
**ED4S
ACADEMY**

How financial institutions are building
sustainability capacity across their organization
and beyond.

SUSTAINABILITY CAPACITY BUILDING FINANCIAL SECTOR

September 12, 2023



WHITE PAPER



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ABOUT ED4S



ED4S Academy - *Technology-Enabled Sustainability Training and Capacity Building*

ED4S Academy focuses on enabling sustainability capacity building in the financial sector. Leveraging the latest technology and the deep knowledge base of its world class sustainability subject matter experts, ED4S offers a large selection of customizable and engaging sustainability learning modules.

Our unique approach to partnering and co-creating with our clients allows us to build high-impact learning experiences that drive real organizational change. ED4S Academy courses, which have been taken by thousands of professionals, are highly rated and widely-recognized by numerous professional associations and educational bodies.

To learn more, visit www.ed4s.org.

REPORT METHODOLOGY

ED4S sent an invitation to participate in market consultation to 750 sustainability professionals between July 24 and August 7th, 2023. The consultation ran until August 15, 2023. Thirty-nine sustainability leaders responded to the consultation for a response rate of 5.2%. Those that answered the survey have combined assets under management of approximately \$13.1 trillion.

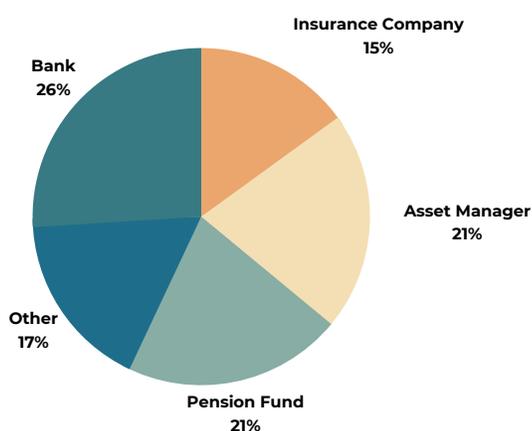
ED4S consultation employed a comprehensive approach that involved a 20-question questionnaire to gather structured insights from respondents. Additionally, ED4S staff have conducted one-on-one consultations, fostering in-depth discussions and the opportunity to address nuanced perspectives, ensuring a holistic understanding of the subject matter. The report reflects these conversations, though ED4S does not name any individuals who participated in the survey.

WHO PARTICIPATED IN THE CONSULTATION?

TYPE OF ORGANIZATIONS

Consultation targeted individuals in director and executive roles that have “ESG” or “Sustainability” in their title and worked in the financial services, asset management, insurance, and banking sectors.

Types of organizations represented by participants



Other respondents worked at Credit Unions, NGOs, Credit rating agencies, or other companies.

GEOGRAPHY

Just over half our those surveyed came from an organization with primary operations in North America.

About 26 percent of those surveyed came from global financial organizations with another 21 percent coming from Europe and the United Kingdom.

EXECUTIVE SUMMARY

Global ESG fund assets reached about \$2.8 trillion at the end of 2022 according to Morningstar. The growth in ESG integration and sustainable investment is undeniable. Sustainable investing is here to stay, with more sustainable

funds than ever, more chief sustainability officers at companies, more global regulation around the energy transition and sustainable investing, and more demand for sustainable investing products from investors.

We at ED4S wanted to better understand whether training at financial institutions was keeping up with the increasing demand for knowledge about ESG integration and sustainable investing from clients.

We surveyed 39 individuals from financial organizations around the world, representing \$13.1 trillion in assets under management. The purpose of this consultation was to better understand the current state of sustainability training. What we found was, "It's complicated."

64%

Of organizations provide some kind of sustainability training to employees.

The approaches to sustainability training are

Not Uniform

2/3

Offer sustainability training that is a combination of in-house and external training.



According to survey participants, the main challenges to providing sustainability training were :

- Priority and budget constraints (34 percent)
- Lack of time for employees to undertake such training (32 percent).

When given a hypothetical "magic wand" to design sustainability training that was fit for the purpose of their firm, most survey respondents said such training should focus on:

- Climate risks (71 percent)
- ESG integration (58 percent)
- Risk and opportunities (50 percent).



