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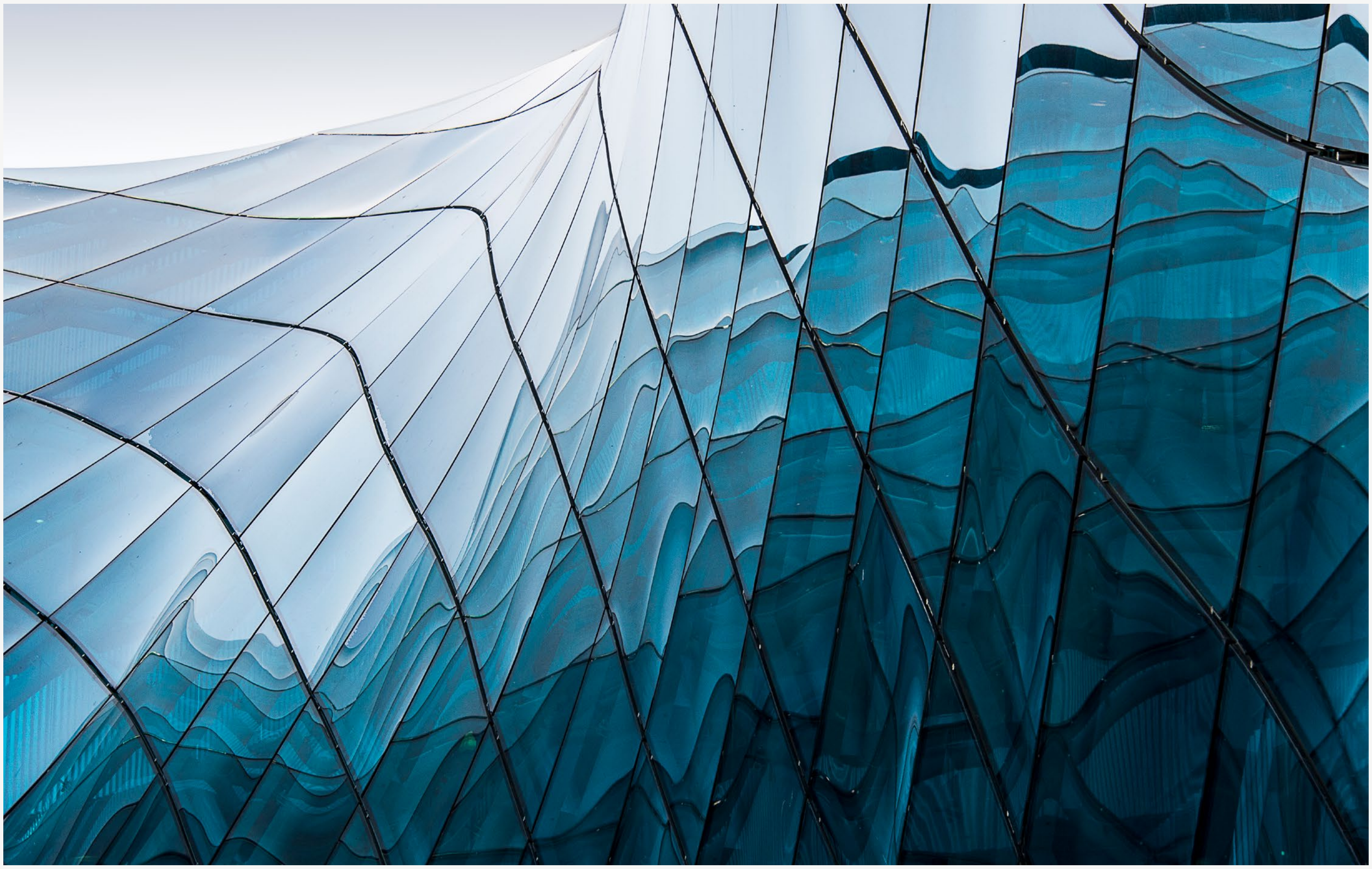
tfi Toronto Finance International

FC4S FINANCIAL CENTRES FOR SUSTAINABILITY

Taking the lead in sustainable finance

A case for developing critical financial skills and competencies in Canada



Executive summary

With Canada committing to net-zero greenhouse gas (GHG) emissions by 2050, environmental, social and governance (ESG) practices are gaining attention in organizations that are also committed to a more sustainable future. Inevitably, they need to prepare their current and future workforce to support what has been coined *sustainable finance.*

Recognizing that there is a growing gap between the current availability of sustainable finance skills and what will be required to support growth in the field, Toronto Finance International (TFI) and Deloitte conducted research to examine the skills gap for the main stakeholders of Canada's financial services industry (FSI). The research was funded by the United Nations-convened Financial Centres for Sustainability (FC4S) Network, of which TFI is a member and co-chair.

Over 100 professionals in the Canadian financial services industry responsible for developing a sustainable finance competency were invited to take part in an online survey, and close to a dozen were further interviewed in depth.

Through responses to a series of questions categorized into four themes—overall market level awareness, current and future skills and talent assessment, recruitment, and identification of potential skills and talent gap improvements—a key take-away emerged: developing sustainable finance skills and talent within organizations is important and materially impactful to clients, customers, people, and society at large. The risks and opportunities that ESG factors pose for portfolios and the need to improve asset allocation decisions that are central to clients' success are accelerating the need for action.

Our research revealed 12 key insights, highlighted in this report, which led us to conclude that a greater emphasis should be placed on collaboration within the FSI ecosystem and across post-secondary institutions and governmental/regulatory bodies to address the competency gaps in sustainable finance.

Additionally, addressing the sustainable finance skills gap requires an integrated, multidisciplinary approach. This means upskilling existing finance professionals, including corporate financiers, tax advisors, and risk and audit teams on ESG criteria, as well as introducing new skill sets from a varied set of disciplines to ensure Canada's talent pool is developed to meet the ambitions of future FSI stakeholders.

Exploring respondent results on sustainable finance

Overall market level awareness

100%

Said the development of sustainable finance skills and talent is important

73%

Said a sustainable finance strategy is becoming integral to almost everything their organization does

Identification of how potential skills and talent gaps can be improved

22%

Said the integration of ESG/ sustainability courses in finance and/or business degree and diploma programs will accelerate the training and skills acquisition of talent

Assessing current and future skills and talent

68%

Said there is demand for sustainable finance skills within their organization; however, the supply is inadequate and further upskilling/recruitment is required

77%

Said the skills shortage has a moderate impact on their organization

88%

Said skills related to the *E* of ESG are in most demand, but the *S* is gaining prominence

Recruitment

67%

Said they expect more in terms of sustainable finance skills from early talent (i.e., post-secondary graduates since 2018)

43%

Said their organization has experienced difficulties identifying and recruiting experienced staff with relevant skills and knowledge for sustainable finance roles

95%

Said there is an expectation that existing employees will be upskilled to contribute to sustainable finance mandates within the organization

Introduction

Canada has the opportunity and the means to stand among global leaders as a decision-maker rather than a decision-taker in the transition to a low-carbon economy. It has a world-leading financial sector and strong capacity for innovation. By harnessing these advantages, Canada can become a trusted source of sustainable solutions, expertise, and investment.

Realizing this ambition, however, will require the thoughtful orchestration of several components: a committed alliance between business, government, and civil society; smart policy and regulation; and redirecting capital flows toward deploying low-carbon technologies and developing a circular economy. The latter task, of redirecting capital flows, requires more than investment resolve. A mission-critical aspect of the transition to a low-carbon economy is having sufficient access to sustainable finance skills and talent.

According to the Government of Canada's Expert Panel on Sustainable Finance, sustainable finance pertains to: "Capital flows as reflected in lending and investment, risk management activities such as insurance and risk assessment, and financial processes including disclosure, valuations, and oversight that assimilate environmental and social factors as a means of promoting sustainable economic growth and the long-term stability of the financial system." For the purposes of our research, sustainable finance refers to any form of financial service integrating ESG criteria into the business or investment decisions for the lasting benefit of both clients and society at large.

