### **Green skills**





The technical skills, knowledge, behaviours and capabilities required to tackle environmental challenges and unlock the opportunities for growth they present. (<u>IEMA/Deloitte</u>)

# Refers to a range of skills including:

- Data analytics
- Al skills
- Risk management
- Accounting
- Strategy development
- Policy development
- Leadership skills
- Sustainable finance

#### Why do we need to build these skills?

#### **Regulatory compliance**

 Governments and international bodies are increasingly implementing regulations and standards focused on environmental sustainability. Financial institutions must ensure their workforce is knowledgeable about these regulations to remain compliant and avoid penalties.

#### Risk management:

• Environmental risks, including climate change, significantly impact financial markets and asset values. Employees with green skills can better assess and manage the risks, building institutional resilience against environmental shocks.

#### **Corporate social responsibility (CSR)**:

Developing green skills aligns with broader CSR goals, demonstrating a commitment to contributing positively to environmental sustainability. This can improve employee morale and attract talent who value sustainability.

#### **Competitive advantage:**

• As the demand for sustainable products and services increases, having a workforce proficient in green skills can provide a competitive edge. Financial institutions that integrate sustainability into their operations and offerings can differentiate themselves from competitors.

#### Al opportunity:

• Al can enhance financial institutions' sustainability efforts by improving data analysis, risk assessment, portfolio optimisation, customer engagement, fraud detection and energy efficiency. Green Skills will enable individuals to carefully monitor the use of Al in their sustainability work.

#### **Key facts:**



The global average of green skill concentration at an industry wide level is **12.3%** whilst the UK green skills concentration in the FS sector is **7.6%** (1)



One in five jobs in the UK will require green skills as a result of the transition to net zero (2)



**65%** of organisations allocated just **0-10%** of training budget to sustainability initiatives (3)



Failure to close the green skills gap in time will result in the UK **missing** its publiclystated Net Zero target (4)



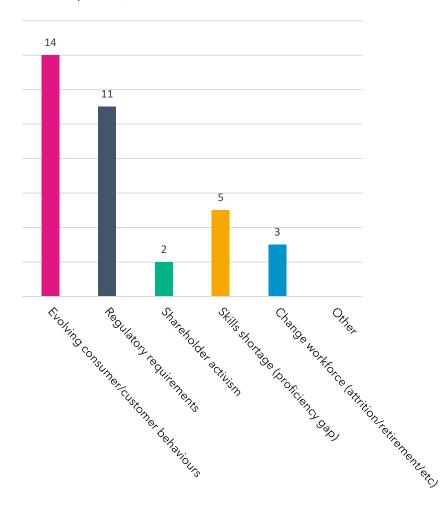
**67%** of people want their financial institution to be **more sustainable** (5)



# Financial Services Skills Commission

## What do financial services firms say is driving demand for capability?

(2024 FSSC survey of firms using the future skills framework. 24 total responses)



#### Why green skills are important:

- The sector is lagging behind others in terms of the green skills used or available among its workforce. The 2023 LinkedIn Green Skills Report shows the global average of green skill concentration (the proportion of employees with at least one green skill) at industry wide level is 12.3% while the concentration in UK financial services is 7.6%. (6)
- Most jobs in financial services now need a more comprehensive understanding of the green economy. Therefore, skills in 'sustainability' and 'infrastructure' are becoming common place in job descriptions calling for knowledge on climate change and general environmental awareness. (7)

## What do organisations need to do in preparation for growing demand for green skills:

- The greening of our economy will influence skills demand through: structural change leading to increased demand for some occupations and decreases for others; new economic activity that will generate new occupations, a subsequent need for new skills, qualifications and training frameworks. (8)
- Upskilling is needed so that diverse job roles can engage with clients on sustainability offerings and opportunities (e.g. Relationship Managers) (9)
- Organisations should leverage and prioritise the development of digital and technology skills. These can be an enabler to their green transition, facilitating significant change within organisations. (10)

#### Sources and further reading

(1,3,4,6,7,8,10) PWC Green Jobs Barometer: <u>Green Jobs Barometer</u> (pwc.co.uk)

(2,8) Green Jobs Taskforce: <u>Green Jobs</u>
Taskforce report (publishing.service.gov.uk)

(5) 67% of Consumers Want Their Bank to be More Sustainable | The Fintech Times

BCG Education for Climate Action: Education-for-Climate-Action.pdf (educationcommission.org)

Deloitte/IEMA Green Workforce Transformation: <u>deloitte-uk-a-blueprint-for-green-workforce-transformation.pdf</u>

Deloitte Greening your Organisation Toolkit: <u>deloitte-uk-greening-your-organisation-toolkit.pdf</u>

ACCA, Green Finance Skills: <u>PI-CLIMATE-FINANCE v6.pdf (accaglobal.com)</u>

CBI, Skills and training for the green economy: <u>skills-and-training-for-the-green-economy-cbi-2021.pdf</u>

<u>Chartered Insurance Institute Green</u> Finance Companion Guide

Adecco, <u>Skills For The Green Economy:</u> Why Investing In People Is Key