Sustainability training is most often focused on portfolio managers (70 percent), the firm's sustainability team and executives (63 percent), and analysts (59 percent), though when asked who should get such training, the most popular answer by far, was the entire organization.

Our consultation admittedly has a bias towards sustainability-inclined firms by virtue of the survey subject matter.

Yet, despite this inherent bias, few of the firms we talked to had firm-wide sustainability education programs. This finding was not a surprise. We are still in the early days of incorporating ESG considerations into our day-to-day work. It is expected that many firms will "talk the talk" before they truly "walk the walk" of integrating sustainability throughout their organization.

As sustainability regulation increases and sustainable investing grows and evolves, we expect a trend of deeper and wider sustainability integration within companies and financial institutions. This heightened interest in sustainability is likely to lead to a material increase in the time and resources dedicated to sustainability training across industries.

We look at this survey as a snapshot of a fast-moving and developing sustainability landscape. If there is one finding that gives us tremendous hope as to the future of sustainability based on this consultation, it would be the indisputable passion of those interviewed and surveyed for deeper, better, and more applicable sustainability training.



Who is currently trained?

(top 3 answers)

- Portfolio managers
- Executives
- Analysts

Who needs sustainability training?

(top 3 answers)

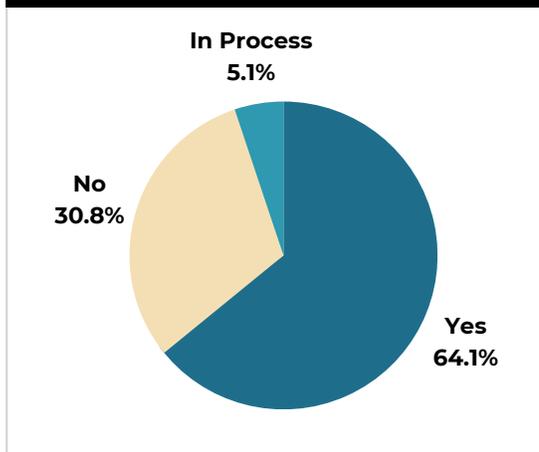
- The entire organization
- Investment teams
- Executives and management

INTERPRETATION OF CONSULTATION

MOST FIRMS OFFER SOME FORM OF SUSTAINABILITY TRAINING.

About two-thirds (64 percent) of survey respondents say that their firm offers some type of sustainability training. This training is most often a combination of in-house training and outsourced training.

Has your organization deployed sustainability training for employees or stakeholders?



The most often cited in-house training method we heard from our interviews involved internal sustainability experts giving periodic training to other staff at the firm.

At several large financial firms with global offices, training was often left up to each division, and training in one market differed from training in other markets. Such ad hoc training was commonplace in many of the interviews we conducted.

“We need to focus on what is realistic and what can help our firm. We can’t do everything. Focus on what we can.”

- Pension Fund

A COMMITMENT TO SUSTAINABILITY REQUIRES MORE BUY-IN.

When we asked survey participants; “If you had a magic wand and could design the perfect sustainability training, who would be trained?” 45 percent of survey respondents said, “The entire organization”, and the next highest answer, “The investment team” at 21 percent.

A similar focus on enterprise-wide training also emerged during our interviews. Many of those interviewed perceived company-wide training as essential to creating and reflecting a deep commitment to sustainability.

According to survey respondents, portfolio managers were the most likely to receive sustainability-related training, at a rate of 70 percent. This was followed by the sustainability team and executives (63 percent each) and analysts (59 percent).