To assess current and future requirements for sustainable finance skills and talent, Deloitte conducted an online survey of professionals working in the Canadian financial services sector who are in part responsible for developing a sustainable finance competency in their respective functions. Respondents represented various types of organizations, including financial institutions within various FSI sectors (e.g., banking, insurance, asset management, and pension funds), regulatory institutions, industry associations, and academic institutions. They also represented various business functions and roles, such as chief human resources officer, chief risk officer, and chief sustainability officer. (Please refer to the appendix for a breakdown of respondents.)

The online survey was supplemented by a suite of in-depth interviews with representative organizations chosen by TFI. These interviews provided an opportunity to discuss the survey responses and yielded additional insight into the FSI's need for sustainable finance skills and talent.

The following topics were explored:

- Overall market awareness of sustainable finance across the financial services sector
- Current and future skills and talent needed for sustainable finance
- Current recruiting landscape for talent
- How sustainable finance skills and talent gaps can be narrowed

This report presents the full findings from our research, including an assessment of the current state of sustainable finance skills and talent, an examination of future requirements, and recommendations for filling current gaps and accelerating the talent-development process.

Key insights

Deloitte compiled the main findings from the survey, analyzed the results, and combined them with the interviews. Twelve key insights emerged.

1

Developing sustainable finance skills is universally important among respondents, but it lacks urgency within some organizations

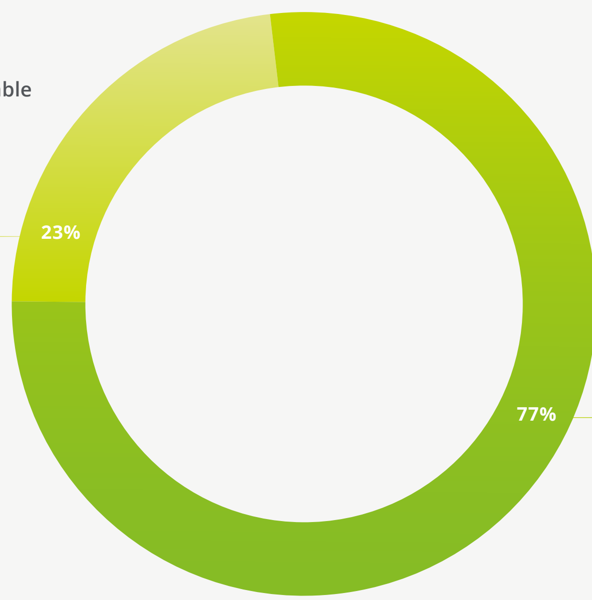
While respondents unanimously agreed that developing sustainable finance skills and talent within their organizations is important, almost one quarter (23%) do not believe the matter is urgent, defined as being immediately required today or past due. Some organizations indicated they are awaiting further direction from regulators. Others said that the degree of urgency and awareness varies according to asset class. Some further pointed to the lack of an obvious connection between ESG criteria and market performance, and to the insidiousness of ESG risks, which are often not perceived to be immediate.

Despite these perceptions, the business case to act now is getting stronger. Nearly 30% of surveyed executives in the Deloitte 2021 Climate Check report said their organizations are already feeling the operational impacts of climate-related disasters and more than a quarter are facing a scarcity of resources due to climate change.[1] The report further indicates that in the midst of these direct impacts, a majority of business executives (59%) believe the world is at a tipping point for responding to climate change.[2]

The urgency and level of awareness differs by asset class, with the infrastructure and real estate teams having the greatest understanding given their assets have a particularly large impact on the environment.

1. Deloitte, "2021 Climate Check: Business' Views on Environmental Sustainability"
2. Ibid.

Figure 1
How would you classify the urgency* and importance to develop sustainable finance skills and talent within your organization today?**



* Urgency was defined as immediately required today or past due. Not urgent is defined as within the next 5 years
** Importance was defined as materially impactful to your clients/customers, your people and society at large

Many organizations are still trying to understand how best to operationalize sustainable finance and incorporate sustainability within their core mandates

Half of the respondents indicated they have dedicated sustainable finance resources but in an unstructured and unplanned way, whereas 42% indicated they have a chief sustainability officer (CSO) who either reports directly to the CEO with a mandate for a company-wide strategy or has a dedicated sustainable finance team.

Several respondents said their organizations have developed a core ESG subject matter expertise (SME) function such as a centre of excellence, which is responsible for embedding ESG knowledge into the organization's core strategy. Others said their organizations are more decentralized, with each operational function and business unit being responsible for sustainable finance education. It was also noted that some organizations have adopted a hybrid model, employing both a central SME function as well as sustainability specialists within the specific business functions.

Many organizations may need to reshape their mandates to better address sustainability demands. Having a hybrid model with a CSO reporting directly to the CEO has been shown to be the most effective way to be nimble and responsive, as noted in Deloitte and IIF's CSO survey, The Future of the Chief Sustainability Officer.

As organizations determine how to structure an ESG function, the case for a hybrid approach is emerging.

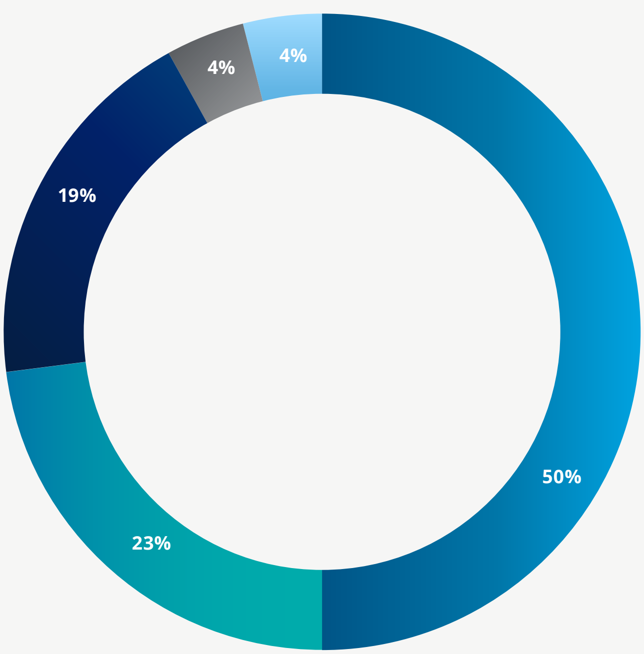


Figure 2
Where is sustainable finance capability found in your organization?

- Other dedicated ESG professionals within the organization
- A chief sustainability officer (CSO) who has a dedicated sustainable finance team at the firm level and budget commensurate with responsibilities
- A CSO who reports directly to the CEO with a mandate for a company-wide strategy
- External consultants who work in-house
- A dedicated sustainable finance resource for each operations team (underwriting, investment, legal, etc.)

