *"The integration of ESG issues in all professional training in banking, finance, purchasing, should be systematic";*

— *"My very strong feeling is that sustainable finance should be taught before and instead of traditional finance which is now leading decision-makers to the wrong path.";*

— *"Too often the finance professionals we work with are not trained and consider that sustainable development is a matter of opinion, not of professional competence."*

Finally, the respondents shared some tips for future entrants to the sector:

— *"Future experts will have to combine understanding of the issues, frugality and know-how in digitalization. ";*

— *"Avoid to try to be a general practitioner otherwise you will get lost.";*

— *"There will be a significant future need for cross-functional ESG skilled professionals, capable of positioning themselves as conductors to support transitions";*

— *"Everything has to be built and developed, the potential is there."*

# 5

## ANNEXES

### 5.1 LIST OF INTERVIEWEES

	Name	Type	Function	Firm
1	Lise Moret	Internal Expert	Head of Climate Strategy chez AXA IM	AXA IM
2	Isabelle Millat	Internal Expert	Head of Sustainable Investment Solutions	SG CIB
3	Sophie Flak	Internal Expert	CSR Director	Eurazeo
4	Cornelia Gomez	Internal Expert	Head of ESG & Sustainability team	PAI Partners
5	Florent Deixonne	Internal Expert	Head of sustainable and responsible investment	Lyxor/SG
6	Ginette Borduas	Internal Expert	Head of ESG & Sustainability	Meridiam
7	Betty MANGATAL	HR	HRD	Meridiam
8	Marie Brive	HR	HRD	Swiss Life AM
9	Isabelle Ortolani	HR	Head of Careers and competencies development	CNP Assurances
10	Fabrice Dumonteil	HR	CEO/HRD	Eiffel IG
11	Corinne Brunet	External Expert	Head of Strategy	Novethic
12	Anne Chanon	External Expert	Director of the Corporate Division	Ethifinance
13	Bernard Descreux	External Expert	Group Treasury Finance Director	EDF

## 5.2 QUESTIONNAIRE DISTRIBUTED TO PROFESSIONALS

1. What is your professional title? Ideally, open-ended answers with indications
2. Do you carry out activities related to sustainable finance? If yes, why ? (Multiple responses are allowed) List with multiple responses, with an open text block at the end.
3. In your opinion, how much of your activity is devoted to directing financial flows towards the Sustainable Development Goals and the Paris Agreement? From 0% to 100%
4. Optional: what sustainable development goals (SDGs) do your activities lead you to work on? List with multiple responses
5. Optional: who are the actors with whom you interact on your missions related to sustainable finance, inside and outside your company? List with multiple responses
6. Optional: how were you trained in ESG issues? What is your vision of the sustainable finance skills available on the job market (trained experts and expertise / available content), currently and in the perspective of the next 5 years? What needs do you identify? Open answer.