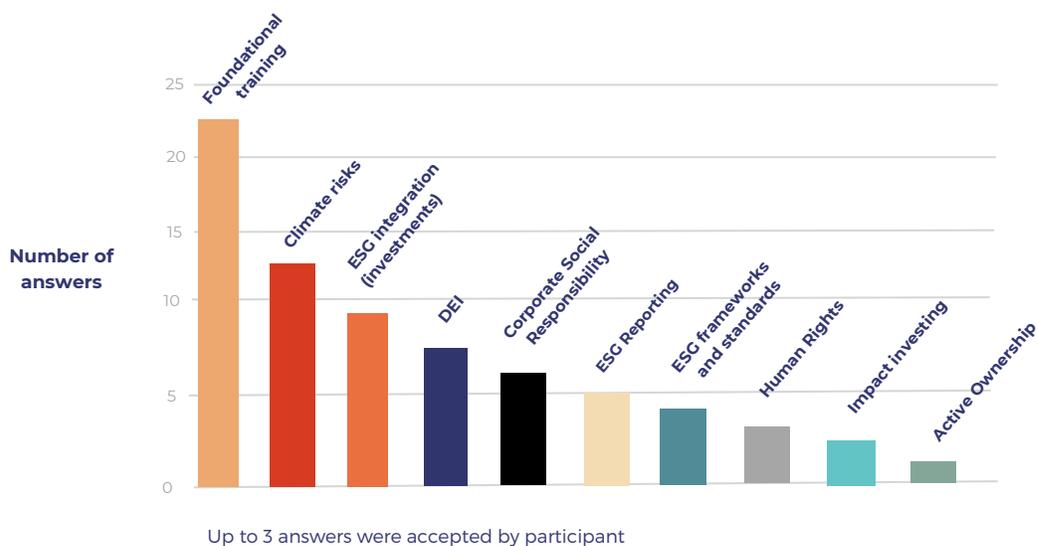
“Sustainability needs to be part of the culture for training to really matter. To take hold, training should reinforce a culture that has sustainability baked into it already.”

- Asset Manager

SUSTAINABILITY FOUNDATIONS, ESG INTEGRATION, AND CLIMATE CHANGE ARE PRIMARY TRAINING TOPICS.

Topics about foundations of sustainability, ESG integration, and climate change were the most prominent sustainability training themes within our surveyed cohort with “Foundational Training” chosen by 85 percent, climate risks by 48 percent, and ESG Integration by 37 percent. Diversity, Equity, and Inclusion (DEI) came fourth at 26 percent. Notably, DEI issues were often seen as a standalone sustainability topic and were often addressed through different resources and training channels. Training on Human Rights was a topic mentioned by 13 percent of those surveyed.

Primary training topics



“Fiduciary duty requires trustees, executives, and advisors to prioritize the interests of their clients. This includes knowing your client (KYC) and your product (KYP) requirements to match the two adequately. Understanding clients’ interests and goals regarding environmental and social factors is increasingly seen as part of the good KYC process.”

- Bank

WHAT TO PRIORITIZE WITH UNLIMITED SUSTAINABILITY TRAINING RESOURCES.

We asked our participants what three sustainability topics they would prioritize if they had a free hand in shaping their firm's sustainability training. They chose the following topics:

- Climate Change (71 percent)
- ESG Integration (58 percent)
- Risks and Opportunities (50 percent).

These three topics were some of the broadest options available, showing that survey participants wanted to establish a broad understanding of sustainability among staff.

Outside of the top three topics, survey respondents desired more training on ESG regulation (26 percent) and ESG data and analytics (16 percent). With the sustainability data and reporting landscapes changing fast, it is not surprising that these two options were chosen by respondents. This came through in our conversations with survey participants, who acknowledged how challenging it is to keep up with current sustainability regulations and standards. Survey participants likely feel that these items should be included in a thorough sustainability training framework, but we limited them to three choices for the survey.

"I feel there is a need for more advanced training, especially on climate. It should be focused on data sources and how to use climate data in the investment process." - Pension Fund

SUSTAINABILITY TRAINING SHOULD BE MORE INTEGRATED.

When we gave our survey respondents a magic wand and asked them how sustainability training should be conducted, they overwhelmingly stated that they thought sustainability training should be integrated into all training (58 percent).

This complements the belief from survey participants that sustainability training should be offered to the whole firm (45 percent).

This theme of deeper sustainability integration within a firm's culture, processes, and strategy was a common thread across our survey and interviews.

Given an unrestricted budget, who should be targeted by the Sustainability training?

Investments teams
 Clients Claims
 Executives & Management
 Sales
The entire organization
 Underwriters Legal
 Finance
 Communications
 Product Development

Twenty-nine percent of those surveyed felt that sustainability training should be done at the pace of the learner, while eleven percent said that training should be conducted once a year.