3

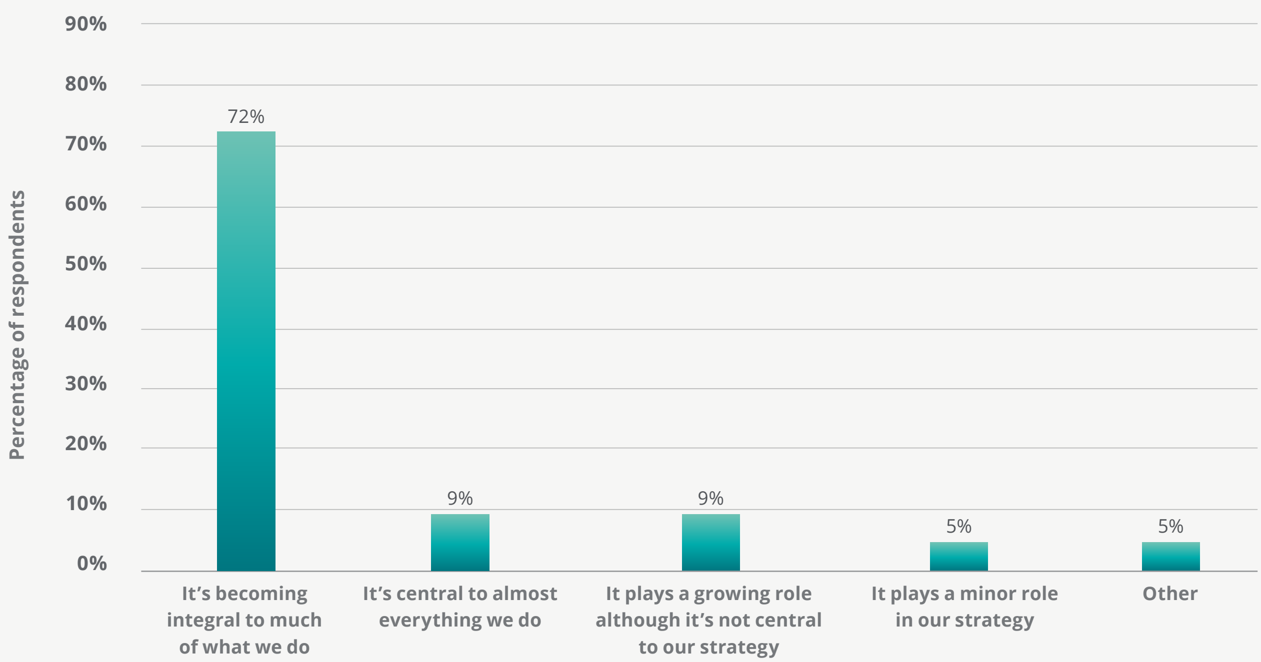
Sustainable finance has largely become a core competency

Data shows that 90% of respondents indicated that sustainable finance is either already central to almost everything they do, becoming integral to much of what they do, plays a growing role. Many respondents elaborated that this topic is fast becoming a strategic board-level priority for their organizations, even though it was not on the radar until a few years ago. Some also noted that the level of awareness related to sustainable finance has accelerated considerably over the past year, with a significant increase in the quantity and sophistication of questions received from clients and stakeholders relating to sustainable finance.

This is likely due to several factors, including a pandemic that highlighted social factors such as workers' rights and the importance of supply chains. Another significant factor was the climate and the anticipation of the United Nations Climate Change Conference (COP26) summit in Glasgow, along with a perception of impending regulation. That said, the sustainable finance landscape is rapidly changing. Accordingly, preparing for it is not about developing an entirely new set of skills and competencies; rather, it is about blending existing finance skills with risk, data management, and ESG competencies in order to respond to the complexity and interconnection of the issues.

Sustainable finance is quickly becoming a priority issue for executives and boards.

Figure 3
Is sustainable finance peripheral or core to your organization?



4 ESG skills are scarce

Approximately two-thirds (68%) of respondents are currently impacted by sustainable finance skills shortages. Of those experiencing skills shortages, 85% indicated the impact was moderate or significant on their organizations. There was a general consensus among interview subjects that the skills shortage is felt most acutely in ESG risk management, quantitative and qualitative analysis, and baseline technical knowledge across all business functions. For example, internal auditors are increasingly expected to have a basic understanding of sustainability reporting and ESG risks; however, they tend to lack the expertise to be an effective third line of defence for this subject matter.

Beyond the scarcity of expertise, organizations lack the ability to articulate the specific skills required. Addressing climate change, for example, requires a skill set distinctly different from, say, financial inclusion or human rights. It requires determining which specific skills are needed, when they are required, and where the organization requires a more coordinated talent strategy than what is generally needed when recruiting for other roles in more traditional or established functions.

Despite the complexity of recruitment, survey respondents rated all ESG skills as being in demand, with climate-scenario analysis and ESG risk management rising to the top.

Being able to clearly define the specifications for particular roles is a critical step to finding the right talent.

Figure 4A
What is the demand and supply for sustainable finance skills and talent in your organization?

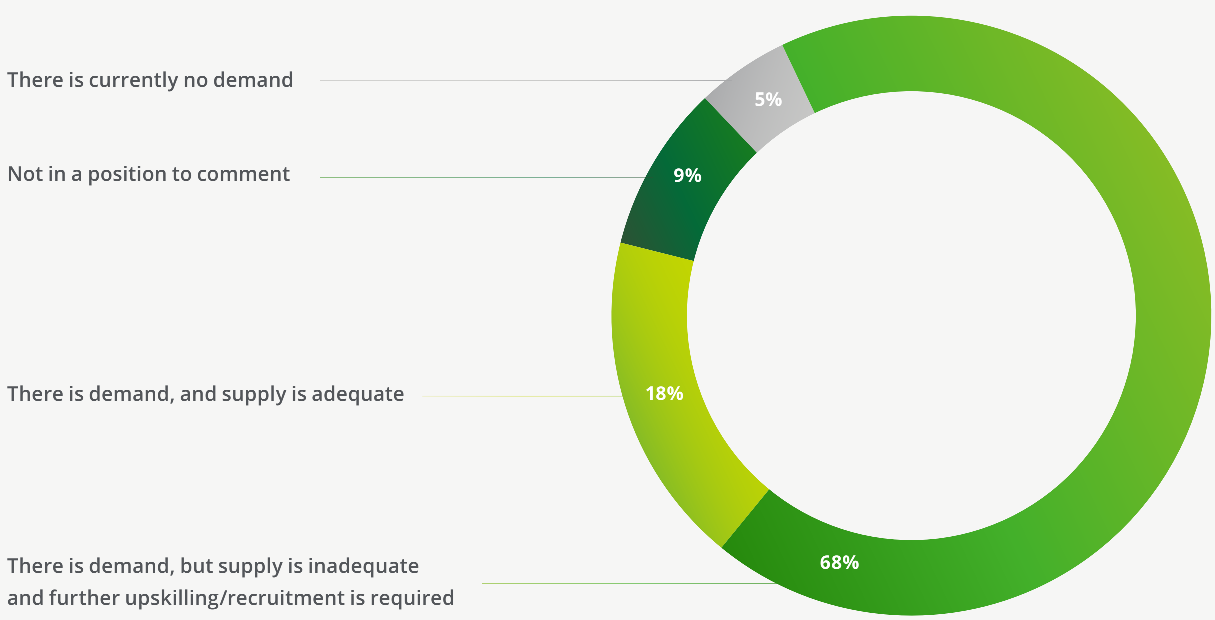


Figure 4B

Rate the demand within your organization for the following sustainable finance skills and knowledge:

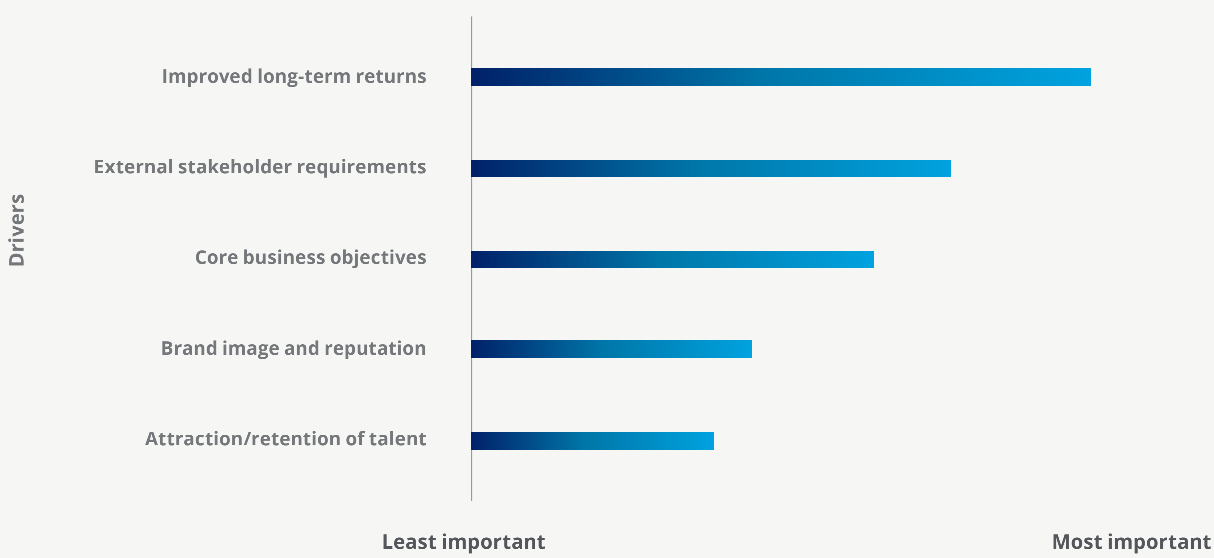
5 Performance-related factors drive long-term investment in sustainable finance skills and talent

