

# Green Quadrant: ESG & Sustainability Consulting 2022

JANUARY 2022

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This version of the report contains Verdantix's summary of PwC's capabilities to help prospective customers evaluate whether the vendor is a good fit for their ESG and sustainability consulting requirements. It does not contain other vendor profiles.

# PwC Provides An Integrated End-To-End ESG and Sustainability Consulting Service

PwC is the brand under which the member firms of PricewaterhouseCoopers International Limited (PwCIL) operate and provide professional services, including assurance, tax and advisory services. Together, the member firms form the PwC network. PwC's 295,000 professionals are distributed across 156 countries. PwC has engaged with clients on sustainability and climate change for more than 20 years, with consulting on ESG and sustainability becoming a strategic priority for the PwC network in 2020. The PwC network has over 3,000 ESG and sustainability clients, with half of engagements from the Europe, Middle East and Africa (EMEA) region and a significant presence displayed globally.

## Strengths And Differentiators

Based on the Green Quadrant analysis, Verdantix finds that PwC has strengths in:

- **ESG reporting and target-setting.**

PwC received a score of 2.8/3.0 for its ESG reporting and target-setting offering, making it a market leader in this category. The firm utilizes its extensive regulatory expertise across global offices to keep abreast with regulatory changes, ensuring that clients are aligned with the diverse disclosure requirements within multiple jurisdictions. To provide advanced reporting solutions, PwC has partnered with Workiva, a software firm focusing on reporting and compliance, which helps clients building integrated data reporting processes. This process is further enhanced by ESG Pulse, a PwC product used to conduct risk assessments on key ESG reporting metrics. Additionally, PwC has the capabilities to help clients respond to ESG ratings questionnaires and provide tactical disclosure enhancements to improve ratings scores.

- **Investment portfolio ESG integration and impact assessment.**

With a score of 2.6/3.0, PwC ranks in the top three in the investment portfolio ESG integration and impact assessment category. The firm leverages the Sustainability Accounting Standards Board (SASB) materiality framework to integrate ESG investment analysis within the investment decision process. To provide analysis of a client's investment portfolio through an ESG lens, PwC creates a bespoke ESG portfolio assessment review and an impact measurement framework. Additionally, PwC's sustainable value creation approach can quantify ESG-linked value erosion or creation over time if a portfolio is maintained in its current state, helping to identify strategies capable of generating value through a sustainable transition.

- **Climate change strategy and risk.**

PwC ranks in the top three participants for climate change strategy and risk, with a score of 2.5/3.0. PwC's proprietary physical and transitional risk modelling toolkits quantify the financial value at risk from climate change. Utilizing in-house experts, the firm is able to leverage the data points, along with an in-house Task Force on Climate-related Financial Disclosures (TCFD) gap assessment tool, to develop a strategic framework to accelerate climate risk mitigation efforts. For decarbonization business transformations, PwC engagements involve evaluating different business cases for investments, developing an operating model impact assessment as an overview of the change. Expertise in this area is demonstrated by PwC being commissioned by Microsoft to author a publication entitled 'The Building Blocks for Net Zero Transformation'.

## Improvement Opportunities

Based on the Green Quadrant analysis, Verdantix finds that PwC could improve by:

- **Establishing a defined environment and resource management offering.**  
PwC achieved a score of 0.5/3.0 for environment and resource management, which is below average for this category. The firm's participation in this sub-sector is largely driven by internal commitments, with a limited external offering to clients. Commitments are demonstrated by PwC UK outlining aims for waste generated by the firm to be reduced by 75% in 2022 compared with 2007, and water consumption by 50% – with the firm largely on track to achieve this. These milestones showcase PwC's understanding and internal capabilities in this area. However, to develop a competitive offering in the market, a solution should be defined, demonstrating its capabilities to collect data on, and manage and improve, environment and resource management performance.
- **Expanding its supply chain risk and traceability management offering.**  
Although PwC scored above average in the supply chain risk and traceability management category, with 1.5/3.0, there are areas in which the firm could expand its offering by developing the supply-chain-centric digital tools at its disposal. PwC's examples of ESG-oriented supply chain engagements include conducting supplier risk assessments and monitoring ESG performance across the supply chain. Through a software solution and in-house expertise, PwC has the ability to support clients in measuring the financial impact of environment factors within the supply chain, providing strategies for redesigning this chain. For PwC to improve its offering, it should further integrate technology to offer increased transparency into clients' supply chains. This could be achieved by incorporating the Internet of Things (IoT), robotics and real-time analytics to identify prominent supply chain risks.

## Selection Advice For Buyers

Considering all the consultancy firms' offerings assessed in the Green Quadrant analysis, we believe that PwC should be shortlisted by:

- **Investors beginning the process of integrating ESG across operational activity.**  
PwC has a broad offering for investors across ESG matters, comprising investment portfolio ESG integration strategic advice; mergers and acquisitions (M&A) ESG-focused due diligence; and ESG reporting services. For portfolio integration, PwC takes a combined quantitative and qualitative approach to ensure that investors are entering the decision-making process with sufficient ESG-oriented information. For example, it offers the PwC Sustainable Value Creation (SVC) framework, which quantifies ESG-linked value erosion, enhancing this through the provision of strategic in-house expertise to facilitate value creation through sustainable transitions. Technology-enabled solutions are supported by PwC reporting specialists, providing clients with the capabilities to conduct reporting activity to relevant stakeholders.
- **Firms seeking to establish and communicate an ESG and sustainability strategy.**  
PwC's New Equation is an approach that combines technology innovation with in-house expertise and experience across a plethora of topics. The firm has built this vision into its ESG and sustainability strategy offering, which comprises proprietary digital tools, combined with the expertise of strategic specialists across multiple industries, to support the creation of an holistic ESG strategy. PwC's ESG platform contains a suite of tech-centric tools to aid the development of an appropriate strategy for a client, including materiality assessment tools and an ESG intelligence tool – an industry-agnostic platform to assist firms in the monitoring and reporting of ESG performance. PwC's interactions expand beyond developing strategic advice and a detailed transformation plan; engagements entail defining a dedicated ESG communications strategy, utilizing the firm's extensive market understanding.



## VERDANTIX CAPABILITIES

### RESEARCH, ADVISORY, INSIGHTS and EVENTS

Through our research activities and independent brand positioning we provide clients with:

- Research relationships based on an annual research subscription
- Confidential advisory services such as commercial due diligence
- Thought leadership studies for brand building and lead generation
- Executive summits, roundtables and webinars
- Advisory workshops to rapidly increase your sector knowledge
- Multi-country and complex customer survey projects
- Marketing campaign support with analysts and content

## VERDANTIX MARKET COVERAGE

### **Environment, Health and Safety**

Focuses on the software and services markets that enable corporations to improve their performance across environment, health and safety including compliance, risk and performance.

### **Operational Excellence**

Focuses on helping managers in operations, asset reliability, process safety and maintenance roles to leverage technologies which enhance production reliability, asset health and operational safety.

### **Smart Building Technologies**

Focuses on software, intelligent building technologies and consulting services that enable real estate and facilities executives to optimize the value and performance of their building portfolios.

### **ESG and Sustainability**

Focuses on the decisions of investors, tech providers, financial services firms and corporate leaders. Conducting in-depth research on the full range of services and technologies required to succeed with ESG and sustainability strategies.

## WHY VERDANTIX?

Verdantix is an independent research and advisory firm with expertise in digital strategies for **Environment, Health and Safety, ESG and Sustainability, Operational Excellence** and **Smart Buildings**. Our mission is to anticipate the insights and data that our clients need so you can succeed with growth strategies, invest wisely and optimize performance.

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