CHALLENGES TO SUSTAINABILITY TRAINING

In conversations with survey respondents, we often heard that it was hard to justify more extensive sustainability training. Thirty-four percent of those surveyed mentioned that the main challenge of adopting sustainability training was budget constraints or lack of sustainability training prioritization. Thirty-two percent of those surveyed said that employees don't have the time to engage in sustainability training.

It was rare to find a firm where sustainability training was provided for the entire organization (only 5 percent of firms), and that was never the case at large multinational financial institutions that we talked to. At such firms, sustainability training was mostly undertaken due to regulatory requirements, or to address the need of a specific set of professionals such as portfolio managers or analysts.

Our interviewees often cited sustainability training as a task confined to the sustainability team, rather than a strategic priority to be infused across the company culture and strategy.



“If it is just the sustainability team doing the work, our company will never reach net-zero commitments and we risk failing in our fiduciary duties.” - Global Investment Bank

THE FREQUENCY OF TRAINING IS NOT UNIFORM

Due to the ad hoc nature of most sustainability training, the frequency of such training varied widely among the firms we assessed.

Thirty percent of those surveyed stated that sustainability training is ongoing but was folded within larger training and capacity-building efforts. All combined, nearly half of those surveyed (44 percent) stated that some combination of once-a-year, ongoing integration into broader training, and at-your-own-pace sustainability training was offered.

Most of the firms we talked to have not systematized sustainability training.

Firms that have more systematized training tend to have buy-in from leadership. Sustainability training at such firms has become a priority because it is woven into the culture of the firm.

“Training was sporadic. Our organization is global, with many departments. Each department has its own training priorities. The training was usually given by the internal sustainability team, which is very small. They have to take time from the jobs they should be doing to train everyone else. Training should be more uniform and consistent.”
- Global Investment Bank

BEST IN CLASS SUSTAINABILITY TRAINING

Below are a few examples of practices from companies with some of the most advanced sustainability training programs.

ASSET MANAGEMENT FIRM

Our Sustainability training is very disaggregated and purposefully so. We have different teams that can be trained to what they need. First, we have a small corporate sustainability team that focuses on the reporting and disclosure side. Second, we have a public markets side where training focuses on the needs of asset managers. Finally, we have a private market team who all work with separate managers.

As a company, we take a high-level engagement view. Training has focused on training opportunities with partners – UN global Compact, Project Drawdown, and others. Every second Friday of every month, we dedicate the second half of that day to learning. This education is self-directed, but we are promoting sustainability to get our people up to speed.

We also have an impact agenda engagement series, one about every six weeks to learn about our climate action plan. Currently, about 7,000 employees participate in this educational offering. An internal climate expert hosts a “carbon fundamentals” series but is limited by his schedule.

BANKING INSTITUTION

Members of the sustainability team traveled to offices for in-person training. This way we can deliver a consistent message to 100-150 employees in leadership to educate them about the bank's approach to sustainability. This training is integrated into a broader 2-3-day seminar that covers multiple strategic topics. This includes a combination of an intro to sustainability, key concepts, and what the bank is doing. This training will have reached 600-700 people by this fall.

Once every two months we host virtual sustainability meetings for management and executive employees, which cover specific sustainability topics and are delivered by in-house subject matter experts.

We also have a formal online learning module currently in development, which will be part of mandatory training: 10 – 15 minutes, summarizing sustainability fundamentals.

BANKING INSTITUTION

Last year we created and launched company-wide mandatory sustainability training for the entire organization. This training covered general concepts of corporate social responsibility and was 30 minutes long.

Employees are encouraged to do training through outside vendors if desired. We are in the process of finalizing and deploying a business unit-focused training that is provided by a third party and was customized to include our own approach to sustainability.

The bank has launched a platform with informative videos on climate change and the loss of biodiversity. The bank has also developed a plan for in-depth ESG training to grow employee knowledge and better support members and clients in their own transition to a low-carbon economy. The bank has also launched training on responsible investing and insurance.