With the cost of compliance rising, it's tempting for FSI organizations to view climate change as an impediment instead of a way to drive value. Yet the FSI sector plays a critical, far-reaching role in funding the global energy transition. Financial institutions are increasingly being called upon to supply capital and generate returns across both traditional and low-carbon asset classes, while meeting the broader needs of all stakeholders, not just investors. Perhaps this is why respondents pointed to improved long-term returns and addressing external stakeholder requirements as the main reasons for investing in sustainable finance skills and talent over the next 10 years. These factors were followed by core business objectives, brand image and reputation, and attraction of talent.

Perhaps unsurprisingly, improved long-term returns and addressing external requirements were key drivers noted in a similar analysis, Sustainable Finance Skillnet Deep Dive Skills Report, conducted by Deloitte and FC4S for the Irish market in 2019. What has increased, however, is the urgency felt internally to respond and the scrutiny of stakeholders of the quality and credibility of that response.

With stakeholder pressure mounting, FSI organizations that lack a deliberate strategy for building ESG capacity will face a barrier to value creation and improved long-term returns.

Figure 5
What is driving the investment in sustainable finance skills and talent for the next 10 years?



6

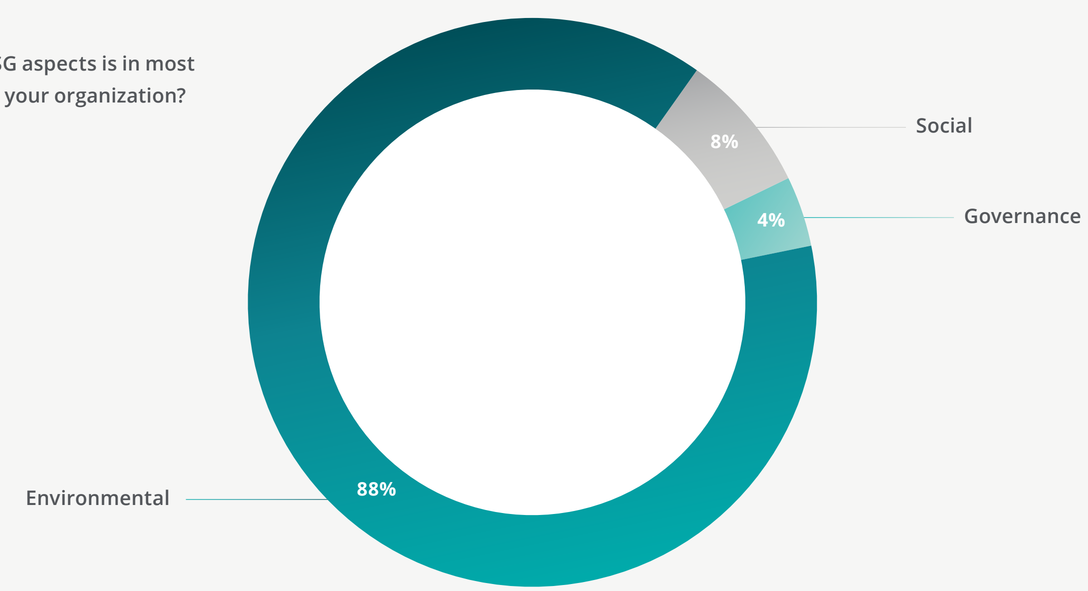
“Environmental” currently trumps “social” and “governance” in the ESG mix

At present, the skills in greatest demand relate to the environmental component of ESG. This is likely due to increasing stakeholder pressure to respond to climate change. However, several respondents noted that the social component of ESG is gaining prominence. For instance, the pandemic has highlighted the need to integrate social factors more broadly into business strategy, and many organizations are keenly focused on employee well-being and diversity, equity, and inclusion as a way of attracting and retaining top talent. Governance was assessed as a less urgent need as respondents felt this is already a mature topic in most financial services organizations and therefore well-defined and understood.

Climate currently poses a significant risk to companies but its connection to social issues cannot be overlooked.

One interviewee underscored the growing need to integrate the environmental, social, and governance components. Currently, many organizations are taking a siloed approach to ESG issues that could have detrimental effects. For instance, when they make decisions solely focused on climate, they can overlook the social impact and inadvertently affect their overall ESG strategy. As organizations move toward their targets to be net-zero by 2050, this concern is top of mind.

Figure 6
Which of the ESG aspects is in most demand within your organization?



7

Competing internal priorities, lack of coordination, and inadequate training budgets are the main factors inhibiting the development of sustainable finance skills in Canada

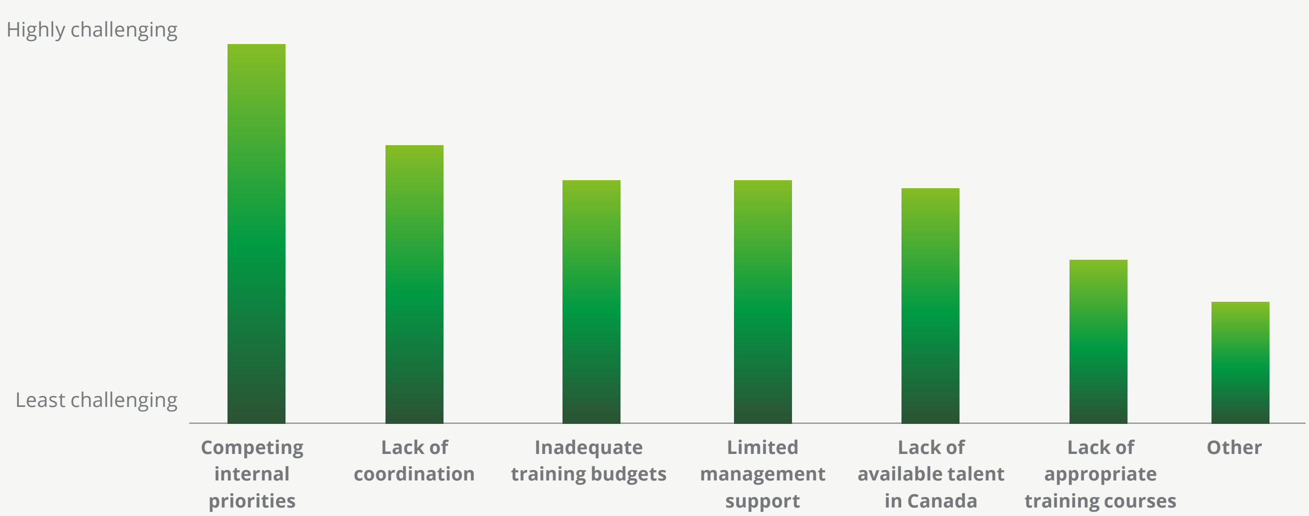
Several respondents identified competing internal priorities as a key challenge to the development of sustainable finance skills. While they acknowledged that carving out time to dive into ESG is important, they emphasized that sustainable finance is a vast and overwhelming topic that can be daunting to learn, especially for employees who are used to focusing on financial data only. Some also pointed to lack of coordination, both within the organization and throughout the broader ecosystem. In order to develop sustainable finance skills, employers requested more guidance and standardized resources. There also needs to be clear messaging around why developing such skills is important, since some respondents felt their organizations did not see these skills as being pertinent to fiduciary responsibilities or revenue goals.

In Ireland, this challenge has been addressed through the work of Skillnet Ireland, a business support agency set up by the Government of Ireland. Skillnet Ireland works to upskill those employed within both the financial services sector and broader corporate Ireland where ESG skills are an imperative. The network addresses both the technical and non-technical skills needs of members by operating a hub to increase coordination in the ecosystem and provide guidance and standardized resources. Organizations felt that a similar approach in Canada would help provide consistent training and a dedicated place to look to for resources.

In order to develop sustainable finance skills, employers require more guidance and standardized resources.

Figure 7

What are the main challenges limiting the development of sustainable finance skills and talent in Canada?



8

Anticipated government regulation could spur demand for sustainable finance skills

Out of all survey respondents, 76% said that current government regulation is moderately or only slightly impacting the development of sustainable finance skills, with some organizations awaiting further direction and guidance from regulators before acting. With increased regulation, the demand for skills related to disclosure and reporting is likely to rise, a phenomenon that has already been experienced in Europe and the United Kingdom. In Canada, regulatory change could be imminent.

In October 2021, the Canadian Securities Administrators (CSA) published for comment proposed climate-related disclosure requirements. These address the need for more consistent and comparable information to help inform investment decisions. They also demonstrate the CSA's commitment to the growing international movement toward mandatory climate-related disclosure standards.[3]

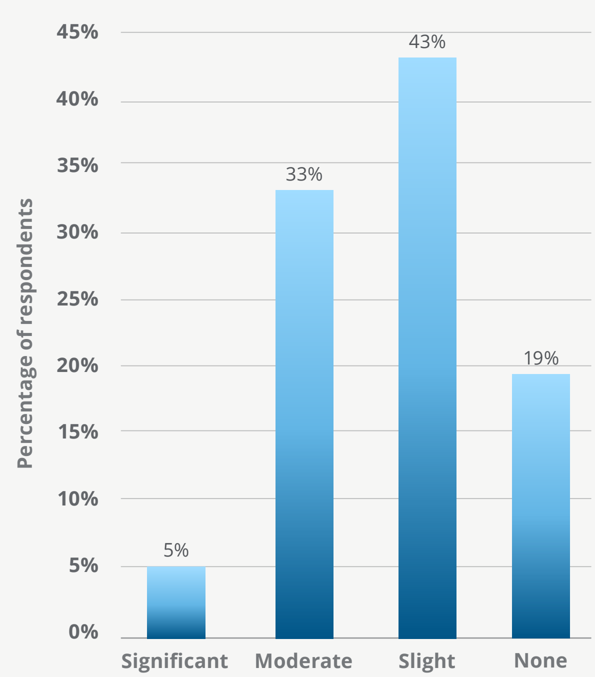
At COP26, the Network for Greening the Financial System (NGFS) members reiterated their willingness to deepen, expand, and strengthen their collective efforts. NGFS members are also committed to improving the resilience of the financial system as it relates to climate-related and environmental risks, in addition to encouraging the scaling up of the financing flows needed to support the transition toward a sustainable economy.[4] Further to this, the trustees of the International Financial Reporting Standards (IFRS) announced the formation of a new International Sustainability Standards Board (ISSB) to develop a comprehensive global baseline of high-quality sustainability disclosure standards to meet investors' information needs.[5] The board will require management, finance functions, and audit committees to prepare, review, and sign off on ESG disclosures in financial statements.

These announcements signal impending regulation and standardized reporting requirements for the Canadian market. Organizations will need to be prepared to respond and find ways to continue to demonstrate a competitive advantage.

As seen in Europe and other jurisdictions, sustainable finance skills related to disclosure and reporting become more in demand once regulation increases.

Figure 8

To what extent is government regulation impacting your organization with respect to training and skills in sustainable finance?



3. Canadian Securities Administrators, accessed December 2, 2021
4. Network for Greening the Financial System, accessed December 2, 2021
5. IFRS, accessed December 8, 2021

9

Difficulties in recruiting experienced staff are fuelling expectations of upskilling, but more training programs are needed–meanwhile, there are high expectations of new graduates

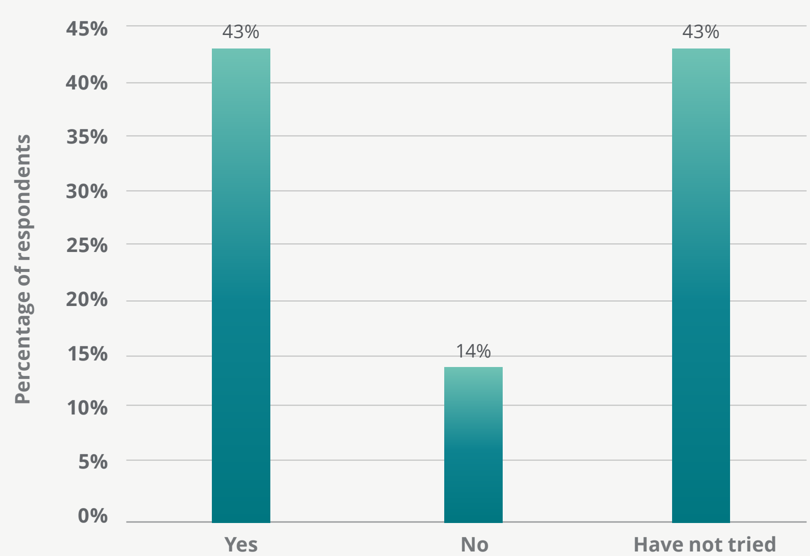
Out of our survey respondents, 43% have experienced difficulties in recruiting experienced staff for sustainable finance roles. Of those who have experienced difficulties, several pointed to two main challenges: first, there is no single skill set that fits all roles, thus creating a need for people with multidisciplinary skills who can easily adapt to the changing environment; and second, it is hard to find talent that have both FSI-sector experience and ESG knowledge.

Almost all (95%) respondents said there is an expectation that employees will be upskilled to contribute to sustainable finance mandates. However, in our discussions, many interviewees stated their organizations do not have any formal, internal upskilling programs and they are not aware of any external training opportunities. Instead, employees often rely on conferences, on-the-job learning, self-study programs, and exposure to clients and peers. Given the rapidly changing landscape in sustainable finance, several respondents indicated it is especially difficult to find courses that are relevant and up to date. While courses, such as those created by the Institute of Sustainable Finance, do exist, respondents expressed difficulty in knowing where to look and how to evaluate the content of the courses. Organizations like the CFA Institute, which launched its Certificate in ESG Investing in Canada, and the Global Association of Risk Professionals, which offers a Sustainability and Climate Risk Certificate, are trying to address this gap.

When it came to new graduates, about two-thirds of respondents (67%) said they expect more from graduate hires in terms of sustainable finance skills than they did three or more years ago. Many respondents acknowledged that candidates are expressing more interest and passion in the subject, but it remains challenging for organizations to find graduates with the tangible ESG skills they require.

The ideal candidate has FSI and ESG experience, and multidisciplinary skills that can be easily adapted to the changing environment.

Figure 9
Have you experienced difficulties identifying and recruiting experienced staff with relevant knowledge for sustainable finance roles within your organization?