Here are some external Sustainability training providers that participants have used:

- CFA Institute's ESG Certificate
- SASB FSA Credential
- NGOs - Live training
- PRI Academy - E-learning
- RIA Canada - certification
- GARP - Sustainability and Climate Risk
- UNEP FI's training programs
- ED4S Academy - microlearning



APPENDIX

PERCENTAGES MAY NOT ADD TO 100% DUE TO ROUNDING

SURVEY QUESTIONS AND RESULTS

TYPE OF ORGANIZATION

Bank	26%
Asset Manager	21%
Pension Fund	21%
Insurance Company	15%
Credit Union	3%
NGO	3%
Rating Agency	3%
Other	8%

SIZE OF THE ORGANIZATION IN TERMS OF THE NUMBER OF EMPLOYEES

50,000 +	13%
20,000 - 50,000	15%
5,000 - 20,000	8%
500 - 5,000	33%
100 - 500	26%
Less than 100	5%

ORGANIZATIONAL MAIN GEOGRAPHIC PRESENCE

North America	51%
Europe & UK	21%
Oceania	3%
Global	26%

HAS YOUR ORGANIZATION DEPLOYED SUSTAINABILITY TRAINING FOR EMPLOYEES OR STAKEHOLDERS?

Yes	64%
No	31%
In Process	5%

WHICH DEPARTMENTS OR GROUPS ARE SUSTAINABILITY TRAINING TARGETING? (MORE THAN ONE ANSWER ALLOWED)

Portfolio Managers	70%
Executives	63%
Sustainability Team	63%
Analysts	59%
Sales	48%
Compliance	41%
Finance	41%
Risk Managers	41%
Human Resources	37%
Procurement	33%
External Stakeholders	26%

WHICH SUSTAINABILITY TOPICS DOES THE TRAINING FOCUS ON? (MORE THAN ONE ANSWER ALLOWED)

Foundational Training	85%
Climate risks	48%
ESG Integration	37%
DEI	26%
CSR	22%
ESG Reporting	19%
Frameworks and Standards	15%
Human Rights	11%

IS TRAINING DONE IN-HOUSE OR IS IT OUTSOURCED?

In-house	41%
Outsourced	11%
Combination	48%

WHAT IS THE FREQUENCY OF SUSTAINABILITY TRAINING?

One time per year	15%
Ongoing- Incorporated into a broader training	30%
At your own pace (course attendance)	11%
Combination (depending on the group)	44%

WHAT ARE THE MAIN CHALLENGES ASSOCIATED WITH OFFERING SUSTAINABILITY TRAINING PROGRAMS TO EMPLOYEES (COULD SELECT 2)

Not a priority or budget constraints	34%
Too resource-intensive to develop (time and cost)	26%
Employees don't have the time	32%
Do not think sustainability training programs offer enough quality content	11%
Do not know the sustainability training landscape	24%

IS YOUR ORGANIZATION CONSIDERING FUTURE SUSTAINABILITY TRAINING FOR EMPLOYEES?

Yes	63%
No	11%
I Don't Know	26%

IF YOU HAD A MAGIC WAND – WHO WOULD THE TRAINING BE FOR? (ONLY ONE ANSWER)

The entire organization	45%
Investment teams	21%
Executives	5%
Clients	5%
Board of Directors	5%
Finance	3%
Communications	3%
Other	13%

MAGIC WAND – WHAT WOULD BE THE PRIORITY TOPICS THAT YOUR SELECTED GROUP WOULD BE TRAINED ON? (TOP 3 ANSWERS).

Climate Change	71%
ESG Integration	58%
Risk and opportunities	50%
ESG Regulation	26%
ESG Data and Analytics	16%
ESG Frameworks	13%
Natural Capital	11%
Human Rights	11%

MAGIC WAND – DURATION OF TRAINING

Once a year	11%
Once every few years	3%
Integrated into all training	58%
At the pace of the learner	29%

MAGIC WAND – FORMAT OF TRAINING

In-person instructor	11%
Online (self-paced)	16%
Internal with periodic in-house training sessions	8%
Combination	66%



**THANK
YOU!**

ANY QUESTIONS?



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Contact hi@ed4s.org