10

Responsibility for sustainable finance training and development rests with the collective FSI ecosystem rather than any one institution

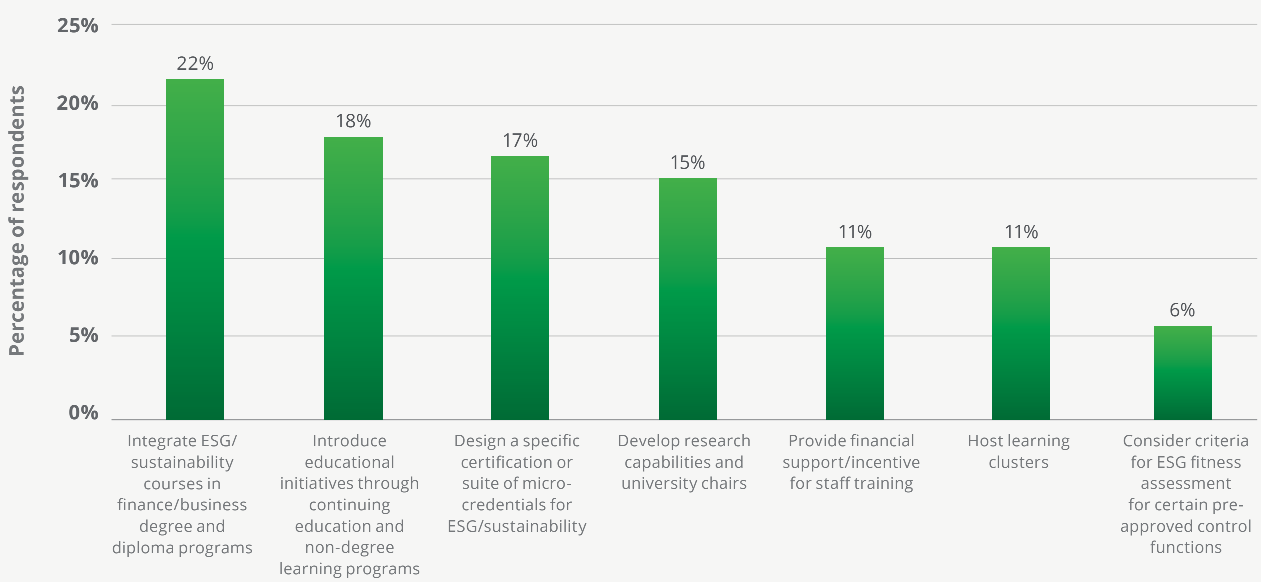
There was broad agreement among respondents that skill and talent gaps exist across all business levels and functions. For instance, there is a lack of fundamental understanding of ESG among new graduate hires as well as knowledge gaps among senior executives about what sustainability means for their roles.

This suggests that efforts to fill in the gaps need to begin with a baseline: financial professionals in the value chain may need to be trained in what sustainable finance is and how it adds value. Respondents agreed that sustainable finance should be further integrated into post-secondary curricula as well as into professional financial qualifications, continuing professional education, and internal organizational upskilling programs. Addressing the training needs of professionals at all levels and at every stage in their careers goes beyond the scope of an individual institution or organization. Rather, it demands a collaborative, ecosystem approach to sustainable finance training and development.

We have also seen business schools illustrate interest in offering courses on climate change, impact investing and social entrepreneurship. However, in addition to specific courses, organizations are looking for evidence of systems-thinking across ESG and the ability to connect the issues.

Addressing the training needs of FSI professionals demands a collaborative, ecosystem approach.

Figure 10
How can Canada accelerate the training and skills acquisition of talent in sustainable finance?



11

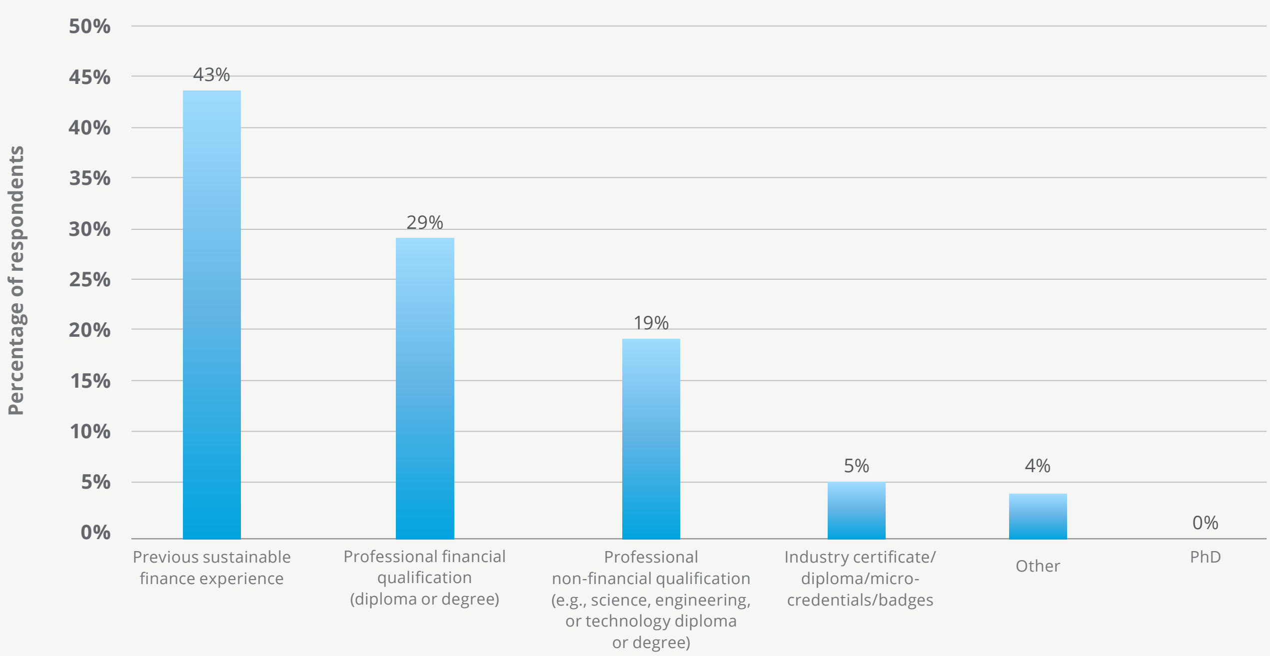
Given that sustainability topics are complex and cross-functional, organizations are staffing their teams with multidisciplinary talent

Several survey respondents indicated that they do not limit their recruiting to specific degrees. Sustainability teams may be composed of people holding degrees in law, political science, business, environmental science, engineering, and more. Opening up the aperture to consider non-traditional or ancillary areas when looking for talent appears to be one of the fastest ways to address skills shortages while gaining the benefits of diverse perspectives.

Sustainability teams may include people holding degrees in law, political science, business, environmental science, engineering, and more.

Figure 11

What are your key recruitment requirements for sustainable finance professionals?



12

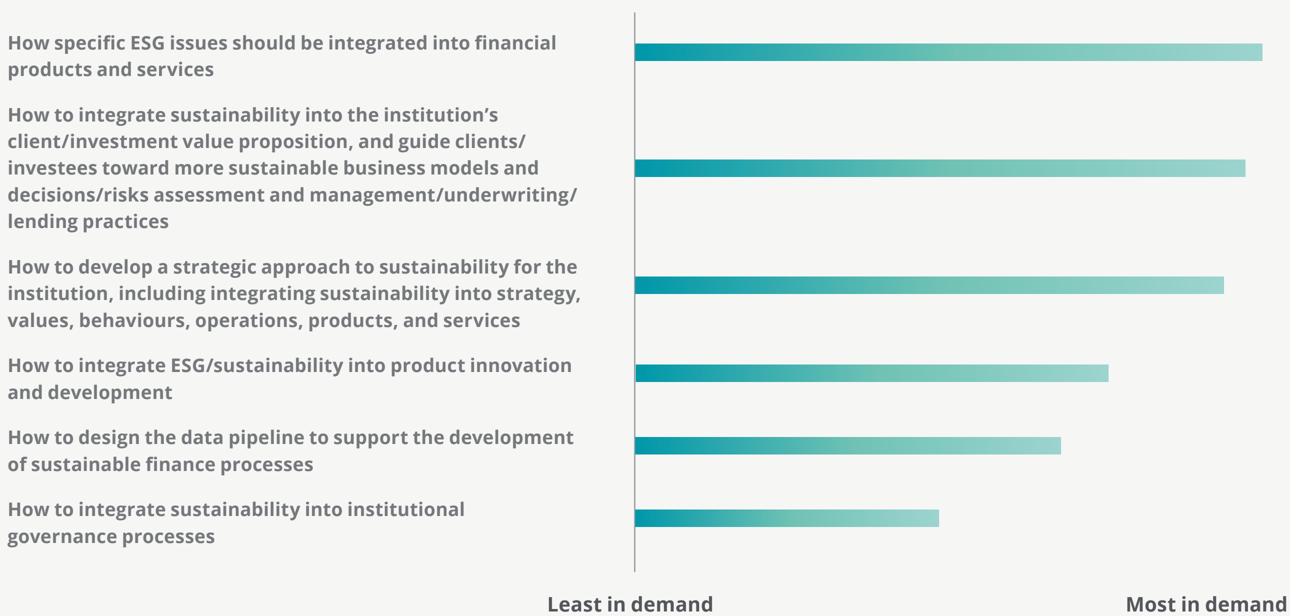
Knowing how to integrate sustainability into strategies, value propositions, and financial products and services is a top learning need

Determining how to integrate ESG issues into financial products and services emerged as respondents' top learning need. This was followed closely by how to integrate ESG into institutional or client value propositions and how to develop a strategic approach to sustainability. But how do financial leaders, who may be struggling to understand ESG themselves, help their clients and business partners grasp the associated opportunities and challenges?

Many public and private organizations have already done the heavy lifting by developing frameworks and research-based scenarios that take into account important ESG factors, such as climate risks and opportunities, science-based targets, and sustainability reporting standards. For instance, the Paris Aligned Investment Initiative, which was established in 2019 by the Institutional Investors Group on Climate Change (IIGCC), helps investors to align their portfolios and activities to the goals of the Paris Agreement via its Net-Zero Investment Framework.[6]

In addition, TFI and its members are currently focused on initiatives to establish clarity and convergence on a sustainable finance taxonomy, increasing green finance activity and the skills base in global financial centres, and fostering innovation in sustainable finance markets.[7] There are also several Canada-specific reports and learning aids available from universities, non-profit organizations, and consulting organizations, such as the recent Deloitte report Building Canada's future: Maximizing clean-energy infrastructure to reach net-zero emissions by 2050, which presents a systems-thinking, user-centric approach to fulfilling the nation's long-term vision for transitioning to a low-carbon economy.

Figure 12
Which of the following ESG learning needs are most important to your organization?



6. Paris Aligned Investment Initiative, accessed November 26, 2021
7. Toronto Finance International, accessed November 30, 2021

Recommendations

The vast majority of respondents recognize the imperative to develop sustainable finance skills and talent at a faster pace. To do so, FSI institutions should reach out to the broader ecosystem to establish common training and development solutions and to put programs in place to deliver them.

Four key themes emerged from the survey data and interviews that pointed to areas where improvement is needed and where FSI professionals have an opportunity to add value for their clients, their organizations, and society at large:

1

Respondents unanimously agreed that the development of sustainable finance skills and talent is an important issue that will materially impact clients, employees, and society at large. Environmental issues are the most prominent currently, but social issues follow closely behind.

2

Sustainable finance is not necessarily about developing an entirely new set of skills and competencies. It's about supplementing existing finance skills with risk, data management, and ESG competencies.

3

The current recruitment landscape is highly competitive; therefore, respondents are focused on upskilling their existing talent bases.

4

There is a need to educate employees at all levels of the organization about sustainable finance. Also, knowledge requirements vary depending on an individual's level or role within the organization.

The recommendations proposed below are a step toward addressing the gap between existing skills and those that will be required. Post-secondary institutions, financial employers, and governmental/regulatory bodies must collaborate quickly to address the urgency of the issue. Public-private partnerships like TFI can play a lead role in catalyzing discussions, connecting stakeholders, and driving action toward common goals. One such collaboration has already happened: Chartered Professional Accountants of Canada (CPA Canada) and The Prince of Wales's Accounting for Sustainability Project (A4S) launched the Canadian chapter of the A4S CFO Leadership Network. A4S works with chief financial officers (CFOs) across the globe to integrate economic, environmental, and social issues into business strategy, processes, and decision-making and provides a forum for CFOs and their teams to share knowledge and experience. This collaboration between industry bodies and cross-sector representation of the Canadian market facilitates a culture of working together to address common challenges.

Each pillar of the broader ecosystem has a role to play.

FSI institutions

1. Financial services organizations themselves should seek to better understand their current and future sustainable finance talent needs, plan to upskill their current employees accordingly, and work with post-secondary institutions and industry associations to establish programs that are adaptive and responsive to the sector's changing requirements.

2. To stay abreast of the multitude of needs, FSI institutions need to take a multi-pronged approach. Examples of this approach include continuing to work with peers to publish a classification system, or taxonomy, of sustainable activities; a disclosure framework for non-financial and financial companies; and investment tools, including benchmarks, standards, and labels to provide consistency and comparability across sustainable finance. This will provide greater clarity around specific sustainable finance skills that are, or will be, required.

3. Financial services organizations can also consider linking ESG criteria to leadership performance metrics and executive remuneration and rewards to enable senior management, the board, and executives to be held accountable for ESG performance within their organizations. The connection of specific ESG criteria to compensation will help to inform what level of knowledge is required across the organization in order to meet the performance objectives.

4. Additionally, developing an ESG rotation program for graduates to broaden their ESG knowledge and skills can help these new employees understand the interconnectedness of ESG to other aspects of the business. Forging close links with post-secondary institutions is another way for FSIs to communicate their expectations of new graduates and to access talent and skills.

5. Lastly, developing a robust internal offering of sustainable finance courses, learning opportunities, and work assignments can support employee upskilling and reskilling strategies.

Government

6. Given the amount of regulation that is anticipated, it is very likely that ESG will become part of responsible and minimum competency requirements for executives and board members. While some of this has already happened with Canada's Institute of Corporate Governance's board matrix and climate change guidance, more is required as board members themselves look to be more effective governors.

7. Government should consider not only how to formulate policies to drive the development of solutions for transitioning to a low-carbon future but also how to provide funds for job creation, training and development, and support for upskilling.

8. Governmental bodies are in a good position to roll out an awareness campaign to highlight the urgency and importance of sustainable finance skills and talent given the action that is required today in order to achieve climate targets by 2050. Such a campaign can highlight the creation of new jobs and underscore the importance of support from the financial community during the transition to a clean economy.

Post-secondary institutions and professional associations

9. Universities, colleges, and technical institutes should consider how to weave sustainability and systems-thinking into their educational programs. Specifically, there is opportunity to embed, increase, and accelerate sustainable finance principles into all relevant curricula to strengthen systems-thinking and emphasize the interconnectivity of topics. Promoting innovation and the exploration of ways to use technology to achieve sustainability objectives across a variety of disciplines can broaden the perspective that building sustainable finance skills need only occur in business schools.

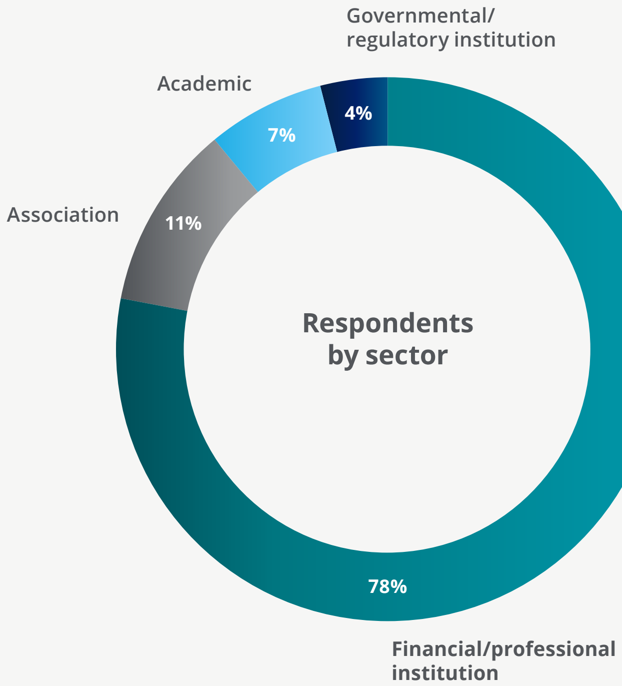
10. Further, integrating sustainable finance into professional education and continuous professional development courses, including baseline technical courses on climate change or specific ESG issues, regulatory and framework-specific courses, and implementation and application of ESG could address the systems-thinking noted by respondents as lacking . Given the rapidly changing environment, the curricula and learning material should be reviewed and updated frequently to remain relevant.

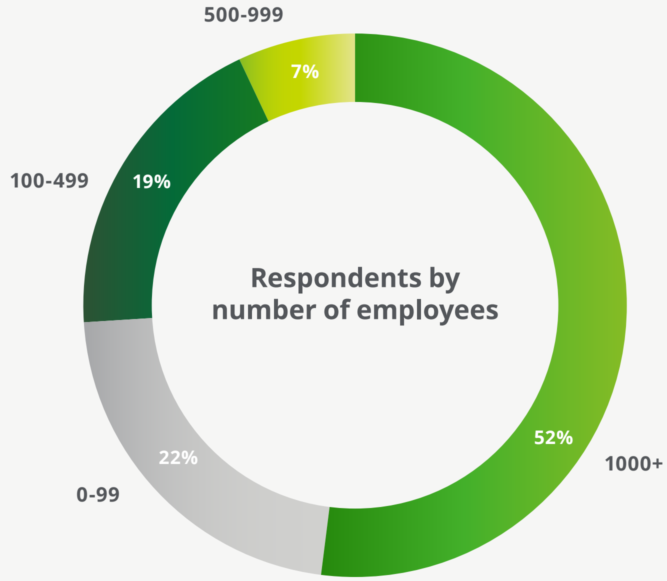
11. Lastly, micro-credentialling should be developed and deployed as soon as possible to address the urgency. Micro-credentials, or rapid training programs, are a way to build the talent base for ESG expertise, particularly for mid-career professionals who may be the first wave of employees to reskill. This option will enable interested workers to develop and demonstrate formal knowledge and use the credential as a way to distinguish themselves in the labour marketplace. The development of sustainable finance and ESG-related micro-credentials will be facilitated by clear and consistent disclosure standards from governments and regulatory authorities, both within Canada and around the world. Bodies like the International Sustainability Standards Board are critical to ensuring clarity and consistency in the swirling landscape of skills and regulation.

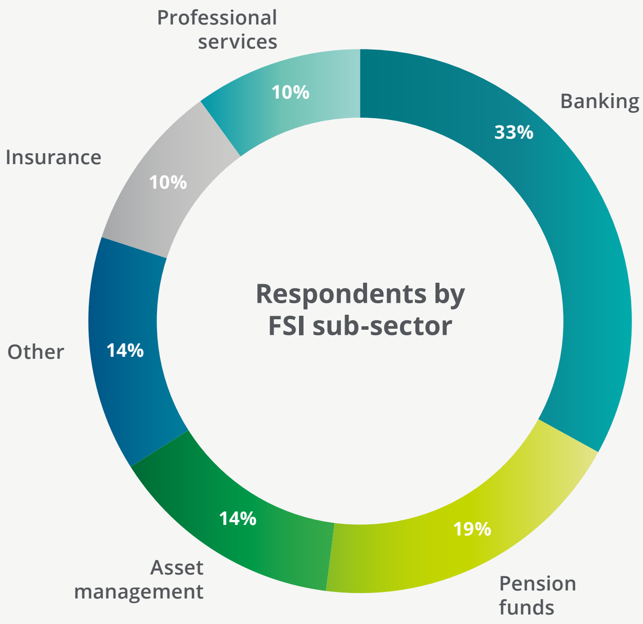
Conclusion

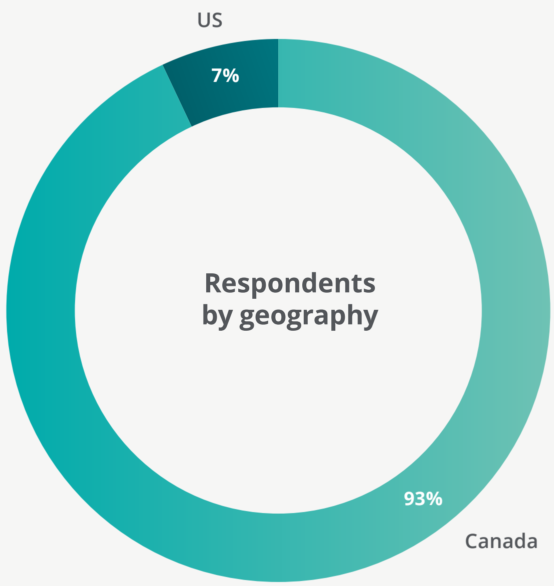
With increasing stakeholder pressure and greater regulatory burdens on the horizon, it will become increasingly difficult to meet the demand for sustainable finance skills with the current supply and pipeline of talent. Resolving this imbalance is essential not only to the future viability of the Canadian FSI sector but also to the future health of the Canadian economy as a whole. Sustainable finance has become a mission-critical core competency in Canada's journey to lead, rather than follow, the global energy transition by becoming a trusted source of sustainable solutions, expertise, and investment.

Appendix


Governmental/
regulatory institution
Academic
Association
4%
7%
11%
Respondents by sector
78%
Financial/professional institution


500-999
7%
100-499
19%
Respondents by number of employees
52%
1000+
22%
0-99


Professional services
10%
Banking
33%
Insurance
10%
Respondents by FSI sub-sector
Other
14%
14%
19%
Asset management
Pension funds


US
7%
Respondents by geography
93%
Canada

About the authors

About Deloitte
Deloitte provides audit & assurance, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights and service to address clients' most complex business challenges. Deloitte LLP is the Canadian member firm of Deloitte Touche Tohmatsu Limited, which is a network of member firms, each of which is a legally separate and independent entity.

About Toronto Finance International
Toronto Finance International (TFI) is a public-private partnership between Canada's largest financial services institutions and the government. TFI's mission is to lead collective action that drives the competitiveness and growth of Canada's financial sector and establishes Toronto's prominence as a leading international financial centre. TFI is a member of the UN-convened FC4S network, and is working with the financial sector and international partners to establish a strategy for developing and growing sustainable finance in Canada in order to capitalize on the economic opportunity that can be created by the transition to a low carbon economy.

About Financial Centres for Sustainability Network
The UN-convened Financial Centres for Sustainability (FC4S) Network is a partnership among the world's financial centres and is hosted by UNDP.

The Network comprises 39 member centres as of November 2021. The objective of the FC4S Network is to enable financial centres to exchange experiences, drive convergence, and take action on shared priorities, including talent development to accelerate the expansion of green and sustainable finance. Through national and regional initiatives, the FC4S Secretariat works with members to achieve this objective by providing research on emerging issues, guidance on best practices, strategic advice, and support services, including assistance with project development.

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Acknowledgement

Sustainable Finance Ireland

Forming part of their overall funding support to the FC4S Network, we would like to acknowledge Sustainable Finance Ireland for the financial support provided for this skills report.

We would also like to acknowledge the significant contribution of the organizations that participated in interviews and responded to surveys to support this work. Their responses and insights were instrumental to the successful completion of this skills report.